

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 March 31, 2004

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

Delaware
(State of incorporation or organization)

001-14469
(Commission File No.)

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

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

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

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

Indicate by check mark whether Registrant is an accelerated filer (as defined by Rule 12b-2 of the Securities Exchange Act of 1934). **YES** **NO**

As of April 30, 2004 208,082,967 shares of common stock, par value \$0.0001 per share, 8,000 shares of Class B common stock, par value \$0.0001 per share, and 4,000 shares of Class C common stock, par value \$0.0001 per share of Simon Property Group, Inc. were outstanding.

SIMON PROPERTY GROUP, INC.

FORM 10-Q

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

	March 31, 2004	December 31, 2003
ASSETS:		
Investment properties, at cost	\$ 15,344,494	\$ 14,971,823
Less — accumulated depreciation	2,706,928	2,556,578
	<u>12,637,566</u>	<u>12,415,245</u>
Cash and cash equivalents	489,757	535,623
Tenant receivables and accrued revenue, net	257,466	305,200
Investment in unconsolidated entities, at equity	1,646,948	1,811,773
Deferred costs, other assets, and minority interest, net	626,870	616,880
	<u>626,870</u>	<u>616,880</u>
Total assets	\$ 15,658,607	\$ 15,684,721
LIABILITIES:		
Mortgages and other indebtedness	\$ 10,506,183	\$ 10,266,388
Accounts payable, accrued expenses, and deferred revenues	566,829	667,610
Cash distributions and losses in partnerships and joint ventures, at equity	23,238	14,412
Other liabilities, minority interest and accrued dividends	198,674	280,414
	<u>198,674</u>	<u>280,414</u>
Total liabilities	11,294,924	11,228,824
COMMITMENTS AND CONTINGENCIES (Note 8)		
LIMITED PARTNERS' INTEREST IN THE OPERATING PARTNERSHIP	828,003	859,050
LIMITED PARTNERS' PREFERRED INTEREST IN THE OPERATING PARTNERSHIP	258,220	258,220
SHAREHOLDERS' EQUITY:		
CAPITAL STOCK (750,000,000 total shares authorized, \$.0001 par value, 237,996,000 shares of excess common stock (Note 7)):		
All series of preferred stock, 100,000,000 shares authorized, 12,000,000 and 12,078,012 issued and outstanding, respectively. Liquidation values \$375,000 and \$376,950, respectively	365,652	367,483
Common stock, \$.0001 par value, 400,000,000 shares authorized, 205,642,447 and 200,876,552 issued and outstanding, respectively	21	20
Class B common stock, \$.0001 par value, 12,000,000 shares authorized, 8,000 and 3,200,000 issued and outstanding, respectively	—	1
Class C common stock, \$.0001 par value, 4,000 shares authorized, issued and outstanding	—	—
Capital in excess of par value	4,160,063	4,121,332
Accumulated deficit	(1,180,654)	(1,097,317)
Accumulated other comprehensive income	16,240	12,586
Unamortized restricted stock award	(31,344)	(12,960)
Common stock held in treasury at cost, 2,098,555 shares	(52,518)	(52,518)
	<u>(52,518)</u>	<u>(52,518)</u>
Total shareholders' equity	3,277,460	3,338,627
	<u>3,277,460</u>	<u>3,338,627</u>
	\$ 15,658,607	\$ 15,684,721
	<u>\$ 15,658,607</u>	<u>\$ 15,684,721</u>

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 March 31,	
	2004	2003
REVENUE:		
Minimum rent	\$ 355,609	\$ 327,416
Overage rent	9,509	8,036
Tenant reimbursements	174,063	159,613
Management fees and other revenues	17,913	18,826
Other income	27,219	20,972
Total revenue	584,313	534,863
EXPENSES:		
Property operating	85,123	77,670
Depreciation and amortization	138,385	120,947
Real estate taxes	60,386	51,802
Repairs and maintenance	22,477	22,301
Advertising and promotion	12,635	11,458
Provision for credit losses	3,415	4,363
Home and regional office costs	20,965	18,753
General and administrative	3,564	3,044
Other	8,893	5,954
Total operating expenses	355,843	316,292
OPERATING INCOME	228,470	218,571
Interest expense	153,386	151,197
Income before minority interest	75,084	67,374
Minority interest	(861)	(1,833)
(Loss) gain on sales of assets and other, net	(13,500)	23
Income tax expense of taxable REIT subsidiaries	(2,010)	(1,963)
Income before unconsolidated entities	58,713	63,601
Income from unconsolidated entities	17,072	21,380
Income from continuing operations	75,785	84,981
Results of operations from discontinued operations	(209)	3,085
Gain on disposal or sale of discontinued operations, net	91	4,252
Income before allocation to limited partners	75,667	92,318
LESS:		
Limited partners' interest in the Operating Partnership	14,575	18,661
Preferred distributions of the Operating Partnership	4,905	2,835
NET INCOME	56,187	70,822
Preferred dividends	(7,836)	(15,682)
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$ 48,351	\$ 55,140
BASIC EARNINGS PER COMMON SHARE:		
Income from continuing operations	\$ 0.24	\$ 0.26
Discontinued operations	—	0.03
Net income	\$ 0.24	\$ 0.29
DILUTED EARNINGS PER COMMON SHARE:		
Income from continuing operations	\$ 0.24	\$ 0.26
Discontinued operations	—	0.03
Net income	\$ 0.24	\$ 0.29
Net Income	\$ 56,187	\$ 70,822
Unrealized gain (loss) on interest rate hedge agreements	726	15,544

Net (income) loss on derivative instruments reclassified from accumulated other comprehensive income (loss) into interest expense	(1,305)	(1,420)
Currency translation adjustment	4,049	(47)
Other	184	686
	<u> </u>	<u> </u>
Comprehensive Income	\$ 59,841	\$ 85,585
	<u> </u>	<u> </u>

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 Three Months Ended March 31,	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 56,187	\$ 70,822
Adjustments to reconcile net income to net cash provided by operating activities —		
Depreciation and amortization	141,191	126,847
Loss (gain) on sales of assets and other, net	13,500	(23)
Gain on disposal or sale of discontinued operations, net	(91)	(4,252)
Limited partners' interest in the Operating Partnership	14,575	18,661
Preferred distributions of the Operating Partnership	4,905	2,835
Straight-line rent	(1,517)	(1,081)
Minority interest	861	1,833
Minority interest distributions	(2,963)	(1,318)
Equity in income of unconsolidated entities	(17,072)	(21,380)
Distributions of income from unconsolidated entities	18,870	15,374
Changes in assets and liabilities —		
Tenant receivables and accrued revenue	50,564	67,806
Deferred costs and other assets	(25,498)	(36,235)
Accounts payable, accrued expenses, deferred revenues and other liabilities	(168,344)	(181,859)
	85,168	58,030
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions	(95,946)	(174,394)
Capital expenditures, net	(102,700)	(60,439)
Cash from consolidation of joint ventures and the Mangement Company	2,507	48,910
Net proceeds from sale of assets, partnership interests, and discontinued operations	—	31,785
Investments in unconsolidated entities	(18,727)	(19,951)
Distributions of capital from unconsolidated entities and other	64,643	24,207
	(150,223)	(149,882)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sales of common and preferred stock	3,813	830
Repurchase of preferred stock and limited partner units	(2,064)	—
Preferred distributions of the Operating Partnership	(4,905)	(2,835)
Preferred dividends and distributions to shareholders	(139,967)	(127,242)
Distributions to limited partners	(39,384)	(38,239)
Mortgage and other indebtedness proceeds, net of transaction costs	1,348,286	778,776
Mortgage and other indebtedness principal payments	(1,146,590)	(509,626)
	19,189	101,664
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(45,866)	9,812
CASH AND CASH EQUIVALENTS, beginning of period	535,623	397,129
CASH AND CASH EQUIVALENTS, end of period	\$ 489,757	\$ 406,941

The accompanying notes are an integral part of these statements.

Condensed Notes to Unaudited Financial Statements

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

1. Organization

Simon Property Group, Inc. ("Simon Property") is a Delaware corporation that operates as a self-administered and self-managed real estate investment trust ("REIT"). Simon Property Group, L.P. (the "Operating Partnership") is a majority-owned partnership subsidiary of Simon Property that owns all but one of our real estate properties. In these notes to unaudited financial statements, the terms "we", "us" and "our" refer to Simon Property, the Operating Partnership, and their subsidiaries.

We are engaged primarily in the ownership, operation, leasing, management, acquisition, expansion and development of real estate properties. Our real estate properties consist primarily of regional malls and community shopping centers. As of March 31, 2004, we owned or held an interest in 247 income-producing properties in North America, which consisted of 175 regional malls, 68 community shopping centers, and four office and mixed-use properties in 37 states and Canada (collectively, the "Properties", and individually, a "Property"). Mixed-use properties are properties that include a combination of retail, office, and/or hotel components. We also own interests in three parcels of land held for future development (together with the Properties, the "Portfolio"). In addition, we have ownership interests in 48 shopping centers in Europe (France, Italy, Poland and Portugal).

M.S. Management Associates, Inc. (the "Management Company") is a wholly-owned subsidiary that provides leasing, management, and development services to most of the Properties. In addition, insurance subsidiaries of the Management Company insure the self-insured retention portion of our general liability program and the deductible associated with our workers' compensation programs. In addition, they provide reinsurance for the primary layer of general liability coverage to our third party maintenance providers while performing services under contract with us. Third party providers provide coverage above the insurance subsidiaries' limits.

2. Basis of Presentation

The accompanying financial statements are unaudited. However, we prepared the accompanying financial statements in accordance with accounting principles generally accepted in the United States for interim financial information, the rules and regulations of the Securities and Exchange Commission, and the accounting policies described in our financial statements for the year ended December 31, 2003 as filed with the Securities and Exchange Commission. They do not include all of the disclosures required by accounting principles generally accepted in the United States for complete financial statements.

The accompanying unaudited financial statements of Simon Property include Simon Property and its subsidiaries. In our opinion, all adjustments necessary for fair presentation, consisting of only normal recurring adjustments, have been included. We eliminated all significant intercompany amounts. The results for the interim period ended March 31, 2004 are not necessarily indicative of the results to be obtained for the full fiscal year.

As of March 31, 2004, of our 247 Properties we consolidated 156 wholly-owned Properties and 17 less-than-wholly-owned Properties which we control or which we consolidated in accordance with FIN 46 (see Note 10), and we accounted for 74 Properties using the equity method. We manage the day-to-day operations of 63 of the 74 equity method Properties. We account for our interests in our two European joint ventures that hold the 48 shopping centers in Europe using the equity method.

We allocate net operating results of the Operating Partnership after preferred distributions based on the partners' respective weighted average ownership interests and after preferred distributions of the Operating Partnership and preferred dividends. Our weighted average ownership interest in the Operating Partnership was as follows:

<i>For the Three Months Ended March 31,</i>	
<i>2004</i>	<i>2003</i>
<i>76.8%</i>	<i>74.8%</i>

Simon Property's ownership interest in the Operating Partnership as of March 31, 2004 was 77.2% and at December 31, 2003 was 76.8%. We adjust the limited partners' interest in the Operating Partnership at the end of each period to reflect their interest in the Operating Partnership.

Preferred distributions of the Operating Partnership in the accompanying statements of operations and cash flows represent distributions on outstanding preferred units.

The statements of operations and comprehensive income for the period ended March 31, 2003 have been reclassified to reflect the disposition of 13 properties sold during 2003.

3. Per Share Data

We determine basic earnings per share based on the weighted average number of shares of common stock outstanding during the period. We determine diluted earnings per share based on the weighted average number of shares of common stock outstanding combined with the incremental weighted average shares that would have been outstanding assuming all dilutive potential common shares were converted into shares at the earliest date possible. The following table sets forth the computation of our basic and diluted earnings per share. The effect of dilutive securities amounts presented in the reconciliation below represents the common shareholders' pro rata share of the respective line items in the statements of operations and is after considering the effect of preferred dividends.

	<i>For The Three Months Ended March 31,</i>	
	<i>2004</i>	<i>2003</i>
Common Shareholders' share of:		
Income from continuing operations	\$48,442	\$49,651
Discontinued operations	(91)	5,489
Net Income available to Common Shareholders — Basic	\$48,351	\$55,140
Effect of dilutive securities:		
Impact to General Partner's interest in Operating Partnership from all dilutive securities and options	53	50
Net Income available to Common Shareholders — Diluted	\$48,404	\$55,190
Weighted Average Shares Outstanding — Basic	202,249,926	187,070,456
Effect of stock options	964,418	674,369
Weighted Average Shares Outstanding — Diluted	203,214,344	187,744,825

For the period ending March 31, 2004, potentially dilutive securities include certain preferred units of limited partnership interest of the Operating Partnership and the units of limited partnership interest ("Units") in the Operating Partnership which are exchangeable for common stock. These did not have a dilutive impact on earnings per share.

4. Cash and Cash Flow Information

Our balance of cash and cash equivalents as of March 31, 2004 included \$100.9 million and as of December 31, 2003 included \$175.0 million related to our gift card and certificate programs, which we do not consider available for general working capital purposes.

5. Investment in Unconsolidated Entities

Real Estate Joint Ventures

Joint ventures are common in the real estate industry. We use joint ventures to finance properties and diversify our risk in a particular property or trade area. We also use joint ventures in the development of new properties. We held joint venture ownership interests in 74 Properties as of March 31, 2004 and 76 as of December 31, 2003. Two joint venture properties previously accounted for under the equity method were consolidated upon adoption of FIN 46 (see Note 10). We also held joint venture interests in 48 European shopping centers as of March 31, 2004 and 47 as of December 31, 2003. Since we do not fully control these joint venture Properties, accounting principles generally accepted in the United States currently require that we account for these Properties on the equity method. See Note 10 for discussion on the impact of new accounting pronouncements on consolidation principles. Substantially all of our joint venture Properties are subject to rights of first refusal, buy-sell provisions, or other sale rights for partners which

are customary in real estate partnership agreements and the industry. Our partners in these joint ventures may initiate these provisions at any time, which will result in either the sale of or the use of available cash or borrowings to acquire the partnership interest.

Summary financial information of the joint ventures and a summary of our investment in and share of income from such joint ventures follows. This information includes Mall of America (see Note 8). We condensed into separate line items major captions of the statements of operations for joint venture interests sold or consolidated. Consolidation occurs when we acquire an additional interest in the joint venture and as a result, gain unilateral control of the Property. We reclassified these line items into "Discontinued Joint Venture Interests", so that we may present results of operations for those joint venture interests held as of March 31, 2004.

	<i>March 31, 2004</i>	<i>December 31, 2003</i>
	<hr/>	<hr/>
BALANCE SHEETS		
Assets:		
Investment properties, at cost	\$10,189,277	\$10,239,929
Less — accumulated depreciation	1,821,259	1,798,564
	<hr/>	<hr/>
	8,368,018	8,441,365
Cash and cash equivalents	277,860	308,781
Tenant receivables	225,235	262,893
Investment in unconsolidated entities	106,195	94,853
Deferred costs and other assets	209,205	227,485
	<hr/>	<hr/>
Total assets	\$9,186,513	\$9,335,377
	<hr/>	<hr/>
Liabilities and Partners' Equity:		
Mortgages and other indebtedness	\$6,710,823	\$6,643,052
Accounts payable, accrued expenses, and deferred revenue	293,840	310,190
Other liabilities	34,601	74,206
	<hr/>	<hr/>
Total liabilities	7,039,264	7,027,448
Preferred Units	152,450	152,450
Partners' equity	1,994,799	2,155,479
	<hr/>	<hr/>
Total liabilities and partners' equity	\$9,186,513	\$9,335,377
	<hr/>	<hr/>
Our Share of:		
Total assets	\$3,771,388	\$3,861,497
	<hr/>	<hr/>
Partners' equity	861,399	\$885,149
Add: Excess Investment, net	762,311	912,212
	<hr/>	<hr/>
Our net Investment in Joint Ventures	\$1,623,710	\$1,797,361
	<hr/>	<hr/>
Mortgages and other indebtedness	\$2,764,981	\$2,739,630
	<hr/>	<hr/>

"Excess Investment" represents the unamortized difference of our investment over our share of the equity in the underlying net asset of the joint ventures acquired. We amortize excess investment over the life of the related Properties, typically 35 years, and the amortization is included in income from unconsolidated entities.

STATEMENTS OF OPERATIONS	<i>For the Three Months Ended March 31,</i>	
	<i>2004</i>	<i>2003</i>
Revenue:		
Minimum rent	\$ 258,653	\$ 206,026
Overage rent	5,757	5,264
Tenant reimbursements	133,341	106,040
Other income	40,780	30,430
Total revenue	438,531	347,760
Operating Expenses:		
Property operating	94,036	57,885
Depreciation and amortization	80,784	60,940
Real estate taxes	39,347	35,436
Repairs and maintenance	19,855	18,667
Advertising and promotion	10,399	8,146
Provision for credit losses	2,609	2,752
Other	22,760	17,152
Total operating expenses	269,790	200,978
Operating Income	168,741	146,782
Interest Expense	111,791	86,205
Income Before Minority Interest and Unconsolidated Entities	56,950	60,577
Income from unconsolidated entities	(689)	2,294
Minority interest	0	(92)
Income From Continuing Operations	56,261	62,779
Income from Discontinued Joint Venture Interests	0	3,386
Net Income	\$56,261	\$66,165
Third-Party Investors' Share of Net Income	\$33,020	\$39,323
Our Share of Net Income	\$23,241	\$26,842
Amortization of Excess Investment	6,169	5,462
Income from Unconsolidated Entities	\$17,072	\$21,380

6. Debt

On January 15, 2004, we paid off \$150.0 million of 6.75% unsecured notes that matured on that date with borrowings from our Credit Facility. On February 9, 2004, we paid off \$300.0 million of 6.75% unsecured notes that matured on that date with borrowings from our Credit Facility.

On January 20, 2004, we issued two tranches of senior unsecured notes to institutional investors pursuant to Rule 144A totaling \$500.0 million at a weighted average fixed interest rate of 4.21%. The first tranche is \$300.0 million at a fixed interest rate of 3.75% due January 30, 2009 and the second tranche is \$200.0 million at a fixed interest rate of 4.90% due January 30, 2014. We received net proceeds of \$383.4 million and we exchanged our \$113.1 million Floating Rate Mandatory Extension Notes ("MAXES") with the holder. The MAXES were due November 15, 2014 and bore interest at LIBOR plus 80 basis points. The exchange of the MAXES for the notes instruments did not result in a significant modification of the terms in the debt arrangement. We used \$277.0 million of the net proceeds to reduce borrowings on our \$1.25 billion unsecured credit facility (the "Credit Facility"), to unencumber one Property, and the remaining portion was used for general working capital purposes. On April 9, 2004, we filed a registration statement under the Securities Act of 1933 registering notes to be exchanged for the Rule 144A notes. The exchange notes and the Rule 144A notes have the same economic terms and conditions.

Concurrently with the pricing of the notes, we entered into a five-year variable rate \$300.0 million notional amount swap agreement to effectively convert the \$300.0 million tranche to floating rate debt at an effective rate of

six-month LIBOR. We completed this swap agreement, as our amount of variable rate indebtedness as a percent of our total outstanding was lower than our desired range.

On January 22, 2004, we paid off a \$60.0 million variable rate mortgage, at LIBOR plus 125 basis points, that encumbered one consolidated Property with proceeds from the senior unsecured notes mentioned above. In addition, we refinanced another consolidated mortgaged Property with a \$32.0 million 6.05% fixed rate mortgage that matures on February 11, 2014. The balance of the previous mortgage was \$34.7 million at a variable rate of LIBOR plus 250 basis points and was scheduled to mature on April 1, 2004.

On February 26, 2004, we obtained a \$250.0 million unsecured term loan with an initial maturity date of April 1, 2005. The maturity date may be extended, at our option, for two, one-year extension periods. The unsecured term loan bears interest at LIBOR plus 65 basis points. The proceeds from this financing were used to pay off our \$65.0 million unsecured term loan that matured on March 15, 2004 and our \$150 million unsecured term loan that matured on February 28, 2004. The remaining proceeds were used for general working capital purposes. The \$65.0 million unsecured term loan bore interest at LIBOR plus 80 basis points and the \$150.0 million unsecured term loan bore interest at LIBOR plus 65 basis points.

On March 31, 2004, we secured an \$86.0 million variable rate mortgage, at LIBOR plus 95 basis points, that encumbers Gateway Shopping Center that was acquired on February 5, 2004 (see Note 9). The mortgage has an original maturity date of March 31, 2005 with three, one-year, extensions available at our option.

7. Shareholders' Equity

On March 1, 2004, Simon Property and Melvin Simon, Herbert Simon, David Simon and certain of their affiliates (the "Simons") completed a restructuring transaction for estate and succession planning purposes in which Melvin Simon & Associates, Inc. ("MSA") exchanged 3,192,000 Class B common shares for an equal number of shares of common stock in accordance with our Charter. Those shares continue to be owned by MSA and remain subject to a voting trust under which the Simons are the sole voting trustees. MSA exchanged the remaining 8,000 Class B common shares with David Simon for 8,000 shares of common stock and David Simon's agreement to create a new voting trust under which the Simons as voting trustees, hold and vote the remaining 8,000 shares of Class B common stock acquired by David Simon. As a result, these voting trustees have the authority to elect four of the members of the Board of Directors contingent on the Simons maintaining specified levels of equity ownership in Simon Property, the Operating Partnership and their subsidiaries.

On March 5, 2004, 380,700 shares of restricted stock were awarded under The Simon Property Group 1998 Stock Incentive Plan at a value of \$56.29 per share. The fair market value of the restricted stock awarded has been deferred and is being amortized over the four year vesting period.

On March 25, 2004, one of the limited partners exchanged a total of 1,021,822 units of the Operating Partnership for 1,021,822 shares of common stock.

We issued 171,313 shares of common stock related to employee stock options exercised during the first three months of 2004. We used the net proceeds from the option exercises of approximately \$4.4 million for general working capital purposes.

8. Commitments and Contingencies

Litigation

Triple Five of Minnesota, Inc., a Minnesota corporation, v. Melvin Simon, et. al. On or about November 9, 1999, Triple Five of Minnesota, Inc. commenced an action in the District Court for the State of Minnesota, Fourth Judicial District, against, among others, Mall of America, certain members of the Simon family and entities allegedly controlled by such individuals, and us. The action was later removed to federal court. Two transactions form the basis of the complaint: (i) the sale by Teachers Insurance and Annuity Association of America of one-half of its partnership interest in Mall of America Company and Minntertainment Company to the Operating Partnership and related entities; and (ii) a financing transaction involving a loan in the amount of \$312.0 million obtained from The Chase Manhattan Bank that is secured by a mortgage placed on Mall of America's assets. The complaint, which contains twelve counts, seeks remedies of unspecified damages, rescission, constructive trust, accounting, and specific performance. Although the complaint names all defendants in several counts, we are specifically identified as a

defendant in connection with the sale by Teachers. On August 12, 2002, the court granted in part and denied in part motions for partial summary judgment filed by the parties.

Trial on all of the equitable claims in this matter began June 2, 2003. On September 10, 2003, the court issued its decision in a Memorandum and Order (the "Order"). In the Order, the court found that certain entities and individuals, breached their fiduciary duties to Triple Five. The court did not award Triple Five damages but instead awarded Triple Five equitable and other relief and imposed a constructive trust on that portion of the Mall of America owned by us. Specifically, as it relates to us, the court ordered that Triple Five was entitled to purchase from us the one-half partnership interest that we purchased from Teachers in October 1999, provided Triple Five remits to us the sum of \$81.38 million within nine months of the Order. The court further held that we must disgorge all "net profits" that we received as a result of our ownership interest in the Mall from October 1999 to the present. The court appointed a Special Master to, among other things, calculate "net profits," and, on May 3, 2004, the Special Master issued a memorandum order regarding "net profits."

We disagree with many aspects of the Order and have appealed the Order to the United States Court of Appeals for the Eighth Circuit. We are also seeking a stay of the Order pending appeal. Although the district court has denied our motion for a stay, we will be filing a motion in the Eighth Circuit to stay pertinent provisions of the Order pending appeal. We also disagree with many aspects of the Special Master's May 3, 2004 memorandum and will appeal those findings. It is not possible to provide an assurance of the ultimate outcome of the litigation.

As a result of the Order, we initially recorded a \$6.0 million loss in 2003. In 2004, as a result of the May 3, 2004 memorandum issued by the Special Master, we recorded an additional loss of \$13.5 million that is included in "(Loss) gain on sales of assets and other, net" in the accompanying statements of operations and comprehensive income. We have ceased recording any contribution to either net income or Funds from Operations ("FFO") from the results of operations of Mall of America since September 1, 2003.

We are currently not subject to any other material litigation other than routine litigation, claims and administrative proceedings arising in the ordinary course of business. We believe that such routine litigation, claims and administrative proceedings will not have a material adverse impact on our financial position or our results of operations.

Guarantee of Indebtedness

Joint venture debt is the liability of the joint venture, is typically secured by the joint venture Property, and is non-recourse to us. As of March 31, 2004, we have guaranteed or have provided letters of credit to support \$81.3 million of our total \$2.8 billion share of joint venture mortgage and other indebtedness in the event the joint venture partnership defaults under the terms of the mortgage or other indebtedness. In April 2004, we were released from our guarantee of \$17.1 million as the result of a refinancing of a mortgage of one joint venture property. The mortgages and other indebtedness guaranteed are secured by the property of the joint venture partnership which could be sold in order to satisfy the outstanding obligation.

9. Real Estate Acquisitions and Dispositions

On February 5, 2004, we purchased a 95% interest in Gateway Shopping Center in Austin, Texas, for approximately \$107.0 million. We funded this transaction with borrowings on our Credit Facility and with the issuance of 120,671 units of the Operating Partnership valued at approximately \$6.0 million. The purchase accounting for this acquisition is still preliminary.

On April 27, 2004, we increased our ownership in Bangor Mall in Bangor, Maine from 32.6% to 67.6% and increased our ownership in Montgomery Mall in Montgomery, Pennsylvania from 23.1% to 54.4%. We acquired these additional ownership interests from our partner in the properties for approximately \$67 million.

On May 4, 2004, we acquired Plaza Carolina in San Juan, Puerto Rico for approximately \$309 million.

10. New Accounting Pronouncements

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51" ("FIN 46"). FIN 46 requires the consolidation of entities that meet the definition of a variable interest entity in which an enterprise absorbs the majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or

other financial interests in the entity. Our joint venture interests in variable interest entities consist of real estate assets and are for the purpose of owning, operating and/or developing real estate. Our property partnerships rely primarily on financing from third party lenders, which is secured by first liens on the Property of the partnership and partner equity. Our maximum exposure to loss as a result of our involvement in these partnerships is represented by the carrying amount of our investments in unconsolidated entities as disclosed on the accompanying balance sheets plus our guarantees of joint venture debt as disclosed in Note 8.

We adopted FIN 46 on January 1, 2004 for variable interest entities that existed prior to February 1, 2003 and as a result we have consolidated two joint venture properties consisting of two regional malls. The aggregate carrying amount of the investment property for these properties was approximately \$166.0 million as of March 31, 2004.

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

You should read the following discussion in conjunction with the financial statements and notes thereto that are included in this quarterly report on Form 10-Q. Certain statements made in this section or elsewhere in this report may be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be attained, and it is possible that our actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties. Those risks and uncertainties incidental to the ownership and operation of commercial real estate include, but are not limited to: national, international, regional and local economic climates, competitive market forces, changes in market rental rates, trends in the retail industry, the inability to collect rent due to the bankruptcy or insolvency of tenants or otherwise, risks associated with acquisitions, the impact of terrorist activities, environmental liabilities, maintenance of REIT status, the availability of financing, and changes in market rates of interest and fluctuations in exchange rates of foreign currencies. We undertake no duty or obligation to update or revise these forward-looking statements, whether as a result of new information, future developments, or otherwise.

Overview

Simon Property Group, Inc. ("Simon Property") is a Delaware corporation that operates as a self-administered and self-managed real estate investment trust ("REIT"). A REIT is a company that owns and, in most cases, operates income-producing real estate such as regional malls, community shopping centers, offices, apartments, and hotels. To qualify as a REIT, a company must distribute at least 90 percent of its taxable income to its shareholders annually. Taxes are paid by shareholders on the dividends received and any capital gains. Most states also follow this federal treatment and do not require REITs to pay state income tax. Simon Property Group, L.P. (the "Operating Partnership") is a majority-owned partnership subsidiary of Simon Property that owns all but one of our real estate properties. In this discussion, the terms "we", "us" and "our" refer to Simon Property, the Operating Partnership, and their subsidiaries.

We are engaged primarily in the ownership, operation, leasing, management, acquisition, expansion and development of real estate properties. Our real estate properties consist primarily of regional malls and community shopping centers. As of March 31, 2004, we owned or held an interest in 247 income-producing properties in North America, which consisted of 175 regional malls, 68 community shopping centers, and four office and mixed-use properties in 37 states and Canada (collectively, the "Properties", and individually, a "Property"). Mixed-use properties are properties that include a combination of retail space, office space, and/or hotel components. We also own interests in three parcels of land held for future development (together with the Properties, the "Portfolio"). In addition, we have ownership interests in 48 shopping centers in Europe (France, Italy, Poland and Portugal).

Operating Philosophy

We seek growth in our earnings, funds from operations ("FFO"), and cash flow through:

- focusing on our core business of regional malls
- acquiring high quality individual properties or portfolios of properties, focusing on quality retail real estate. As part of our acquisition strategy, we review and evaluate a limited number of acquisition opportunities.
- pursuing high quality new developments as well as strategic expansion and renovation activity to enhance existing assets' profitability and market share when we believe the investment of our capital meets our risk-reward criteria. We seek to selectively develop new properties in major metropolitan areas that exhibit strong population and economic growth.
- developing new revenue streams by capitalizing on the number of shopping visits in our malls and the size and tenant relationships. This includes Simon Brand Ventures' ("Simon Brand") mall marketing initiatives, including the sale of gift cards, and consumer focused strategic corporate alliances that Simon Brand enters into with third parties. Through Simon Business Network ("Simon Business"), we offer property operating services to our tenants and others resulting from Simon Brand's relationships with vendors.
- international expansion through the acquisition of existing properties and utilization of the net cash flow from the existing properties to fund new development projects overseas.

We derive our liquidity primarily from our leases that generate positive net cash flow from operations and distributions from unconsolidated entities that totaled \$149.8 million during the first quarter of 2004. In addition, we generate the majority of our revenues from leases with retail tenants including:

- Base minimum rents, cart and kiosk rentals,
- Overage and percentage rents based on tenants' sales volume, and
- Recoveries of substantially all of our recoverable expenditures, which consist of property operating, real estate tax, repairs and maintenance, and advertising and promotional expenditures.

Revenues of M.S. Management Associates, Inc. (the "Management Company"), after intercompany eliminations, consist primarily of management, leasing and development fees that are typically based upon the size and revenues of the joint venture property being managed. Finally, we also generate revenues from outlot land sales.

Results overview

Our core business fundamentals remained healthy during the first quarter of 2004. Regional mall comparable sales per square foot ("psf") strengthened during the first quarter of 2004, increasing 5.5% to \$411 psf from \$390 psf the same period in 2003, as the overall economy begins to show signs of recovery and as a result of our ongoing dispositions of lower quality Properties. Our regional mall average base rents increased 4.7% to \$32.75 psf as of March 31, 2004 from \$31.28 psf as of March 31, 2003. Our regional mall leasing spreads were \$6.28 psf as of March 31, 2004 compared to \$12.26 psf as of March 31, 2003. The regional mall leasing spread as of March 31, 2004 includes new store leases signed at an average of \$38.64 psf initial base rents as compared to \$32.36 psf for store leases terminating or expiring in the same period. Our same store leasing spread as of March 31, 2004 was \$5.27 or a 13.9% growth rate and is calculated by comparing leasing activity completed in 2004 with the prior tenants rents for those exact same spaces. Finally, our regional mall occupancy was down by 60 basis points to 91.1% as of March 31, 2004 from 91.7% as of March 31, 2003 primarily due to retailer bankruptcy-related closings during the fourth quarter of 2003 and the first quarter 2004. We expect to retenant the majority of these spaces lost to bankruptcy during the remaining months of 2004.

During the first quarter of 2004, we purchased a 95% interest in Gateway Shopping Center in Austin, Texas. In addition, we lowered our overall borrowing rates by 20 basis points during the first quarter of 2004 as a result of our financing activities related to indebtedness. Our financing activities were highlighted by the following significant transactions:

- We issued \$500.0 million of unsecured notes on January 20, 2004 at a weighted average fixed interest rate of 4.21% and weighted average term of 7.0 years. We received net proceeds of \$383.4 million and we exchanged our \$113.1 million Floating Rate Mandatory Extension Notes ("MAXES") with the holder. We used \$277.0 million of the net proceeds to reduce borrowings on our Credit Facility.
- We paid off a total of \$450.0 million of unsecured notes that matured during the quarter that had a weighted average interest rate of 6.75% with borrowings on our Credit Facility.

Portfolio Data

The Portfolio data discussed in this overview includes the following key operating statistics: occupancy; average base rent per square foot; and comparable sales per square foot. We include acquired Properties in this data beginning in the year of acquisition and we do not include any Properties located outside of North America. The following table sets forth these key operating statistics for:

- Properties that we consolidate in our consolidated financial statements,
- Properties that we account for under the equity method as unconsolidated joint ventures, and
- the foregoing two categories of Properties on a total Portfolio basis.

We believe the total Portfolio data provides you with information helpful in evaluating not only the quality and growth potential of the Portfolio, but also the effectiveness of our management.

	<u>March 31,</u> <u>2004</u>	<u>% Change</u>	<u>March 31,</u> <u>2003</u>	<u>% Change</u>
Regional Malls				
Occupancy				
Consolidated	90.6%		91.2%	
Unconsolidated	91.8%		92.6%	
Total Portfolio	91.1%		91.7%	
Average Base Rent per Square Foot				
Consolidated	\$31.82	5.1%	\$30.29	6.1%
Unconsolidated	\$34.20	3.8%	\$32.96	5.5%
Total Portfolio	\$32.75	4.7%	\$31.28	6.0%
Comparable Sales Per Square Foot				
Consolidated	\$ 397	6.1%	\$ 374	2.4%
Unconsolidated	\$ 437	3.7%	\$ 421	0.8%
Total Portfolio	\$ 411	5.5%	\$ 390	1.9%

Occupancy Levels and Average Base Rents. Occupancy and average base rent is based on mall and freestanding GLA owned by us ("Owned GLA") at mall and freestanding stores in the regional malls and all tenants at community shopping centers. We believe the continued stability in regional mall occupancy is primarily the result of the overall quality of our Portfolio. The result of the stability in occupancy is a direct or indirect increase in nearly every category of revenue. Our portfolio has maintained high levels of occupancy and increased average base rents in various economic climates.

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

Results of Operations

The following acquisitions, dispositions, and openings affected our consolidated results from continuing operations in the comparative periods:

- On August 20, 2003, we acquired a 100% interest in Stanford Shopping Center for \$333.0 million.
- In the fourth quarter of 2003, we increased our ownership in Kravco for \$293.4 million, which resulted in the consolidation of four Properties.
- On February 5, 2004, we acquired Gateway Shopping Center for \$107.0 million.

The following acquisitions, dispositions, and openings affected our income from unconsolidated entities in the comparative periods:

- The Kravco transactions increased our ownership percentages in the joint venture properties involved offset by the four Kravco Properties consolidated as noted above.
- On August 4, 2003, we and our joint venture partner completed construction and opened Las Vegas Premium Outlets.
- On December 22, 2003, we acquired an interest in Galleria Commerciali Italia.

In addition, as a result of the adoption of Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51" ("FIN 46") on January 1, 2004, we consolidated the operations of two properties, which were accounted for under the equity method in 2003. For the purposes of the following comparison between the three months ended March 31, 2004 and March 31, 2003, the above transactions, including the impact of the adoption of FIN 46, are referred to as the Property Transactions. In the following discussions of our results of operations, "comparable" refers to Properties open and operating throughout both the current and prior periods.

Our discontinued operations resulted from the sale of the following Properties in 2003 (date of sale):

- Richmond Square, Mounds Mall, Mounds Mall Cinema and Memorial Mall on January 9, 2003
- Forest Village Park Mall on April 29, 2003
- North Riverside Park Plaza on May 8, 2003
- Memorial Plaza on May 21, 2003
- Fox River Plaza on May 22, 2003

- Eastern Hills Mall on July 1, 2003
- New Orleans Center on October 1, 2003
- Mainland Crossing on October 28, 2003
- SouthPark Mall on November 3, 2003
- Bergen Mall on December 12, 2003

In addition to the Property Transactions, on March 14, 2003, we purchased the remaining ownership interest in Forum Shops for \$174.0 million in cash and assumed the minority interest partner's \$74.2 million share of debt that impacted our minority interest expense, depreciation expense, and interest expense.

Three Months Ended March 31, 2004 vs. Three Months Ended March 31, 2003

Minimum rents, excluding rents from our consolidated Simon Brand and Simon Business initiatives, increased \$25.4 million during the period. The net effect of the Property Transactions increased minimum rents \$15.7 million and the purchase accounting estimation of the fair market value of in-place leases as part of our acquisitions, increased rents by \$3.6 million. Comparable rents increased \$6.1 million. This was primarily due to the leasing of space at higher rents that resulted in an increase in base rents of \$4.6 million. In addition, rents from carts, kiosks, and renting unoccupied in-line space increased comparable rents from temporary tenant income by \$1.8 million. Overage rents increased \$1.5 million reflecting strengthening retail sales.

Management fees and other revenues decreased \$0.9 million due to lower leasing, construction and development fees due to decreased joint venture development and related activities. Total other income, excluding consolidated Simon Brand and Simon Business initiatives, was flat during the comparative period.

Consolidated revenues from Simon Brand and Simon Business initiatives increased \$8.5 million to \$25.9 million from \$17.4 million. The increase in revenues is primarily due to:

- increased revenue from our gift card program,
- increased rents and fees from service providers,
- increased advertising rentals, and
- increased event and sponsorship income.

The increased revenues from Simon Brand and Simon Business were offset by a \$2.0 million increase in Simon Brand expenses that primarily resulted from increased gift card and other operating expenses included in property operating expenses.

Tenant reimbursements increased \$14.5 million of which the Property Transactions accounted for \$8.6 million. The remaining increase was primarily due to increases in comparable recoverable expenditures resulting primarily from higher real estate tax refunds in 2003 than in 2004. Depreciation and amortization expenses increased \$17.4 million primarily due to the net effect of the Property Transactions and the Forum Shops acquisition. Other expenses increased \$2.9 million primarily due to ground rent expense of \$1.3 million due to the acquisition of Stanford Shopping Center.

Interest expense increased \$2.2 million. Our average borrowings increased as a result of the impact of the unsecured note offering in January of 2004, and financing of acquisition activities in 2003 and 2004. This increase was offset by an overall decrease in weighted average interest rates as a result of refinancing activity and an increase in capitalized interest due to increased development, renovation and expansion activity. Minority interest expense decreased \$1.0 million due to the purchase of the remaining partnership interest in Forum Shops.

The loss on sale of assets in 2004 of \$13.5 million reflects our estimate of the financial impact to us from complying with the May 3, 2004 memorandum issued by the Special Master related to Mall of America litigation (see Note 8).

Income from unconsolidated entities decreased \$4.3 million in 2004 as compared to 2003 resulting from:

- our consolidation of two Properties upon our adoption of FIN 46,
- we ceased recording any net income contribution from Mall of America (see Note 8),
- our decrease in our share of outlot land sales, and
- offset by the opening of Las Vegas Premium Outlets

Preferred dividend expense decreased \$7.8 million due to the conversion of shares of 6.5% Series B Preferred Stock into common stock in the fourth quarter of 2003. Finally, preferred distributions of the Operating Partnership increased due to the issuance of preferred units in connection with the Kravco acquisition.

Liquidity and Capital Resources

Our balance of cash and cash equivalents decreased \$45.9 million to \$489.8 million as of March 31, 2004, including a balance of \$100.9 million related to our gift card and certificate programs, which we do not consider available for general working capital purposes.

On March 31, 2004, the Credit Facility had available borrowing capacity of \$715.9 million net of outstanding borrowings of \$510.0 million and letters of credit of \$24.1 million. The Credit Facility bears interest at LIBOR plus 65 basis points with an additional 15 basis point facility fee on the entire \$1.25 billion facility and provides for variable grid pricing based upon our corporate credit rating. The Credit Facility has an initial maturity date of April 2005, with an additional one-year extension available at our option. In addition, our Credit Facility has a \$100 million EURO sub-tranche that provides availability to borrow Euros at EURIBOR plus 65 basis points and/or dollars at LIBOR plus 65 basis points, at our option, and has the same maturity date as the overall Credit Facility. The amount available under the \$100 million EURO sub-tranche will vary with changes in the exchange rate, however, we may also borrow the amount available under this EURO sub-tranche in dollars, if necessary.

During the first three months of 2004, the maximum amount outstanding under the Credit Facility was \$530.7 million and the weighted average amount outstanding was \$410.8 million. The weighted average interest rate was 1.74% for the three-month period ended March 31, 2004.

We and the Operating Partnership also have access to public and private capital markets for our equity and long term unsecured debt. Finally, we have access to private equity from institutional investors at the Property level. Our current senior unsecured debt ratings are Baa2 by Moody's Investors Service and BBB by Standard & Poor's and our current corporate rating is BBB+ by Standard & Poor's.

Cash Flows

Our net cash flow from operating activities and distributions of capital from unconsolidated entities totaled \$149.8 million. This cash flow includes \$24.4 million of excess proceeds from refinancing activities from one unconsolidated joint venture. In addition, we had net proceeds from all of our debt financing and repayment activities of \$201.7 million as discussed below in Financing and Debt. We used a portion of these proceeds to fund the acquisition of Gateway Shopping Center. We also:

- paid shareholder dividends and unitholder distributions totaling \$171.1 million,
- paid preferred stock dividends and preferred unit distributions totaling \$13.2 million,
- funded consolidated capital expenditures of \$102.7 million. These capital expenditures include development costs of \$13.4 million, renovation and expansion costs of \$68.4 million and tenant costs and other operational capital expenditures of \$20.9 million, and
- funded investments in unconsolidated entities of \$18.7 million of which \$11.5 million was used to fund new developments, redevelopments, and other capital expenditures.

In general, we anticipate that cash generated from operations will be sufficient to meet operating expenses, monthly debt service, recurring capital expenditures, and distributions to shareholders necessary to maintain our REIT qualification for 2004 and on a long-term basis. In addition, we expect to be able to obtain capital for nonrecurring capital expenditures, such as acquisitions, major building renovations and expansions, as well as for scheduled principal maturities on outstanding indebtedness, from:

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

Financing and Debt

Unsecured Financing

On January 20, 2004, we issued two tranches of senior unsecured notes to institutional investors pursuant to Rule 144A totaling \$500.0 million at a weighted average fixed interest rate of 4.21%. The first tranche is \$300.0 million at a fixed interest rate of 3.75% due January 30, 2009 and the second tranche is \$200.0 million at a fixed interest rate of 4.90% due January 30, 2014. We received net proceeds of \$383.4 million and we exchanged our \$113.1 million Floating Rate Mandatory Extension Notes ("MAXES") with the holder. The MAXES were due November 15, 2014 and bore interest at LIBOR plus 80 basis points. The exchange of the MAXES for the notes instruments did not result in a significant modification of the terms in the debt arrangement. We used \$277.0 million of the net proceeds to reduce borrowings on our \$1.25 billion unsecured credit facility (the "Credit Facility"), to unencumber one Property, and the remaining portion was used for general working capital purposes. On April 9, 2004, we filed a registration statement under the Securities Act of 1933 to register notes to be exchanged for the Rule 144A notes. The exchange notes and the Rule 144A notes have the same economic terms and conditions.

Concurrently with the pricing of the notes, we entered into a five-year variable rate \$300.0 million notional amount swap agreement to effectively convert the \$300.0 million tranche to floating rate debt at an effective rate of six-month LIBOR. We completed this swap agreement, as our amount of variable rate indebtedness as a percent of our total outstanding was lower than our desired range.

On January 15, 2004, we paid off \$150.0 million of 6.75% unsecured notes that matured on that date with borrowings from our Credit Facility. On February 9, 2004, we paid off \$300.0 million of 6.75% unsecured notes that matured on that date with borrowings from our Credit Facility.

On February 26, 2004, we obtained a \$250.0 million unsecured term loan with an initial maturity date of April 1, 2005. The maturity date may be extended, at our option, for two, one-year extension periods. The unsecured term loan bears interest at LIBOR plus 65 basis points. The proceeds from this financing were used to pay off our \$65.0 million unsecured term loan that matured on March 15, 2004 and our \$150 million unsecured term loan that matured on February 28, 2004. The remaining proceeds were used for general working capital purposes. The \$65.0 million unsecured term loan bore interest at LIBOR plus 80 basis points and the \$150.0 million unsecured term loan bore interest at LIBOR plus 65 basis points.

Secured Financing

On January 22, 2004, we paid off a \$60.0 million variable rate mortgage, at LIBOR plus 125 basis points, that encumbered one consolidated Property with remaining proceeds from the senior unsecured notes mentioned above. In addition, we refinanced another consolidated mortgaged Property with a \$32.0 million 6.05% fixed rate mortgage that matures on February 11, 2014. The balance of the previous mortgage was \$34.7 million at a variable rate of LIBOR plus 250 basis points and was scheduled to mature on April 1, 2004.

On March 31, 2004, we secured an \$86.0 million variable rate mortgage, at LIBOR plus 95 basis points, that encumbers Gateway Shopping Center that was acquired on February 5, 2004. The mortgage has an original maturity date of March 31, 2005 with three, one-year extensions available at our option.

Summary of Financing

Our consolidated debt, after giving effect to outstanding derivative instruments, consisted of the following (dollars in thousands):

Debt Subject to	Adjusted Balance as of March 31, 2004	Effective Weighted Average Interest Rate	Adjusted Balance as of December 31, 2003	Effective Weighted Average Interest Rate
Fixed Rate	\$ 8,753,257	6.58%	\$ 8,499,750	6.71%
Variable Rate	1,752,926	1.91%	1,766,638	2.61%
	\$ 10,506,183	5.80%	\$ 10,266,388	6.00%

As of March 31, 2004, we had interest rate cap protection agreements on \$296.0 million of consolidated variable rate debt. We had interest rate protection agreements effectively converting variable rate debt to fixed rate debt on \$133.1 million of consolidated variable rate debt. In addition, we hold €150 million of notional amount fixed rate swap agreements that have a weighted average pay rate of 2.12% and a weighted average receive rate of 2.05% at March 31, 2004. We also hold \$370.0 million of notional amount variable rate swap agreements that have a weighted average pay rate of 1.14% and a weighted average receive rate of 3.72% at March 31, 2004. As of March 31, 2004, the net effect of these agreements effectively converted \$54.3 million of fixed rate debt to variable rate debt. As of December 31, 2003, the net effect of these agreements effectively converted \$237.0 million of fixed rate debt to variable rate debt.

Contractual Obligations and Off-Balance Sheet Arrangements: There have been no material changes in our outstanding capital expenditure commitments since December 31, 2003, as previously disclosed in our 2003 Annual Report on Form 10-K. The following table summarizes the material aspects of our future obligations as of March 31, 2004 for the remainder of 2004 and subsequent years thereafter (dollars in thousands):

	2004	2005 – 2006	2007 – 2009	After 2009	Total
Long Term Debt					
Consolidated (1)	\$ 708,463	\$ 2,537,203	\$ 3,736,754	\$ 3,509,919	\$ 10,492,339
Pro rata share of Long Term Debt:					
Consolidated (2)	\$ 705,956	\$ 2,521,792	\$ 3,666,609	\$ 3,447,917	\$ 10,342,274
Joint Ventures (2)	92,263	1,053,639	624,141	993,799	2,763,842
Total Pro Rata Share of Long Term Debt	798,219	3,575,431	4,290,750	4,441,716	13,106,116

(1) Represents principal maturities only and therefore, excludes net premiums and discounts and fair value swaps of \$13,844.

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

We expect to meet our 2004 debt maturities through refinancings, the issuance of new debt securities or borrowings on the Credit Facility. We expect to have the ability and financial resources to meet all future long-term obligations. Specific financing decisions will be made based upon market rates, property values, and our desired capital structure at the maturity date of each transaction.

Our off-balance sheet arrangements consist primarily of our investments in real estate joint ventures which are common in the real estate industry and are described in Note 5 of the notes to the accompanying financial statements. Joint venture debt is the liability of the joint venture, is typically secured by the joint venture Property, and is non-recourse to us. As of March 31, 2004, we have guaranteed or have provided letters of credit to support \$81.3 million of our total \$2.8 billion share of joint venture mortgage and other indebtedness presented in the table above. In April 2004, we were released from our guarantee of \$17.1 million as the result of a joint venture property refinancing its mortgage.

Acquisitions and Dispositions

Acquisitions. We acquired a 95% interest in Gateway Shopping Center located in Austin, Texas. The total consideration paid for this transaction was approximately \$107.0 million and consisted of:

- cash of \$101.0 million, including \$5.0 million in earnest money paid in 2003, and
- issuance of \$6.0 million of limited partner units in the Operating Partnership.

Buy/sell provisions are common in real estate partnership agreements. Most of our partners are institutional investors who have a history of direct investment in regional mall properties. Our partners in our joint ventures may initiate these provisions at any time and if we determine it is in our shareholders' best interests for us to purchase the joint venture interest, we believe we have adequate liquidity to execute the purchases of the interests without hindering our cash flows or liquidity. Should we decide to sell any of our joint venture interests, we would expect to use the net proceeds from any such sale to reduce outstanding indebtedness.

Dispositions. As part of our strategic plan to own quality retail real estate we continue to pursue the sale of Properties, under the right circumstances, that no longer meet our strategic criteria. If we sell any Properties that are classified as held for use, their sale prices may differ from their carrying value. We do not believe the sale of these assets will have a material impact on our future results of operations or cash flows and their removal from service and sale will not materially affect our ongoing operations.

Development Activity

New Developments. The following describes our new development projects, the estimated total cost, and our share of the estimated total cost and our share of the construction in progress balance as of March 31, 2004 (dollars in millions):

<i>Property</i>	<i>Location</i>	<i>Gross Leasable Area</i>	<i>Estimated Total Cost (a)</i>	<i>Our Share of Estimated Total Cost</i>	<i>Our Share of Construction in Progress</i>	<i>Estimated Opening Date</i>
Under construction						
Chicago Premium Outlets	Chicago, IL	438,000	\$ 65	\$ 33	\$ 33.2	May 2004
Clay Terrace	Carmel, IN	570,000	100	50	22.6	4 th Quarter 2004
St. Johns Town Center	Jacksonville, FL	1,500,000	126	107(b)	41.8(b)	1 st Quarter 2005
Wolf Ranch	Georgetown, TX	670,000	62	62	30.3	3 rd Quarter 2005
Firewheel Center	Garland, TX	785,000	96	96	19.5	4 th Quarter 2005

(a) Represents the project costs net of land sales, tenant reimbursements for construction, and other items (where applicable).

(b) Due to our preference in the joint venture partnership, we are contributing 85% of the project costs.

We expect to fund these capital projects with either available cash flow from operations, borrowings from our Credit Facility, or project specific construction loans. We expect total 2004 new development costs during the year to be approximately \$200 million.

Strategic Expansions and Renovations. The following describes our significant renovation and/or expansion projects currently under construction, the estimated total cost, our share of the estimated total cost and our share of the construction in progress balance as of March 31, 2004 (dollars in millions):

<i>Property</i>	<i>Location</i>	<i>Gross Leasable Area</i>	<i>Estimated Total Cost (a)</i>	<i>Our Share of Estimated Total Cost</i>	<i>Our Share of Construction in Progress</i>	<i>Estimated Opening Date</i>
Under Construction						
Forum Shops at Caesars	Las Vegas, NV	175,000	\$ 139	\$ 139	\$81.9	October 2004
Aurora Mall	Aurora, CO	1,000,000	\$ 45	\$ 45	2.4	4 th Quarter 2006

(a) Represents the project costs net of land sales, tenant reimbursements for construction, and other items (where applicable).

We have other renovation and/or expansion projects currently under construction or in preconstruction development and expect to invest a total of approximately \$250 million on expansion and renovation activities in 2004.

International. Our strategy is to invest capital internationally not only to acquire existing properties but also to use the net cash flow from the existing properties to fund other future developments. We believe reinvesting the cash flow derived in Euros in other Euro denominated development and redevelopment projects helps minimize our exposure to our initial investment and to the changes in the Euro on future investments that might otherwise significantly increase our cost and reduce our returns on these new projects and developments. In addition, to date we have funded the majority of our investments in Europe, with Euro-denominated borrowings that act as a natural hedge on our investments.

Currently, our net income exposure to changes in the volatility of the Euro is not material. In addition, since cash flow from operations is currently being reinvested in other development projects, we do not expect to repatriate Euros for the next few years. Therefore, we also do not currently have a significant cash flow from operations exposure due to fluctuations in the value of the Euro.

The agreements for the Operating Partnership's 36.0% interest in European Retail Enterprises, B.V. ("ERE") are structured to allow us to acquire an additional 24.7% ownership interest over time. The future commitments to purchase shares from three of the existing shareholders of ERE are based upon a multiple of adjusted results of operations in the year prior to the purchase of the shares. Therefore, the actual amount of these additional commitments may vary. The current estimated additional commitment is approximately \$55 million to purchase shares of stock of ERE, assuming that the three existing shareholders exercise their rights under put options. We expect these purchases to be made from 2006-2008.

The carrying amount of our total equity method investments as of March 31, 2004 in European subsidiaries net of the related cumulative translation adjustment was \$302.5 million, including subordinated debt in ERE. Currently a total of 7 developments are under construction that will add approximately 5.3 million square feet of GLA for a total net cost to the joint ventures of approximately €345 million, of which our share is approximately €145 million.

Distributions and Stock Repurchase Program

The Board of Directors declared and we paid a common stock dividend of \$0.65 per share in the first quarter of 2004. We are required to pay a minimum level of dividends to maintain our status as a REIT. Our dividends and limited partner distributions typically exceed our net income generated in any given year primarily because of depreciation, which is a "non-cash" expense. Our future dividends and the distributions of the Operating Partnership will be determined by the Board of Directors based on actual results of operations, cash available for dividends and limited partner distributions, and what may be required to maintain our status as a REIT.

On May 5, 2004, the Board of Directors authorized a common stock repurchase program under which we may repurchase up to \$250 million of our common stock over the next twelve months as market conditions warrant. We may repurchase the shares in the open market or in privately negotiated transactions.

Non-GAAP Financial Measure — Funds from Operations

Industry practice is to evaluate real estate properties in part based on funds from operations ("FFO"). We consider FFO to be a key measure of our operating performance that is not specifically defined by accounting principles generally accepted in the United States ("GAAP"). We believe that FFO is helpful to investors because it is a widely recognized measure of the performance of REITs and provides a relevant basis for comparison among REITs. We also use this measure internally to measure the operating performance of our Portfolio.

As defined by the National Association of Real Estate Investment Trusts ("NAREIT"), FFO is consolidated net income computed in accordance with GAAP:

- excluding real estate related depreciation and amortization,
- excluding gains and losses from extraordinary items and cumulative effects of accounting changes,
- excluding gains and losses from the sales of real estate,
- 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 us to include the effects of nonrecurring items not classified as extraordinary, cumulative effect of accounting change or resulting from the sale of depreciable 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.

The following schedule sets forth total FFO before allocation to the limited partners of the Operating Partnership and FFO allocable to Simon Property. This schedule also reconciles consolidated net income, which we believe is the most directly comparable GAAP financial measure, to FFO for the periods presented.

(in thousands)	For the three months ended March 31,	
	2004	2003
Funds From Operations	\$252,997	\$224,941
Increase in FFO from prior period	12.5%	21.1%
Reconciliation:		
Net Income	\$56,187	\$70,822
Plus:		
Limited partners' interest in the Operating Partnership and Preferred distributions of the Operating Partnership	19,480	21,496
Depreciation and amortization from consolidated properties and discontinued operations	136,251	122,077
Our share of depreciation and amortization from unconsolidated affiliates	41,492	34,673
Loss/(Gain) on sales of real estate and discontinued operations	13,409	(4,275)
Less:		
Minority interest portion of depreciation and amortization	(1,081)	(1,334)
Preferred distributions and dividends	(12,741)	(18,518)
Funds From Operations	\$252,997	\$224,941
FFO allocable to Simon Property	\$194,603	\$168,603
Diluted net income per share to diluted FFO per share reconciliation:		
Diluted net income per share	\$0.24	\$0.29
Plus: Depreciation and amortization from consolidated Properties and our share of depreciation and amortization from unconsolidated affiliates, net of minority interest portion of depreciation and amortization	0.67	0.62
Plus: Loss (gain) on sales of real estate and discontinued operations	0.05	(0.02)
Less: Impact of additional dilutive securities	0.00	0.00
Diluted FFO per share	\$0.96	\$0.89

Retail Climate and Tenant Bankruptcies

Bankruptcy filings by retailers are normal in the course of our operations. We are continually releasing vacant spaces resulting from tenant terminations. Pressures which affect consumer confidence, job growth, energy costs and income gains can affect retail sales growth, and a continuing soft economic cycle may impact our ability to retenant property vacancies resulting from store closings or bankruptcies. We lost approximately 187,000 square feet of mall shop tenants during the first quarter of 2004. We expect 2004 to be similar to 2003 in terms of square feet lost to bankruptcies.

The geographical diversity of our Portfolio mitigates some of the risk of an economic downturn. In addition, the diversity of our tenant mix also is important because no single retailer represents either more than 1.9% of total GLA or more than 4.6% of our annualized base minimum rent. Bankruptcies and store closings may, in some circumstances, create opportunities for us to release spaces at higher rents to tenants with enhanced sales performance. We have demonstrated an ability to successfully retenant anchor and in line store locations during soft economic cycles. While these factors reflect some of the inherent strengths of our portfolio in a difficult retail environment, we cannot assure you that we will successfully execute our releasing strategy.

Seasonality

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

In addition, given the number of Properties in warm summer climates our utility expenses are typically higher in the months of June through September due to higher electricity costs to supply air conditioning to our Properties. As a

result some seasonality results in increased property operating expenses during these months; however, the majority of these costs are recoverable from tenants.

Environmental Matters

Nearly all of the Properties have been subjected to Phase I or similar environmental audits. Such audits have not revealed nor is management aware of any environmental liability that we believe would have a material adverse impact on our financial position or results of operations. We are unaware of any instances in which we would incur significant environmental costs if any or all Properties were sold, disposed of or abandoned.

Item 3. Qualitative and Quantitative Disclosure About Market Risk

Sensitivity Analysis. A comprehensive qualitative and quantitative analysis regarding market risk is disclosed in our Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2003 as filed with the Securities and Exchange Commission for the year ended December 31, 2003. There have been no material changes in the assumptions used or results obtained regarding market risk since December 31, 2003.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. We carried out an evaluation under the supervision and with participation of management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, our management, including the chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were effective as of that date.

Changes in Internal Control Over Financial Reporting. There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f)) that occurred during the first quarter of 2004 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II — Other Information

Item 1. Legal Proceedings—

Triple Five of Minnesota, Inc., a Minnesota corporation, v. Melvin Simon, et. al. On or about November 9, 1999, Triple Five of Minnesota, Inc. commenced an action in the District Court for the State of Minnesota, Fourth Judicial District, against, among others, Mall of America, certain members of the Simon family and entities allegedly controlled by such individuals, and us. The action was later removed to federal court. Two transactions form the basis of the complaint: (i) the sale by Teachers Insurance and Annuity Association of America of one-half of its partnership interest in Mall of America Company and Minntertainment Company to the Operating Partnership and related entities; and (ii) a financing transaction involving a loan in the amount of \$312.0 million obtained from The Chase Manhattan Bank that is secured by a mortgage placed on Mall of America's assets. The complaint, which contains twelve counts, seeks remedies of unspecified damages, rescission, constructive trust, accounting, and specific performance. Although the complaint names all defendants in several counts, we are specifically identified as a defendant in connection with the sale by Teachers. On August 12, 2002, the court granted in part and denied in part motions for partial summary judgment filed by the parties.

Trial on all of the equitable claims in this matter began June 2, 2003. On September 10, 2003, the court issued its decision in a Memorandum and Order (the "Order"). In the Order, the court found that certain entities and individuals, breached their fiduciary duties to Triple Five. The court did not award Triple Five damages but instead awarded Triple Five equitable and other relief and imposed a constructive trust on that portion of the Mall of America owned by us. Specifically, as it relates to us, the court ordered that Triple Five was entitled to purchase from us the one-half partnership interest that we purchased from Teachers in October 1999, provided Triple Five remits to us the sum of \$81.38 million within nine months of the Order. The court further held that we must disgorge all "net profits" that we received as a result of our ownership interest in the Mall from October 1999 to the present. The court appointed a Special Master to, among other things, calculate "net profits," and, on May 3, 2004, the Special Master issued a memorandum order regarding "net profits."

We disagree with many aspects of the Order and have appealed the Order to the United States Court of Appeals for the Eighth Circuit. We are also seeking a stay of the Order pending appeal. Although the district court has denied our motion for a stay, we will be filing a motion in the Eighth Circuit to stay pertinent provisions of the Order pending appeal. We also disagree with many aspects of the Special Master's May 3, 2004 memorandum and will appeal those findings. It is not possible to provide an assurance of the ultimate outcome of the litigation.

As a result of the Order, we initially recorded a \$6.0 million loss in 2003. In 2004, as a result of the May 3, 2004 memorandum issued by the Special Master, we recorded an additional loss of \$13.5 million that is included in "(Loss) gain on sales of assets and other, net" in the accompanying statements of operations and comprehensive income. We have ceased recording any contribution to either net income or Funds from Operations ("FFO") from the results of operations of Mall of America.

Item 2. Changes in Securities and Use of Proceeds

During the first quarter of 2004, we issued 1,021,822 shares of common stock to a limited partner in exchange for an equal number of units. The issuance of the shares of common stock was made pursuant to the terms of the Partnership Agreement of the Operating Partnership and was exempt from registration under the Securities Act of 1933 as amended, in reliance upon Section 4(2) as a private offering. We subsequently registered the resale of the shares of common stock under the Securities Act.

Item 5. Other Information

During the period covered by this Quarterly Report on Form 10-Q, the Audit Committee of our Board of Directors did not approve the engagement of Ernst & Young LLP, our independent auditors, to perform any non-audit services. This disclosure is made pursuant to Section 10A(i)(2) of the Securities Exchange Act of 1934, as added by Section 202 of the Sarbanes-Oxley Act of 2002.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 9.1 Second Amended and Restated Voting Trust Agreement, Voting Agreement and Proxy dated as of March 1, 2004 between Melvin Simon & Associates, Inc., on the one hand and Melvin Simon, Herbert Simon, and David Simon on the other hand.
- 9.2 Voting Trust Agreement, Voting Agreement and Proxy dated as of March 1, 2004 between David Simon, Melvin Simon and Herbert Simon.
- 31.1 Certification by the Chief Executive Officer 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.
- 31.2 Certification by the Chief Financial Officer 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.
- 32 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.

(b) Reports on Form 8-K

One report on Form 8-K was filed during the current period.

On February 6, 2004 under Item 9—Regulation FD Disclosure, Simon Property reported that it made available additional ownership and operational information concerning Simon Property, Simon Property Group, L.P., and the properties owned or managed as of December 31, 2003, in the form of a Supplemental Information Package. A copy of the package was included as an exhibit to the 8-K filing. In addition, under Item 12—Results of Operation and Financial Condition, Simon Property reported that, on February 5, 2004, Simon Property issued a press release containing information on earnings as of December 31, 2003 and other matters. A copy of the press release was included as an exhibit to the filing.

SIGNATURES

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

SIMON PROPERTY GROUP, INC.

/s/ Stephen E. Sterrett

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

Date: May 10, 2004

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[Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations](#)

[Item 6: Exhibits and Reports on Form 8-K
SIGNATURES](#)

**SECOND AMENDED AND RESTATED VOTING TRUST AGREEMENT,
VOTING AGREEMENT AND PROXY**

This Second Amended and Restated Voting Trust Agreement, Voting Agreement and Proxy ("Second Restated Voting Agreement") is made and entered into as of March 1, 2004, between Melvin Simon & Associates, Inc., an Indiana corporation ("MSA"), on the one hand, and Melvin Simon ("Melvin"), Herbert Simon ("Herbert") and David Simon ("David") on the other hand, each of the parties hereto being sometimes called individually, a "Party" or, collectively, "Parties".

WITNESSETH:

WHEREAS:

- A. The Parties entered into a Voting Trust Agreement, Voting Agreement and Proxy dated as of December 1, 1993 ("Voting Agreement"), with respect to certain Class B Shares in Simon Property Group, Inc., a Maryland corporation ("Old Class B Shares"), previously owned by MSA.
- B. The Parties entered into an Amended and Restated Voting Trust Agreement, Voting Agreement and Proxy, dated as of November 1, 2000 (the "Restated Voting Agreement"), with respect to the exchange of the Old Class B Shares for 3,200,000 shares (the "New Class B Shares") of Class B Common Stock, \$0.0001 par value per share, of Simon Property Group, Inc., a Delaware corporation ("SPG"), in connection with a merger transaction with Corporate Property Investors, Inc.
- C. Pursuant to the terms of the Restated Certificate of Incorporation of SPG, MSA and the Voting Trustees (as hereinafter defined) have elected to convert 3,192,000 New Class B Shares into 3,192,000 shares (together with any shares of Common Stock, \$0.0001 par value per share, of SPG (the "Common Stock") received as a dividend thereon or in respect of a recapitalization thereof, the "Common Shares") of Common Stock.
- D. The Voting Trustees have distributed 8,000 shares of New Class B Shares to MSA, which shares represent the remaining New Class B Shares owned by the Voting Trust (as hereinafter defined) not converted into Common Stock.
- E. The Parties desire to amend and restate in its entirety the Restated Voting Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the Parties agree that the Restated Voting Agreement is amended and restated in its entirety to read as follows:

1. The Parties had created for the New Class B Shares and hereby elect to continue for the Common Shares the voting trust (the "Voting Trust") as provided in the Restated Voting Agreement and this Second Restated Voting Agreement, and MSA hereby appoints, designates and constitutes Melvin, Herbert and David as voting trustees (the "Voting Trustees", which term includes successors appointed pursuant to the terms of this Second Restated Voting Agreement) to serve and perform in accordance with the terms of this Second Restated Voting Agreement, subject to the terms of the Delaware General Corporation Law (the "Act").

2. MSA, simultaneously with the execution of this Second Restated Voting Agreement, assigned and delivered to the Voting Trustees one or more stock certificates representing the New Class B Shares, and hereby consents to the conversion of 3,192,000 of such shares into Common Shares and the Voting Trustees shall do all things necessary to cause the Common Shares represented by such stock certificate(s) to be transferred to, and into the names of, the Voting Trustees, as Voting Trustees hereunder, on the books of SPG.

3. This Second Restated Voting Agreement and the Voting Trust hereby created shall be irrevocable and continue for a period ending on the earlier of (1) thirty (30) years from the date hereof unless sooner terminated under clause (b) or clause (c) of this Paragraph 3, (b) the death, disability or resignation as Voting Trustee of the last of Melvin, Herbert, David and all successor Voting Trustees named as hereinafter provided to die, become disabled or resign as Voting Trustee, or (c) the agreement of all the Voting Trustees then serving, including successor Voting Trustees then serving, to terminate the Voting Trust. Upon the death, disability or resignation of a person who is a Voting Trustee, such person shall cease to be a Voting Trustee.

4. Throughout the term of this Second Restated Voting Agreement and except as otherwise provided in this Second Restated Voting Agreement, the Voting Trustees then serving hereunder who are then entitled, under the provisions of this paragraph 4, to vote the Common Shares held in trust hereunder shall vote the Common Shares in such manner as is agreed upon among such Voting Trustees entitled to vote at such time as such Voting Trustees, in their sole discretion, desire and unanimously agree upon, including but not limited to the election of one or more Voting Trustees (if not elected by holders of the New Class B Shares, \$0.0001 par value per share of SPG) as directors of SPG, and such Voting Trustees entitled to vote at any given time shall have the exclusive right to vote such Common Shares, in person or by proxy, at all meetings of the stockholders of SPG (or to give written consents in lieu of voting thereon) and on all other occasions or events when the vote (or consent) of holders of Common Shares is required, sought or permitted; provided, however, the rights duties and obligations of each Voting Trustee to vote Common Shares shall be limited as follows:

(a) While Melvin and Herbert are both serving as Voting Trustees hereunder, Melvin and Herbert shall vote the Common Shares held hereunder as to each issue upon or with respect to which such Common Shares may be voted in the manner agreed upon between them;

(b) If Herbert is no longer serving as Voting Trustee hereunder and Melvin and David are serving as Voting Trustees hereunder, Melvin and David shall vote the Common Shares held hereunder as to each issue upon or with respect to which such Common Shares may be voted in the manner agreed upon between them;

(c) If Melvin is no longer serving as Voting Trustee hereunder and Herbert and David are serving as Voting Trustees hereunder, Herbert and David shall vote the Common Shares held hereunder as to each issue upon or with respect to which such Common Shares may be voted in the manner agreed upon between them unanimously;

(d) If both Melvin and Herbert are no longer serving as Voting Trustees hereunder, and David is serving as Voting Trustee hereunder, David shall vote the Common Shares held hereunder as to each issue upon or with respect to which such Common Shares may be voted, including the election of directors of SPG, in the manner he deems appropriate in his sole discretion, including electing himself as a director of SPG.

5. At any time during the term of the Voting Trust herein created, this Second Restated Voting Agreement may be amended by unanimous agreement of all persons then serving as Voting Trustees (without regard to whether a Voting Trustee is entitled at such time to vote Common Shares), or if only one person remains serving as Voting Trustee, by such Voting Trustee, which amendments may include but not be limited to shortening the term hereof, extending the term if permitted by law, or selecting or providing for the selection or appointment or automatic succession of successor Voting Trustees.

6. When consent or a vote of any Party hereto is required under the terms hereof, the same may be withheld or given in the sole discretion of such Party whose consent or vote is sought unless otherwise expressly provided herein.

7. No Voting Trustee shall have any liability to any holder of a Voting Trust Certificate (as hereinafter defined) hereunder for the manner in which the Voting Trustee votes the Common Shares or for other acts except for acts committed by him in bad faith or as otherwise provided at law.

8. All distributions with respect to Common Shares shall be paid to the holders of the Voting Trust Certificates hereunder as if they held the Common Shares directly, except that any distributions made in shares of Common Stock shall be held under and be subject to the provisions of this Second Restated Voting Agreement.

9. The Voting Trustees shall issue and deliver to MSA certificates (the "Voting Trust Certificates") representing the Common Shares (or in respect of any additional Common Shares held pursuant to paragraph 8 hereof) and MSA shall deliver to the Voting Trust for cancellation all Voting Trust Certificates outstanding immediately prior to the date hereof in form substantially as follows:

**VOTING TRUST CERTIFICATE
FOR COMMON STOCK, PAR VALUE \$0.0001 PER SHARE,
OF SIMON PROPERTY GROUP, INC.**

Certificate Number _____
Number of Shares Held in Trust—3,192,000

THE UNDERSIGNED, Melvin Simon, Herbert Simon and David Simon, as Voting Trustees for the Common Stock, par value \$0.0001 per share (the "Common Stock"), of Simon Property Group, Inc., a Delaware corporation ("SPG"), under a Second Amended and Restated Voting Trust Agreement, Voting Agreement and Proxy (the "Second Restated Voting Agreement"), dated _____, 2004, having received stock certificates evidencing 3,192,000 shares of Common Stock of SPG pursuant to the Second Restated Voting Trust Agreement (which the holder hereof, by accepting this Voting Trust Certificate, ratifies and adopts) hereby certifies that Melvin Simon & Associates, Inc. is entitled to receive 3,192,000 fully paid and nonassessable shares of Common Stock, on the expiration of the Second Restated Voting Agreement, and in the meantime shall be entitled to receive payments equal to all dividends or distributions that may be collected by the Voting Trustees upon a like number of such shares held by them under the terms of the Second Restated Voting Agreement, except that any dividends or distributions made in shares of Common Stock shall be held under and be subject to the provisions of the Second Restated Voting Agreement.

This Voting Trust Certificate is transferable only on the books of the Voting Trustees by the registered holder in person or by his duly authorized attorney or by his assignee, and the holder hereby, by accepting this Voting Trust Certificate, manifests his consent that the Voting Trustees may treat the registered holder or his assignee hereof as the true owner for all purposes, except for the delivery of stock certificates, which delivery shall not be made without the surrender hereof and his agreement to make certain payments required by paragraph 14 of the Second Restated Voting Trust Agreement. Upon written assignment of this Voting Trust Certificate, the assignee shall be entitled to surrender this Voting Trust Certificate to the Voting Trustee and receive a new Voting Trust Certificate in replacement thereof.

IN WITNESS WHEREOF, the Voting Trustee have executed this Voting Trust Certificate on September __, 2004.

Melvin Simon

Herbert Simon

David Simon
as Voting Trustees

10. The Voting Trustees shall, promptly after receiving notice from the holder of a Voting Trust Certificate to the effect that such holder elects to cause all or any portion of the Common Shares represented by such certificate (as set forth in such notice) to be distributed thereto free of the Voting Trust created hereby, deliver to such holder, title and possession of such number of Common Shares and upon such holder's receipt of certificates (of Common Stock of SPG) evidencing such number of Common Shares, duly endorsed in blank, such holder shall surrender to the Voting Trustees for cancellation of the Voting Trust Certificates representing such number of Common Shares. In addition, the Voting Trustees, may, as they unanimously determine, distribute some or all of the Common Shares to the holder of Voting Trust Certificates therefor.

11. At the termination of the Voting Trust hereby created, the Voting Trustees shall deliver to the holders of the Voting Trust Certificates title and possession of the number of Common Shares represented thereby (or in respect of any additional Common Shares held pursuant to paragraph 8 hereof for which Voting Trust Certificates were not issued, if any).

12. A person shall be conclusively deemed "disabled" or to have a disability only when and if such person (a) has been adjudicated by a court of competent jurisdiction to be incompetent either to act as Voting Trustee hereunder or to manage his own affairs or (b) has been deemed by a panel of three (3) physicians accredited and licensed to practice medicine in Indiana that such person is "totally disabled", which term means that the person is incompetent to manage his own affairs or to vote Common Shares as an individual; provided, however that, and notwithstanding the foregoing, if MSA, SPG or a related entity provides a disability income policy for the individual, the definition of "totally disabled" under such policy shall be the definition which applies to the determination of whether a person is disabled hereunder. The panel of physicians shall be made up of one (1) physician selected by the adult children (or spouse if not adult children are living) of the individual in question, one (1) physician to be selected by the individuals who are parties to this Second Restated Voting Agreement other than the individual whose competence is in question and one (1) physician selected by the first (2) physicians selected. No person may vote any Common Shares nor perform any of the duties or functions of a Voting Trustee, and each executor, administrator, guardian or personal representative of any Voting Trustee, upon request, shall give (and be conclusively deemed to have given) an irrevocable proxy to the Voting Trustees then serving who will carry out and effectuate the terms of the Voting Trust. Such proxy will be in force automatically, whether or not a written proxy is executed, and this Second Restated Voting Agreement shall constitute such proxy for the full term of this Second Restated Voting Agreement and be deemed renewed on the first day of each eleventh (11th) month. While both exist and are effective, the Voting Trust shall supersede and prevail over such proxy, and if the Voting Trust is determined as a matter of law to be ineffective, such proxy shall prevail. The expiration of such proxy shall not terminate this Second Restated Voting Agreement.

13. The term "immediate family" of a person means and includes the spouse of the person and all lineal descendants of the person (including adopted descendants).

14. The Voting Trustees shall serve without compensation, but shall have the right to incur and pay such reasonable expenses and charges and to employ such agents, accountants, attorneys and counsels he (or she, as the case may be) may deem necessary and proper for carrying this Second Restated Voting Agreement into effect, and each holder of Voting Trust Certificates shall, severally, promptly upon request, reimburse the Voting Trustees (pro rata in direct ratio to the number of Common Shares represented by such certificates) for any such expenses and charges. Nothing in this Second Restated Voting Agreement contained shall disqualify a Voting Trustee or incapacitate a Voting Trustee or his successor or either of them from serving SPG or any of its subsidiaries as officer or director or in any other capacity, and in any such capacity receiving compensation.

15. All of the terms and provisions of this Second Restated Voting Agreement shall be binding upon and inure to the benefit of each of the Parties hereto, their respective successors, assigns, heirs,

administrators and executors and to all of the new Common Shares of the SPG to which this Second Restated Voting Agreement is, or may, at any time or from time to time hereafter, be applicable.

16. MSA shall deposit an executed copy of this Second Restated Voting Agreement with SPG at its principal office and at its registered office in the State of Delaware. The Parties shall use their reasonable commercial efforts to cause SPG to note on the certificates evidencing the Common Shares (and in the stock ledger in respect of the Common Stock) that such certificates are subject to this Second Restated Voting Agreement.

17. This Second Restated Voting Agreement shall be construed and governed by and in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, the parties hereto have executed this Second Restated Voting Agreement as of the date and year first shown above.

Melvin Simon

Herbert Simon

David Simon

Melvin Simon & Associates, Inc.,
an Indiana corporation

By:

Name:
Title: Co-Chairman

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[SECOND AMENDED AND RESTATED VOTING TRUST AGREEMENT, VOTING AGREEMENT AND PROXY](#)

**VOTING TRUST AGREEMENT,
VOTING AGREEMENT AND PROXY**

This Voting Trust Agreement, Voting Agreement and Proxy ("Voting Agreement") is made and entered into as of March 1, 2004 between David Simon ("David"), Melvin Simon ("Melvin") and Herbert Simon ("Herbert"), each of the parties hereto being sometimes called, individually, a "Party" or, collectively, "Parties".

WITNESSETH:

WHEREAS:

- A. Melvin Simon & Associates, Inc., an Indiana corporation ("MSA"), on the one hand, and the Parties on the other, entered into an Amended and Restated Voting Trust Agreement, Voting Agreement and Proxy, dated as of November 1, 2000 (the "Restated Voting Agreement"), with respect to 3,200,000 shares of Class B Common Stock, \$0.0001 par value per share (the "Class B Stock") of Simon Property Group, Inc., a Delaware corporation ("SPG").
- B. Pursuant to that certain Stock Purchase Agreement between MSA and David, dated as of March 1, 2004, David has acquired 8,000 shares of Class B Stock (together with all shares of Class B Stock received as a dividend thereon, or in respect of a recapitalization thereof, the "Shares") from MSA.
- C. The Parties desire to subject the Shares to, and to create, a voting trust, as herein provided.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the Parties agree as follows:

- 1. The Parties hereby create for the Shares a voting trust (the "Voting Trust") as provided in this Voting Agreement, and David hereby appoints, designates and constitutes Melvin, Herbert and himself as voting trustees (the "Voting Trustees", which term includes successors appointed pursuant to the terms of this Voting Agreement) to serve and perform in accordance with the terms of this Voting Agreement, subject to the terms of the Delaware General Corporation Law (the "Act").
 - 2. David, simultaneously with the execution of this Voting Agreement, hereby assigns and delivers to the Voting Trustees one or more stock certificates representing the Shares and David and the Voting Trustees shall do all things necessary to cause the Shares represented by such stock certificate(s) to be transferred to, and into the names of, the Voting Trustees, as Voting Trustees hereunder, on the books of SPG.
 - 3. This Voting Agreement and the Voting Trust hereby created shall be irrevocable and continue for a period ending on the earlier of (a) thirty (30) years from the date hereof unless sooner terminated under clause (b) or clause (c) of this Paragraph 3 or clause (ii) of paragraph 8, (b) the death, disability or resignation as Voting Trustee of the last of Melvin, Herbert, David and all successor Voting Trustees named as hereinafter provided to die, become disabled or resign as Voting Trustee, or (c) the agreement of all the Voting Trustees then serving, including successor Voting Trustees then serving, to terminate the Voting Trust. Upon the death, disability or resignation of a person who is a Voting Trustee, such person shall cease to be a Voting Trustee.
 - 4. Throughout the term of this Voting Agreement, the Voting Trustees then serving hereunder shall only vote the Shares (or give consent), as to each issue upon or with respect to which such Shares may be voted (or a consent with respect thereto may be given), in such manner as is unanimously agreed upon among the Voting Trustees, and such Voting Trustees at any given time shall have the exclusive right to vote in the manner herein required such Shares, in person or by proxy, at all meetings of the stockholders of SPG (or to give written consents in lieu of voting thereon) and on all other occasions or events when the vote (or consent) of holders of Shares is required, sought or
-

permitted; provided that each Voting Trustee shall, in respect of the Shares, vote for (or give consent to) the election as a director of SPG of Melvin if he is then serving as a Voting Trustee, of Herbert if he is then serving as a Voting Trustee and of David if he is then serving as a Voting Trustee.

5. If Melvin, Herbert and David are no longer serving as Voting Trustees hereunder, a successor voting trustee shall automatically be appointed pursuant to paragraph 8 of this Voting Agreement and shall vote the Shares held hereunder as to each issue upon or with respect to which such Shares may be voted, including the election of directors of SPG, in the manner such successor voting trustee deems appropriate.

6. At any time during the term of the Voting Trust herein created, this Voting Agreement may be amended or terminated by unanimous agreement of all persons then serving as Voting Trustees, or, if only one person remains serving as Voting Trustee, by such Voting Trustee, which amendments may include but not be limited to shortening the term hereof, extending the term if permitted by law, or selecting or providing for the selection or appointment or automatic succession of successor Voting Trustees; provided that if David is no longer a Voting Trustee, then no amendment may be made to this Voting Agreement, other than to shorten the term hereof.

7. When consent or a vote of any Party hereto is required under the terms hereof, the same may be withheld or given in the sole discretion of such Party whose consent or vote is sought unless otherwise expressly provided herein.

8. In the event that Melvin, Herbert and David are no longer serving as Voting Trustees hereunder, (i) one of the individuals listed in *Exhibit A* attached hereto will be automatically appointed as successor Voting Trustee in the order in which their names appear thereon so long as such person accepts such appointment and is not otherwise then dead or disabled, and (ii) the thirty (30) year period described in clause (a) of paragraph 3 above shall automatically be changed to one (1) year; provided, however, that (a) if David is serving as a Voting Trustee, additional individuals may be added to the end of the aforesaid list with the approval of all the Voting Trustees, and (b) if David is serving as the only Voting Trustee hereunder, David shall have the right, in addition to any of the rights of the Voting Trustees set forth herein, to revise and amend such list of individuals or to decide not to rely on such list and provide for another mechanism with respect to the appointment of successor Voting Trustees, as he deems appropriate.

9. No Voting Trustee shall have any liability to any holder of a Voting Trust Certificate (as hereinafter defined) hereunder for the manner in which the Voting Trustee votes the Shares or for other acts except for acts committed by him in bad faith or as otherwise provided at law.

10. All distributions with respect to Shares shall be paid to the holders of the Voting Trust Certificates hereunder as if they held the Shares directly, except that any distributions made in shares of Class B Stock shall be held under and be subject to the provisions of this Voting Agreement.

11. The Voting Trustees shall issue and deliver to David certificates (the "Voting Trust Certificates") representing the Shares (or in respect of any additional Shares held pursuant to paragraph 10 hereof) in form substantially as follows:

**VOTING TRUST CERTIFICATE
FOR CLASS B COMMON STOCK, PAR VALUE \$0.0001 PER SHARE,
OF SIMON PROPERTY GROUP, INC.**

Certificate Number _____
Number of Shares Held in Trust—8,000

THE UNDERSIGNED, Melvin Simon, Herbert Simon and David Simon, as Voting Trustees for the Class B Common Stock, par value \$0.0001 per share (the "Class B Stock"), of Simon Property Group, Inc., a Delaware corporation ("SPG"), under a Voting Trust Agreement, Voting Agreement and Proxy (the "Voting Agreement"), dated _____, 2004, having received stock certificates evidencing 8,000 shares of Class B Stock pursuant to the Voting Trust Agreement (which the holder hereof, by accepting this Voting Trust Certificate, ratifies and adopts) hereby certifies that David Simon is entitled to receive 8,000 fully paid and nonassessable shares of Class B Stock of SPG, on the expiration of the Voting Agreement, and in the meantime shall be entitled to receive payments equal to all dividends or distributions that may be collected by the Voting Trustees upon a like number of such shares held by them under the terms of the Voting Agreement, except that any dividends or distributions made in shares of Class B Stock shall be held under and be subject to the provisions of the Voting Agreement.

This Voting Trust Certificate is transferable only on the books of the Voting Trustees by the registered holder in person or by his duly authorized attorney or by his assignee, and the holder hereby, by accepting this Voting Trust Certificate, manifests his consent that the Voting Trustees may treat the registered holder or his assignee hereof as the true owner for all purposes, except for the delivery of stock certificates, which delivery shall not be made without the surrender hereof and his agreement to make certain payments required by paragraph 14 of the Voting Trust Agreement. Upon written assignment of this Voting Trust Certificate, the assignee shall be entitled to surrender this Voting Trust Certificate to the Voting Trustee and receive a new Voting Trust Certificate in replacement thereof.

IN WITNESS WHEREOF, the Voting Trustees have executed this Voting Trust Certificate on _____, 2004.

Melvin Simon

Herbert Simon

David Simon
as Voting Trustees

12. At the termination of the Voting Trust hereby created, the Voting Trustees shall deliver to the holders of the Voting Trust Certificates title and possession of the number Shares represented thereby (or in respect of any additional Shares held pursuant to paragraph 10 hereof for which Voting Trust Certificates were not issued, if any).

13. A person shall be conclusively deemed "disabled" or to have a disability only when and if such person (a) has been adjudicated by a court of competent jurisdiction to be incompetent either to act as Voting Trustee hereunder or to manage his own affairs or (b) has been deemed by a panel of three (3) physicians accredited and licensed to practice medicine in Indiana that such person is "totally disabled", which term means that the person is incompetent to manage his own affairs or to vote Shares as an individual; provided, however that, and notwithstanding the foregoing, if MSA, SPG or a related entity provides a disability income policy for the individual, the definition of "totally disabled" under such policy shall be the definition which applies to the determination of whether a person is disabled hereunder. The panel of physicians shall be made up of one (1) physician selected by the adult

children (or spouse if no adult children are living) of the individual in question, one (1) physician selected by the individuals who are parties to this Voting Agreement other than the individual whose competence is in question and one (1) physician selected by the first (2) physicians selected. No person may vote any Shares nor perform any of the duties or functions of a Voting Trustee, and each executor, administrator, guardian or personal representative of any Voting Trustee, upon request, shall give (and be conclusively deemed to have given) an irrevocable proxy to the Voting Trustees then serving who will carry out and effectuate the terms of the Voting Trust. Such proxy will be in force automatically, whether or not a written proxy is executed, and this Voting Agreement shall constitute such proxy for the full term of this Voting Agreement and be deemed renewed on the first day of each eleventh (11th) month. While both exist and are effective, the Voting Trust shall supersede and prevail over such proxy, and if the Voting Trust is determined as a matter of law to be ineffective, such proxy shall prevail. The expiration of such proxy shall not terminate this Voting Agreement.

14. The Voting Trustees shall serve without compensation, but shall have the right to incur and pay such reasonable expenses and charges and to employ such agents, accountants, attorneys and counsel he (or she, as the case may be) may deem necessary and proper for carrying this Voting Agreement into effect, and each holder of Voting Trust Certificates shall, severally, promptly upon request, reimburse the Voting Trustees (pro rata in direct ratio to the number of Shares represented by such certificates) for any such expenses and charges. Nothing contained in this Voting Agreement shall disqualify a Voting Trustee or incapacitate a Voting Trustee or his successor or either of them from serving SPG or any of its subsidiaries as an officer or director or in any other capacity, and in any such capacity receiving compensation.

15. All of the terms and provisions of this Voting Agreement shall be binding upon and inure to the benefit of each of the Parties hereto, their respective successors, assigns, heirs, administrators and executors and to all of the Shares to which this Voting Agreement is, or may, at any time or from time to time hereafter, be applicable.

16. David shall deposit an executed copy of this Voting Agreement with SPG at its principal office and at its registered office in the State of Delaware. The Parties shall use their reasonable commercial efforts to cause SPG to note on the certificates evidencing the Shares (and in the stock ledger in respect of the Class B Stock) that such certificates are subject to this Voting Agreement.

17. The Voting Trustees may, as they unanimously determine, distribute some or all of the Shares to the holder of Voting Trust Certificates therefor.

18. This Voting Agreement shall be construed and governed by and in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, the parties hereto have executed this Voting Agreement as of the date and year first shown above.

Melvin Simon

Herbert Simon

David Simon

SUCCESSOR VOTING TRUSTEES

Jeffrey Freed
Arlington Capital Partners
600 New Hampshire Avenue, NW
Suite 660
Washington, DC 20037

Home:
7025 Mountain Gate Drive
Bethesda, MD 20817

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[VOTING TRUST AGREEMENT, VOTING AGREEMENT AND PROXY](#)

**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)) 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) 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
 - (c) 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: May 10, 2004

/s/ David Simon

David Simon
Chief Executive Officer

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[EXHIBIT 31.1](#)

**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, Stephen E. Sterrett, 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)) 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) 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
 - (c) 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: May 10, 2004

/s/ Stephen E. Sterrett

Stephen E. Sterrett
Chief Financial Officer

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[EXHIBIT 31.2](#)

**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, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2004 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
Chief Executive Officer
May 10, 2004

/s/ Stephen E. Sterrett

Stephen E. Sterrett
Chief Financial Officer
May 10, 2004

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[EXHIBIT 32](#)