



## Simon Property Group Reports Third Quarter 2017 Results And Raises Quarterly Dividend

October 27, 2017

INDIANAPOLIS, Oct. 27, 2017 /PRNewswire/ -- Simon, a global leader in premier shopping, dining and entertainment destinations, today reported results for the quarter ended September 30, 2017.



### Results for the Quarter

- Net income attributable to common stockholders was \$513.8 million, or \$1.65 per diluted share, as compared to \$504.7 million, or \$1.61 per diluted share, in the prior year period. The prior year period includes gains of \$49.6 million, or \$0.14 per diluted share, related to acquisition and disposition activity.
- Funds from Operations ("FFO") was \$1.035 billion, or \$2.89 per diluted share, as compared to \$976.0 million, or \$2.70 per diluted share, in the prior year period, an increase of 7.0%.

### Results for the Nine Months<sup>1</sup>

- Net income attributable to common stockholders was \$1.374 billion, or \$4.41 per diluted share, as compared to \$1.441 billion, or \$4.61 per diluted share, in the prior year period. Results for the nine months ended 2017 include a charge of \$128.6 million, or \$0.36 per diluted share, related to the redemption of certain senior notes of Simon Property Group, L.P. The 2016 results included a higher level of gains related to acquisition and disposition activity of \$71.5 million, or \$0.20 per diluted share.
- FFO was \$2.905 billion, or \$8.09 per diluted share, as compared to \$2.881 billion, or \$7.97 per diluted share, in the prior year period. FFO for the nine months ended 2017 includes the aforementioned charge related to the redemption of certain of our senior notes.
- Growth in comparable FFO per diluted share for the nine months ended September 30, 2017 was 6.0%.

"I am very pleased with our quarterly results including our cash flow growth and continued solid operating metrics," said David Simon, Chairman and Chief Executive Officer. "We also continue to strengthen our real estate platform through our redevelopments and selected new developments. We are pleased to again announce an increase in our quarterly dividend to \$1.85 per share, a year-over-year increase of 12.1%."

### U.S. Malls and Premium Outlets Operating Statistics

- Occupancy was 95.3% at September 30, 2017.
- Base minimum rent per square foot was \$52.42 at September 30, 2017, an increase of 3.3% compared to the prior year period.
- Leasing spread per square foot for the trailing 12-months ended September 30, 2017 was \$7.21, an increase of 11.2%.

### Portfolio Net Operating Income ("NOI") and Comparable Property NOI

Total portfolio NOI growth for the nine months ended September 30, 2017 was 4.8%. Total portfolio NOI includes comparable property NOI, NOI from new development, redevelopment, expansion and acquisitions, NOI from international properties and our share of NOI from investments. Comparable property NOI growth for the nine months ended September 30, 2017 was 3.6%.

### Dividends

Today, Simon's Board of Directors declared a quarterly common stock dividend of \$1.85 per share. This is a 12.1% increase year-over-year. The dividend will be payable on November 30, 2017 to stockholders of record on November 16, 2017. The Company will pay \$7.15 per share in common stock dividends in 2017, a 10.0% increase year-over-year.

Simon's Board of Directors also declared the quarterly dividend on its 8 3/8% Series J Cumulative Redeemable Preferred Stock (NYSE: SPGPrJ) of \$1.046875 per share, payable on December 29, 2017 to stockholders of record on December 15, 2017.

### Development Activity

On September 14<sup>th</sup>, we opened The Shops at Clearfork, a 500,000 square foot, open-air luxury shopping, dining, entertainment and mixed-use - including office - destination in Fort Worth, Texas. Anchored by Neiman Marcus, The Shops at Clearfork is home to a carefully curated mix of luxury, home furnishing and specialty retailers. Simon owns a 45% interest in this center.

During the third quarter, we completed a 123,000 square foot expansion to Allen Premium Outlets (Dallas, Texas) that included approximately 30 new specialty retailers. Simon owns 100% of this center.

Construction continues on two new development projects:

- Premium Outlet Collection Edmonton IA (Edmonton, Alberta, Canada); scheduled to open in May 2018. Simon owns a 50% interest in this project.
- Denver Premium Outlets (Thornton, Colorado); scheduled to open in September 2018. Simon owns 100% of this project.

Construction also continues on significant redevelopment and expansion projects at properties including The Shops at Riverside, Aventura Mall, Town Center at Boca Raton and Toronto Premium Outlets.

At quarter-end, redevelopment and expansion projects, including the addition of new anchors, were underway at 31 properties in the U.S. and Canada. Simon's share of the costs of all new development and redevelopment projects under construction at quarter-end was approximately \$1.0 billion.

### **Financing Activity**

The Company was active in both the unsecured and secured credit markets through the first nine months of the year, continuing to lower our effective borrowing costs.

During the first nine months, the Company closed on 12 mortgage loans totaling approximately \$2.0 billion (U.S. dollar equivalent), of which Simon's share is \$1.4 billion. The weighted average interest rate and weighted average term on these loans is 3.12% and 6.8 years, respectively.

As of September 30, 2017, Simon had more than \$6.5 billion of liquidity consisting of cash on hand, including its share of joint venture cash, and available capacity under its revolving credit facilities.

### **2017 Guidance**

The Company currently estimates net income to be within a range of \$6.23 to \$6.28 per diluted share for the year ending December 31, 2017 and that FFO will be within a range of \$11.17 to \$11.22 per diluted share. This current range is an increase of \$0.03 on the low end compared to the range provided on August 1, 2017 and includes an expected \$0.03 per diluted share negative impact in the fourth quarter due to the ongoing repair and restoration of the Company's two centers located in Puerto Rico.

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

<u>For the year ending December 31, 2017</u>	<u>Low End</u>	<u>High End</u>
Estimated net income available to common stockholders per diluted share	\$6.23	\$6.28
Depreciation and amortization including Simon's share of unconsolidated entities	4.95	4.95
Gain upon acquisition of controlling interest, sale or disposal of assets and interest in unconsolidated entities, net	<u>(0.01)</u>	<u>(0.01)</u>
Estimated FFO per diluted share	<u>\$11.17</u>	<u>\$11.22</u>

### **Conference Call**

Simon will hold a conference call to discuss the quarterly financial results today at 10:00 a.m. Eastern Time, Friday, October 27, 2017. A live webcast of the conference call will be accessible in listen-only mode at [investors.simon.com](http://investors.simon.com). An audio replay of the conference call will be available until November 4, 2017. To access the audio replay, dial 1-855-859-2056 (international 404-537-3406) passcode 90828322.

### **Supplemental Materials and Website**

Supplemental information on our third quarter 2017 performance is available at [investors.simon.com](http://investors.simon.com). This information has also been furnished to the SEC in a current report on Form 8-K.

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

### **Non-GAAP Financial Measures**

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

### **Forward-Looking Statements**

Certain statements made in this press release may be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although the Company believes the expectations reflected in any forward-looking statements are based on reasonable assumptions, the Company can give no assurance that its expectations will be attained, and it is possible that the Company's actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks, uncertainties and other factors. Such factors include, but are not limited to: changes in economic and market conditions that adversely affect the general retail environment; the potential loss of anchor stores or major tenants; the inability to collect rent due to the bankruptcy or insolvency of tenants or otherwise; decreases in market rental rates; the intensely competitive market environment in the retail industry; the inability to lease newly developed properties and renew leases and relet space at existing properties on favorable terms; risks related to international activities, including, without limitation, the impact of the United Kingdom's vote to leave the European Union; changes to applicable laws or regulations or the interpretation thereof; risks associated with the acquisition, development, redevelopment, expansion, leasing and management of properties; general risks related to real estate investments, including the illiquidity of real estate investments; the impact of our substantial indebtedness on our future operations; any disruption in the financial markets that adversely affects

our ability to access capital for growth and satisfy our ongoing debt service requirements; any change in our credit rating; changes in market rates of interest and foreign exchange rates for foreign currencies; changes in the value of our investments in foreign entities; our ability to hedge interest rate and currency risk; our continued ability to maintain our status as a REIT; changes in tax laws or regulations that result in adverse tax consequences; risks relating to our joint venture properties; environmental liabilities; changes in insurance costs, the availability of comprehensive insurance coverage; security breaches that could compromise our information technology or infrastructure; natural disasters; the potential for terrorist activities; and the loss of key management personnel. The Company discusses these and other risks and uncertainties under the heading "Risk Factors" in its annual and quarterly periodic reports filed with the SEC. The Company may update that discussion in its periodic reports, but except as required by law, the Company undertakes no duty or obligation to update or revise these forward-looking statements, whether as a result of new information, future developments, or otherwise.

#### About Simon

Simon is a global leader in the ownership of premier shopping, dining, entertainment and mixed-use destinations and an S&P 100 company (Simon Property Group, NYSE: SPG). Our properties across North America, Europe and Asia provide community gathering places for millions of people every day and generate billions in annual sales. For more information, visit [simon.com](http://simon.com).

<sup>1</sup> For a reconciliation of FFO and net income per diluted share on a comparable basis, please see Footnote J of the Footnotes to Unaudited Financial Information.

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

	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>REVENUE:</b>				
Minimum rent	<b>\$ 861,184</b>	\$ 842,801	<b>\$ 2,559,535</b>	\$ 2,483,560
Overage rent	<b>36,634</b>	40,089	<b>94,601</b>	100,256
Tenant reimbursements	<b>386,713</b>	378,187	<b>1,146,156</b>	1,116,863
Management fees and other revenues	<b>28,946</b>	41,721	<b>90,860</b>	109,598
Other income	<b>90,161</b>	54,370	<b>219,796</b>	198,986
<b>Total revenue</b>	<b>1,403,638</b>	1,357,168	<b>4,110,948</b>	4,009,263
<b>EXPENSES:</b>				
Property operating	<b>118,807</b>	120,099	<b>330,226</b>	327,915
Depreciation and amortization	<b>317,037</b>	311,757	<b>950,265</b>	915,956
Real estate taxes	<b>111,953</b>	111,727	<b>332,027</b>	328,656
Repairs and maintenance	<b>25,352</b>	23,178	<b>72,654</b>	72,085
Advertising and promotion	<b>36,006</b>	35,695	<b>108,450</b>	103,905
Provision for (recovery of) credit losses	<b>2,895</b>	(747)	<b>10,765</b>	7,861
Home and regional office costs	<b>31,451</b>	41,606	<b>110,906</b>	120,539
General and administrative	<b>13,014</b>	15,154	<b>40,089</b>	45,143
Other	<b>57,055</b>	22,508	<b>102,678</b>	66,875
<b>Total operating expenses</b>	<b>713,570</b>	680,977	<b>2,058,060</b>	1,988,935
<b>OPERATING INCOME</b>	<b>690,068</b>	676,191	<b>2,052,888</b>	2,020,328
Interest expense	<b>(199,032)</b>	(214,861)	<b>(604,408)</b>	(648,048)
Loss on extinguishment of debt	<b>-</b>	-	<b>(128,618)</b>	-
Income and other taxes	<b>(14,511)</b>	(6,325)	<b>(16,981)</b>	(28,626)
Income from unconsolidated entities	<b>116,110</b>	83,374	<b>277,212</b>	258,990
Gain upon acquisition of controlling interests and sale or disposal of assets and interests in unconsolidated entities, net	<b>-</b>	49,561	<b>4,989</b>	76,459
<b>CONSOLIDATED NET INCOME</b>	<b>592,635</b>	587,940	<b>1,585,082</b>	1,679,103
Net income attributable to noncontrolling interests	<b>78,018</b>	82,362	<b>209,070</b>	235,472
Preferred dividends	<b>834</b>	834	<b>2,503</b>	2,503
<b>NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS</b>	<b>\$ 513,783</b>	\$ 504,744	<b>\$ 1,373,509</b>	\$ 1,441,128
<b>BASIC AND DILUTED EARNINGS PER COMMON SHARE:</b>				
<b>Net income attributable to common stockholders</b>	<b>\$ 1.65</b>	\$ 1.61	<b>\$ 4.41</b>	\$ 4.61

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

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
<b>ASSETS:</b>		
Investment properties, at cost	<b>\$ 35,925,315</b>	\$ 35,226,089
Less - accumulated depreciation	<b>11,665,931</b>	10,865,754
	<b>24,259,384</b>	24,360,335
Cash and cash equivalents	<b>508,405</b>	560,059

Tenant receivables and accrued revenue, net	686,617	664,619
Investment in unconsolidated entities, at equity	2,331,538	2,367,583
Investment in Klépierre, at equity	1,907,632	1,797,394
Deferred costs and other assets	1,338,834	1,353,588
<b>Total assets</b>	<b>\$ 31,032,410</b>	<b>\$ 31,103,578</b>

**LIABILITIES:**

Mortgages and unsecured indebtedness	\$ 23,410,357	\$ 22,977,104
Accounts payable, accrued expenses, intangibles, and deferred revenues	1,290,382	1,214,022
Cash distributions and losses in unconsolidated entities, at equity	1,388,128	1,359,738
Other liabilities	514,205	455,040
<b>Total liabilities</b>	<b>26,603,072</b>	<b>26,005,904</b>

Commitments and contingencies

Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests in properties	186,732	137,762
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**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	43,159	43,405
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Common stock, \$ 0.0001 par value, 511,990,000 shares authorized, 319,947,214 and 319,823,322 issued and outstanding, respectively	32	32
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Class B common stock, \$ 0.0001 par value, 10,000 shares authorized, 8,000 issued and outstanding	-	-
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Capital in excess of par value	9,597,812	9,523,086
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Accumulated deficit	(4,776,512)	(4,459,387)
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Accumulated other comprehensive loss	(111,039)	(114,126)
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Common stock held in treasury, at cost, 9,094,827 and 6,756,748 shares, respectively	(1,068,310)	(682,562)
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Total stockholders' equity	3,685,142	4,310,448
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Noncontrolling interests	557,464	649,464
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<b>Total equity</b>	<b>4,242,606</b>	<b>4,959,912</b>
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<b>Total liabilities and equity</b>	<b>\$ 31,032,410</b>	<b>\$ 31,103,578</b>
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**Simon Property Group, Inc.**  
Unaudited Joint Venture Combined Statements of Operations  
(Dollars in thousands)

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
<b>REVENUE:</b>				
Minimum rent	\$ 466,601	\$ 454,315	\$ 1,383,361	\$ 1,351,429
Overage rent	52,560	45,064	150,376	141,591
Tenant reimbursements	215,774	222,788	644,020	645,994
Other income	74,208	55,558	210,287	169,044
Total revenue	809,143	777,725	2,388,044	2,308,058
<b>OPERATING EXPENSES:</b>				
Property operating	145,288	139,224	410,301	401,718
Depreciation and amortization	156,682	153,420	469,884	434,620
Real estate taxes	54,668	60,853	185,228	181,790
Repairs and maintenance	18,811	17,795	59,512	56,029
Advertising and promotion	19,837	18,884	63,871	62,190
Provision for (recovery of) credit losses	1,063	(133)	7,629	5,441
Other	45,174	44,972	133,558	133,652
Total operating expenses	441,523	435,015	1,329,983	1,275,440
<b>OPERATING INCOME</b>	<b>367,620</b>	<b>342,710</b>	<b>1,058,061</b>	<b>1,032,618</b>
Interest expense	(149,746)	(149,704)	(438,393)	(444,485)
Gain on sale or disposal of assets and interests in unconsolidated entities	-	40,529	-	101,051
<b>NET INCOME</b>	<b>\$ 217,874</b>	<b>\$ 233,535</b>	<b>\$ 619,668</b>	<b>\$ 689,184</b>

<b>Third-Party Investors' Share of Net Income</b>	<b>\$ 110,581</b>	<b>\$ 118,291</b>	<b>\$ 314,531</b>	<b>\$ 337,491</b>
<b>Our Share of Net Income</b>	<b>107,293</b>	115,244	<b>305,137</b>	351,693
<b>Amortization of Excess Investment (A)</b>	<b>(22,608)</b>	(21,901)	<b>(68,045)</b>	(70,671)
<b>Our Share of Gain on Sale or Disposal of Assets and Interests in Unconsolidated Entities, net</b>	-	(20,149)	-	(22,636)
<b>Our Share of Gain on Sale or Disposal of Assets and Interests Included in Other Income in the Consolidated Financial Statements</b>	-	-	-	(36,153)
<b>Income from Unconsolidated Entities (B)</b>	<b>\$ 84,685</b>	<b>\$ 73,194</b>	<b>\$ 237,092</b>	<b>\$ 222,233</b>

Note: The above financial presentation does not include any information related to our investments in Klépierre S.A. ("Klépierre") and HBS Global Properties ("HBS"). For additional information, see footnote B.

**Simon Property Group, Inc.**  
*Unaudited Joint Venture Combined Balance Sheets*  
(Dollars in thousands)

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
<b>Assets:</b>		
Investment properties, at cost	<b>\$ 18,226,008</b>	\$ 17,549,078
Less - accumulated depreciation	<b>6,272,006</b>	5,892,960
	<b>11,954,002</b>	11,656,118
Cash and cash equivalents	<b>909,216</b>	778,455
Tenant receivables and accrued revenue, net	<b>381,779</b>	348,139
Deferred costs and other assets	<b>404,749</b>	351,098
Total assets	<b>\$ 13,649,746</b>	\$ 13,133,810
<b>Liabilities and Partners' Deficit:</b>		
Mortgages	<b>\$ 14,620,789</b>	\$ 14,237,576
Accounts payable, accrued expenses, intangibles, and deferred revenue	<b>964,830</b>	867,003
Other liabilities	<b>373,579</b>	325,078
Total liabilities	<b>15,959,198</b>	15,429,657
Preferred units	<b>67,450</b>	67,450
Partners' deficit	<b>(2,376,902)</b>	(2,363,297)
Total liabilities and partners' deficit	<b>\$ 13,649,746</b>	\$ 13,133,810
<b>Our Share of:</b>		
Partners' deficit	<b>\$ (1,060,793)</b>	\$ (1,018,755)
Add: Excess Investment (A)	<b>1,760,964</b>	1,791,691
Our net Investment in unconsolidated entities, at equity	<b>\$ 700,171</b>	\$ 772,936

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

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

**Reconciliation of Consolidated Net Income to FFO**

	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Consolidated Net Income (D)</b>	<b>\$ 592,635</b>	\$ 587,940	<b>\$ 1,585,082</b>	\$ 1,679,103
<b>Adjustments to Arrive at FFO:</b>				
Depreciation and amortization from consolidated properties	<b>313,194</b>	308,392	<b>939,468</b>	905,768
Our share of depreciation and amortization from unconsolidated entities, including Klépierre and HBS	<b>134,998</b>	134,795	<b>401,692</b>	387,930
Gain upon acquisition of controlling interests and sale or disposal of assets and interests in unconsolidated entities, net (E)	-	(45,162)	<b>(4,989)</b>	(72,060)
Net loss (income) attributable to noncontrolling interest holders in properties	<b>550</b>	(5,361)	<b>721</b>	(6,655)

Noncontrolling interests portion of depreciation and amortization	(4,605)	(3,271)	(12,821)	(9,424)
Preferred distributions and dividends	(1,313)	(1,313)	(3,939)	(3,939)
<b>FFO of the Operating Partnership (G)</b>	<b>\$ 1,035,459</b>	<b>\$ 976,020</b>	<b>\$ 2,905,214</b>	<b>\$ 2,880,723</b>

**Diluted net income per share to diluted FFO per share reconciliation:**

<b>Diluted net income per share</b>	\$ 1.65	\$ 1.61	\$ 4.41	\$ 4.61
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	1.24	1.22	3.69	3.56
Gain upon acquisition of controlling interests and sale or disposal of assets and interests in unconsolidated entities, net (F)	-	(0.13)	(0.01)	(0.20)
<b>Diluted FFO per share (H)</b>	<b>\$ 2.89</b>	<b>\$ 2.70</b>	<b>\$ 8.09</b>	<b>\$ 7.97</b>

Details for per share calculations:

FFO of the Operating Partnership (G)	\$ 1,035,459	\$ 976,020	\$ 2,905,214	\$ 2,880,723
Diluted FFO allocable to unitholders	(136,632)	(128,295)	(382,660)	(392,580)
Diluted FFO allocable to common stockholders (I)	<b>\$ 898,827</b>	<b>\$ 847,725</b>	<b>\$ 2,522,554</b>	<b>\$ 2,488,143</b>
Basic and Diluted weighted average shares outstanding	310,853	314,234	311,740	312,357
Weighted average limited partnership units outstanding	47,263	47,530	47,290	49,284
Basic and Diluted weighted average shares and units outstanding	<b>358,116</b>	<b>361,764</b>	<b>359,030</b>	<b>361,641</b>
Basic and Diluted FFO per Share (H)	\$ 2.89	\$ 2.70	\$ 8.09	\$ 7.97
Percent Change	7.0%		1.5%	

**Simon Property Group, Inc.**

*Footnotes to Unaudited Financial Information*

**Notes:**

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

We determine FFO based upon the definition set forth by the National Association of Real Estate Investment Trusts ("NAREIT"). 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 sales or disposals of, or any impairment charges related to, previously depreciated 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.

We have adopted NAREIT's clarification of the definition of FFO that requires it to include the effects of nonrecurring items not classified as extraordinary, cumulative effect of accounting changes, or a gain or loss resulting from the sale or disposal of, or any impairment charges relating to, previously depreciated retail operating properties. We include in FFO gains and losses realized from the sale of land, outlot buildings, marketable and non-marketable securities, and investment holdings of non-retail real estate. However, you should understand that FFO does not represent cash flow from operations as defined by GAAP, should not be considered as an alternative to net income determined in accordance with GAAP as a measure of operating performance, and is not an alternative to cash flows as a measure of liquidity.

- (D) Includes our share of:

- Gains on land sales of \$2.4 million and \$3.1 million for the three months ended September 30, 2017 and 2016, respectively, and \$10.1 million and \$5.2 million for the nine months ended September 30, 2017 and 2016, respectively.

- Straight-line adjustments increased minimum rent by \$11.8 million and \$13.3 million for the three months ended September 30, 2017 and 2016, respectively, and \$27.1 million and \$44.3 million for the nine months ended September 30, 2017 and 2016, respectively.

- Amortization of fair market value of leases from acquisitions increased income by \$1.4 million and \$2.5 million for the three months ended September 30, 2017 and 2016, respectively, and \$4.6 million and \$7.3 million for the nine months ended September 30, 2017 and 2016, respectively.

- Debt premium amortization of \$0.1 million and \$5.9 million for the three months ended September 30, 2017 and 2016, respectively, and \$0.2 million and \$13.9 million for the nine months ended September 30, 2017 and 2016, respectively.

- (E) Gain upon acquisition of controlling interests and sale or disposal of assets and interests in unconsolidated entities for the three and nine months ended September 30, 2016 was \$49.6 million and \$76.5 million, respectively. Noncontrolling interest portion of the gain for the three and nine months ended September 30, 2016 was \$4.4 million.
- (F) Includes noncontrolling interests gain upon acquisition of controlling interests and sale or disposal of assets and interests in unconsolidated entities of \$0.01 per share for the three and nine months ended September 30, 2016.
- (G) Includes a loss on the extinguishment of debt of \$128.6 million for the nine months ended September 30, 2017.
- (H) Includes Basic and Diluted FFO per share related to a loss on the extinguishment of debt of \$0.36 for the nine months ended September 30, 2017.
- (I) Includes Diluted FFO allocable to common stockholders related to a loss on the extinguishment of debt of \$111.7 million for the nine months ended September 30, 2017.
- (J) Reconciliation of reported earnings per share to comparable earnings per share and FFO per share to comparable FFO per share:

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2017	2016	2017	2016
Reported earnings per share	\$ 1.65	\$ 1.61	\$ 4.41	\$ 4.61
Add: Loss on extinguishment of debt	-	-	0.36	-
Comparable earnings per share	<u>\$ 1.65</u>	<u>\$ 1.61</u>	<u>\$ 4.77</u>	<u>\$ 4.61</u>
Comparable earnings per share growth	2.5%		3.5%	

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2017	2016	2017	2016
Reported FFO per share	\$ 2.89	\$ 2.70	\$ 8.09	\$ 7.97
Add: Loss on extinguishment of debt	-	-	0.36	-
Comparable FFO per share	<u>\$ 2.89</u>	<u>\$ 2.70</u>	<u>\$ 8.45</u>	<u>\$ 7.97</u>
Comparable FFO per share growth	7.0%		6.0%	

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