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, 2020

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

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

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

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

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

	Title of each class	Trading Symbols	Name of each exchange on which registered
Simon Property Group, Inc.	Common stock, $0.0001 par value	SPG	New York Stock Exchange
Simon Property Group, Inc.	$8^3/_8$% Series J Cumulative Redeemable Preferred Stock, $0.0001 par value	SPGJ	New York Stock Exchange
Simon Property Group, L.P.	2.375% Senior Unsecured Notes due 2020	SPG/20	New York Stock Exchange

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

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

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

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

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

Simon Property Group, Inc.:

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

Emerging growth company ☐

Simon Property Group, L.P.:

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

Emerging growth company ☐

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

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

Indicate by check mark whether Registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act).

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

As of June 30, 2020, Simon Property Group, Inc. had 305,887,220 shares of common stock, par value $0.0001 per share, and 8,000 shares of Class B common stock, par value $0.0001 per share, outstanding. Simon Property Group, L.P. has no common stock outstanding.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarterly period ended June 30, 2020 of Simon Property Group, Inc., a Delaware corporation, and Simon Property Group, L.P., a Delaware limited partnership. Unless stated otherwise or the context otherwise requires, references to "Simon" mean Simon Property Group, Inc. and references to the "Operating Partnership" mean Simon Property Group, L.P. References to "we," "us" and "our" mean collectively Simon, the Operating Partnership and those entities/subsidiaries owned or controlled by Simon and/or the Operating Partnership.

Simon is a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. We are structured as an umbrella partnership REIT under which substantially all of our business is conducted through the Operating Partnership, Simon's majority-owned partnership subsidiary, for which Simon is the general partner. As of June 30, 2020, Simon owned an approximate 86.8% ownership interest in the Operating Partnership, with the remaining 13.2% ownership interest owned by limited partners. As the sole general partner of the Operating Partnership, Simon has exclusive control of the Operating Partnership's day-to-day management.

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

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

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

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

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

The presentation of stockholders' equity, partners' equity and noncontrolling interests are the main areas of difference between the consolidated financial statements of Simon and those of the Operating Partnership. The differences between stockholders' equity and partners' equity result from differences in the equity issued at the Simon and Operating Partnership levels. The units held by limited partners in the Operating Partnership are accounted for as partners' equity in the Operating Partnership's financial statements and as noncontrolling interests in Simon's financial statements. The noncontrolling interests in the Operating Partnership's financial statements include the interests of unaffiliated partners in various consolidated partnerships. The noncontrolling interests in Simon's financial statements include the same noncontrolling interests at the Operating Partnership level and, as previously stated, the units held by limited partners of the Operating Partnership. Although classified differently, total equity of Simon and the Operating Partnership is the same.

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

- separate consolidated financial statements for Simon and the Operating Partnership;
- a single set of condensed notes to such consolidated financial statements that includes separate discussions of noncontrolling interests and stockholders' equity or partners' equity, accumulated other comprehensive income (loss) and per share and per unit data, as applicable;

- a combined Management's Discussion and Analysis of Financial Condition and Results of Operations section that also includes discrete information related to each entity; and
- separate Part II, Item 2. Unregistered Sales of Equity Securities and Use of Proceeds sections related to each entity.

This report also includes separate Part I, Item 4. Controls and Procedures sections and separate Exhibits 31 and 32 certifications for each of Simon and the Operating Partnership in order to establish that the requisite certifications have been made and that Simon and the Operating Partnership are each compliant with Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 and 18 U.S.C. §1350. The separate discussions of Simon and the Operating Partnership in this report should be read in conjunction with each other to understand our results on a consolidated basis and how management operates our business.

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

Simon Property Group, Inc.
Simon Property Group, L.P.
Form 10-Q

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

	June 30, 2020	December 31, 2019
ASSETS:		
Investment properties, at cost	**$ 37,972,093**	$ 37,804,495
Less - accumulated depreciation	**14,389,809**	13,905,776
	23,582,284	23,898,719
Cash and cash equivalents	**3,306,100**	669,373
Tenant receivables and accrued revenue, net	**1,457,695**	832,151
Investment in unconsolidated entities, at equity	**2,385,946**	2,371,053
Investment in Klépierre, at equity	**1,644,020**	1,731,649
Right-of-use assets, net	**517,061**	514,660
Deferred costs and other assets	**1,133,064**	1,214,025
Total assets	**$ 34,026,170**	$ 31,231,630
LIABILITIES:		
Mortgages and unsecured indebtedness	**$ 27,268,883**	$ 24,163,230
Accounts payable, accrued expenses, intangibles, and deferred revenues	**1,216,831**	1,390,682
Cash distributions and losses in unconsolidated entities, at equity	**1,576,679**	1,566,294
Dividend payable	**458,150**	—
Lease liabilities	**519,416**	516,809
Other liabilities	**463,380**	464,304
Total liabilities	**31,503,339**	28,101,319
Commitments and contingencies		
Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests in properties	**187,392**	219,061
EQUITY:		
Stockholders' Equity		
Capital stock (850,000,000 total shares authorized, $0.0001 par value, 238,000,000 shares of excess common stock, 100,000,000 authorized shares of preferred stock):		
Series J 8 3/8% cumulative redeemable preferred stock, 1,000,000 shares authorized, 796,948 issued and outstanding with a liquidation value of $39,847	**42,256**	42,420
Common stock, $0.0001 par value, 511,990,000 shares authorized, 320,555,104 and 320,435,256 issued and outstanding, respectively	**32**	32
Class B common stock, $0.0001 par value, 10,000 shares authorized, 8,000 issued and outstanding	**—**	—
Capital in excess of par value	**9,763,059**	9,756,073
Accumulated deficit	**(5,703,183)**	(5,379,952)
Accumulated other comprehensive loss	**(155,126)**	(118,604)
Common stock held in treasury, at cost, 14,667,884 and 13,574,296 shares, respectively	**(1,917,698)**	(1,773,571)
Total stockholders' equity	**2,029,340**	2,526,398
Noncontrolling interests	**306,099**	384,852
Total equity	**2,335,439**	2,911,250
Total liabilities and equity	**$ 34,026,170**	$ 31,231,630

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,	
	2020	**2019**	**2020**	**2019**
REVENUE:				
Lease income	**$ 1,013,510**	$ 1,298,567	**$ 2,275,742**	$ 2,578,623
Management fees and other revenues	**21,035**	28,248	**50,201**	55,792
Other income	**27,496**	70,371	**89,458**	215,604
Total revenue	**1,062,041**	1,397,186	**2,415,401**	2,850,019
EXPENSES:				
Property operating	**70,620**	106,119	**176,243**	217,669
Depreciation and amortization	**324,140**	352,606	**652,402**	681,249
Real estate taxes	**117,221**	115,914	**234,764**	231,372
Repairs and maintenance	**14,080**	21,850	**38,511**	49,772
Advertising and promotion	**12,689**	35,420	**46,216**	72,545
Home and regional office costs	**36,090**	46,467	**90,460**	99,027
General and administrative	**7,296**	10,359	**14,190**	19,496
Other	**29,037**	27,820	**56,878**	53,236
Total operating expenses	**611,173**	716,555	**1,309,664**	1,424,366
OPERATING INCOME BEFORE OTHER ITEMS	**450,868**	680,631	**1,105,737**	1,425,653
Interest expense	**(197,061)**	(198,425)	**(384,688)**	(397,160)
Income and other tax benefit (expense)	**62**	(7,010)	**5,845**	(17,112)
Income from unconsolidated entities	**44,322**	106,542	**94,787**	196,986
Unrealized gains (losses) in fair value of equity instruments	**202**	(12,317)	**(18,846)**	(7,000)
(Loss) gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	**(7,845)**	2,681	**(6,883)**	2,681
CONSOLIDATED NET INCOME	**290,548**	572,102	**795,952**	1,204,048
Net income attributable to noncontrolling interests	**35,501**	75,944	**102,465**	158,580
Preferred dividends	**834**	834	**1,669**	1,669
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	**$ 254,213**	$ 495,324	**$ 691,818**	$ 1,043,799
BASIC AND DILUTED EARNINGS PER COMMON SHARE:				
Net income attributable to common stockholders	**$ 0.83**	$ 1.60	**$ 2.26**	$ 3.38
Consolidated Net Income	**$ 290,548**	$ 572,102	**$ 795,952**	$ 1,204,048
Unrealized (loss) gain on derivative hedge agreements	**(24,332)**	(7,022)	**(1,859)**	2,320
Net (gain) loss reclassified from accumulated other comprehensive loss into earnings	**(478)**	1,086	**(958)**	2,174
Currency translation adjustments	**(15,904)**	(3,623)	**(39,508)**	(8,368)
Changes in available-for-sale securities and other	**(552)**	539	**272**	683
Comprehensive income	**249,282**	563,082	**753,899**	1,200,857
Comprehensive income attributable to noncontrolling interests	**30,060**	74,704	**96,935**	158,116
Comprehensive income attributable to common stockholders	**$ 219,222**	$ 488,378	**$ 656,964**	$ 1,042,741

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, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated Net Income	**$ 795,952**	$ 1,204,048
Adjustments to reconcile consolidated net income to net cash provided by operating activities		
Depreciation and amortization	**677,676**	711,748
Loss (gain) on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	**6,883**	(2,681)
Unrealized losses in fair value of equity instruments	**18,846**	7,000
Straight-line lease income	**(3,525)**	(32,359)
Equity in income of unconsolidated entities	**(94,787)**	(196,986)
Distributions of income from unconsolidated entities	**120,643**	222,565
Changes in assets and liabilities		
Tenant receivables and accrued revenue, net	**(623,761)**	47,967
Deferred costs and other assets	**594**	33,805
Accounts payable, accrued expenses, intangibles, deferred revenues and other liabilities	**(84,209)**	(107,540)
Net cash provided by operating activities	**814,312**	1,887,567
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions	**(107,797)**	—
Funding of loans to related parties	**(6,393)**	—
Capital expenditures, net	**(337,467)**	(403,346)
Investments in unconsolidated entities	**(63,480)**	(23,949)
Purchase of equity instruments	**(24,923)**	(20,850)
Proceeds from sales of equity instruments	**30,000**	—
Insurance proceeds for property restoration	**1,058**	2,938
Distributions of capital from unconsolidated entities and other	**160,444**	143,482
Net cash used in investing activities	**(348,558)**	(301,725)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sales of common stock and other, net of transaction costs	**(164)**	(164)
Purchase of shares related to stock grant recipients' tax withholdings	**(854)**	(2,955)
Redemption of limited partner units	**(16,067)**	(135)
Purchase of treasury stock	**(152,589)**	(181,258)
Distributions to noncontrolling interest holders in properties	**(4,108)**	(3,839)
Contributions from noncontrolling interest holders in properties	**28**	70
Preferred distributions of the Operating Partnership	**(957)**	(957)
Distributions to stockholders and preferred dividends	**(646,094)**	(1,267,908)
Distributions to limited partners	**(98,123)**	(191,987)
Proceeds from issuance of debt, net of transaction costs	**7,954,893**	5,022,602
Repayments of debt	**(4,864,992)**	(4,993,870)
Net cash provided by (used in) financing activities	**2,170,973**	(1,620,401)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,636,727**	(34,559)
CASH AND CASH EQUIVALENTS, beginning of period	**669,373**	514,335
CASH AND CASH EQUIVALENTS, end of period	**$ 3,306,100**	$ 479,776

The accompanying notes are an integral part of these statements.

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

	Preferred Stock	Common Stock	Accumulated Other Comprehensive Income (Loss)	Capital in Excess of Par Value	Accumulated Deficit	Common Stock Held in Treasury	Noncontrolling interests	Total Equity
January 1, 2020	**$ 42,420**	**$ 32**	**$ (118,604)**	**$9,756,073**	**$ (5,379,952)**	**$(1,773,571)**	**$ 384,852**	**$2,911,250**
Exchange of limited partner units (132,946 common shares, note 8)				1,076			(1,076)	—
Series J preferred stock premium amortization	(82)							(82)
Stock incentive program (1,081 common shares forfeited)								—
Redemption of limited partner units (116,072 units)				(15,127)			(940)	(16,067)
Amortization of stock incentive				1,891				1,891
Treasury stock purchase (1,245,654 shares)						(152,589)		(152,589)
Long-term incentive performance units							4,987	4,987
Issuance of unit equivalents and other				29	3,287		26	3,342
Unrealized gain on hedging activities			19,510				2,963	22,473
Currency translation adjustments			(20,505)				(3,099)	(23,604)
Changes in available-for-sale securities and other			715				109	824
Net gain reclassified from accumulated other comprehensive loss into earnings			(417)				(63)	(480)
Other comprehensive income			(697)				(90)	(787)
Adjustment to limited partners' interest from change in ownership in the Operating Partnership				24,233			(24,233)	—
Distributions to common stockholders and limited partners, excluding Operating Partnership preferred interests					(645,259)		(98,099)	(743,358)
Distributions to other noncontrolling interest partners							(3,167)	(3,167)
Net income, excluding $479 attributable to preferred interests in the Operating Partnership and a $608 loss attributable to noncontrolling redeemable interests in properties					438,439		67,094	505,533
March 31, 2020	**$ 42,338**	**$ 32**	**$ (119,301)**	**$9,768,175**	**$ (5,583,485)**	**$(1,926,160)**	**$ 329,354**	**$2,510,953**
Series J preferred stock premium amortization	(82)							(82)
Stock incentive program (155,610 common shares, net)				(9,317)		9,317		—
Amortization of stock incentive				4,969				4,969
Long-term incentive performance units							3,229	3,229
Issuance of unit equivalents and other (15,561 common shares repurchased)				1	23,753	(855)	(2)	22,897
Unrealized loss on hedging activities			(21,116)				(3,216)	(24,332)
Currency translation adjustments			(13,815)				(2,088)	(15,903)
Changes in available-for-sale securities and other			(479)				(73)	(552)
Net gain reclassified from accumulated other comprehensive loss into earnings			(415)				(63)	(478)
Other comprehensive income			(35,825)				(5,440)	(41,265)
Adjustment to limited partners' interest from change in ownership in the Operating Partnership				(769)			769	—
Distributions to common stockholders and limited partners, excluding Operating Partnership preferred interests					(398,499)		(60,510)	(459,009)
Distributions to other noncontrolling interest partners							(244)	(244)
Net income, excluding $478 attributable to preferred interests in the Operating Partnership and a $3,921 loss attributable to noncontrolling redeemable interests in properties					255,048		38,943	293,991
June 30, 2020	**$ 42,256**	**$ 32**	**$ (155,126)**	**$9,763,059**	**$ (5,703,183)**	**$(1,917,698)**	**$ 306,099**	**$2,335,439**

The accompanying notes are an integral part of these statements.

Simon Property Group, Inc.

Unaudited Consolidated Statements of Equity

(Dollars in thousands)

	Preferred Stock	Common Stock	Accumulated Other Comprehensive Income (Loss)	Capital in Excess of Par Value	Accumulated Deficit	Common Stock Held in Treasury	Noncontrolling interests	Total Equity
January 1, 2019	**$ 42,748**	**$ 32**	**$ (126,017)**	**$ 9,700,418**	**$ (4,893,069)**	**$ (1,427,431)**	**$ 500,275**	**$ 3,796,956**
Exchange of limited partner units (24,000 common shares, note 8)				253			(253)	—
Series J preferred stock premium amortization	(82)							(82)
Redemption of limited partner units (774 units)				(127)			(8)	(135)
Amortization of stock incentive				1,309				1,309
Treasury stock purchase (46,377 shares)						(7,628)		(7,628)
Long-term incentive performance units							3,701	3,701
Issuance of unit equivalents and other (1,483 common shares repurchased)				1	(1,507)	(250)	(2)	(1,758)
Unrealized gain on hedging activities			8,115				1,227	9,342
Currency translation adjustments			(4,130)				(614)	(4,744)
Changes in available-for-sale securities and other			125				19	144
Net loss reclassified from accumulated other comprehensive loss into earnings			945				143	1,088
Other comprehensive income			5,055				775	5,830
Adjustment to limited partners' interest from change in ownership in the Operating Partnership				4,167			(4,167)	—
Distributions to common stockholders and limited partners, excluding Operating Partnership preferred interests					(634,222)		(96,010)	(730,232)
Distributions to other noncontrolling interest partners							(552)	(552)
Net income, excluding $479 attributable to preferred interests in the Operating Partnership and a $1,065 loss attributable to noncontrolling redeemable interests in properties					549,309		83,224	632,533
March 31, 2019	**$ 42,666**	**$ 32**	**$ (120,962)**	**$ 9,706,021**	**$ (4,979,489)**	**$ (1,435,309)**	**$ 486,983**	**$ 3,699,942**
Series J preferred stock premium amortization	(82)							(82)
Stock incentive program (89,368 common shares, net)				(16,340)		16,340		—
Amortization of stock incentive				5,098				5,098
Treasury stock purchase (1,046,580 shares)						(173,630)		(173,630)
Long-term incentive performance units							7,721	7,721
Issuance of unit equivalents and other (14,853 common shares repurchased)				11	(5,265)	(2,706)	70	(7,890)
Unrealized loss on hedging activities			(6,113)				(909)	(7,022)
Currency translation adjustments			(3,078)				(545)	(3,623)
Changes in available-for-sale securities and other			468				71	539
Net loss reclassified from accumulated other comprehensive loss into earnings			942				144	1,086
Other comprehensive income			(7,781)				(1,239)	(9,020)
Adjustment to limited partners' interest from change in ownership in the Operating Partnership				28,588			(28,588)	—
Distributions to common stockholders and limited partners, excluding Operating Partnership preferred interests					(633,686)		(95,977)	(729,663)
Distributions to other noncontrolling interest partners							(455)	(455)
Net income, excluding $478 attributable to preferred interests in the Operating Partnership and a $28 loss attributable to noncontrolling redeemable interests in properties					496,159		75,492	571,651
June 30, 2019	**$ 42,584**	**$ 32**	**$ (128,743)**	**$ 9,723,378**	**$ (5,122,281)**	**$ (1,595,305)**	**$ 444,007**	**$ 3,363,672**

The accompanying notes are an integral part of these statements.

Simon Property Group, L.P.
Unaudited Consolidated Balance Sheets
(Dollars in thousands, except unit amounts)

	June 30, 2020	December 31, 2019
ASSETS:		
Investment properties, at cost	**$ 37,972,093**	$ 37,804,495
Less — accumulated depreciation	**14,389,809**	13,905,776
	23,582,284	23,898,719
Cash and cash equivalents	**3,306,100**	669,373
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Total assets	**$ 34,026,170**	$ 31,231,630
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Accounts payable, accrued expenses, intangibles, and deferred revenues	**1,216,831**	1,390,682
Cash distributions and losses in unconsolidated entities, at equity	**1,576,679**	1,566,294
Distribution payable	**458,150**	—
Lease liabilities	**519,416**	516,809
Other liabilities	**463,380**	464,304
Total liabilities	**31,503,339**	28,101,319
Commitments and contingencies		
Preferred units, various series, at liquidation value, and noncontrolling redeemable interests in properties	**187,392**	219,061
EQUITY:		
Partners' Equity		
Preferred units, 796,948 units outstanding. Liquidation value of $39,847	**42,256**	42,420
General Partner, 305,895,220 and 306,868,960 units outstanding, respectively	**1,987,084**	2,483,978
Limited Partners, 46,527,983 and 46,740,117 units outstanding, respectively	**302,242**	378,339
Total partners' equity	**2,331,582**	2,904,737
Nonredeemable noncontrolling interests in properties, net	**3,857**	6,513
Total equity	**2,335,439**	2,911,250
Total liabilities and equity	**$ 34,026,170**	$ 31,231,630

The accompanying notes are an integral part of these statements.

Simon Property Group, L.P.

Unaudited Consolidated Statements of Operations and Comprehensive Income

(Dollars in thousands, except per unit amounts)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
REVENUE:				
Lease income	**$ 1,013,510**	$ 1,298,567	**$ 2,275,742**	$ 2,578,623
Management fees and other revenues	**21,035**	28,248	**50,201**	55,792
Other income	**27,496**	70,371	**89,458**	215,604
Total revenue	**1,062,041**	1,397,186	**2,415,401**	2,850,019
EXPENSES:				
Property operating	**70,620**	106,119	**176,243**	217,669
Depreciation and amortization	**324,140**	352,606	**652,402**	681,249
Real estate taxes	**117,221**	115,914	**234,764**	231,372
Repairs and maintenance	**14,080**	21,850	**38,511**	49,772
Advertising and promotion	**12,689**	35,420	**46,216**	72,545
Home and regional office costs	**36,090**	46,467	**90,460**	99,027
General and administrative	**7,296**	10,359	**14,190**	19,496
Other	**29,037**	27,820	**56,878**	53,236
Total operating expenses	**611,173**	716,555	**1,309,664**	1,424,366
OPERATING INCOME BEFORE OTHER ITEMS	**450,868**	680,631	**1,105,737**	1,425,653
Interest expense	**(197,061)**	(198,425)	**(384,688)**	(397,160)
Income and other tax benefit (expense)	**62**	(7,010)	**5,845**	(17,112)
Income from unconsolidated entities	**44,322**	106,542	**94,787**	196,986
Unrealized gains (losses) in fair value of equity instruments	**202**	(12,317)	**(18,846)**	(7,000)
(Loss) gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	**(7,845)**	2,681	**(6,883)**	2,681
CONSOLIDATED NET INCOME	**290,548**	572,102	**795,952**	1,204,048
Net (loss) income attributable to noncontrolling interests	**(3,628)**	400	**(3,799)**	(518)
Preferred unit requirements	**1,313**	1,313	**2,626**	2,626
NET INCOME ATTRIBUTABLE TO UNITHOLDERS	**$ 292,863**	$ 570,389	**$ 797,125**	$ 1,201,940
NET INCOME ATTRIBUTABLE TO UNITHOLDERS ATTRIBUTABLE TO:				
General Partner	**$ 254,213**	495,324	**$ 691,818**	$ 1,043,799
Limited Partners	**38,650**	75,065	**105,307**	158,141
Net income attributable to unitholders	**$ 292,863**	$ 570,389	**$ 797,125**	$ 1,201,940
BASIC AND DILUTED EARNINGS PER UNIT:				
Net income attributable to unitholders	**$ 0.83**	$ 1.60	**$ 2.26**	$ 3.38
Consolidated Net Income	**$ 290,548**	$ 572,102	**$ 795,952**	$ 1,204,048
Unrealized (loss) gain on derivative hedge agreements	**(24,332)**	(7,022)	**(1,859)**	2,320
Net (gain) loss reclassified from accumulated other comprehensive loss into earnings	**(478)**	1,086	**(958)**	2,174
Currency translation adjustments	**(15,904)**	(3,623)	**(39,508)**	(8,368)
Changes in available-for-sale securities and other	**(552)**	539	**272**	683
Comprehensive income	**249,282**	563,082	**753,899**	1,200,857
Comprehensive income attributable to noncontrolling interests	**293**	427	**729**	575
Comprehensive income attributable to unitholders	**$ 248,989**	$ 562,655	**$ 753,170**	$ 1,200,282

The accompanying notes are an integral part of these statements.

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

	For the Six Months Ended June 30, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated Net Income	**$ 795,952**	$ 1,204,048
Adjustments to reconcile consolidated net income to net cash provided by operating activities		
Depreciation and amortization	**677,676**	711,748
Loss (gain) on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	**6,883**	(2,681)
Unrealized losses in fair value of equity instruments	**18,846**	7,000
Straight-line lease income	**(3,525)**	(32,359)
Equity in income of unconsolidated entities	**(94,787)**	(196,986)
Distributions of income from unconsolidated entities	**120,643**	222,565
Changes in assets and liabilities		
Tenant receivables and accrued revenue, net	**(623,761)**	47,967
Deferred costs and other assets	**594**	33,805
Accounts payable, accrued expenses, intangibles, deferred revenues and other liabilities	**(84,209)**	(107,540)
Net cash provided by operating activities	**814,312**	1,887,567
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions	**(107,797)**	—
Funding of loans to related parties	**(6,393)**	—
Capital expenditures, net	**(337,467)**	(403,346)
Investments in unconsolidated entities	**(63,480)**	(23,949)
Purchase of equity instruments	**(24,923)**	(20,850)
Proceeds from sales of equity instruments	**30,000**	—
Insurance proceeds for property restoration	**1,058**	2,938
Distributions of capital from unconsolidated entities and other	**160,444**	143,482
Net cash used in investing activities	**(348,558)**	(301,725)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of units and other	**(164)**	(164)
Purchase of units related to stock grant recipients' tax withholdings	**(854)**	(2,955)
Redemption of limited partner units	**(16,067)**	(135)
Purchase of general partner units	**(152,589)**	(181,258)
Distributions to noncontrolling interest holders in properties	**(4,108)**	(3,839)
Contributions from noncontrolling interest holders in properties	**28**	70
Partnership distributions	**(745,174)**	(1,460,852)
Mortgage and unsecured indebtedness proceeds, net of transaction costs	**7,954,893**	5,022,602
Mortgage and unsecured indebtedness principal payments	**(4,864,992)**	(4,993,870)
Net cash provided by (used in) financing activities	**2,170,973**	(1,620,401)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,636,727**	(34,559)
CASH AND CASH EQUIVALENTS, beginning of period	**669,373**	514,335
CASH AND CASH EQUIVALENTS, end of period	**$ 3,306,100**	$ 479,776

The accompanying notes are an integral part of these statements.

Simon Property Group, L.P.
Unaudited Consolidated Statements of Equity
(Dollars in thousands)

	Preferred Units	Simon (Managing General Partner)	Limited Partners	Noncontrolling interests	Total Equity
January 1, 2020	**$ 42,420**	**$ 2,483,978**	**$ 378,339**	**$ 6,513**	**$ 2,911,250**
Series J preferred stock premium and amortization	(82)				(82)
Limited partner units exchanged to common units (132,946 units)		1,076	(1,076)		—
Stock incentive program (1,081 common units forfeited)					—
Amortization of stock incentive		1,891			1,891
Redemption of limited partner units (116,072 units)		(15,127)	(940)		(16,067)
Treasury unit purchase (1,245,654 units)		(152,589)			(152,589)
Long-term incentive performance units			4,987		4,987
Issuance of unit equivalents and other (38,148 common units)		3,316		26	3,342
Unrealized gain on hedging activities		19,510	2,963		22,473
Currency translation adjustments		(20,505)	(3,099)		(23,604)
Changes in available-for-sale securities and other		715	109		824
Net gain reclassified from accumulated other comprehensive loss into earnings		(417)	(63)		(480)
Other comprehensive income		(697)	(90)		(787)
Adjustment to limited partners' interest from change in ownership in the Operating Partnership		24,233	(24,233)		—
Distributions to limited partners, excluding preferred interests classified as temporary equity	(834)	(644,425)	(98,099)	(3,167)	(746,525)
Net income, excluding preferred distributions on temporary equity preferred units of $479 and a $608 loss attributable to noncontrolling redeemable interests in properties	834	437,605	66,658	436	505,533
March 31, 2020	**$ 42,338**	**$ 2,139,261**	**$ 325,546**	**$ 3,808**	**$ 2,510,953**
Series J preferred stock premium and amortization	(82)				(82)
Stock incentive program (155,610 common units, net)					—
Amortization of stock incentive		4,969			4,969
Long-term incentive performance units			3,229		3,229
Issuance of unit equivalents and other (1,264 units and 15,561 common units)		22,899	(2)		22,897
Unrealized loss on hedging activities		(21,116)	(3,216)		(24,332)
Currency translation adjustments		(13,815)	(2,088)		(15,903)
Changes in available-for-sale securities and other		(479)	(73)		(552)
Net gain reclassified from accumulated other comprehensive loss into earnings		(415)	(63)		(478)
Other comprehensive income		(35,825)	(5,440)		(41,265)
Adjustment to limited partners' interest from change in ownership in the Operating Partnership		(769)	769		—
Distributions to limited partners, excluding preferred interests classified as temporary equity	(835)	(397,664)	(60,510)	(244)	(459,253)
Net income, excluding preferred distributions on temporary equity preferred units of $478 and a $3,921 loss attributable to noncontrolling redeemable interests in properties	835	254,213	38,650	293	293,991
June 30, 2020	**$ 42,256**	**$ 1,987,084**	**$ 302,242**	**$ 3,857**	**$ 2,335,439**

The accompanying notes are an integral part of these statements.

Simon Property Group, L.P.
Unaudited Consolidated Statements of Equity
(Dollars in thousands)

	Preferred Units	Simon (Managing General Partner)	Limited Partners	Noncontrolling interests	Total Equity
January 1, 2019	**$ 42,748**	**$ 3,253,933**	**$ 492,877**	**$ 7,398**	**$ 3,796,956**
Series J preferred stock premium and amortization	(82)				(82)
Limited partner units exchanged to common units (24,000 units)		253	(253)		—
Amortization of stock incentive		1,309			1,309
Redemption of limited partner units (774 units)		(127)	(8)		(135)
Treasury unit purchase (46,377 units)		(7,628)			(7,628)
Long-term incentive performance units			3,701		3,701
Issuance of unit equivalents and other (1,483 common units)		(1,756)	(2)		(1,758)
Unrealized gain on hedging activities		8,115	1,227		9,342
Currency translation adjustments		(4,130)	(614)		(4,744)
Changes in available-for-sale securities and other		125	19		144
Net loss reclassified from accumulated other comprehensive loss into earnings		945	143		1,088
Other comprehensive income		5,055	775		5,830
Adjustment to limited partners' interest from change in ownership in the Operating Partnership		4,167	(4,167)		—
Distributions to limited partners, excluding preferred interests classified as temporary equity	(834)	(633,388)	(96,010)	(552)	(730,784)
Net income, excluding preferred distributions on temporary equity preferred units of $479 and a $1,065 loss attributable to noncontrolling redeemable interests in properties	834	548,475	83,076	148	632,533
March 31, 2019	**$ 42,666**	**$ 3,170,293**	**$ 479,989**	**$ 6,994**	**$ 3,699,942**
Series J preferred stock premium and amortization	(82)				(82)
Stock incentive program (89,368 common units, net)		—			—
Amortization of stock incentive		5,098			5,098
Treasury unit purchase (1,046,580 units)		(173,630)			(173,630)
Long-term incentive performance units			7,721		7,721
Issuance of unit equivalents and other (14,853 units)		(7,960)	1	69	(7,890)
Unrealized loss on hedging activities		(6,113)	(909)		(7,022)
Currency translation adjustments		(3,078)	(545)		(3,623)
Changes in available-for-sale securities and other		468	71		539
Net loss reclassified from accumulated other comprehensive loss into earnings		942	144		1,086
Other comprehensive income		(7,781)	(1,239)		(9,020)
Adjustment to limited partners' interest from change in ownership in the Operating Partnership		28,588	(28,588)		—
Distributions to limited partners, excluding preferred interests classified as temporary equity	(835)	(632,851)	(95,977)	(455)	(730,118)
Net income, excluding preferred distributions on temporary equity preferred units of $478 and a $28 loss attributable to noncontrolling redeemable interests in properties	835	495,324	75,066	426	571,651
June 30, 2019	**$ 42,584**	**$ 2,877,081**	**$ 436,973**	**$ 7,034**	**$ 3,363,672**

The accompanying notes are an integral part of these statements.

Simon Property Group, Inc.
Simon Property Group, L.P.
Condensed Notes to Consolidated Financial Statements
(Unaudited)
(Dollars in thousands, except share, per share, unit and per unit amounts and where indicated in millions or billions)

1. Organization

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

We own, develop and manage premier shopping, dining, entertainment and mixed-use destinations, which consist primarily of malls, Premium Outlets®, and The Mills®. As of June 30, 2020, we owned or held an interest in 204 income-producing properties in the United States, which consisted of 99 malls, 69 Premium Outlets, 14 Mills, four lifestyle centers, and 18 other retail properties in 37 states and Puerto Rico. Internationally, as of June 30, 2020, we had ownership in 31 Premium Outlets and Designer Outlet properties primarily located in Asia, Europe, and Canada. As of June 30, 2020, we also owned a 22.4% equity stake in Klépierre SA, or Klépierre, a publicly traded, Paris-based real estate company which owns, or has an interest in, shopping centers located in 15 countries in Europe.

2. Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of all controlled subsidiaries, and all significant intercompany amounts have been eliminated. Due to the seasonal nature of certain operational activities, the results for the interim periods ended June 30, 2020 are not necessarily indicative of the results to be expected for the full year.

These consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and include all of the information and disclosures required by accounting principles generally accepted in the United States (GAAP) for interim reporting. Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments necessary for a fair presentation (including normal recurring accruals) have been included. The consolidated financial statements in this Form 10-Q should be read in conjunction with the audited consolidated financial statements and related notes contained in the combined 2019 Annual Report on Form 10-K of Simon and the Operating Partnership. Certain reclassifications considered necessary for a fair presentation have been made to the prior period financial statements in order to conform to the current year presentation. These reclassifications have not changed the results of operations.

As of June 30, 2020, we consolidated 133 wholly-owned properties and 18 additional properties that are less than wholly-owned, but which we control or for which we are the primary beneficiary. We account for the remaining 84 properties, or the joint venture properties, as well as our investments in Klépierre, Authentic Brands Group, LLC, or ABG, Forever 21, HBS Global Properties, or HBS, Rue Gilt Groupe, or RGG, and Sparc Group, formerly known as Aéropostale, using the equity method of accounting, as we have determined we have significant influence over their operations. We manage the day-to-day operations of 57 of the 84 joint venture properties, but have determined that our partner or partners have substantive participating rights with respect to the assets and operations of these joint venture properties. Our investments in joint ventures in Japan, South Korea, Mexico, Malaysia, Germany, Thailand, Canada, Spain, and the United Kingdom comprise 23 of the remaining 27 properties. These international properties are managed by joint ventures in which we share control.

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

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weighted average ownership interest in the Operating Partnership was 86.8% for both the six months ended June 30, 2020 and 2019. As of June 30, 2020 and December 31, 2019, Simon's ownership interest in the Operating Partnership was 86.8%. We adjust the noncontrolling limited partners' interests at the end of each period to reflect their interest in the net assets of the Operating Partnership.

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

3. Significant Accounting Policies

Cash and Cash Equivalents

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

Equity Instruments and Debt Securities

Equity instruments and debt securities consist primarily of equity instruments, our deferred compensation plan investments, the debt securities of our captive insurance subsidiary, and certain investments held to fund the debt service requirements of debt previously secured by investment properties. At June 30, 2020 and December 31, 2019, we had equity instruments with readily determinable fair values of $45.4 million and $68.2 million, respectively. Changes in the fair value of these equity instruments are recorded in earnings. Non-cash mark-to-market adjustments related to an investment we hold in units of a publicly traded real estate investment trust are included in unrealized gains (losses) in fair value of equity instruments in our consolidated statements of operations and comprehensive income. Non-cash mark-to-market adjustments related to other non-real estate securities with readily determinable fair values for the three and six months ended June 30, 2020 and 2019 were nil in each period. At June 30, 2020 and December 31, 2019, we had equity instruments without readily determinable fair values of $305.8 million and $295.4 million, respectively, for which we have elected the measurement alternative. We regularly evaluate these investments for any impairment in their estimated fair value, as well as any observable price changes for an identical or similar equity instrument of the same issuer, and determined that no material adjustment in the carrying value was required for the three or six months ended June 30, 2020 and 2019.

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

At June 30, 2020 and December 31, 2019, we held debt securities of $32.6 million and $52.8 million, respectively, in our captive insurance subsidiary. The types of securities included in the investment portfolio of our captive insurance subsidiary are typically U.S. Treasury or other U.S. government securities as well as corporate debt securities with maturities ranging from less than one year to ten years. These securities are classified as available-for-sale and are valued based upon quoted market prices or other observable inputs when quoted market prices are not available. The amortized cost of debt securities, which approximates fair value, held by our captive insurance subsidiary is adjusted for amortization of premiums and accretion of discounts to maturity. Changes in the values of these securities are recognized in accumulated other comprehensive income (loss) until the gain or loss is realized or until any unrealized loss is deemed to be other-than-temporary. We review any declines in value of these securities for other-than-temporary impairment and consider the severity and duration of any decline in value. To the extent an other-than-temporary impairment is deemed to have occurred, an impairment is recorded and a new cost basis is established.

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

Fair Value Measurements

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

The equity instruments with readily determinable fair values we held at June 30, 2020 and December 31, 2019 were primarily classified as having Level 1 and Level 2 fair value inputs. In addition, we had derivative instruments which were classified as having Level 2 inputs, which consist primarily of foreign currency forward contracts and interest rate swap agreements with a gross asset balance of $25.4 million and $17.5 million at June 30, 2020 and December 31, 2019, respectively, and a gross liability balance of $3.6 million and $3.8 million at June 30, 2020 and December 31, 2019, respectively.

Note 7 includes a discussion of the fair value of debt measured using Level 2 inputs. Level 3 inputs to our purchase accounting and impairment analyses include our estimations of net operating results of the property, capitalization rates and discount rates.

Noncontrolling Interests

Simon

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

	As of June 30, 2020	As of December 31, 2019
Limited partners' interests in the Operating Partnership	**$ 302,242**	$ 378,339
Nonredeemable noncontrolling interests in properties, net	**3,857**	6,513
Total noncontrolling interests reflected in equity	**$ 306,099**	$ 384,852

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

The Operating Partnership

Our evaluation of the appropriateness of classifying the Operating Partnership's common units of partnership interest, or units, held by Simon and the Operating Partnership's limited partners within permanent equity considered several significant factors. First, as a limited partnership, all decisions relating to the Operating Partnership's operations and distributions are made by Simon, acting as the Operating Partnership's sole general partner. The decisions of the general partner are made by Simon's Board of Directors or management. The Operating Partnership has no other governance structure. Secondly, the sole asset of Simon is its interest in the Operating Partnership. As a result, a share of common stock of Simon, or common stock, if owned by

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the Operating Partnership, is best characterized as being similar to a treasury share and thus not an asset of the Operating Partnership.

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

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

Accumulated Other Comprehensive Income (Loss)

Simon

The total accumulated other comprehensive income (loss) related to Simon's currency translation adjustment was ($194.7 million) and ($160.4 million) as of June 30, 2020 and December 31, 2019, respectively.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,		
	2020	**2019**	**2020**	**2019**	**Affected line item where net income is presented**
Accumulated derivative gains (losses), net	$ **478**	$ (1,086)	$ **958**	$ (2,174)	Interest expense
	(63)	144	**(126)**	287	Net income attributable to noncontrolling interests
	$ **415**	$ (942)	$ **832**	$ (1,887)	

The Operating Partnership

The total accumulated other comprehensive income (loss) related to the Operating Partnership's currency translation adjustment was ($224.3 million) and ($184.8 million) as of June 30, 2020 and December 31, 2019, respectively.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,		
	2020	**2019**	**2020**	**2019**	**Affected line item where net income is presented**
Accumulated derivative gains (losses), net	$ **478**	$ (1,086)	$ **958**	$ (2,174)	Interest expense

Derivative Financial Instruments

We record all derivatives on our consolidated balance sheets at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we have designated a derivative as a hedge and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. We may use a variety of derivative financial instruments in the normal course of business to selectively manage or hedge a portion of the risks associated with our indebtedness

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and interest payments. Our objectives in using interest rate derivatives are to add stability to interest expense and to manage our exposure to interest rate movements. To accomplish this objective, we primarily use interest rate swaps and caps. We require that hedging derivative instruments be highly effective in reducing the risk exposure that they are designated to hedge. We formally designate any instrument that meets these hedging criteria as a hedge at the inception of the derivative contract. We have no credit-risk-related hedging or derivative activities.

As of June 30, 2020 and December 31, 2019, we had no outstanding interest rate derivatives. We generally do not apply hedge accounting to interest rate caps, which had a nominal value as of June 30, 2020 and December 31, 2019.

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

The unamortized gain on our treasury locks and terminated hedges recorded in accumulated other comprehensive income (loss) was $9.6 million as of June 30, 2020, compared to an unamortized gain of $10.6 million as of December 31, 2019. Within the next year, we expect to reclassify to earnings approximately $1.0 million of gains related to terminated interest rate swaps from the current balance held in accumulated other comprehensive income (loss).

We are also exposed to foreign currency risk on financings of certain foreign operations. Our intent is to offset gains and losses that occur on the underlying exposures, with gains and losses on the derivative contracts hedging these exposures. We do not enter into either interest rate protection or foreign currency rate protection agreements for speculative purposes.

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

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We had the following Euro:USD forward contracts designated as net investment hedges at June 30, 2020 and December 31, 2019 (in millions):

		Asset (Liability) Value as of	
Notional Value	Maturity Date	June 30, 2020	December 31, 2019
€ 50.0	March 20, 2020	—	(0.5)
€ 50.0	March 20, 2020	—	(0.5)
€ 50.0	March 20, 2020	—	(0.5)
€ 50.0	May 15, 2020	—	1.5
€ 100.0	June 18, 2020	—	(0.6)
€ 90.0	June 18, 2020	—	(0.5)
€ 33.0	September 23, 2020	**0.2**	—
€ 60.0	September 23, 2020	**0.3**	—
€ 60.0	September 23, 2020	**0.3**	—
€ 120.0	September 23, 2020	**0.6**	—
€ 50.0	September 23, 2020	**(1.0)**	—
€ 30.0	September 23, 2020	**(0.7)**	—
€ 10.0	September 23, 2020	**(0.2)**	—
€ 50.0	December 18, 2020	**0.3**	—
€ 100.0	December 18, 2020	**1.2**	(0.6)
€ 100.0	December 18, 2020	**1.2**	(0.6)
€ 20.0	May 14, 2021	**0.2**	—
€ 50.0	May 14, 2021	**2.5**	1.3
€ 50.0	May 14, 2021	**(1.8)**	—
€ 30.0	May 14, 2021	**0.2**	—
€ 60.0	December 20, 2021	**1.4**	—
€ 60.0	December 20, 2021	**1.5**	—
€ 30.0	December 20, 2021	**0.6**	—

Asset balances in the above table are included in deferred costs and other assets. Liability balances in the above table are included in other liabilities.

We use a Euro-denominated cross-currency swap agreement to manage our exposure to changes in foreign exchange rates by swapping $150.0 million of 4.38% fixed rate U.S. dollar-denominated debt to 1.37% fixed rate Euro-denominated debt of €121.6 million. The cross-currency swap matures on December 1, 2020. The fair value of our cross-currency swap agreement at June 30, 2020 and December 31, 2019 was $14.8 million and $14.7 million, respectively, and is included in deferred costs and other assets.

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

The total accumulated other comprehensive income related to Simon's derivative activities, including our share of other comprehensive income from unconsolidated entities, was $38.8 million and $41.2 million as of June 30, 2020 and December 31, 2019, respectively. The total accumulated other comprehensive income related to the Operating Partnership's derivative activities, including our share of other comprehensive income from unconsolidated entities, was \$44.7 million and \$47.5 million as of June 30, 2020 and December 31, 2019, respectively.

New Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, "Financial Instruments - Credit Losses," which introduced new guidance for an approach based on expected losses to estimate credit losses on certain types of financial instruments. It also modifies the impairment model for available-for-sale debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination. Instruments in scope include loans, held-to-maturity debt securities, and net investments in leases as well as reinsurance and trade receivables. In November 2018, the FASB issued ASU 2018-19, which clarifies that operating lease receivables are outside the scope of the new standard. This standard was effective for us as of January 1, 2020. There was no impact on our consolidated financial statements at adoption.

In March 2020, the FASB issued ASU 2020-04, “Reference Rate Reform,” which provides temporary optional expedients and exceptions to the US GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from LIBOR and other interbank offered rates to alternative reference rates. The guidance is effective upon issuance and generally can be applied to any contract modifications or existing and new hedging relationships through December 31, 2022. We are currently evaluating the impact that the expected market transition from LIBOR to alternative references rates will have on our financial statements as well as the applicability of the aforementioned expedients and exceptions provided in ASU 2020-04.

4. Real Estate Acquisitions and Dispositions

Unless otherwise noted, gains and losses on property transactions are included in (loss) gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net in the accompanying consolidated statements of operations and comprehensive income. We capitalize asset acquisition costs and expense costs related to business combinations, as well as disposition related costs as they are incurred. We incurred a minimal amount of transaction expenses during the three months ended June 30, 2020 and 2019.

On September 19, 2019, we acquired the remaining 50% interest in a hotel adjacent to one of our properties for cash consideration of \$12.8 million. As of closing, the property was subject to a \$21.5 million, 4.02% variable rate mortgage. We accounted for this transaction as an asset acquisition and substantially all of our investment relates to investment property.

5. Per Share and Per Unit Data

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

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Simon

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
Net Income attributable to Common Stockholders — Basic and Diluted	**$ 254,213**	$ 495,324	**$ 691,818**	$ 1,043,799
Weighted Average Shares Outstanding — Basic and Diluted	**305,882,326**	308,708,798	**306,193,205**	308,842,682

For the three and six months ended June 30, 2020, potentially dilutive securities include units that are exchangeable for common stock and long-term incentive performance units, or LTIP units, granted under our long-term incentive performance programs that are convertible into units and exchangeable for common stock. No securities had a material dilutive effect for the three or six months ended June 30, 2020 and 2019. We have not adjusted net income attributable to common stockholders and weighted average shares outstanding for income allocable to limited partners or units, respectively, as doing so would have no dilutive impact. We accrue dividends when they are declared. On June 29, 2020, Simon's Board of Directors declared a quarterly cash dividend for the second quarter of 2020 of $1.30 per share. At June 30, 2020, we accrued the second quarter dividend of $458.2 million, recorded in dividends payable in the accompanying consolidated balance sheet, which was paid in cash on July 24, 2020.

The Operating Partnership

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
Net Income attributable to Unitholders — Basic and Diluted	**$ 292,863**	$ 570,389	**$ 797,125**	$ 1,201,940
Weighted Average Units Outstanding — Basic and Diluted	**352,410,392**	355,491,396	**352,801,176**	355,634,031

For the three and six months ended June 30, 2020, potentially dilutive securities include LTIP units. No securities had a material dilutive effect for the three or six months ended June 30, 2020 and 2019. We accrue distributions when they are declared. On June 29, 2020, Simon's Board of Directors declared a quarterly cash distribution for the second quarter of 2020 of $1.30 per unit. At June 30, 2020, we accrued the second quarter distribution of $458.2 million, recorded in distributions payable in the accompanying consolidated balance sheet, which was paid in cash on July 24, 2020.

6. Investment in Unconsolidated Entities and International Investments

Real Estate Joint Ventures and Investments

Joint ventures are common in the real estate industry. We use joint ventures to finance properties, develop new properties and diversify our risk in a particular property or portfolio of properties. As discussed in note 2, we held joint venture interests in 84 properties as of June 30, 2020.

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

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We may provide financing to joint ventures primarily in the form of interest bearing construction loans. As of June 30, 2020 and December 31, 2019, we had construction loans and other advances to related parties totaling $86.3 million and $78.4 million, respectively, which are included in deferred costs and other assets in the accompanying consolidated balance sheets.

Unconsolidated Entity Transactions

On February 19, 2020, we and a group of co-investors acquired certain assets and liabilities of Forever 21, a retailer of apparel and accessories, out of bankruptcy. The interests were acquired through two separate joint ventures, a licensing venture and an operating venture. Our noncontrolling interest in each of the retail operations venture and in the licensing venture is 37.5%. Our aggregate investment in the ventures was $67.6 million. In connection with the acquisition of our interest, the Forever 21 joint venture recorded a non-cash bargain purchase gain of which our share of $35.0 million pre-tax is included in income from unconsolidated entities in the consolidated statement of operations and comprehensive income.

On June 10, 2020, we exercised our contractual right to terminate the February 10, 2020, Agreement and Plan of Merger, or the Merger Agreement, with Taubman Centers, Inc., or TCO, a publicly held Michigan corporation. We also filed an action in the Circuit Court for the 6th Judicial Circuit of Oakland County, Michigan against Taubman Centers, Inc. and The Taubman Realty Group Limited Partnership (collectively, Taubman) requesting a declaration that Taubman had suffered a Material Adverse Event under the Merger Agreement and had breached covenants and representations in the Merger Agreement.

On October 16, 2019, we contributed approximately $276.8 million consisting of cash and the Shop Premium Outlets, or SPO, assets for a 45% noncontrolling interest in RGG to create a new multi-platform venture dedicated to digital value shopping. We attributed substantially all of our investment to goodwill and certain amortizing and non-amortizing intangibles.

On September 19, 2019, as discussed in note 4, we acquired the remaining 50% interest in a hotel adjacent to one of our properties from our joint venture partner. As a result of this acquisition, we now own 100% of this property.

During the first quarter of 2019, we disposed of our interests in a multi-family residential investment. Our share of the gross proceeds was $17.3 million. The gain of $15.6 million is included in other income in the accompanying consolidated statement of operations and comprehensive income.

As of June 30, 2020 and December 31, 2019, we had an 11.7% legal noncontrolling equity interest in HBS, a joint venture we formed with Hudson's Bay Company. Our share of net income (loss), net of amortization of our excess investment, was $0.2 million and ($5.6) million for the three months ended June 30, 2020 and 2019, respectively, and $1.0 million and ($8.2) million for the six months ended June 30, 2020 and 2019, respectively. Total revenues, operating income and consolidated net income (loss) of HBS were approximately $64.7 million, $26.8 million and $8.7 million, respectively, for the six months ended June 30, 2020 and $67.2 million, $1.1 million and ($22.1) million, respectively, for the six months ended June 30, 2019.

On September 15, 2016, we and a group of co-investors acquired certain assets and liabilities of Aéropostale, a retailer of apparel and accessories, out of bankruptcy, and subsequently renamed Sparc Group. The interests were acquired through two separate joint ventures, a licensing venture and an operating venture. In April 2018, we contributed our entire interest in the licensing venture in exchange for additional interests in ABG, a brand development, marketing, and entertainment company. In January 2020, we acquired additional interests of 5.05% and 1.37% in Sparc Group and ABG, respectively, for $6.7 million and $33.5 million, respectively. At June 30, 2020, our noncontrolling equity method interests in the operations venture of Sparc Group and in ABG were 50.0% and 6.8%, respectively.

European Investments

At June 30, 2020, we owned 63,924,148 shares, or approximately 22.4%, of Klépierre, which had a quoted market price of $19.92 per share, which is below our carrying value. We have evaluated this investment and believe that any impairment is not other-than-temporary. Our share of net income, net of amortization of our excess investment, was $2.2 million and $21.2 million for the three months ended June 30, 2020 and 2019, respectively, and $9.4 million and $39.0 million for the six months ended June 30, 2020 and 2019, respectively. Based on applicable Euro:USD exchange rates and after our conversion of Klépierre's

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results to GAAP, Klépierre's total revenues, operating income before other items and consolidated net income were approximately $672.3 million, $199.9 million and $152.6 million, respectively, for the six months ended June 30, 2020 and $760.2 million, $318.5 million and $276.6 million, respectively, for the six months ended June 30, 2019.

During the six months ended June 30, 2020, we recorded a $7.8 million net loss related to the impairment and disposition of certain assets of Klépierre. During the six months ended June 30, 2019, Klépierre completed the disposal of its interests in certain shopping centers and we recorded a gain of $2.7 million. These transactions are included in (loss) gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net in the accompanying consolidated statements of operations and comprehensive income.

We have an interest in a European investee that had interests in ten and nine Designer Outlet properties, of which six are consolidated by us, as of June 30, 2020 and December 31, 2019, respectively. As of June 30, 2020, our legal percentage ownership interests in these properties ranged from 45% to 94%.

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

We also have minority interests in Value Retail PLC and affiliated entities, which own or have interests in and operate nine luxury outlets located throughout Europe and we also have a direct minority ownership in three of those outlets. At June 30, 2020 and December 31, 2019, the carrying value of these equity instruments without readily determinable fair values was $140.8 million and is included in deferred costs and other assets.

Asian Joint Ventures

We conduct our international Premium Outlet operations in Japan through a joint venture with Mitsubishi Estate Co., Ltd. We have a 40% noncontrolling ownership interest in this joint venture. The carrying amount of our investment in this joint venture was $187.7 million and $212.1 million as of June 30, 2020 and December 31, 2019, respectively, including all related components of accumulated other comprehensive income (loss). We conduct our international Premium Outlet operations in South Korea through a joint venture with Shinsegae International Co. We have a 50% noncontrolling ownership interest in this joint venture. The carrying amount of our investment in this joint venture was $170.9 million and $173.9 million as of June 30, 2020 and December 31, 2019, respectively, including all related components of accumulated other comprehensive income (loss).

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Summary Financial Information

A summary of the combined balance sheets and statements of operations of our equity method investments and share of income from such investments, excluding Klépierre, ABG, HBS, RGG, Forever 21, and Sparc Group as follows.

COMBINED BALANCE SHEETS

		June 30, 2020		December 31, 2019
Assets:				
Investment properties, at cost	**$**	**19,670,435**	$	19,525,665
Less - accumulated depreciation		**7,641,911**		7,407,627
		12,028,524		12,118,038
Cash and cash equivalents		**733,224**		1,015,864
Tenant receivables and accrued revenue, net		**756,871**		510,157
Right-of-use assets, net		**180,952**		185,302
Deferred costs and other assets		**368,254**		384,663
Total assets	**$**	**14,067,825**	$	14,214,024
Liabilities and Partners' Deficit:				
Mortgages	**$**	**15,436,464**	$	15,391,781
Accounts payable, accrued expenses, intangibles, and deferred revenue		**808,425**		977,112
Lease liabilities		**183,406**		186,594
Other liabilities		**395,429**		338,412
Total liabilities		**16,823,724**		16,893,899
Preferred units		**67,450**		67,450
Partners' deficit		**(2,823,349)**		(2,747,325)
Total liabilities and partners' deficit	**$**	**14,067,825**	$	14,214,024
Our Share of:				
Partners' deficit	**$**	**(1,233,667)**	$	(1,196,926)
Add: Excess Investment		**1,488,444**		1,525,903
Our net Investment in unconsolidated entities, at equity	**$**	**254,777**	$	328,977

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

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COMBINED STATEMENTS OF OPERATIONS

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
REVENUE:				
Lease income	**$ 574,246**	$ 760,131	**$ 1,318,096**	$ 1,519,110
Other income	**46,205**	79,389	**120,718**	155,311
Total revenue	**620,451**	839,520	**1,438,814**	1,674,421
OPERATING EXPENSES:				
Property operating	**107,309**	140,262	**254,339**	284,983
Depreciation and amortization	**165,511**	170,407	**336,989**	340,664
Real estate taxes	**60,634**	67,809	**129,023**	136,526
Repairs and maintenance	**13,589**	18,832	**33,204**	41,209
Advertising and promotion	**10,016**	19,695	**32,768**	44,021
Other	**15,734**	47,743	**65,964**	97,058
Total operating expenses	**372,793**	464,748	**852,287**	944,461
Operating Income Before Other Items	**247,658**	374,772	**586,527**	729,960
Interest expense	**(152,409)**	(157,927)	**(309,050)**	(313,944)
Gain on sale or disposal of assets and interests in unconsolidated entities, net	**—**	—	**—**	21,587
Net Income	**$ 95,249**	$ 216,845	**$ 277,477**	$ 437,603
Third-Party Investors' Share of Net Income	**$ 53,989**	$ 110,620	**$ 146,848**	$ 223,287
Our Share of Net Income	**41,260**	106,225	**130,629**	214,316
Amortization of Excess Investment	**(20,761)**	(20,774)	**(41,601)**	(41,567)
Our Share of Gain on Sale or Disposal of Assets and Interests in Other Income in the Consolidated Financial Statements	**—**	—	**—**	(9,155)
Income from Unconsolidated Entities	**$ 20,499**	$ 85,451	**$ 89,028**	$ 163,594

Our share of income from unconsolidated entities in the above table, aggregated with our share of the results of Klépierre, ABG, HBS, RGG, Forever 21, and Sparc Group is presented in income from unconsolidated entities in the accompanying consolidated statements of operations and comprehensive income. Unless otherwise noted, our share of the gain on sale or disposal of assets and interests in unconsolidated entities, net is reflected within (loss) gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net in the accompanying consolidated statements of operations and comprehensive income.

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7. Debt

Unsecured Debt

At June 30, 2020, our unsecured debt consisted of $15.9 billion of senior unsecured notes of the Operating Partnership, $3.1 billion outstanding under the Operating Partnership's $4.0 billion unsecured revolving credit facility, or Credit Facility, $750.0 million outstanding under the Operating Partnership's $3.5 billion unsecured revolving credit facility, or Supplemental Facility, and $702.3 million outstanding under the Operating Partnership's global unsecured commercial paper note program, or Commercial Paper program.

On March 16, 2020, the Operating Partnership replaced in its entirety its existing $4.0 billion unsecured revolving credit facility by entering into an unsecured credit facility comprised of (i) an amendment and extension of the Credit Facility and (ii) a $2.0 billion delayed-draw term loan facility, or Term Facility, or together with the Credit Facility and the Supplemental Facility, the Facilities. The Credit Facility and the Term Facility can be increased in the form of either additional commitments under the Credit Facility or incremental term loans under the Term Facility in an aggregate amount for all such increases not to exceed $1.0 billion, for a total aggregate size of $7.0 billion, in each case, subject to obtaining additional lender commitments and satisfying certain customary conditions precedent. Borrowings may be denominated in U.S. dollars, Euro, Yen, Sterling, Canadian dollars and Australian dollars. Borrowings in currencies other than the U.S. dollar are limited to 95% of the maximum revolving credit amount, as defined. The initial maturity date of the Term Facility and Credit Facility are June 30, 2022 and June 30, 2024, respectively. Each of the Term Facility and Credit Facility can be extended for two additional six-month periods to June 30, 2023 and June 30, 2025, respectively, at our sole option, subject to satisfying certain customary conditions precedent. The Term Facility is available via a single draw during the nine-month period following March 16, 2020.

Borrowings under the Credit Facility bear interest, at the Operating Partnership's election, at either (i) LIBOR plus a margin determined by the Operating Partnership's corporate credit rating of between 0.650% and 1.400% or (ii) the base rate (which rate is equal to the greatest of the prime rate, the federal funds effective rate plus 0.500% or LIBOR plus 1.000%) (the "Base Rate"), plus a margin determined by the Operating Partnership's corporate credit rating of between 0.000% and 0.400%. The Credit Facility includes a facility fee determined by the Operating Partnership's corporate credit rating of between 0.100% and 0.300% on the aggregate revolving commitments under the Credit Facility. The Credit Facility contains a money market competitive bid option program that allows the Operating Partnership to hold auctions to achieve lower pricing for short-term borrowings. Borrowings under the Term Facility bear interest, at the Operating Partnership's election, at either (i) LIBOR plus a margin determined based on the Operating Partnership's corporate credit rating of between 0.725% and 1.600% or (ii) the base rate (equal to the greatest of the prime rate, the federal funds effective rate plus 0.500% or LIBOR plus 1.000%) plus a margin determined by the Operating Partnership's corporate credit rating of between 0.000% and 0.600%. The Term Facility includes a ticking fee equal to 0.100% of the unused term loan commitment under the Term Facility, which ticking fee shall commence accruing on the date that is forty-five days after the closing of the Term Facility.

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

At June 30, 2020, we had an aggregate available borrowing capacity of $4.9 billion under the Facilities. The maximum aggregate outstanding balance under the Facilities during the six months ended June 30, 2020 was $3.9 billion and the weighted average outstanding balance was $2.3 billion. Letters of credit of $11.3 million were outstanding under the Facilities as of June 30, 2020.

The Operating Partnership also has available a Commercial Paper program of $2.0 billion, or the non-U.S. dollar equivalent thereof. The Operating Partnership may issue unsecured commercial paper notes, denominated in U.S. dollars, Euro and other currencies. Notes issued in non-U.S. currencies may be issued by one or more subsidiaries of the Operating Partnership and are guaranteed by the Operating Partnership. Notes are sold under customary terms in the U.S. and Euro commercial paper note markets and rank (either by themselves or as a result of the guarantee described above) pari passu with the Operating Partnership's other unsecured senior indebtedness. The Commercial Paper program is supported by the Credit Facilities and if necessary or appropriate, we may make one or more draws under either of the Credit Facilities to pay amounts outstanding from time to time on the Commercial Paper program. On June 30, 2020, we had $702.3 million outstanding under the Commercial Paper program, fully comprised of U.S. dollar-denominated notes with a weighted average interest rate of 0.24%. These borrowings have a weighted average maturity date of July 20, 2020 and reduce amounts otherwise available under the Facilities.

On July 9, 2020, the Operating Partnership completed the issuance of the following senior unsecured notes: $500.0 million with a fixed interest rate of 3.500%, $750 million with a fixed interest rate of 2.650%, and $750 million with a fixed interest rate of 3.800%, with maturity dates of September 2025 (the "2025" Notes"), June 2030, and June 2050, respectively. The 2025 Notes were issued as additional notes under an indenture pursuant to which the Operating Partnership previously issued $600 million principal amount of 3.500% senior notes due September 2025 on August 17, 2015. Proceeds from the unsecured notes offering funded the optional redemption at par of senior unsecured notes in July and August 2020, as discussed below, and repaid a portion of the indebtedness under the Facilities.

On July 10, 2020 the Operating Partnership repaid $1.75 billion under the Credit Facility and $750.0 million under the Supplemental Facility.

On July 22, 2020, the Operating Partnership completed the optional redemption at par of its $500 million 2.500% notes due September 1, 2020.

On August 6, 2020 the Operating Partnership completed the optional redemption at par of its €375 million 2.375% notes due October 2, 2020.

Mortgage Debt

Total mortgage indebtedness was $6.9 billion at June 30, 2020 and December 31, 2019.

Covenants

Our unsecured debt agreements contain financial covenants and other non-financial covenants. The Facilities contain ongoing covenants relating to total and secured leverage to capitalization value, minimum earnings before interest, taxes, depreciation, and amortization, or EBITDA, and unencumbered EBITDA coverage requirements. Payment under the Facilities can be accelerated if the Operating Partnership or Simon is subject to bankruptcy proceedings or upon the occurrence of certain other events. If we were to fail to comply with these covenants, after the expiration of the applicable cure periods, the debt maturity could be accelerated or other remedies could be sought by the lender, including adjustments to the applicable interest rate. As of June 30, 2020, we were in compliance with all covenants of our unsecured debt.

At June 30, 2020, our consolidated subsidiaries were the borrowers under 46 non-recourse mortgage notes secured by mortgages on 50 properties and other assets, including two separate pools of cross-defaulted and cross-collateralized mortgages encumbering a total of five properties. Under these cross-default provisions, a default under any mortgage included in the cross-defaulted pool may constitute a default under all mortgages within that pool and may lead to acceleration of the indebtedness due on each property within the pool. Certain of our secured debt instruments contain financial and other non-financial covenants which are specific to the properties that serve as collateral for that debt. If the applicable borrower under these non-recourse mortgage notes were to fail to comply with these covenants, the lender could accelerate the debt and enforce its rights against their collateral. At June 30, 2020, the applicable borrowers under these non-recourse mortgage notes were in compliance with all covenants where non-compliance could individually or in the aggregate, giving effect to applicable cross-default provisions, have a material adverse effect on our financial condition, liquidity or results of operations.

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Fair Value of Debt

The carrying value of our variable-rate mortgages and other loans approximates their fair values. We estimate the fair values of consolidated fixed rate mortgages using cash flows discounted at current borrowing rates and other indebtedness using cash flows discounted at current market rates. We estimate the fair values of consolidated fixed rate unsecured notes using quoted market prices, or, if no quoted market prices are available, we use quoted market prices for securities with similar terms and maturities. The book value of our consolidated fixed rate mortgages and unsecured indebtedness including commercial paper was $22.6 billion and $23.2 billion as of June 30, 2020 and December 31, 2019, respectively. The fair values of these financial instruments and the related discount rate assumptions as of June 30, 2020 and December 31, 2019 are summarized as follows:

	June 30, 2020	December 31, 2019
Fair value of consolidated fixed rate mortgages and unsecured indebtedness	**$ 23,834**	$ 23,231
Weighted average discount rates assumed in calculation of fair value for fixed rate mortgages	**2.37 %**	3.75 %
Weighted average discount rates assumed in calculation of fair value for unsecured indebtedness	**2.47 %**	3.67 %

8. Equity

During the six months ended June 30, 2020, Simon issued 132,946 shares of common stock to four limited partners of the Operating Partnership in exchange for an equal number of units pursuant to the partnership agreement of the Operating Partnership. During the six months ended June 30, 2020, the Operating Partnership redeemed 116,072 units from two limited partners for $16.1 million. These transactions increased Simon’s ownership interest in the Operating Partnership.

On February 13, 2017, Simon’s Board of Directors authorized a two-year extension of the previously authorized $2.0 billion common stock repurchase plan through March 31, 2019. On February 11, 2019, Simon's Board of Directors authorized a new common stock repurchase plan. Under the new plan, Simon may repurchase up to $2.0 billion of its common stock during the two-year period ending February 11, 2021 in the open market or in privately negotiated transactions as market conditions warrant. During the six months ended June 30, 2020, Simon purchased 1,245,654 shares at an average price of $122.50 per share. During the six months ended June 30, 2019, Simon purchased 1,092,957 shares at an average price of $165.84 per share, of which 46,377 shares at an average price of $164.49 per share were purchased as part of the previous program. As Simon repurchases shares under these programs, the Operating Partnership repurchases an equal number of units from Simon.

We paid a common stock dividend of $2.10 per share in the first quarter of 2020. We paid a common stock dividend of $2.05 per share for the three months ended June 30, 2019 and $4.10 per share for the six months ended June 30, 2019. The Operating Partnership paid distributions per unit for the same amounts. On June 29, 2020, Simon’s Board of Directors declared a quarterly cash dividend for the second quarter of 2020 of $1.30 per share, payable on July 24, 2020 to shareholders of record on July 10, 2020. The distribution rate on units is equal to the dividend rate on common stock.

Temporary Equity

Simon

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

Limited Partners’ Preferred Interest in the Operating Partnership and Noncontrolling Redeemable Interests in Properties. The redemption features of the preferred units in the Operating Partnership contain provisions which could require

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the Operating Partnership to settle the redemption in cash. As a result, this series of preferred units in the Operating Partnership remains classified outside permanent equity. The remaining interests in a property or portfolio of properties which are redeemable at the option of the holder or in circumstances that may be outside Simon's control are accounted for as temporary equity. The carrying amount of the noncontrolling interest is adjusted to the redemption amount assuming the instrument is redeemable at the balance sheet date. Changes in the redemption value of the underlying noncontrolling interest are recorded within accumulated deficit in the consolidated statements of equity in issuance of unit equivalents and other. There were no noncontrolling interests redeemable at amounts in excess of fair value as of June 30, 2020 and December 31, 2019. The following table summarizes the preferred units in the Operating Partnership and the amount of the noncontrolling redeemable interests in properties as follows:

	As of June 30, 2020	As of December 31, 2019
7.50% Cumulative Redeemable Preferred Units, 260,000 units authorized, 255,373 issued and outstanding	**$ 25,537**	$ 25,537
Other noncontrolling redeemable interests in properties	**161,855**	193,524
Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests in properties	**$ 187,392**	$ 219,061

The Operating Partnership

The Operating Partnership classifies as temporary equity those securities for which there is the possibility that the Operating Partnership could be required to redeem the security for cash, irrespective of the probability of such a possibility. As a result, the Operating Partnership classifies one series of preferred units and noncontrolling redeemable interests in properties in temporary equity. The following table summarizes the preferred units and the amount of the noncontrolling redeemable interests in properties as follows:

	As of June 30, 2020	As of December 31, 2019
7.50% Cumulative Redeemable Preferred Units, 260,000 units authorized, 255,373 issued and outstanding	**$ 25,537**	$ 25,537
Other noncontrolling redeemable interests in properties	**161,855**	193,524
Total preferred units, at liquidation value, and noncontrolling redeemable interests in properties	**$ 187,392**	$ 219,061

Stock Based Compensation

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

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

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Operating Partnership. As a result, we account for these LTIP units as participating securities under the two-class method of computing earnings per share.

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

The grant date fair value of the portion of the LTIP units based on achieving the target FFO performance criteria is $6.1 million for the Tranche A LTIP units and the Tranche B LTIP units, for a total of $12.1 million. The 2018 LTIP program provides that the value of the FFO-based award may be adjusted up or down based on the Company's performance compared to the target FFO performance criteria and has a maximum potential fair value of $18.2 million.

In 2019, the Compensation Committee established and granted awards under a redesigned LTIP program, or the 2019 LTIP program. Awards under the 2019 LTIP program will be considered earned if, and only to the extent to which, the respective performance conditions (based on Funds From Operations, or FFO, per share, and Objective Criteria Goals) and market conditions (based on Relative TSR performance), as defined in the applicable award agreements, are achieved during the applicable three-year measurement period, subject to the recipient's continued employment through the vesting date. All of the earned LTIP units under the 2019 LTIP program will vest on January 1, 2023. The 2019 LTIP program provides that the amount earned of the performance-based portion of the awards is dependent on Simon's performance compared to certain criteria and has a maximum potential fair value at issuance of $22.1 million.

The grant date fair values of any LTIP units for market-based awards are estimated using a Monte Carlo model, and the resulting fixed expense is recorded regardless of whether the market condition criteria are achieved if the required service is delivered. The grant date fair values of the market-based awards are being amortized into expense over the period from the grant date to the date at which the awards, if earned, would become vested. The expense of the performance-based award is recorded over the period from the grant date to the date at which the awards, if earned, would become vested, based on our assessment as to whether it is probable that the performance criteria will be achieved during the applicable performance periods.

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

LTIP Program	LTIP Units Earned	Grant Date Fair Value of TSR Award	Grant Date Target Value of Performance-Based Awards
2018 LTIP program - Tranche A	38,148	$6.1 million	$6.1 million
2018 LTIP program - Tranche B	To be determined in 2021	$6.1 million	$6.1 million
2019 LTIP program	To be determined in 2022	$9.5 million	$14.7 million

We recorded compensation expense, net of capitalization, related to these LTIP programs of approximately $6.9 million and $8.1 million for the six months ended June 30, 2020 and 2019, respectively.

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Restricted Stock. The Compensation Committee awarded 135,140 shares of restricted stock to employees during the six months ended June 30, 2020 at a weighted-average fair market value of $54.86 per share. During the six months ended June 30, 2020, our non-employee Directors were awarded 32,487 shares of restricted stock at a weighted-average fair market value of $58.57 per share. These shares represent a portion of the compensation we pay our non-employee Directors, and all of the shares have been placed in a non-employee Director deferred compensation account maintained by us. The grant date fair value of the employee restricted stock awards is being recognized as expense over the three-year vesting service period. The grant date fair value of the non-employee Director restricted stock awards is being recognized as expense over the one-year vesting service period. In accordance with the Operating Partnership's partnership agreement, the Operating Partnership issued an equal number of units to Simon that are subject to the same vesting conditions as the restricted stock.

We recorded compensation expense, net of capitalization, related to restricted stock of approximately $6.0 million and $3.8 million for the six months ended June 30, 2020 and 2019, respectively.

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

9. Lease Income

Fixed lease income under our operating leases includes fixed minimum lease consideration and fixed common area maintenance, or CAM, reimbursements recorded on a straight-line basis. Variable lease income includes consideration based on sales, as well as reimbursements for real estate taxes, utilities, marketing, and certain other items including negative variable lease income as discussed below.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	**2020**	2019
Fixed lease income	**$ 954,966**	$ 1,068,701	**$ 2,009,920**	$ 2,128,820
Variable lease income	**58,544**	229,866	**265,822**	449,803
Total lease income	**$ 1,013,510**	$ 1,298,567	**$ 2,275,742**	$ 2,578,623

In April 2020, the FASB staff released guidance focused on treatment of concessions related to the effects of COVID-19 on the application of lease modification guidance in Accounting Standards Codification (ASC) 842, "Leases." The guidance provides a practical expedient to forgo the associated reassessments required by ASC 842 when changes to a lease result in similar or lower future consideration. As a result, rent abatements are generally accounted for as negative variable lease consideration in the period granted, and further abatements granted will reduce lease income in future periods when the abatements are granted.

We have agreed to deferral or abatement arrangements with a limited number of our tenants. Discussions with our tenants are ongoing and may result in further rent deferrals, lease amendments, abatements and/or lease terminations, as we deem appropriate on a case-by-case basis based on each tenant's unique financial and operating situation. In addition, uncollected rent due from certain of our tenants is subject to ongoing litigation, the outcome of which may affect our ability to collect in full the associated outstanding receivable balances.

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In connection with rent deferrals or other accruals of unpaid rent payments, if we determine that rent payments are probable of collection, we will continue to recognize lease income on a straight-line basis over the lease term along with associated tenant receivables. However, if we determine that such deferred rent payments or other accrued but unpaid rent payments are not probable of collection, lease income will be recorded on the cash basis, with the corresponding tenant receivable and deferred rent receivable balances charged as a direct write-off against lease income in the period of the change in our collectability determination.

When a tenant seeks to reorganize its operations through bankruptcy proceedings, we assess the collectability of receivable balances. Our ongoing assessment incorporates, among other things, the timing of a tenant's bankruptcy filing and our expectations of the assumptions by the tenant in bankruptcy proceedings of leases at the Company's properties on substantially similar terms.

10. Commitments and Contingencies

Litigation

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

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

Lease Commitments

As of June 30, 2020, a total of 23 of our consolidated properties are subject to ground leases. The termination dates of these ground leases range from 2021 to 2090, including periods for which exercising an extension option is reasonably assured. These ground leases generally require us to make fixed annual rental payments, or a fixed annual rental payment plus a percentage rent component based upon the revenues or total sales of the property. In addition, we have several regional office locations that are subject to leases with termination dates ranging from 2020 to 2028. These office leases generally require us to make fixed annual rental payments plus pay our share of common area, real estate, and utility expenses. Some of our ground and office leases include escalation clauses. All of our lease arrangements are classified as operating leases. We incurred ground lease expense and office lease expense, which are included in other expense and home office and regional expense, respectively, as follows:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Operating Lease Cost				
Fixed lease cost	$ 7,137	$ 7,943	$ 15,146	$ 15,108
Variable lease cost	3,147	4,186	7,087	8,330
Sublease income	(187)	(167)	(373)	(334)
Total operating lease cost	**$ 10,097**	**$ 11,962**	**$ 21,860**	**$ 23,104**

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	For the Six Months Ended	
	June 30, 2020	June 30, 2019
Other Information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 22,180	$ 24,172
Weighted-average remaining lease term - operating leases	34.8 years	36 years
Weighted-average discount rate - operating leases	4.86%	4.87%

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

2020	$ 32,706
2021	32,697
2022	32,721
2023	32,863
2024	32,997
Thereafter	924,243
	$ 1,088,227
Impact of discounting	(568,811)
Operating lease liabilities	$ 519,416

Guarantees of Indebtedness

Joint venture debt is the liability of the joint venture and is typically secured by the joint venture property, which is non-recourse to us. As of June 30, 2020 and December 31, 2019, the Operating Partnership guaranteed joint venture related mortgage indebtedness of $193.3 million and $214.8 million, respectively. Mortgages guaranteed by the Operating Partnership are secured by the property of the joint venture which could be sold in order to satisfy the outstanding obligation and which has an estimated fair value in excess of the guaranteed amount.

Concentration of Credit Risk

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

Hurricane Impacts

During the third quarter of 2017, our two wholly-owned properties located in Puerto Rico experienced property damage and business interruption as a result of Hurricane Maria. Since the date of the loss, we have received $77.6 million of insurance proceeds from third-party carriers related to the two properties located in Puerto Rico, of which $46.5 million was used for property restoration and remediation and to reduce the insurance recovery receivable. During the three and six months ended June 30, 2020, we recorded $1.6 million and $2.7 million, respectively, as business interruption income. During the three and six months

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ended June 30, 2019, we recorded $3.2 million and $7.6 million, respectively, as business interruption income. These amounts were recorded in other income in the accompanying consolidated statements of operations and comprehensive income.

COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus, or COVID-19, a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 pandemic has already had a significant impact on economic and market conditions around the world in the first half of 2020 and continues to adversely impact economic activity in retail real estate. The impact of the COVID-19 pandemic continues to evolve and governments and other authorities, including where we own or hold interests in properties, have imposed measures intended to control its spread, including restrictions on freedom of movement, group gatherings and business operations such as travel bans, border closings, business closures, quarantines, stay-at-home, shelter-in-place orders, density limitations and social distancing measures. Governments and other authorities are in varying stages of lifting or modifying some of these measures, however certain governments and other authorities have already been forced to, and others may in the future, reinstate these measures or impose new, more restrictive measures, if the risks, or the tenants' and consumers' perception of the risks, related to the COVID-19 pandemic worsen at any time. Given the differing consumer demographics and responses to the pandemic and the characteristics and layout of certain properties, the impact of COVID-19 and these measures has been, and will continue be, greater on some properties than others. As a result of the COVID-19 pandemic and these measures, the Company may experience material impacts including changes in the ability to recognize revenue due to changes in our assessment of the probability of collection of lease income and asset impairment charges as a result of changing cash flows generated by our properties.

As of June 30, 2020, 199 of our domestic properties, certain of our retailer investments, and certain international properties had reopened. All of our retail properties were reopened as of July 10th; however, seven properties in California were subsequently closed on July 15th because of new restrictive governmental orders.

In March, as a precautionary measure to maximize liquidity and to increase available cash on hand, the Company drew $3.75 billion on its Facilities and has repaid certain amounts outstanding as discussed in note 7.

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

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto included in this report.

Overview

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

We own, develop and manage premier shopping, dining, entertainment and mixed-use destinations, which consist primarily of malls, Premium Outlets®, and The Mills®. As of June 30, 2020, we owned or held an interest in 204 income-producing properties in the United States, which consisted of 99 malls, 69 Premium Outlets, 14 Mills, four lifestyle centers, and 18 other retail properties in 37 states and Puerto Rico. In addition, we have redevelopment and expansion projects, including the addition of anchors, big box tenants, and restaurants, underway at properties in the United States, Canada, Asia and Europe. Internationally, as of June 30, 2020, we had ownership in 31 Premium Outlets and Designer Outlet properties primarily located in Asia, Europe, and Canada. We also have one international outlet property under development. As of June 30, 2020, we also owned a 22.4% equity stake in Klépierre SA, or Klépierre, a publicly traded, Paris-based real estate company which owns, or has an interest in, shopping centers located in 15 countries in Europe.

We generate the majority of our lease income from retail tenants including consideration received from:

- fixed minimum lease consideration and fixed common area maintenance (CAM) reimbursements, and
- variable lease consideration primarily based on tenants' sales, as well as reimbursements for real estate taxes, utilities, marketing and certain other items.

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

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

- attracting and retaining high quality tenants and utilizing economies of scale to reduce operating expenses,
- expanding and re-tenanting existing highly productive locations at competitive rental rates,
- selectively acquiring or increasing our interests in high quality real estate assets or portfolios of assets,
- generating consumer traffic in our retail properties through marketing initiatives and strategic corporate alliances, and
- selling selective non-core assets.

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

- establishing our malls as leading market resource providers for retailers and other businesses and consumer-focused corporate alliances, including payment systems (such as handling fees relating to the sales of bank-issued prepaid cards), national marketing alliances, static and digital media initiatives, business development, sponsorship, and events,
- offering property operating services to our tenants and others, including waste handling and facility services, and the provision of energy services,
- selling or leasing land adjacent to our properties, commonly referred to as "outlots" or "outparcels," and
- generating interest income on cash deposits and investments in loans, including those made to related entities.

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

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

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

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

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

COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus, or COVID-19, a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 pandemic has already had a significant impact on economic and market conditions around the world in the first half of 2020 and continues to adversely impact economic activity in retail real estate. The impact of the COVID-19 pandemic continues to evolve and governments and other authorities, including where we own or hold interests in properties, have imposed measures intended to control its spread, including restrictions on freedom of movement, group gatherings and business operations such as travel bans, border closings, business closures, quarantines, stay-at-home, shelter-in-place orders, density limitations and social distancing measures. Governments and other authorities are in varying stages of lifting or modifying some of these measures, however certain governments and other authorities have already been forced to, and others may in the future, reinstate these measures or impose new, more restrictive measures, if the risks, or the tenants' and consumers' perception of the risks, related to the COVID-19 pandemic worsen at any time. Given the differing consumer demographics and responses to the pandemic and the characteristics and layout of certain properties, the impact of COVID-19 and these measures has been, and will continue be, greater on some properties than others. As a result of the COVID-19 pandemic and these measures, the Company may experience material impacts including changes in the ability to recognize revenue due to changes in our assessment of the probability of collection of lease income and asset impairment charges as a result of changing cash flows generated by our properties.

As of June 30, 2020, 199 of our domestic properties, certain of our retailer investments, and certain international properties had reopened. All of our retail properties were reopened as of July 10th; however, seven properties in California were subsequently closed on July 15th because of new restrictive governmental orders. On average, the Company's retail properties were closed 51 days or approximately 56% of the second quarter.

As we developed and implemented our response to the impact of the COVID-19 pandemic and restriction intended to prevent its spread on our business, our primary focus has been on the health and safety of our employees, our shoppers and the communities in which we serve. We implemented a series of actions to reduce costs and increase liquidity in light of the economic impacts of the pandemic, including:

- significantly reduced all non-essential corporate spending,
- significantly reduced property operating expenses, including discretionary marketing spend,
- implemented a temporary furlough of certain corporate and field employees due to the closure of the Company's U.S. properties as a result of governmental "stay at home" orders; reduced certain corporate and field personnel and implemented a temporary freeze on company hiring efforts,
- suspended more than $1.0 billion of redevelopment and new development projects,
- David Simon, the Company's Chairman, Chief Executive Officer and President elected to reduce his base salary to zero and deferred his approved 2019 bonus until the market conditions in which the Company operates have improved,
- implemented a temporary decrease to the base salary of certain of its salaried employees ranging from 10% to 30%, depending on each employee's compensation level,

- the Company's Board of Directors agreed to temporarily suspend payment to the independent directors of their board service cash retainer fees, and
- drew $3.75 billion under its Revolving Credit Facilities.

Results Overview

Diluted earnings per share and diluted earnings per unit decreased $1.12 during the first six months of 2020 to $2.26 from $3.38 for the same period last year. The decrease in diluted earnings per share and diluted earnings per unit was primarily attributable to:

- a lawsuit settled with our former insurance broker in 2019 related to the significant flood damage sustained at Opry Mills in May 2010 of $68.0 million, or $0.19 per diluted share/unit,
- a gain in 2019 related to the disposition of our interest in a multi-family residential investment of $15.6 million, or $0.04 per diluted share/unit,
- decreased consolidated lease income of $302.9 million, or $0.86 per diluted share/unit, comprised of decreased fixed lease income of $118.9 million and decreased variable lease income of $184.0 million, which was primarily due to COVID-19,
- decreased other income, excluding the two aforementioned 2019 transactions, of $42.6 million, or $0.12 per diluted share/unit, primarily related to decreased Simon Brand Ventures and gift card revenues due to COVID-19,
- decreased income from unconsolidated entities of $102.2 million, or $0.29 per diluted share/unit, primarily due to year-over-year operations from retailer investments of $16.8 million, or $0.05 per diluted share/unit, as well as unfavorable domestic and international operations, all of which were impacted by COVID-19 disruption, and
- an unrealized unfavorable change in fair value of equity instruments of $11.8 million, or $0.03 per diluted share/unit, partially offset by
- decreased consolidated total operating expenses of $114.7 million, or $0.33 per diluted share/unit, which was primarily related to COVID-19 disruption,
- decreased tax expense of $23.0 million, or $0.07 per diluted share/unit, and
- decreased interest expense in 2020 of $12.5 million, or $0.04 per diluted share/unit.

Portfolio NOI decreased 10.7% for the six month period in 2020 over the piror year period. Average base minimum rent for U.S. Malls and Premium Outlets increased 2.8% to $56.02 psf as of June 30, 2020, from $54.52 psf as of June 30, 2019. Leasing spreads in our U.S. Malls and Premium Outlets were relatively flat as we were able to lease available square feet at similar rents, resulting in an open/close leasing spread (based on total tenant payments — base minimum rent plus common area maintenance) of $0.26 psf ($62.95 openings compared to $63.21 closings) as of June 30, 2020, representing a 0.4% decrease. Ending occupancy for our U.S. Malls and Premium Outlets decreased 1.5% to 92.9% as of June 30, 2020, from 94.4% as of June 30, 2019, primarily due to 2019 tenant bankruptcy activity, partially offset by leasing activity.

Our effective overall borrowing rate at June 30, 2020 on our consolidated indebtedness decreased 53 basis points to 2.81% as compared to 3.34% at June 30, 2019. This decrease was primarily due to a decrease in the effective overall borrowing rate on variable rate debt of 206 basis points (0.95% at June 30, 2020 as compared to 3.01% at June 30, 2019), partially offset by an increase in the amount of our fixed rate debt. The weighted average years to maturity of our consolidated indebtedness was 6.8 years and 7.4 years at June 30, 2020 and December 31, 2019, respectively.

Our financing activity for the six months ended June 30, 2020 included:

- amending and replacing in its entirety the Operating Partnership's existing $4.0 billion unsecured revolving credit facility, or Credit Facility, by entering into an unsecured credit facility comprised of (i) an amendment and extension of the Credit Facility and (ii) a $2.0 billion delayed-draw term loan facility, or Term Facility,
- decreasing our borrowings under the Operating Partnership's global unsecured commercial paper note program, or the Commercial Paper program, by $624.8 million,
- repaying $125.0 million under the Credit Facility and subsequently borrowing $3.1 billion under the Credit Facility, and
- borrowing $875.0 million under the Operating Partnership's $3.5 billion unsecured revolving credit facility, or Supplemental Facility, and together with the Credit Facility and Term Facility, the Facilities, and subsequently repaying $125.0 million.

On July 9, 2020, the Operating Partnership completed the issuance of the following senior unsecured notes: $500.0 million with a fixed interest rate of 3.500%, $750 million with a fixed interest rate of 2.650%, and $750 million with a fixed interest rate of 3.800%, with maturity dates of September 2025 (the "2025" Notes"), June 2030, and June 2050, respectively. The 2025 Notes were issued as additional notes under an indenture pursuant to which the Operating Partnership previously issued $600 million principal amount of 3.500% senior notes due September 2025 on August 17, 2015. Proceeds from the unsecured notes offering funded the optional redemption at par of senior unsecured notes in July and August 2020, as discussed below, and repaid a portion of the indebtedness under the Facilities.

On July 10, 2020 the Operating Partnership repaid $1.75 billion under the Credit Facility and $750.0 million under the Supplemental Facility.

On July 22, 2020, the Operating Partnership completed the optional redemption at par of its $500 million 2.500% notes due September 1, 2020.

On August 6, 2020 the Operating Partnership completed the optional redemption at par of its €375 million 2.375% notes due October 2, 2020.

United States Portfolio Data

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

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

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

	June 30, 2020	June 30, 2019	%/Basis Points Change (1)
U.S. Malls and Premium Outlets:			
Ending Occupancy			
Consolidated	93.0%	94.6%	-160 bps
Unconsolidated	92.7%	93.9%	-120 bps
Total Portfolio	92.9%	94.4%	-150 bps
Average Base Minimum Rent per Square Foot			
Consolidated	$ 54.10	$ 52.91	2.2%
Unconsolidated	$ 61.48	$ 58.74	4.7%
Total Portfolio	$ 56.02	$ 54.52	2.8%
The Mills:			
Ending Occupancy	95.3%	97.1%	-180 bps
Average Base Minimum Rent per Square Foot	$ 34.11	$ 32.87	3.8%

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

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

Total Reported Sales per Square Foot. Given all of our U.S. retail properties were closed for approximately half of the quarter due to the COVID-19 pandemic, we are not presenting reported retail tenant sales per square foot as we do not believe the trends for the period are indicative of future operating results.

Current Leasing Activities

During the six months ended June 30, 2020, we signed 222 new leases and 503 renewal leases (excluding mall anchors and majors, new development, redevelopment and leases with terms of one year or less) with a fixed minimum rent across our U.S. Malls and Premium Outlets portfolio, comprising approximately 2.7 million square feet, of which 2.5 million square feet related to consolidated properties. During the comparable period in 2019, we signed 464 new leases and 496 renewal leases with a fixed minimum rent, comprising approximately 3.0 million square feet, of which 2.3 million square feet related to consolidated properties. The average annual initial base minimum rent for new leases was $62.61 per square foot in 2020 and $63.25 per square foot in 2019 with an average tenant allowance on new leases of $50.62 per square foot and $52.12 per square foot, respectively.

Japan Data

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

	June 30, 2020	June 30, 2019	%/Basis Points Change
Ending Occupancy	**99.3 %**	99.9 %	-60 bps
Average Base Minimum Rent per Square Foot	**¥ 5,339**	¥ 5,214	2.40 %

Results of Operations

The following acquisitions and dispositions of consolidated properties affected our consolidated results in the comparative periods:

- On September 19, 2019, we acquired the remaining 50% interest in a hotel adjacent to one of our properties from our joint venture partner.
- During the third quarter of 2019, we disposed of two retail properties.

The following acquisitions and openings of equity method investments and properties affected our income from unconsolidated entities in the comparative periods:

- On June 23, 2020, we opened Siam Premium Outlets Bangkok, a 264,000 square foot center in Bangkok, Thailand. We own a 50% interest in this center.
- On February 19, 2020, we and a group of co-investors acquired certain assets and liabilities of Forever 21, a retailer of apparel and accessories, out of bankruptcy. The interests were acquired through two separate joint ventures, a licensing venture and an operating venture. Our noncontrolling interest in each of the retail operations venture and in the licensing venture is 37.5%.
- On February 13, 2020, through our European investee, we opened Malaga Designer Outlets, a 191,000 square foot center in Malaga, Spain. We own a 46% interest in this center.
- In January 2020, we acquired additional interests of 5.05% and 1.37% in Sparc Group, formerly known as Aéropostale and Authentic Brands Groups, LLC, or ABG, respectively, for $6.7 million and $33.5 million, respectively.
- On October 16, 2019, we contributed approximately $276.8 million consisting of cash and the Shop Premium Outlets, or SPO, assets for a 45% noncontrolling interest in Rue Gilt Groupe, or RGG, to create a new multi-platform venture dedicated to digital value shopping.
- On May 22, 2019, we opened Premium Outlets Querétaro, a 274,800 square foot center in Santiago de Querétaro, Mexico. We own a 50% interest in this center.

For the purposes of the following comparison between the three and six months ended June 30, 2020 and 2019, the above transactions are referred to as the property transactions. In the following discussions of our results of operations, “comparable” refers to properties we owned or held interests in and operated in both of the periods under comparison.

Three months ended June 30, 2020 vs. Three months ended June 30, 2019

Lease income decreased $285.1 million, of which the property transactions accounted for $1.0 million of the decrease. Comparable lease income decreased $284.1 million, or 21.9%. Total lease income decreased primarily due to decreases in fixed minimum lease and CAM consideration recorded on a straight-line basis of $113.7 million and reduced variable lease income of $171.4 million, primarily related to lower consideration based on tenant sales and negative variable lease income.

Total other income decreased $42.9 million, primarily due to a $25.7 million decrease related to Simon Brand Venture and gift card revenues, a $5.8 million decrease related to a gain recorded in 2019 as a result of land contributions to joint ventures for densification projects at two of our properties, a $4.3 million decrease in distributions from investments and lower business interruption insurance proceeds received in connection with our two Puerto Rico properties as a result of hurricane damages of $1.6 million, partially offset by a $3.4 million gain related to the sale of outparcels.

Property operating expenses decreased $35.5 million primarily due to the closure of properties as a result of the COVID-19 pandemic and restrictions intended to prevent its spread and cost reduction efforts, as previously discussed.

Depreciation and amortization decreased $28.5 million, of which the property transactions accounted for $2.6 million. The comparable properties accounted for $25.9 million of the decrease primarily due to the acceleration of depreciation in 2019 on a property upon initiation of a major redevelopment.

Advertising and promotion decreased $22.7 million primarily due to the closure of properties as a result of the COVID-19 pandemic and restrictions intended to prevent its spread and cost reduction efforts, as previously discussed.

Home and regional office costs expense decreased $10.4 million due to a reduction in personnel, compensation and non-essential corporate spending.

Income and other tax expense decreased $7.1 million primarily as a result of a higher tax benefit due to larger losses on our share of operating results in the retail operations venture of Sparc Group as compared to 2019, and reduced withholding and income taxes related to certain of our international investments, partially offset by tax expense from a bargain purchase gain recorded as a result of the acquisition of our interest in Forever 21.

Income from unconsolidated entities decreased $62.2 million primarily due to results of operations from our retailer investments, as well as unfavorable domestic and international operations, both of which were impacted by COVID-19 disruption, partially offset by a $35.0 million pre-tax non-cash bargain purchase gain recorded as a result of the acquisition of our interest in Forever 21.

During 2020, we recorded a $7.8 million loss, net, related to the impairment and disposition of certain assets by Klépierre. During 2019, we recorded a $2.7 million gain related to Klépierre's disposition of certain shopping centers.

Simon's net income attributable to noncontrolling interests decreased $40.4 million due to a decrease in the net income of the Operating Partnership.

Six months ended June 30, 2020 vs. Six months ended June 30, 2019

Lease income decreased $302.9 million, of which the property transactions accounted for $2.3 million of the decrease. Comparable lease income decreased $300.6 million, or 11.7%. Total lease income decreased primarily due to decreases in fixed minimum lease and CAM consideration recorded on a straight-line basis of $118.9 million and reduced variable lease income of $184.0 million, primarily related to lower consideration based on tenant sales and negative variable lease income.

Total other income decreased $126.1 million, primarily due to a $68.0 million decrease related to a lawsuit settled with our former insurance broker in 2019 related to the significant flood damage sustained at Opry Mills in May 2010, a $26.2 million decrease related to Simon Brand Venture and gift card revenues, a $15.6 million gain on the 2019 sale of our interest in a multi-family residential property, a $5.8 million decrease related to a gain recorded in 2019 as a result of land contributions for densification projects at two of our properties, lower business interruption insurance proceeds received in connection with our two Puerto Rico properties as a result of hurricane damages of $4.9 million, and a $4.8 million decrease in distributions from investments, partially offset by a $4.3 million gain related to the sale of outparcels.

Property operating expenses decreased $41.4 million primarily due to the closure of properties as a result of the COVID-19 pandemic and restrictions intended to prevent its spread and cost reduction efforts, as previously discussed.

Advertising and promotion decreased $26.3 million primarily due to the closure of properties as a result of the COVID-19 pandemic and restrictions intended to prevent its spread and cost reduction efforts, as previously discussed.

Home and regional office costs expense decreased $8.6 million due to a reduction in personnel, compensation and non-essential corporate spending.

Income and other tax expense changed by $23.0 million primarily as a result of a higher tax benefit due to larger losses on our share of operating results in the retail operations venture of Sparc Group as compared to 2019, and reduced withholding and income taxes related to certain of our international investments, partially offset by tax expense from a bargain purchase gain recorded as a result of the acquisition of our interest in Forever 21.

Income from unconsolidated entities decreased $102.2 million primarily due to results of operations from our retailer investments, as well as unfavorable domestic and international operations, both of which were impacted by COVID-19 disruption, partially offset by a $35.0 million pre-tax non-cash bargain purchase gain recorded as a result of the acquisition of our interest in Forever 21.

During 2020, we recorded a $7.8 million loss, net, related to the impairment and disposition of certain assets by Klépierre, offset by a $1.0 million gain related to the disposition of a shopping center by one of our joint venture investments. During 2019, we recorded a $2.7 million gain related to Klépierre's disposition of certain shopping centers.

Simon's net income attributable to noncontrolling interests decreased $56.1 million due to a decrease in the net income of the Operating Partnership.

Liquidity and Capital Resources

Because we own long-lived income-producing assets, our financing strategy relies primarily on long-term fixed rate debt. Floating rate debt comprised 16.9% of our total consolidated debt at June 30, 2020. We also enter into interest rate protection agreements from time to time to manage our interest rate risk. We derive most of our liquidity from positive net cash flow from operations and distributions of capital from unconsolidated entities that totaled $974.8 million in the aggregate during the six months ended June 30, 2020. The Facilities and the Commercial Paper program provide alternative sources of liquidity as our cash needs vary from time to time. Borrowing capacity under these sources may be increased as discussed further below.

Our balance of cash and cash equivalents increased $2.6 billion during the first six months of 2020 to $3.3 billion as of June 30, 2020 primarily as a result of new borrowings under the Facilities, as a precautionary measure to maximize liquidity and to increase available cash on hand as previously discussed.

On June 30, 2020, we had an aggregate available borrowing capacity of approximately $4.9 billion under the Credit Facilities, net of outstanding borrowings of $3.9 billion and amounts outstanding under the Commercial Paper program of $702.3 million and letters of credit of $11.3 million. For the six months ended June 30, 2020, the maximum aggregate outstanding balance under the Credit Facilities was $3.9 billion and the weighted average outstanding balance was $2.3 billion. The weighted average interest rate was 1.10% for the six months ended June 30, 2020.

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

Our business model and Simon's status as a REIT require us to regularly access the debt markets to raise funds for acquisition, development and redevelopment activity, and to refinance maturing debt. Simon may also, from time to time, access the equity capital markets to accomplish our business objectives. We believe we have sufficient cash on hand and availability under the Credit Facilities and the Commercial Paper program to address our debt maturities and capital needs through 2020.

Cash Flows

Our net cash flow from operating activities and distributions of capital from unconsolidated entities for the six months ended June 30, 2020 totaled $974.8 million. In addition, we had net proceeds from our debt financing and repayment activities of $3.1 billion in 2020. These activities are further discussed below under "Financing and Debt." During the first six months of 2020, we also:

- funded the acquisition of the ventures which purchased certain assets of Forever 21 and acquired additional interests in Sparc Group and ABG, the aggregate cash portion of which was $107.8 million,
- paid stockholder dividends and unitholder distributions totaling approximately $745.2 million and preferred unit distributions totaling $2.6 million,
- funded consolidated capital expenditures of $337.5 million (including development and other costs of $20.7 million, redevelopment and expansion costs of $278.0 million, and tenant costs and other operational capital expenditures of $38.8 million),
- funded investments in unconsolidated entities of $63.5 million,
- funded investments in equity instruments of $24.9 million,

- received proceeds on the sale of equity instruments of $30.0 million, and
- funded the repurchase of $152.6 million of Simon's common stock and redeemed units of the Operating Partnership for $16.1 million.

In general, we anticipate that cash generated from operations will be sufficient to meet operating expenses, monthly debt service, recurring capital expenditures, and dividends to stockholders and/or distributions to partners necessary to maintain Simon's REIT qualification on a long-term basis. At this time, we do not expect the impact of COVID-19 to impact our ability to fund these needs for the foreseeable future; however its ultimate impact is difficult to predict. In addition, we expect to be able to generate or obtain capital for nonrecurring capital expenditures, such as acquisitions, major building redevelopments and expansions, as well as for scheduled principal maturities on outstanding indebtedness, from the following, however a severe and prolonged disruption and instability in the global financial markets, including the debt and equity capital markets, may affect our ability to access necessary capital:

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

We expect to generate positive cash flow from operations in 2020, and we consider these projected cash flows in our sources and uses of cash. These cash flows are principally derived from rents paid by our tenants. A significant deterioration in projected cash flows from operations, including one due to the impact of the COVID-19 pandemic and restrictions intended to restrict its spread, could cause us to increase our reliance on available funds from the Credit Facilities and Commercial Paper program, further curtail planned capital expenditures, or seek other additional sources of financing.

Financing and Debt

Unsecured Debt

At June 30, 2020, our unsecured debt consisted of $15.9 billion of senior unsecured notes of the Operating Partnership, $3.1 billion outstanding under the Operating Partnership's $4.0 billion unsecured revolving credit facility, or Credit Facility, $750.0 million outstanding under the Operating Partnership's $3.5 billion unsecured revolving credit facility, or Supplemental Facility, and $702.3 million outstanding under the Operating Partnership's global unsecured commercial paper note program, or Commercial Paper program.

On March 16, 2020, the Operating Partnership replaced in its entirety its existing $4.0 billion unsecured revolving credit facility by entering into an unsecured credit facility comprised of (i) an amendment and extension of the Credit Facility and (ii) a $2.0 billion Term Facility. The Credit Facility and the Term Facility can be increased in the form of either additional commitments under the Credit Facility or incremental term loans under the Term Facility in an aggregate amount for all such increases not to exceed $1.0 billion, for a total aggregate size of $7.0 billion, in each case, subject to obtaining additional lender commitments and satisfying certain customary conditions precedent. Borrowings may be denominated in U.S. dollars, Euro, Yen, Sterling, Canadian dollars and Australian dollars. Borrowings in currencies other than the U.S. dollar are limited to 95% of the maximum revolving credit amount, as defined. The initial maturity date of the Term Facility and Credit Facility are June 30, 2022 and June 30, 2024, respectively. Each of the Term Facility and Credit Facility can be extended for two additional six-month periods to June 30, 2023 and June 30, 2025, respectively, at our sole option, subject to satisfying certain customary conditions precedent. The Term Facility is available via a single draw during the nine-month period following March 16, 2020.

Borrowings under the Credit Facility bear interest, at the Operating Partnership's election, at either (i) LIBOR plus a margin determined by the Operating Partnership's corporate credit rating of between 0.650% and 1.400% or (ii) the base rate (which rate is equal to the greatest of the prime rate, the federal funds effective rate plus 0.500% or LIBOR plus 1.000%) (the "Base Rate"), plus a margin determined by the Operating Partnership's corporate credit rating of between 0.000% and 0.400%. The Credit Facility includes a facility fee determined by the Operating Partnership's corporate credit rating of between 0.100% and 0.300% on the aggregate revolving commitments under the Credit Facility. The Credit Facility contains a money market competitive bid option program that allows the Operating Partnership to hold auctions to achieve lower pricing for short-term borrowings. Borrowings under the Term Facility bear interest, at the Operating Partnership's election, at either (i) LIBOR plus a margin determined based on the Operating Partnership's corporate credit rating of between 0.725% and 1.600% or (ii) the base rate (equal to the greatest of the prime rate, the federal funds effective rate plus 0.500% or LIBOR plus 1.000%) plus a margin determined by the Operating Partnership's corporate credit rating of between 0.000% and 0.600%. The Term Facility includes a ticking fee equal to 0.100% of the unused term loan commitment under the Term Facility, which ticking fee shall commence accruing on the date that is forty-five days after the closing of the Term Facility.

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

At June 30, 2020, we had an aggregate available borrowing capacity of $4.9 billion under the Facilities. The maximum aggregate outstanding balance under the Facilities during the six months ended June 30, 2020 was $3.9 billion and the weighted average outstanding balance was $2.3 billion. Letters of credit of $11.3 million were outstanding under the Facilities as of June 30, 2020.

The Operating Partnership also has available a Commercial Paper program of $2.0 billion, or the non-U.S. dollar equivalent thereof. The Operating Partnership may issue unsecured commercial paper notes, denominated in U.S. dollars, Euro and other currencies. Notes issued in non-U.S. currencies may be issued by one or more subsidiaries of the Operating Partnership and are guaranteed by the Operating Partnership. Notes are sold under customary terms in the U.S. and Euro commercial paper note markets and rank (either by themselves or as a result of the guarantee described above) pari passu with the Operating Partnership's other unsecured senior indebtedness. The Commercial Paper program is supported by the Credit Facilities and if necessary or appropriate, we may make one or more draws under either of the Credit Facilities to pay amounts outstanding from time to time on the Commercial Paper program. On June 30, 2020, we had $702.3 million outstanding under the Commercial Paper program, fully comprised of U.S. dollar-denominated notes with a weighted average interest rate of 0.24%. These borrowings have a weighted average maturity date of July 20, 2020 and reduce amounts otherwise available under the Facilities.

On July 9, 2020, the Operating Partnership completed the issuance of the following senior unsecured notes: $500.0 million with a fixed interest rate of 3.500%, $750 million with a fixed interest rate of 2.650%, and $750 million with a fixed interest rate of 3.800%, with maturity dates of September 2025 (the "2025" Notes"), June 2030, and June 2050, respectively. The 2025 Notes were issued as additional notes under an indenture pursuant to which the Operating Partnership previously issued $600 million principal amount of 3.500% senior notes due September 2025 on August 17, 2015. Proceeds from the unsecured notes offering funded the optional redemption at par of senior unsecured notes in July and August 2020, as discussed below, and repaid a portion of the indebtedness under the Facilities.

On July 10, 2020 the Operating Partnership repaid $1.75 billion under the Credit Facility and $750.0 million under the Supplemental Facility.

On July 22, 2020, the Operating Partnership completed the optional redemption at par of its $500 million 2.500% notes due September 1, 2020.

On August 6, 2020 the Operating Partnership completed the optional redemption at par of its €375 million 2.375% notes due October 2, 2020.

Mortgage Debt

Total mortgage indebtedness was $6.9 billion at June 30, 2020 and December 31, 2019.

Covenants

Our unsecured debt agreements contain financial covenants and other non-financial covenants. The Facilities contain ongoing covenants relating to total and secured leverage to capitalization value, minimum earnings before interest, taxes, depreciation, and amortization, or EBITDA, and unencumbered EBITDA coverage requirements. Payment under the Facilities can be accelerated if the Operating Partnership or Simon is subject to bankruptcy proceedings or upon the occurrence of certain other events. If we were to fail to comply with these covenants, after the expiration of the applicable cure periods, the debt maturity could be accelerated or other remedies could be sought by the lender, including adjustments to the applicable interest rate. As of June 30, 2020, we were in compliance with all covenants of our unsecured debt.

At June 30, 2020, our consolidated subsidiaries were the borrowers under 46 non-recourse mortgage notes secured by mortgages on 50 properties and other assets, including two separate pools of cross-defaulted and cross-collateralized mortgages encumbering a total of five properties. Under these cross-default provisions, a default under any mortgage included in the cross-defaulted pool may constitute a default under all mortgages within that pool and may lead to acceleration of the indebtedness due on each property within the pool. Certain of our secured debt instruments contain financial and other non-financial covenants which are specific to the properties that serve as collateral for that debt. If the applicable borrower under these non-recourse mortgage notes were to fail to comply with these covenants, the lender could accelerate the debt and enforce its rights against their collateral. At June 30, 2020, the applicable borrowers under these non-recourse mortgage notes were in compliance with all covenants where non-compliance could individually or in the aggregate, giving effect to applicable cross-default provisions, have a material adverse effect on our financial condition, liquidity or results of operations.

Summary of Financing

Our consolidated debt, adjusted to reflect outstanding derivative instruments, and the effective weighted average interest rates as of June 30, 2020 and December 31, 2019, consisted of the following (dollars in thousands):

Debt Subject to	Adjusted Balance as of June 30, 2020	Effective Weighted Average Interest Rate[1]	Adjusted Balance as of December 31, 2019	Effective Weighted Average Interest Rate[1]
Fixed Rate	**$ 22,659,561**	**3.49%**	$ 23,298,167	3.46%
Variable Rate	**4,609,322**	**0.95%**	865,063	2.61%
	$ 27,268,883	**2.81%**	$ 24,163,230	3.16%

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

Contractual Obligations

There have been no material changes to our outstanding capital expenditure and lease commitments previously disclosed in the combined 2019 Annual Report on Form 10-K of Simon and the Operating Partnership.

In regards to long-term debt arrangements, the following table summarizes the material aspects of these future obligations on our consolidated indebtedness as of June 30, 2020, for the remainder of 2020 and subsequent years thereafter (dollars in thousands), assuming the obligations remain outstanding through initial maturities, including applicable exercise of available extension options:

	2020	2021 - 2022	2023 - 2024	After 2024	Total
Long Term Debt (1) (2)	$ 2,181,216	$ 4,238,687	$ 5,506,563	$ 15,426,254	$ 27,352,720
Interest Payments (3)	381,015	1,349,207	1,030,464	3,514,936	6,275,622

(1) Represents principal maturities only and, therefore, excludes net discounts and debt issuance costs.

(2) The amount due in 2020 includes $702.3 million outstanding under the Commercial Paper program.

(3) Variable rate interest payments are estimated based on the LIBOR rate at June 30, 2020.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements consist primarily of our investments in joint ventures which are common in the real estate industry and are described in note 6 of the condensed notes to our consolidated financial statements. Our joint ventures typically fund their cash needs through secured debt financings obtained by and in the name of the joint venture entity. The joint venture debt is secured by a first mortgage, is without recourse to the joint venture partners, and does not represent a liability of the partners, except to the extent the partners or their affiliates expressly guarantee the joint venture debt. As of June 30, 2020, the Operating Partnership guaranteed joint venture-related mortgage indebtedness of $193.3 million. Mortgages guaranteed by the Operating Partnership are secured by the property of the joint venture which could be sold in order to satisfy the outstanding obligation and which has an estimated fair value in excess of the guaranteed amount. We may elect to fund cash needs of a joint venture through equity contributions (generally on a basis proportionate to our ownership interests), advances or partner loans, although such fundings are not typically required contractually or otherwise.

Hurricane Impacts

During the third quarter of 2017, our two wholly-owned properties located in Puerto Rico experienced property damage and business interruption as a result of Hurricane Maria. Since the date of the loss, we have received $77.6 million of insurance proceeds from third-party carriers related to the two properties located in Puerto Rico, of which $46.5 million was used for property restoration and remediation and to reduce the insurance recovery receivable. During the three and six months ended June 30, 2020, we recorded $1.6 million and $2.7 million, respectively, as business interruption income. During the three and six months ended June 30, 2019, we recorded $3.2 million and $7.6 million, respectively, as business interruption income. These amounts were recorded in other income in the accompanying consolidated statements of operations and comprehensive income.

Acquisitions and Dispositions

Buy-sell, marketing rights, and other exit mechanisms are common in real estate partnership agreements. Most of our partners are institutional investors who have a history of direct investment in retail real estate. We and our partners in our joint venture properties may initiate these provisions (subject to any applicable lock up or similar restrictions). If we determine it is in our stockholders' best interests for us to purchase the joint venture interest and we believe we have adequate liquidity to execute the purchase without hindering our cash flows, then we may initiate these provisions or elect to buy our partner's interest. If we decide to sell any of our joint venture interests, we expect to use the net proceeds to reduce outstanding indebtedness or to reinvest in development, redevelopment, or expansion opportunities.

Acquisitions. In January 2020, we acquired additional interests of 5.05% and 1.37% in Sparc Group and ABG, respectively, for $6.7 million and $33.5 million, respectively. At June 30, 2020, our noncontrolling equity method interests in the operations venture of Sparc Group and in ABG were 50.0% and 6.8%, respectively.

On September 19, 2019, we acquired the remaining 50% interest in a hotel adjacent to one of our properties from our joint venture partner for cash consideration of $12.8 million. As of closing, the property was subject to a $21.5 million, 4.02% variable rate mortgage.

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

During the first six months of 2019, we disposed of our interests in one multi-family residential investment. Our share of the gross proceeds on this transaction was $17.3 million. Our share of the gain of $15.6 million is included in other income in the accompanying consolidated statement of operation and comprehensive income.

Joint Venture Formation and Other Investment Activity

On February 19, 2020, we and a group of co-investors acquired certain assets and liabilities of Forever 21, a retailer of apparel and accessories, out of bankruptcy. The interests were acquired through two separate joint ventures, a licensing venture and an operating venture. Our noncontrolling interest in each of the retail operations venture and in the licensing venture is 37.5%. Our aggregate investment in the ventures was $67.6 million. In connection with the acquisition of our interest, the Forever 21 joint venture recorded a non-cash bargain purchase gain of which our share of $35.0 million pre-tax is included in income from unconsolidated entities in the consolidated statement of operations and comprehensive income.

On June 10, 2020, we exercised our contractual right to terminate the February 10, 2020, Agreement and Plan of Merger, or the Merger Agreement, with Taubman Centers, Inc., or TCO, a publicly held Michigan corporation. We also filed an action in the Circuit Court for the 6th Judicial Circuit of Oakland County, Michigan against Taubman Centers, Inc. and The Taubman Realty Group Limited Partnership (collectively, Taubman) requesting a declaration that Taubman had suffered a Material Adverse Event under the Merger Agreement and had breached covenants and representation in the Merger Agreement governing the operation of Taubman's business.

On October 16, 2019, we contributed approximately $276.8 million consisting of cash and the Shop Premium Outlets, or SPO, assets for a 45% noncontrolling interest in Rue Gilt Groupe, or RGG, to create a new multi-platform venture dedicated to digital value shopping.

Development Activity

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

The Company has suspended more than $1.0 billion of capital in development projects. The Company will re-evaluate all suspended projects over time. Construction continues on certain redevelopment and new development projects in the U.S. and internationally that are nearing completion. Our share of the costs of all new development, redevelopment and expansion projects currently under construction is approximately $700 million. Simon's share of remaining net cash funding required to complete the new development and redevelopment projects currently under construction is approximately $140 million. We expect to fund these capital projects with cash flows from operations. We seek a stabilized return on invested capital in the range of 8-10% for all of our new development, expansion and redevelopment projects.

International Development Activity. We typically reinvest net cash flow from our international joint ventures to fund future international development activity. We believe this strategy mitigates some of the risk of our initial investment and our exposure to changes in foreign currencies. We have also funded most of our foreign investments with local currency-denominated borrowings that act as a natural hedge against fluctuations in exchange rates. Our consolidated net income exposure to changes in the volatility of the Euro, Yen, Peso, Won, and other foreign currencies is not material. We expect our share of estimated committed capital for international development projects to be completed with projected delivery in 2020 or 2021 is $111 million, primarily funded through reinvested joint venture cash flow and construction loans.

The following table describes these new development and expansion projects as well as our share of the estimated total cost as of June 30, 2020 (in millions):

Property	Location	Gross Leasable Area (sqft)	Our Ownership Percentage	Our Share of Projected Net Cost (in Local Currency)		Our Share of Projected Net Cost (in USD) (1)		Projected Opening Date
New Development Projects:								
Málaga Designer Outlet	Málaga, Spain	191,000	46%	EUR	50.3	$	56.5	Opened Feb. - 2020
Siam Premium Outlets Bangkok	Bangkok, Thailand	264,000	50%	THB	1,654	$	53.6	Opened Jun. - 2020
West Midlands Designer Outlet	Cannock (West Midlands), England	197,000	20%	GBP	26.5	$	32.6	Feb. - 2021
Expansions:								
Gotemba Premium Outlets Phase 4	Gotemba, Japan	178,000	40%	JPY	7,476	$	69.4	Opened Jun. - 2020
Rinku Premium Outlets Phase 5	Izumisano (Osaka), Japan	110,000	40%	JPY	3,219	$	29.9	Aug. - 2020

(1) USD equivalent based upon June 30, 2020 foreign currency exchange rates.

Dividends, Distributions and Stock Repurchase Program

Simon paid a common stock dividend of $2.10 per share in the first quarter of 2020. Simon paid a common stock dividend of $2.05 per share in the second quarter of 2019 and $4.10 per share for the six months ended June 30, 2019. The Operating Partnership paid distributions per unit for the same amounts. On June 29, 2020, Simon's Board of Directors declared a quarterly cash dividend for the second quarter of 2020 of $1.30 per share, payable on July 24, 2020 to shareholders of record on July 10, 2020. The distribution rate on units is equal to the dividend rate on common stock. In order to maintain its status as a REIT, Simon must pay a minimum amount of dividends. Simon's future dividends and the Operating Partnership's future distributions will be determined by Simon's Board of Directors, in its sole discretion, based on actual and projected financial condition, liquidity and results of operations, cash available for dividends and limited partner distributions, cash reserves as deemed necessary for capital and operating expenditures, financing covenants, if any, and the amount required to maintain Simon's status as a REIT.

On February 13, 2017, Simon's Board of Directors authorized a two-year extension of the previously authorized $2.0 billion common stock repurchase plan through March 31, 2019. On February 11, 2019, Simon's Board of Directors authorized a new common stock repurchase plan. Under the new plan, Simon may repurchase up to $2.0 billion of its common stock during the two-year period ending February 11, 2021 in the open market or in privately negotiated transactions as market conditions warrant. During the six months ended June 30, 2020, Simon purchased 1,245,654 shares at an average price of $122.50 per share. During the six months ended June 30, 2019, Simon purchased 1,092,957 shares at an average price of $165.84 per share, of which 46,377 shares at an average price of $164.49 per share as part of the previous program. As Simon repurchases shares under these programs, the Operating Partnership repurchases an equal number of units from Simon.

Forward-Looking Statements

Certain statements made in this section or elsewhere in this Quarterly Report on Form 10-Q may be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be attained, and it is possible that our actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks, uncertainties and other factors. Such factors include, but are not limited to: uncertainties regarding the impact of the COVID-19 pandemic and governmental restrictions intended to prevent its spread on our tenants' businesses, financial condition, results of operations, cash flow and liquidity and our ability to access the capital markets, satisfy our debt service obligations and make distributions to our stockholders; the inability to collect rent due to the bankruptcy or insolvency of tenants or otherwise; changes in economic and market conditions that may adversely affect the general retail environment; the intensely competitive market environment in the retail industry; changes to applicable laws or regulations or the interpretation thereof; risks associated with the acquisition, development, redevelopment, expansion, leasing and management of properties; the inability to lease newly developed properties and renew leases and relet space at existing properties on favorable terms; the potential loss of anchor stores or major tenants; decreases in market rental rates; the impact of our substantial indebtedness on our future operations; any disruption in the financial markets that may adversely affect our ability to access capital for growth and satisfy our ongoing debt service requirements; any change in our credit rating; changes in market rates of interest and foreign exchange rates for foreign currencies; general risks related to real estate investments, including the illiquidity of real estate investments; security breaches that could compromise our information technology or infrastructure; risks relating to our joint venture properties; our continued ability to maintain our status as a REIT; changes in tax laws or regulations that result in adverse tax consequences; changes in the value of our investments in foreign entities; our ability to hedge interest rate and currency risk; changes in insurance costs; the availability of comprehensive insurance coverage; natural disasters; the potential for terrorist activities; environmental liabilities; the loss of key management personnel; and the transition of LIBOR to an alternative reference rate. We discussed these and other risks and uncertainties under the heading "Risk Factors" in the combined 2019 Annual Report on Form 10-K of Simon and the Operating Partnership and in this report. We may update that discussion in subsequent other periodic reports, but, except as required by law, we undertake no duty or obligation to update or revise these forward-looking statements, whether as a result of new information, future developments, or otherwise.

Non-GAAP Financial Measures

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

We determine FFO based upon the definition set forth by the National Association of Real Estate Investment Trusts (“NAREIT”) Funds From Operations White Paper – 2018 Restatement. Our main business includes acquiring, owning, operating, developing, and redeveloping real estate in conjunction with the rental of real estate. Gain and losses of assets incidental to our main business are included in FFO. We determine FFO to be our share of consolidated net income computed in accordance with GAAP:

- excluding real estate related depreciation and amortization,
- excluding gains and losses from extraordinary items,
- excluding gains and losses from the sale, disposal or property insurance recoveries of, or any impairment related to, depreciable retail operating properties,
- plus the allocable portion of FFO of unconsolidated joint ventures based upon economic ownership interest, and
- all determined on a consistent basis in accordance with GAAP.

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

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

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
	(in thousands)		(in thousands)	
Funds from Operations	**$ 746,474**	$ 1,064,406	**$ 1,727,105**	$ 2,146,326
Change in FFO from prior period	**(29.9)%**	0.4 %	**(19.5)%**	2.8 %
Consolidated Net Income	**$ 290,548**	$ 572,102	**$ 795,952**	$ 1,204,048
Adjustments to Arrive at FFO:				
Depreciation and amortization from consolidated properties	**321,707**	350,045	**647,745**	675,983
Our share of depreciation and amortization from unconsolidated entities, including Klépierre and HBS	**129,309**	139,271	**266,017**	273,902
Loss (gain) on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	**7,845**	(2,681)	**6,883**	(2,681)
Unrealized (gains) losses in fair value of equity instruments	**(202)**	12,317	**18,846**	7,000
Net loss (gain) attributable to noncontrolling interest holders in properties	**3,628**	(400)	**3,799**	518
Noncontrolling interests portion of depreciation and amortization	**(5,048)**	(4,935)	**(9,511)**	(9,818)
Preferred distributions and dividends	**(1,313)**	(1,313)	**(2,626)**	(2,626)
FFO of the Operating Partnership	**$ 746,474**	$ 1,064,406	**$ 1,727,105**	$ 2,146,326
FFO allocable to limited partners	**98,537**	140,077	**228,166**	282,396
Dilutive FFO allocable to common stockholders	**$ 647,937**	$ 924,329	**$ 1,498,939**	$ 1,863,930
Diluted net income per share to diluted FFO per share reconciliation:				
Diluted net income per share	**$ 0.83**	$ 1.60	**$ 2.26**	$ 3.38
Depreciation and amortization from consolidated properties and our share of depreciation and amortization from unconsolidated entities, including Klépierre and HBS, net of noncontrolling interests portion of depreciation and amortization	**1.27**	1.37	**2.57**	2.65
Loss (gain) on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	**0.02**	(0.01)	**0.02**	(0.01)
Unrealized (gains) losses in fair value of equity instruments	**—**	0.03	**0.05**	0.02
Diluted FFO per share	**$ 2.12**	$ 2.99	**$ 4.90**	$ 6.04
Basic and Diluted weighted average shares outstanding	**305,882**	308,709	**306,193**	308,843
Weighted average limited partnership units outstanding	**46,528**	46,783	**46,608**	46,791
Basic and Diluted weighted average shares and units outstanding	**352,410**	355,492	**352,801**	355,634

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The following schedule reconciles consolidated net income to NOI.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
	(in thousands)		(in thousands)	
Reconciliation of NOI of consolidated entities:				
Consolidated Net Income	**$ 290,548**	$ 572,102	**$ 795,952**	$ 1,204,048
Income and other tax (benefit) expense	**(62)**	7,010	**(5,845)**	17,112
Interest expense	**197,061**	198,425	**384,688**	397,160
Income from unconsolidated entities	**(44,322)**	(106,542)	**(94,787)**	(196,986)
Unrealized (gains) losses in fair value of equity instruments	**(202)**	12,317	**18,846**	7,000
Loss (gain) on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	**7,845**	(2,681)	**6,883**	(2,681)
Operating Income Before Other Items	**450,868**	680,631	**1,105,737**	1,425,653
Depreciation and amortization	**324,140**	352,606	**652,402**	681,249
Home and regional office costs	**36,090**	46,467	**90,460**	99,027
General and administrative	**7,296**	10,359	**14,190**	19,496
NOI of consolidated entities	**$ 818,394**	$ 1,090,063	**$ 1,862,789**	$ 2,225,425
Reconciliation of NOI of unconsolidated entities:				
Net Income	**$ 95,249**	$ 216,845	**$ 277,477**	$ 437,603
Interest expense	**152,409**	157,927	**309,050**	313,944
Gain on sale or disposal of assets and interests in unconsolidated entities, net	**—**	—	**—**	(21,587)
Operating Income Before Other Items	**247,658**	374,772	**586,527**	729,960
Depreciation and amortization	**165,511**	170,407	**336,989**	340,664
NOI of unconsolidated entities	**$ 413,169**	$ 545,179	**$ 923,516**	$ 1,070,624
Add: Our share of NOI from Klépierre, HBS, and other corporate investments	**69,532**	71,121	**94,010**	125,796
Combined NOI	**$ 1,301,095**	$ 1,706,363	**$ 2,880,315**	$ 3,421,845
Less: Corporate and Other NOI Sources (1)	**73,115**	125,863	**160,713**	318,703
Less: Our share of NOI from Retailer Investments	**(15,549)**	8,802	**(39,223)**	6,632
Less: Our share of NOI from Investments (2)	**50,041**	61,119	**98,193**	116,430
Portfolio NOI	**$ 1,193,488**	$ 1,510,579	**$ 2,660,632**	$ 2,980,080
Portfolio NOI Growth	**(21.0)%**		**(10.7)%**	

(1) Includes income components excluded from portfolio NOI (domestic lease termination income, interest income, land sale gains, straight line lease income, above/below market lease adjustments), unrealized and realized gains/losses on non-real estate related equity instruments, Northgate, Simon management company revenues, and other assets.

(2) Includes our share of NOI of Klépierre (at constant currency) and HBS.

Item 3. Qualitative and Quantitative Disclosures About Market Risk

Sensitivity Analysis

We disclosed a qualitative and quantitative analysis regarding market risk in Management's Discussion and Analysis of Financial Condition and Results of Operations included in the combined 2019 Annual Report on Form 10-K of Simon and the Operating Partnership. There have been no material changes in the assumptions used or results obtained regarding market risk since December 31, 2019.

Item 4. Controls and Procedures

Simon

Management's Evaluation of Disclosure Controls and Procedures

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

Our management, with the participation of Simon's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of Simon's disclosure controls and procedures as of June 30, 2020. Based on that evaluation, Simon's Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2020, Simon's disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There have not been any changes in Simon's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, Simon's internal control over financial reporting.

The Operating Partnership

Management's Evaluation of Disclosure Controls and Procedures

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

Our management, with the participation of Simon's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Operating Partnership's disclosure controls and procedures as of June 30, 2020. Based on that evaluation, Simon's Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2020, the Operating Partnership's disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There have not been any changes in the Operating Partnership's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, the Operating Partnership's internal control over financial reporting.

Part II — Other Information

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

Through the period covered by this report, except as set forth below, there were no material changes to the Risk Factors disclosed under Item 1A. Risk Factors in Part I of the combined 2019 Annual Report on Form 10-K of Simon and the Operating Partnership.

The ongoing novel coronavirus (COVID-19) pandemic and governmental restrictions intended to prevent its spread, as well as other future epidemics, pandemics or public health crises, could have a significant negative impact on our business, financial condition, results of operations, cash flow and liquidity and our ability to access the capital markets, satisfy our debt service obligations and make distributions to our shareholders.

The COVID-19 pandemic has already had a significant negative impact on economic and market conditions around the world in the first half of 2020 and continues to adversely impact economic activity in retail real estate. The impact of the COVID-19 pandemic continues to evolve and governments and other authorities, including where we own or hold interests in properties, have imposed measures intended to control its spread, including restrictions on freedom of movement, group gatherings and business operations such as travel bans, border closings, business closures, quarantines, stay-at-home, shelter-in-place orders, density limitations and social distancing measures. Governments and other authorities are in varying stages of lifting or modifying some of these measures. However, given the differing consumer demographics and responses to the pandemic and the characteristics and layout of certain properties, the impact of COVID-19 and these measures has been, and will continue to be, greater on some properties more than others. Certain governments and other authorities have already been forced to, and others may in the future, reinstitute these measures or impose new, more restrictive measures, if the risks, or the tenants' and consumers' perception of the risks, related to the COVID-19 pandemic worsen at any time.

As of June 30, 2020, we owned or held an interest in 204 income-producing properties in the United States located in 37 states and Puerto Rico. Internationally, as of June 30, 2020, we had ownership interests in 31 properties primarily located in Asia, Europe and Canada and have one international outlet property under development. We have an interest in a European investee that has interests in ten Designer Outlet properties, as more fully described in our most recently filed Annual Report on Form 10-K. As of June 30, 2020, we also owned a 22.4% equity stake in Klépierre SA, or Klépierre, a publicly traded, Paris-based real estate company, which owns, or has an interest in, shopping centers located in 15 countries in Europe.

Demand for retail space and the profitability of our properties depends, in part, on the ability and willingness of tenants to enter into and perform obligations under leases. On March 18, 2020, after extensive discussions with federal, state and local officials and in recognition of the need to address the spread of COVID-19, we closed all of our retail properties in the United States. We gradually reopened retail properties beginning May 1st in markets where local and state closure mandates had been lifted and retail restrictions had been eased. As of June 30, 2020, we had fully reopened 199 of our 204 retail properties in the United States with social distancing measures impacting the number of visitors who can be at a property. Although all of our retail properties were reopened as of July 10th, we were required to close seven properties in California on July 15th because of new restrictive governmental orders that target certain businesses. In addition, a number of tenants have not re-opened at our properties and we do not have certainty that all of them will re-open. In addition, even after certain restrictions intended to prevent the spread of COVID-19 are lifted or reduced, the willingness of customers to visit our properties is likely to be reduced and our tenants' businesses are likely to be adversely affected, based upon many factors, including whether the number of COVID-19 transmissions is materially reduced, a vaccination which prevents or reduces the severity of COVID-19 becomes readily available, or a cure or treatment is identified and becomes readily available. Further, demand could remain reduced due to heightened sensitivity to risks associated with the transmission of COVID-19 or other associated diseases. In addition, some of our properties are located at or within a close proximity to tourist destinations and these properties and our tenants' businesses are therefore heavily and adversely impacted by reductions in travel and tourism resulting from travel bans or restrictions and general public concern regarding the risk of travel.

During the period of closure of all of our retail properties, we have experienced a significant reduction in cash rent collections, which may continue for an indeterminate period. With respect to those tenants from whom we have not received payment we have been engaged in discussions with substantially all of them. We have agreed to deferral or abatement arrangements with a limited number of our tenants, resulting in rent deferrals with tenants (the vast majority of which we expect to receive over the course of the remainder of 2020 and 2021) and rent abatement with tenants representing, in the aggregate, less than 15.0% of our lease income for the second quarter 2020. Discussions with our tenants are ongoing and may result in further rent deferrals, lease restructures, abatements and/or lease terminations, as we deem appropriate on a case-by-case basis based on each tenant's unique financial and operating situation.

In connection with rent deferrals (or other accruals of unpaid rent), although we will not receive cash rent payments as scheduled, if we determine that rent payments are probable of collection, we will continue to recognize lease income on a straight-line basis over the lease term and associated tenant receivables, until the time of payment. However, if we determine that such deferred rent payments (or other accrued but unpaid rent payments) are not probable of collection, lease income will be recorded as the lesser of the amount that would be recognized on a straight-line basis or cash that has been received from the tenant, with any tenant receivable and deferred rent receivable balances charged as a direct write-off against rental income in the period of the change in our collectability determination. As a result, we may experience material impacts, including, but not limited to, changes in the ability to recognize revenue due to changes in the probability of collection and reductions in rental income associated with write-offs of tenant receivable and deferred rent receivable balances. In addition, any rent abatements we have granted, and may potentially grant in the future, will be accounted for as negative variable lease consideration in the period granted thereby reducing lease income.

The impact of the COVID-19 pandemic on our business, financial condition, results of operations, cash flows, liquidity and ability to satisfy our debt service obligations and make distributions to our shareholders could depend on additional factors, including:

- the financial condition and viability of our tenants, and their ability or willingness to pay rent in full;
- state, local, federal and industry-initiated tenant relief efforts that may adversely affect landlords, including us, and their ability to collect rent and/or enforce remedies for the failure to pay rent;
- our ability to renew leases or re-lease available space in our properties on favorable terms or at all, including as a result of a deterioration in the economic and market conditions in the markets in which we own properties or due to restrictions intended to prevent the spread of COVID-19, including any additional government mandated closures of businesses that frustrate our leasing activities;
- a severe and prolonged disruption and instability in the global financial markets, including the debt and equity capital markets, all of which have already been experienced and which may continue to affect our or our tenants' ability to access capital necessary to fund our or their respective business operations or repay, refinance or renew maturing liabilities on a timely basis, on attractive terms, or at all and may adversely affect the valuation of financial assets and liabilities, any of which could affect our and our tenants' ability to meet liquidity and capital expenditure requirements;
- a refusal or failure of one or more lenders under our credit facility to fund their respective financing commitment to us may affect our ability to access capital necessary to fund our business operations and to meet our liquidity and capital expenditure requirements;
- a reduction in the cash flows generated by our properties and the values of our properties that could result in impairments or limit our ability to dispose of them at attractive prices or obtain debt financing secured by our properties;
- the complete or partial closure of one or more of our tenants' manufacturing facilities or distribution centers, temporary or long-term disruption in our tenants' supply chains from local and international suppliers and/or delays in the delivery of our tenants' inventory, any of which could reduce or eliminate our tenants' sales, cause the temporary closure of our tenants' businesses, and/or result in their bankruptcy or insolvency;
- a negative impact on consumer discretionary spending caused by high unemployment levels, reduced economic activity or a severe or prolonged recession;
- our and our tenants' ability to manage our respective businesses to the extent our and their management or personnel (including on-site employees) are impacted in significant numbers by the COVID-19 pandemic or are otherwise not willing, available or allowed to conduct work, including any impact on our tenants' ability to deliver timely information to us that is necessary for us to make effective decisions; and

- our and our tenants' ability to ensure business continuity in the event our or our tenants' continuity of operations plan is (i) not effective or improperly implemented or deployed or (ii) compromised due to increased cyber and remote access activity during the COVID-19 pandemic.

To the extent any of these risks and uncertainties adversely impact us in the ways described above or otherwise, they may also have the effect of heightening many of the other risks described under the section entitled "Part I, Item 1A. Risk Factors" of the Company's and the Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 2019 and the section entitled "Part II, Item 1A. Risk Factors" of the Company's and the Operating Partnership's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.

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

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

- levels of consumer spending, changes in consumer confidence, income levels, and fluctuations in seasonal spending in the United States and internationally;
- consumer perceptions of the safety, convenience and attractiveness of our properties;
- the impact on our retail tenants and demand for retail space at our properties from the increasing use of the Internet by retailers and consumers;
- the creditworthiness of our retail tenants and the availability of new creditworthy tenants and the related impact on our occupancy levels and lease income;
- local real estate conditions, such as an oversupply of, or reduction in demand for, retail space or retail goods, decreases in rental rates and declines in real estate values;
- the willingness of retailers to lease space in our properties at attractive rents, or at all;
- actual or perceived changes in national and international economic conditions, which can result from global events such as international trade disputes, a foreign debt crisis, foreign currency volatility, natural disasters, war, epidemics and pandemics, the fear of spread of contagious diseases, civil unrest and terrorism, as well as from domestic issues, such as government policies and regulations, tariffs, energy prices, market dynamics, rising interest rates, inflation and limited growth in consumer income;
- changes in regional and local economies, which may be affected by increased rates of unemployment, increased foreclosures, higher taxes, decreased tourism, industry slowdowns, adverse weather conditions, and other factors;
- increased operating costs and capital expenditures, whether from redevelopments, replacing tenants or otherwise;
- changes in applicable laws and regulations, including tax, environmental, safety and zoning; and
- the impact of the COVID-19 pandemic, and restrictions intended to prevent its spread, which were implemented through a combination of state, local and federal orders and regulations that were put in place with unprecedented speed and with no opportunity for citizens to challenge their legality.

Additionally, a portion of our lease income is derived from overage rents based on sales over a stated base amount that directly depend on the sales volume of our retail tenants. Accordingly, declines in our tenants' sales performance could reduce the income produced by our properties.

We face a wide range of competition that could affect our ability to operate profitably, including e-commerce.

Our properties compete with other forms of retailing such as pure online retail websites as well as other retail properties such as single user freestanding discounters (Costco, Walmart and Target). In addition, many of our tenants are omni-channel retailers who also distribute their products through online sales. Our business currently is predominantly reliant on consumer demand for shopping at physical stores, and we could be materially and adversely affected if we are unsuccessful in adapting our business to evolving consumer purchasing habits. The increased popularity of digital and mobile technologies has accelerated the transition of a percentage of market share from shopping at physical stores to web-based shopping, and the ongoing COVID-19 pandemic and restrictions intended to prevent its spread have significantly increased the utilization of e-commerce and may, particularly in certain market segments, accelerate the long-term penetration of pure online retail which has been able to sell non-essential goods during the COVID-19 pandemic. Not only has the temporary closure of our retail properties and the restrictions put in place by state, local and federal officials caused consumers who otherwise would have purchased from retailers at our properties to increase their utilization of pure online retail websites, but consumers whose previous use of online retail was low or non-existent have recently turned to pure online retail as a necessity due to the inability to access our properties and the ability to purchase non-essential goods from these pure online retailers. Further, the increased utilization of pure online shopping, may lead to the closure of underperforming stores by retailers, which could impact our occupancy levels and the rates that tenants are willing to pay to lease our space.

Taubman Litigation

On June 10, 2020, Simon Property exercised its contractual rights to terminate its February 9, 2020 merger agreement (the Merger Agreement) with Taubman Centers, Inc. and The Taubman Realty Group Limited Partnership (collectively, Taubman). Simon Property also filed an action in the Circuit Court for the 6th Judicial Circuit of Oakland County, Michigan (the Court) against Taubman requesting a declaration that Taubman has suffered a material adverse effect under the Merger Agreement and has breached covenants and representations in the Merger Agreement and seeking damages for Taubman's breaches. If there is an adverse decision by the court and after exhaustion of all rights of appeal, we could be required to consummate the transactions under the Merger Agreement or pay damages, which could have a negative impact on our businesses, results of operations and financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Simon

Unregistered Sales of Equity Securities

There were no unregistered sales of equity securities made by Simon during the quarter ended June 30, 2020.

Issuer Purchases of Equity Securities

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans	Approximate value of shares that may yet be purchased under plans (2)
April 1, 2020 - April 30, 2020	15,561 (1)	$ 54.86	—	$ 1,495,265,506
May 1, 2020 - May 31, 2020	—	$ —	—	$ 1,495,265,506
June 1, 2020 - June 30, 2020	—	$ —	—	$ 1,495,265,506
	15,561	$ 54.86	—	

(1) Total number of shares purchased represents shares withheld by us and transferred to treasury shares in connection with employee payroll tax withholding upon the vesting of certain restricted stock awards.

(2) On February 11, 2019, Simon's Board of Directors authorized a new common stock repurchase plan. Under the new plan, Simon may repurchase up to $2.0 billion of its common stock during the two-year period ending February 11, 2021 in the open market or in privately negotiated transactions. As Simon repurchases shares under these plans, the Operating Partnership repurchases an equal number of units from Simon.

The Operating Partnership

Unregistered Sales of Equity Securities

There were no unregistered sales of equity securities made by the Operating Partnership during the quarter ended June 30, 2020.

Issuer Purchases of Equity Securities

There were no purchases of equity securities made by the Operating Partnership during the quarter ended June 30, 2020.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

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

Item 6. Exhibits

Exhibit Number	Exhibit Descriptions
31.1	Simon Property Group, Inc. — Certification by the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Simon Property Group, Inc. — Certification by the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3	Simon Property Group, L.P. — Certification by the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.4	Simon Property Group, L.P. — Certification by the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Simon Property Group, Inc. — Certification by the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Simon Property Group, L.P. — Certification by the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

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

SIMON PROPERTY GROUP, INC.

/s/ BRIAN J. MCDADE

Brian J. McDade
Executive Vice President, Chief Financial
Officer and Treasurer

Date: August 10, 2020

SIMON PROPERTY GROUP, L.P.

/s/ BRIAN J. MCDADE

Brian J. McDade
Executive Vice President, Chief Financial Officer and
Treasurer of Simon Property Group, Inc., General Partner

Date: August 10, 2020

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Simon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Simon Property Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ DAVID SIMON
David Simon
Chairman of the Board of Directors,
Chief Executive Officer and President

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Brian J. McDade, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Simon Property Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
    - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ BRIAN J. MCDADE

Brian J. McDade
Executive Vice President, Chief Financial
Officer and Treasurer

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Simon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Simon Property Group, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ DAVID SIMON

David Simon
Chairman of the Board of Directors, Chief Executive Officer
and President of Simon Property Group, Inc., General Partner

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Brian J. McDade, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Simon Property Group, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ BRIAN J. MCDADE

Brian J. McDade
Executive Vice President, Chief Financial Officer and
Treasurer of Simon Property Group, Inc., General Partner

EXHIBIT 32.1

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. (the “Company”) on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned 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 Company.

/s/ DAVID SIMON
David Simon
Chairman of the Board of Directors,
Chief Executive Officer and President
Date: August 10, 2020

/s/ BRIAN J. MCDADE
Brian J. McDade
Executive Vice President, Chief Financial
Officer and Treasurer
Date: August 10, 2020

EXHIBIT 32.2

**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, L.P. (the “Company”) on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned 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 Company.

/s/ DAVID SIMON
David Simon
Chairman of the Board of Directors,
Chief Executive Officer and President of
Simon Property Group, Inc., General Partner
Date: August 10, 2020

/s/ BRIAN J. MCDADE
Brian J. McDade
Executive Vice President, Chief Financial Officer,
and Treasurer of Simon Property Group, Inc.,
General Partner
Date: August 10, 2020