



## Simon Property Group Reports Fourth Quarter And Full Year 2014 Results And Raises Quarterly Dividend

January 30, 2015

INDIANAPOLIS, Jan. 30, 2015 /PRNewswire/ -- Simon, a leading global retail real estate company, today reported results for the quarter and twelve months ended December 31, 2014.

### Results for the Quarter

- Funds from Operations ("FFO") was \$896.7 million, or \$2.47 per diluted share, as compared to \$894.8 million, or \$2.47 per diluted share, in the prior year period. FFO per diluted share for the quarter includes a \$0.04 impact from the Company's share of Klepierre's costs related to both their recent bond tender offer and tender offer for Corio, as well as the unfavorable effects of foreign currency devaluations during the quarter.
- Net income attributable to common stockholders was \$405.0 million, or \$1.30 per diluted share, as compared to \$381.6 million, or \$1.23 per diluted share, in the prior year period.

### Results for the Year

- Funds from Operations ("FFO") was \$3.235 billion, or \$8.90 per diluted share, as compared to \$3.206 billion, or \$8.85 per diluted share, in the prior year period.
- Net income attributable to common stockholders was \$1.405 billion, or \$4.52 per diluted share, as compared to \$1.316 billion, or \$4.24 per diluted share, in the prior year period.

### Effect of Washington Prime Group Inc. Spin-Off

- Results for the three and twelve months ended December 31, 2013 included FFO per diluted share of \$0.27 and \$0.99, respectively, from the Washington Prime Group Inc. ("WPG") properties that were spun-off effective May 28, 2014. Results for the three months ended December 31, 2014 do not include any effect of the WPG properties while results for the twelve months ended December 31, 2014 include a net \$0.30 of FFO per diluted share (\$0.40 of FFO from the WPG properties' operations net of \$0.10 of spin-off related transaction expenses). Results for the twelve months also include a \$0.35 per diluted share charge related to the cash tender offers and early notes redemption completed in the third quarter of 2014.
- Growth in FFO per diluted share for the three and twelve month periods in 2014 was 12.3% and 13.9%, respectively, excluding the FFO from the WPG properties and transaction costs related to the spin-off, as well as the loss on the extinguishment of debt related to the cash tender and early redemption transactions as detailed in the table below.

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
Reported FFO per share	\$2.47	\$2.47	\$8.90	\$8.85
Add: Loss on extinguishment of debt	--	--	0.35	--
Add: Spin-off transaction expenses	--	--	0.10	--
Less: FFO from WPG properties	--	(0.27)	(0.40)	(0.99)
Comparable FFO per share	\$2.47	\$2.20	\$8.95	\$7.86
Comparable FFO per share growth	12.3%		13.9%	
Reported earnings per share	\$1.30	\$1.23	\$4.52	\$4.24
Comparable earnings per share <sup>(1)</sup>	\$1.30	\$1.09	\$4.79	\$3.73

(1) For a reconciliation of Reported EPS to Comparable EPS, please see Footnote H of the Footnotes to Unaudited Reconciliation of Non-GAAP Financial Measures.

"We had a very strong fourth quarter concluding an exceptional year," said David Simon, Chairman and CEO. "We produced strong financial and operating results in the fourth quarter, led by growth in comparable net operating income and record year-end occupancy. We continue to strengthen our retail real estate platform through our investment activities resulting in cash flow and FFO per share growth. We are also pleased to again announce an increase in our quarterly dividend to \$1.40 per share, growth of 7.7% from last quarter."

### Comparable Property Net Operating Income

Comparable property NOI growth for the three months ended December 31, 2014 was 4.0%. The full year growth for the twelve months ended December 31, 2014 was 5.1%. Comparable properties include U.S. Malls, Premium Outlets and The Mills.

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

	As of		Year-over-Year Change
	December 31, 2014 <sup>(1)</sup>	2013	

Occupancy <sup>(2)</sup>	97.1%	96.1%	+100 bps
Base Minimum Rent per sq. ft. <sup>(2)</sup>	\$47.01	\$42.34	+11.0%
Releasing Spread per sq. ft. <sup>(2)(3)</sup>	\$9.59	\$8.94	+\$0.65
Releasing Spread (percentage change) <sup>(2)(3)</sup>	16.6%	16.8%	-20 bps
Total Sales per sq. ft. <sup>(4)</sup>	\$619	\$582	+6.4%

(1) Excludes WPG properties.

(2) Represents mall stores in Malls and all owned square footage in Premium Outlets.

(3) Same space measure that compares opening and closing rates on individual spaces leased during trailing 12-month period.

(4) Trailing 12-month sales per square foot for mall stores less than 10,000 square feet in Malls and all owned square footage in Premium Outlets.

Total sales from the U.S. Malls (less anchors) and Premium Outlets increased 2.3% in the fourth quarter of 2014 compared to the fourth quarter of 2013.

### **Dividends**

Today Simon's Board of Directors declared a quarterly common stock dividend of \$1.40 per share. This is an increase of \$0.10 from the previous quarter, and a year-over-year increase of 12%. The dividend will be payable on February 27, 2015 to stockholders of record on February 13, 2015.

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 March 31, 2015 to stockholders of record on March 17, 2015.

### **Development Activity**

Premium Outlets Montreal opened on October 30<sup>th</sup>. This new 365,000 square foot center offers more than 80 outlet stores featuring high-quality designer and name brands. Simon owns a 50% interest in this property.

During the fourth quarter, construction started on significant projects at Phipps Plaza, including the addition of a 166-room AC Hotel by Marriott and 319 luxury residences.

Construction continues on other significant expansion projects including Roosevelt Field Mall, Del Amo Fashion Center, King of Prussia Mall, Woodbury Common Premium Outlets, Las Vegas North Premium Outlets, Livermore Premium Outlets and Chicago Premium Outlets.

Redevelopment and expansion projects, including the addition of new anchors, are underway at 27 properties in the U.S. and Asia.

Construction continues on three new Premium Outlets opening in 2015:

- Gloucester Premium Outlets in Gloucester, New Jersey, serving the greater Philadelphia metropolitan area, is a 375,000 square foot center scheduled to open in August of 2015. Simon owns a 50% interest in this project.
- Tucson Premium Outlets is a 366,000 square foot center scheduled to open in October of 2015. Simon owns 100% of this project.
- Tampa Premium Outlets is a 441,000 square foot center scheduled to open in October of 2015. Simon owns 100% of this project.

Simon's share of the costs of all development and redevelopment projects currently under construction is approximately \$2.1 billion.

The Company announced plans to develop the first phase of retail at The Shops at Clearfork in Ft. Worth, Texas. The center will be a 500,000 square foot shopping destination anchored by Neiman Marcus and include 100 high-end specialty stores, a premium luxury theater, and distinctive restaurants. Construction will commence in the spring of 2015 with a planned grand opening in February of 2017. Simon owns a 45% interest in this project.

### **Acquisitions**

In January 2015, we completed the acquisition of two properties – Jersey Gardens in Elizabeth, New Jersey (renamed The Mills at Jersey Gardens) and University Park Village in Fort Worth, Texas. The aggregate purchase price was \$1.09 billion, including the assumption of existing mortgage debt of \$405 million.

### **Financing Activity**

The Company was active in both the unsecured and secured debt markets in 2014 continuing to lower our effective borrowing costs and extend our maturity profile.

During the year, we retired \$2.9 billion of senior notes at a weighted average coupon rate of 5.76% and we completed two senior notes offerings totaling \$2.5 billion, with a weighted average coupon rate of 3.32% and weighted average duration of 12.0 years. The two new notes offerings were 244 basis points lower in rate than the notes we retired during the year.

The Company also amended and extended its \$4.0 billion revolving credit facility, which reduced pricing to LIBOR plus 80 basis points and the facility fee to 10 basis points while extending the term to June 30, 2019.

With regard to secured debt activity, we closed 16 new loans totaling approximately \$2.8 billion, of which SPG's share is \$1.6 billion. The weighted average interest rate on these loans is 3.29% and term is 8.4 years.

In addition to the above capital markets activity, the Company also became the first U.S. REIT to establish a global commercial paper program. The Company had approximately \$400 million of CP issuance, split evenly between U.S. dollars and Euros, at December 31, 2014.

As of December 31, 2014, Simon had over \$6 billion of liquidity consisting of \$1.133 billion of cash on hand, including its share of joint venture cash, and its available revolving credit capacity.

### **2015 Guidance**

The Company estimates that FFO will be within a range of \$9.60 to \$9.70 per diluted share for the year ending December 31, 2015, and net income will be within a

range of \$5.05 to \$5.15 per diluted share.

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:

For the year ending December 31, 2015

	<u>Low End</u>	<u>High End</u>
Estimated net income available to common stockholders per diluted share	\$5.05	\$5.15
Depreciation and amortization including Simon's share of unconsolidated entities	<u>4.55</u>	<u>4.55</u>
Estimated FFO per diluted share	<u>\$9.60</u>	<u>\$9.70</u>

#### **Conference Call**

Simon will hold a conference call to discuss the quarterly financial results today at 11:00 a.m. Eastern Time, Friday, January 30, 2015. Live streaming audio of the conference call will be accessible at [investors.simon.com](http://investors.simon.com). An online replay will be available until February 13, 2015 at [investors.simon.com](http://investors.simon.com).

#### **Supplemental Materials and Website**

Supplemental information on our fourth quarter 2014 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 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 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: the Company's ability to meet debt service requirements, the availability and terms of financing, changes in the Company's credit rating, changes in market rates of interest and foreign exchange rates for foreign currencies, changes in value of investments in foreign entities, the ability to hedge interest rate and currency risk, risks associated with the acquisition, development, expansion, leasing and management of properties, general risks related to retail real estate, the liquidity of real estate investments, environmental liabilities, international, national, regional and local economic conditions, changes in market rental rates, security breaches that could compromise our information technology or infrastructure or personally identifiable data of customers of our retail properties, trends in the retail industry, relationships with anchor tenants, the inability to collect rent due to the bankruptcy or insolvency of tenants or otherwise, risks relating to joint venture properties, costs of common area maintenance, and the intensely competitive market environment in the retail industry, risks related to international activities, insurance costs and coverage, terrorist activities, changes in economic and market conditions, the loss of key management personnel and maintenance of our status as a real estate investment trust. The Company discusses these and other risks and uncertainties under the heading "Risk Factors" in our annual and quarterly reports filed with the SEC. 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 unless required by law.

#### **About Simon**

Simon is a global leader in retail real estate ownership, management and development and a S&P100 company (Simon Property Group, NYSE: SPG). Our industry-leading retail properties and investments across North America, Europe and Asia provide shopping experiences for millions of consumers every day and generate billions in annual retail sales. For more information, visit [simon.com](http://simon.com).

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

	<u>For the Three Months Ended December 31,</u>		<u>For the Twelve Months Ended December 31,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>REVENUE:</b>				
Minimum rent	\$ 771,312	\$ 737,433	\$ 2,962,295	\$ 2,775,919
Overage rent	83,769	85,300	207,104	214,758
Tenant reimbursements	344,096	337,028	1,362,412	1,258,165
Management fees and other revenues	37,081	31,816	138,226	126,972
Other income	<u>60,862</u>	<u>59,578</u>	<u>200,781</u>	<u>168,035</u>

<b>Total revenue</b>	<b>1,297,120</b>	1,251,155	<b>4,870,818</b>	4,543,849
<b>EXPENSES:</b>				
Property operating	<b>104,280</b>	94,483	<b>398,598</b>	371,044
Depreciation and amortization	<b>294,458</b>	283,526	<b>1,143,827</b>	1,107,700
Real estate taxes	<b>93,131</b>	94,925	<b>384,189</b>	368,683
Repairs and maintenance	<b>27,178</b>	29,530	<b>100,016</b>	98,219
Advertising and promotion	<b>37,528</b>	42,765	<b>136,656</b>	117,894
Provision for credit losses	<b>3,366</b>	3,219	<b>12,001</b>	7,165
Home and regional office costs	<b>37,577</b>	34,911	<b>158,576</b>	140,931
General and administrative	<b>15,116</b>	15,327	<b>59,958</b>	59,803
Other	<b>29,198</b>	24,700	<b>91,655</b>	83,741
<b>Total operating expenses</b>	<b>641,832</b>	623,386	<b>2,485,476</b>	2,355,180
<b>OPERATING INCOME</b>	<b>655,288</b>	627,769	<b>2,385,342</b>	2,188,669
Interest expense	<b>(233,655)</b>	(273,846)	<b>(992,601)</b>	(1,082,081)
Loss on extinguishment of debt	-	-	<b>(127,573)</b>	-
Income and other taxes	<b>(8,008)</b>	(9,764)	<b>(28,085)</b>	(39,538)
Income from unconsolidated entities	<b>58,301</b>	48,569	<b>226,774</b>	206,380
Gain upon acquisition of controlling interests, sale or disposal of assets and interests in unconsolidated entities, net	<b>4,066</b>	7,609	<b>158,308</b>	93,363
<b>Consolidated income from continuing operations</b>	<b>475,992</b>	400,337	<b>1,622,165</b>	1,366,793
Discontinued operations	-	48,967	<b>67,524</b>	184,797
Discontinued operations transaction expenses	-	-	<b>(38,163)</b>	-
<b>CONSOLIDATED NET INCOME</b>	<b>475,992</b>	449,304	<b>1,651,526</b>	1,551,590
Net income attributable to noncontrolling interests	<b>70,110</b>	66,915	<b>242,938</b>	231,949
Preferred dividends	<b>834</b>	834	<b>3,337</b>	3,337
<b>NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS</b>	<b>\$ 405,048</b>	\$ 381,555	<b>\$ 1,405,251</b>	\$ 1,316,304
<b>BASIC AND DILUTED EARNINGS PER COMMON SHARE:</b>				
Income from continuing operations	<b>\$ 1.30</b>	\$ 1.09	<b>\$ 4.44</b>	\$ 3.73
Discontinued operations	-	0.14	<b>0.08</b>	0.51
<b>Net income attributable to common stockholders</b>	<b>\$ 1.30</b>	\$ 1.23	<b>\$ 4.52</b>	\$ 4.24

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

	<b>December 31, 2014</b>	December 31, 2013
<b>ASSETS:</b>		
Investment properties at cost	<b>\$ 31,318,532</b>	\$ 30,336,639
Less - accumulated depreciation	<b>8,950,747</b>	8,092,794
	<b>22,367,785</b>	22,243,845
Cash and cash equivalents	<b>612,282</b>	1,691,006
Tenant receivables and accrued revenue, net	<b>580,197</b>	520,361
Investment in unconsolidated entities, at equity	<b>2,378,800</b>	2,429,845
Investment in Klepierre, at equity	<b>1,786,477</b>	2,014,415
Deferred costs and other assets	<b>1,806,789</b>	1,422,788
Total assets of discontinued operations	-	3,002,314
<b>Total assets</b>	<b>\$ 29,532,330</b>	\$ 33,324,574
<b>LIABILITIES:</b>		
Mortgages and unsecured indebtedness	<b>\$ 20,852,993</b>	\$ 22,669,917
Accounts payable, accrued expenses, intangibles, and deferred revenues	<b>1,259,681</b>	1,223,102
Cash distributions and losses in partnerships and joint ventures, at equity	<b>1,167,163</b>	1,050,278
Other liabilities	<b>275,451</b>	250,371
Total liabilities of discontinued operations	-	1,117,789
<b>Total liabilities</b>	<b>23,555,288</b>	26,311,457
Commitments and contingencies		
Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests in properties	<b>25,537</b>	190,485
<b>EQUITY:</b>		
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 44,062      44,390

Common stock, \$ 0.0001 par value, 511,990,000 shares authorized, 314,320,664 and 314,251,245 issued and outstanding, respectively 31      31

Class B common stock, \$ 0.0001 par value, 10,000 shares authorized, 8,000 issued and outstanding -      -

Capital in excess of par value	9,422,237	9,217,363
Accumulated deficit	(4,208,183)	(3,218,686)
Accumulated other comprehensive loss	(61,041)	(75,795)
Common stock held in treasury at cost, 3,540,754 and 3,650,680 shares, respectively	(103,929)	(117,897)
Total stockholders' equity	<u>5,093,177</u>	<u>5,849,406</u>
Noncontrolling interests	<u>858,328</u>	<u>973,226</u>
<b>Total equity</b>	<u>5,951,505</u>	<u>6,822,632</u>
<b>Total liabilities and equity</b>	<u>\$ 29,532,330</u>	<u>\$ 33,324,574</u>

**Simon Property Group, Inc. and Subsidiaries**  
*Unaudited Joint Venture Statements of Operations*  
(Dollars in thousands)

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2014	2013	2014	2013
<b>Revenue:</b>				
Minimum rent	\$ 457,286	\$ 453,191	\$ 1,746,549	\$ 1,618,802
Overage rent	50,332	52,115	183,478	180,435
Tenant reimbursements	197,579	191,766	786,351	747,447
Other income	<u>64,626</u>	<u>77,045</u>	<u>293,419</u>	<u>199,197</u>
Total revenue	<u>769,823</u>	<u>774,117</u>	<u>3,009,797</u>	<u>2,745,881</u>
<b>Operating Expenses:</b>				
Property operating	140,559	131,055	574,706	487,144
Depreciation and amortization	162,059	134,418	604,199	512,702
Real estate taxes	54,222	50,623	221,745	204,894
Repairs and maintenance	19,329	20,322	71,203	66,612
Advertising and promotion	18,038	18,026	72,496	61,664
Provision for (recovery of) credit losses	2,239	(435)	6,527	1,388
Other	<u>46,484</u>	<u>45,819</u>	<u>187,729</u>	<u>155,421</u>
Total operating expenses	<u>442,930</u>	<u>399,828</u>	<u>1,738,605</u>	<u>1,489,825</u>
<b>Operating Income</b>	<b>326,893</b>	<b>374,289</b>	<b>1,271,192</b>	<b>1,256,056</b>
Interest expense	<u>(149,388)</u>	<u>(237,701)</u>	<u>(598,900)</u>	<u>(680,321)</u>
<b>Income from Continuing Operations</b>	<b>177,505</b>	<b>136,588</b>	<b>672,292</b>	<b>575,735</b>
Income from operations of discontinued joint venture interests	-	4,107	5,079	14,200
Gain on disposal of discontinued operations, net	-	26,228	-	51,164
<b>Net Income</b>	<u>\$ 177,505</u>	<u>\$ 166,923</u>	<u>\$ 677,371</u>	<u>\$ 641,099</u>
<b>Third-Party Investors' Share of Net Income</b>	<u>\$ 88,789</u>	<u>\$ 89,782</u>	<u>\$ 348,127</u>	<u>\$ 353,708</u>
<b>Our Share of Net Income</b>	<b>88,716</b>	<b>77,141</b>	<b>329,244</b>	<b>287,391</b>
<b>Amortization of Excess Investment (A)</b>	<b>(23,295)</b>	<b>(27,460)</b>	<b>(99,463)</b>	<b>(102,875)</b>
<b>Our Share of Income from Unconsolidated Discontinued Operations</b>	<b>-</b>	<b>1,973</b>	<b>(652)</b>	<b>1,121</b>
<b>Income from Unconsolidated Entities (B)</b>	<u>\$ 65,421</u>	<u>\$ 51,654</u>	<u>\$ 229,129</u>	<u>\$ 185,637</u>

Note: The above financial presentation does not include any information related to our investment in Klepierre S.A. ("Klepierre").  
For additional information, see footnote B.

Unaudited Joint Venture Balance Sheets  
(Dollars in thousands)

	December 31, 2014	December 31, 2013
<b>Assets:</b>		
Investment properties, at cost	\$ 16,087,282	\$ 15,355,700
Less - accumulated depreciation	<u>5,457,899</u>	<u>5,080,832</u>
	10,629,383	10,274,868
Cash and cash equivalents	993,178	781,554
Tenant receivables and accrued revenue, net	362,201	302,902
Investment in unconsolidated entities, at equity	11,386	38,352
Deferred costs and other assets	536,600	579,480
Total assets of discontinued operations	-	281,000
Total assets	<u>\$ 12,532,748</u>	<u>\$ 12,258,156</u>
<b>Liabilities and Partners' Deficit:</b>		
Mortgages	\$ 13,272,557	\$ 12,753,139
Accounts payable, accrued expenses, intangibles, and deferred revenue	1,015,334	834,898
Other liabilities	493,718	513,897
Total liabilities of discontinued operations	-	286,252
Total liabilities	<u>14,781,609</u>	14,388,186
Preferred units	67,450	67,450
Partners' deficit	<u>(2,316,311)</u>	<u>(2,197,480)</u>
Total liabilities and partners' deficit	<u>\$ 12,532,748</u>	<u>\$ 12,258,156</u>
<b>Our Share of:</b>		
Partners' deficit	\$ (663,700)	\$ (717,776)
Add: Excess Investment (A)	1,875,337	2,059,584
Add: Our Share of investment in discontinued unconsolidated entities, at equity	-	37,759
Our net Investment in unconsolidated entities, at equity	<u>\$ 1,211,637</u>	<u>\$ 1,379,567</u>

Note: The above financial presentation does not include any information related to our investment in Klepierre.  
For additional information, see footnote B attached hereto.

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

**Reconciliation of Consolidated Net Income to FFO**

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2014	2013	2014	2013
<b>Consolidated Net Income (D)</b>	\$ 475,992	\$ 449,304	\$ 1,651,526	\$ 1,551,590
<b>Adjustments to Arrive at FFO:</b>				
Depreciation and amortization from consolidated properties	289,584	324,478	1,204,624	1,273,646
Our share of depreciation and amortization from unconsolidated entities, including Klepierre	138,291	134,768	549,138	511,200
Gain upon acquisition of controlling interests and sale or disposal of assets and interests in unconsolidated entities, net	(4,066)	(7,609)	(158,550)	(107,515)
Net income attributable to noncontrolling interest holders in properties	(772)	(2,474)	(2,491)	(8,990)
Noncontrolling interests portion of depreciation and amortization	(968)	(2,391)	(3,697)	(8,986)
Preferred distributions and dividends	(1,313)	(1,313)	(5,252)	(5,252)
<b>FFO of the Operating Partnership (E)</b>	<u>\$ 896,748</u>	<u>\$ 894,763</u>	<u>\$ 3,235,298</u>	<u>\$ 3,205,693</u>
<b>Diluted net income per share to diluted FFO per share reconciliation:</b>				
<b>Diluted net income per share</b>	\$ 1.30	\$ 1.23	\$ 4.52	\$ 4.24
Depreciation and amortization from consolidated properties and our share of depreciation and amortization from unconsolidated entities, including Klepierre, net of noncontrolling interests portion of depreciation and amortization	1.18	1.26	4.82	4.91
Gain upon acquisition of controlling interests and sale or disposal				

of assets and interests in unconsolidated entities, net		(0.01)	(0.02)	(0.44)	(0.30)
<b>Diluted FFO per share (F)</b>	<b>\$</b>	<b>2.47</b>	<b>\$</b> 2.47	<b>\$</b> 8.90	<b>\$</b> 8.85

**Details for per share calculations:**

FFO of the Operating Partnership (E)	\$	896,748	\$	894,763	\$	3,235,298	\$	3,205,693
Diluted FFO allocable to unitholders		(130,309)		(128,419)		(469,479)		(460,923)
Diluted FFO allocable to common stockholders (G)	\$	766,439	\$	766,344	\$	2,765,819	\$	2,744,770
Basic and Diluted weighted average shares outstanding		310,784		310,434		310,731		310,255
Weighted average limited partnership units outstanding		52,851		52,021		52,745		52,101
Basic and Diluted weighted average shares and units outstanding		363,635		362,455		363,476		362,356
Basic and Diluted FFO per Share (F)	\$	2.47	\$	2.47	\$	8.90	\$	8.85
Percent Change		0.0%				0.6%		

**Simon Property Group, Inc. and Subsidiaries**  
*Footnotes to Unaudited Reconciliation of Non-GAAP Financial Measures*

**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 Statements of Operations do not include any operations or our share of net income or excess investment amortization related to our investment in Klepierre. Amounts included in Footnotes D below exclude our share of related activity for our investment in Klepierre. For further information, reference should be made to financial information in Klepierre's public filings and additional discussion and analysis in our Form 10-K.
- (C) This report contains measures of financial or operating performance that are not specifically defined by GAAP, including FFO, 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, outlet 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 \$1.2 million and \$2.2 million for the three months ended December 31, 2014 and 2013, respectively, \$15.6 million and \$7.6 million for the twelve months ended December 31, 2014 and 2013, respectively.
  - Straight-line adjustments to minimum rent of \$14.2 million and \$18.1 million for the three months ended December 31, 2014 and 2013, respectively (including \$0.0 million and \$0.3 million related to WPG), and \$59.1 million and \$57.8 million for the twelve months ended December 31, 2014 and 2013, respectively (including \$0.3 million and \$0.2 million related to WPG).
  - Amortization of fair market value of leases from acquisitions of \$3.7 million and \$5.8 million for the three months ended December 31, 2014 and 2013 respectively (including \$0.0 million and \$0.2 million related to WPG), and \$15.9 million and \$27.7 million for the twelve months ended December 31, 2014 and 2013, respectively (including \$0.3 million and \$1.3 million related to WPG).
  - Debt premium amortization of \$4.9 million and \$9.6 million for the three months ended December 31, 2014 and 2013, respectively (including \$0.0 million and \$0.2 million related to WPG), and \$31.5 million and \$41.9 million for the twelve months ended December 31, 2014 and 2013, respectively (including \$0.2 million and \$0.5 million related to WPG).
- (E) Includes FFO of the operating partnership and 2014 transaction expenses related to WPG of \$98.2 million for the three months ended December 31, 2013, and \$108.0 million and \$360.3 million for the twelve months ended December 31, 2014 and 2013, respectively.
- (F) Includes Basic and Diluted FFO per share related to WPG operations and 2014 transaction expenses of \$0.27 for the three months ended December 31, 2013, and \$0.30 and \$0.99 for the twelve months ended December 31, 2014 and 2013, respectively.

- (G) Includes Diluted FFO allocable to common stockholders and 2014 transaction expenses related to WPG of \$84.1 million for the three months ended December 31, 2013, and \$92.4 million and \$308.5 million for the twelve months ended December 31, 2014 and 2013, respectively.
- (H) Reconciliation of reported earnings per share to comparable earnings per share

	THREE MONTHS ENDED DECEMBER 31,		TWELVE MONTHS ENDED DECEMBER 31,	
	2014	2013	2014	2013
Reported earnings per share	\$ 1.30	\$ 1.23	\$ 4.52	\$ 4.24
Add: Loss on extinguishment of debt	-	-	0.35	-
Add: WPG spin-off transaction expenses	-	-	0.10	-
Less: Earnings per share from WPG properties	-	(0.14)	(0.18)	(0.51)
Comparable earnings per share	<u>\$ 1.30</u>	<u>\$ 1.09</u>	<u>\$ 4.79</u>	<u>\$ 3.73</u>
Comparable earnings per share growth	19.3%		28.4%	

To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/simon-property-group-reports-fourth-quarter-and-full-year-2014-results-and-raises-quarterly-dividend-300028314.html>

SOURCE Simon

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