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FOR IMMEDIATE RELEASE

**SIMON PROPERTY GROUP ANNOUNCES THIRD QUARTER RESULTS
AND DECLARES QUARTERLY DIVIDENDS**

Indianapolis, Indiana – October 30, 2003...Simon Property Group, Inc. (the “Company”) (NYSE:SPG) today announced diluted funds from operations (“FFO”) per share for the third quarter of 2003 of \$0.93, compared to \$0.93 (as restated) for the third quarter of 2002. Diluted earnings per share for the third quarter was \$0.22 per share, compared to \$0.32 for the third quarter of 2002. Third quarter 2003 results were impacted by the following events:

- On October 8, 2003, SPG and Westfield America, Inc., the U.S. subsidiary of Westfield America Trust (ASX: WFA), announced the withdrawal of their tender offer for all of the outstanding common shares of Taubman Centers, Inc. (NYSE: TCO). As a result of this withdrawal, all costs related to the tender offer were expensed during the third quarter. The costs totaled \$10.5 million, or \$0.04 per share, impacting FFO and net income.
- On September 10, 2003, the Federal District Court for the District of Minnesota issued its Order in the litigation brought by Triple Five of Minnesota, Inc. against the Company and other named defendants. While the Court did not find that the Company breached fiduciary duties to Triple Five of Minnesota, Inc., its Order nonetheless gives Triple Five the right, within nine months after the date of the Order, to purchase the Company’s 27.5% partnership interest that the Company acquired from Teachers’ Insurance and Annuity Association in October of 1999. According to the Order, if Triple Five buys the Company’s partnership interest, the Company must disgorge all “net profits” received with respect to that interest.

The Company believes that the Order contains numerous legal and factual errors and will appeal the Order to the Eighth Circuit. Even though the Company feels strongly about its arguments on appeal, it will take a reserve equal to \$6 million as of September 30, 2003, which takes into account its estimate of the financial impact to the Company from the various elements of the Court’s Order. This reserve impacts net income by approximately \$0.02 per share. In addition, no further contribution to FFO will be recorded in subsequent periods by the Company with respect to its Mall of America partnership interest until such time as the issues in this litigation are resolved. For the third quarter of 2003, this impact reduced FFO by slightly less than \$0.01 per share.

Without giving effect to the events discussed above, diluted FFO for the third quarter of 2003 was \$0.97 per share, compared with \$0.93 for the third quarter of 2002, and diluted earnings per share for the third quarter was \$0.29 per share, compared to \$0.32 for the third quarter of 2002.

For the nine months ended September 30, 2003, diluted FFO was \$2.78 per share, compared to \$2.51 (as restated) in 2002. Diluted earnings per share for the nine months ended September 30, 2003 was \$0.78, compared to \$1.47 in 2002. The decline in net income for the nine months is attributable to net gains on the sale of real estate, primarily the sale of the Company's interests in five "Mills-type" properties and a premium outlet center in the second quarter of 2002, in addition to the events described above for the third quarter of 2003.

Without giving effect to the TCO and Mall of America items previously discussed, diluted FFO for the first nine months of 2003 was \$2.82 per share, compared with \$2.51 for the same period in 2002, and diluted earnings per share for the first nine months of 2003 was \$0.85, compared to \$1.47 for the same period in 2002.

The Company considers FFO a key measure of its operating performance that is not specifically defined by accounting principles generally accepted in the United States ("GAAP"). The Company believes that FFO is helpful to investors because it is a widely recognized measure of the performance of real estate investment trusts and provides a relevant basis for comparison among REITs. A reconciliation of net income to FFO is provided in the financial statement section of this press release.

Occupancy for mall and freestanding stores in the regional malls at September 30, 2003 was 91.9%, equal to the occupancy level at September 30, 2002. Comparable retail sales per square foot increased to \$398 as compared to \$391 at September 30, 2002, while total retail sales per square foot increased to \$394 at September 30, 2003 as compared to \$385 at September 30, 2002. Average base rents for mall and freestanding stores in the regional mall portfolio were \$31.87 per square foot at September 30, 2003, an increase of \$1.50 or 5%, from September 30, 2002. The average initial base rent for new mall store leases signed during the first nine months of 2003 was \$40.80, an increase of \$8.12 or 25% over the tenants who closed or whose leases expired.

"Our results for the quarter, affected by the financial impact of expensing the TCO tender offer costs and the Mall of America Court Order, do not fully reflect the continued solid performance of our core business," said David Simon, chief executive officer. "Our core business fundamentals continue to demonstrate strength and stability. Regional mall occupancy remains steady, average base rents increased 5%, tenant sales increased roughly 2% after a successful back-to-school season, and releasing spreads for the first nine months were 25% higher than expiring rents. Our high-quality regional mall portfolio is performing to our expectations and in-line with our 2003 plan."

2003 Guidance

The Company expects net income per share for the year to be within a range of \$1.41 to \$1.44 and FFO to be within a range of \$4.00 to \$4.03. This guidance range is slightly higher than the previous guidance range given, excluding the write-off of TCO tender offer costs and the Company's discontinuing the recording of contribution to FFO from the Company's interest in Mall of America. The following table provides the reconciliation of prior estimated diluted FFO per share to current estimated diluted FFO per share to estimated diluted net income per share.

For the twelve months ended December 31, 2003

| | <u>Low Range</u> | <u>High Range</u> |
|---|----------------------|-----------------------|
| Estimated funds from operations per share (guidance as of July 31, 2003) | \$4.05 | \$4.08 |
| Impact of write-off of TCO tender offer costs | (0.04) | (0.04) |
| Impact of cessation of FFO contribution from Mall of America interest | (0.03) | (0.03) |
| All other factors, net | <u>0.02</u> | <u>0.02</u> |
| Estimated funds from operations per share (guidance as of October 30, 2003) | \$4.00 | \$4.03 |
| Depreciation and amortization including our share of joint ventures | (2.55) | (2.55) |
| Loss on disposal or sale of assets, net | (0.12) | (0.12) |
| Impact of additional dilutive securities for FFO per share | <u>0.08</u> | <u>0.08</u> |
| Estimated net income per share | <u>\$1.41</u> | <u>\$1.44</u> |

This guidance is based on management's view of current market conditions in the regional mall business. The guidance ranges do not include property transactions, other than transactions that have already closed.

New Development Projects

Las Vegas Premium Outlets, a 50/50 joint venture project developed by Simon and Chelsea Property Group, opened on August 1, 2003. Las Vegas Premium Outlets is a 435,000 square-foot, single-phase upscale outlet center located between Grand Central Parkway and Interstate 15, near the intersection of U.S. Route 95, approximately 2 ½ miles from the north end of the Las Vegas Strip. Net project cost was approximately \$88 million.

The Company has three new development projects currently under construction:

- Chicago Premium Outlets is the third development to be undertaken jointly by Simon and Chelsea. Also a 50/50 joint venture, the site is approximately 35 miles west of downtown Chicago on Interstate 88, also known as the East-West Tollway, in Aurora, Illinois. This upscale manufacturers' outlet shopping center will comprise 438,000 square feet. Net costs are expected to approximate \$76 million and the project is scheduled to open in May of 2004.
- Clay Terrace is a 570,000 square foot upscale lifestyle center located at the southwest corner of U.S. 31 and 146th Street, approximately fifteen miles north of downtown Indianapolis, Indiana. Clay Terrace is an open-air, mixed-use regional shopping center project, incorporating a mix of "big box" anchor stores, specialty retail stores, unique restaurants and Class A office space. The center will also feature a Village Green for art shows, outdoor concerts and other activities, all designed to convey the look and feel of an urban main street. Simon owns the project in a 50/50 joint venture with Lauth Property Group. Gross costs are expected to approximate \$108 million and the project is scheduled to open in the fall of 2004.
- St. Johns Town Center, a 1.5 million square foot open-air retail project, is under construction in Jacksonville, Florida. The project will be comprised of a village component with a mainstreet design and a community center. Simon is developing the project in conjunction with joint

venture partner Ben Carter Properties. Initially, the Company will own 85% of this project until certain financial hurdles are met. Gross costs are expected to approximate \$158 million and the project is scheduled to open in March of 2005.

The Company also announced today that it expects to commence construction early in 2004 on two additional projects:

- Firewheel Center will be a 785,000 square foot open air regional shopping center located at the intersection of State Road 190 and President George Bush Expressway and State Road 78 in Garland, Texas. The project will feature Foley's, Dillard's, AMC, Barnes & Noble, Circuit City, Sports Authority and Linens N' Things. The project will contain approximately 245,000 square feet of small shop space, four sit-down restaurants, plus 75,000 square feet of second level office space. Gross costs are expected to approximate \$126 million and the project is scheduled to open in the fall of 2005. SPG will own 100% of this asset.
- Wolf Ranch will be a 670,000 square foot retail shopping complex located at the southwest corner of I-35 and State Road 29 in Georgetown, Texas. It will be an open-air, mixed-use shopping center containing a mix of "big box" anchor stores, specialty retail stores and unique restaurants that will complement the fast growing north side of Austin, Texas and Williamson County. Wolf Ranch will be anchored by Target and Kohl's and contain eight junior anchors including Linens N' Things, Office Depot and PetsMart. Gross costs are expected to approximate \$80 million and the project is scheduled to open in August of 2005. SPG will also own 100% of this asset.

Asset Expansions

The following expansions or department store additions were completed during the third quarter of 2003:

- In August, Nordstrom opened at Barton Creek Square in Austin, Texas along with 40,000 square feet of new small shop space.
- In August, Kohl's opened in Lincolnwood Town Center in Lincolnwood, Illinois.
- In September, Younkers opened at Bay Park Square in Green Bay, Wisconsin along with 67,000 square feet of new small shop space.
- In September, Saks Fifth Avenue opened at Fashion Mall at Keystone in our hometown of Indianapolis.

Acquisitions

On August 20, 2003, the Company purchased a 100 percent stake in Stanford Shopping Center, in Palo Alto, California, for \$333 million. Stanford Shopping Center is one of the most successful regional malls in the United States with 2002 total sales in excess of \$500 million and comparable tenant sales per square foot of approximately \$600.

The Company also announced today that it expects to complete a series of transactions that will increase its ownership in Kravco Investments L.P. (KI), a Philadelphia, Pennsylvania-based owner of regional malls, and Kravco Company (KC), its affiliated property management company. These transactions, which could close in the next 30 days, will increase SPG's ownership in KI to

approximately 80% and in KC to 50%. Members of the family of Arthur Powell, one of the founders of these companies, will retain ownership of the remaining interests.

SPG is acquiring interests in KI and KC from certain private investors, The Rouse Company and Westfield America Trust. SPG, Rouse and Westfield obtained their interests in Kravco in connection with the 2002 acquisition of assets from Rodamco North America, N.V. SPG currently owns approximately 18% of KI and 15% of KC.

KI owns interests in seven regional malls, six of which are located in the Philadelphia metropolitan area. Included in the portfolio is an interest in the Plaza and Court at King of Prussia, one of the country's most successful regional malls. Sales per square foot of the KI mall portfolio for 2002 exceeded \$400. KI also owns interests in three community shopping centers.

KC manages a number of retail assets in addition to the KI portfolio and also operates a third-party development business. KC will continue to be headquartered in King of Prussia, PA.

Total consideration to be paid by SPG in these transactions is approximately \$300 million, including the assumption of its pro rata share of mortgage indebtedness. SPG expects to issue \$120 million of perpetual preferred operating partnership units as part of the consideration. SPG expects the acquisition to be immediately accretive to its funds from operations.

The Kravco transactions are subject to execution of definitive agreements and customary closing conditions.

Dispositions

On October 1, 2003, the Company sold New Orleans Centre, a mixed-use project in New Orleans, Louisiana for approximately \$36 million. A loss on the disposition of approximately \$13 million is reflected in third quarter results.

Dividends

Today the Company also announced a common stock dividend of \$0.60 per share. This dividend will be paid on November 28, 2003 to shareholders of record on November 14, 2003.

The Company also declared dividends on its three public issues of preferred stock, all payable on December 31, 2003 to shareholders of record on December 17, 2003:

- Simon Property Group, Inc. 6.50% Series B Convertible Preferred Stock (NYSE:SPGPrB) - \$1.625 per share.
- Simon Property Group, Inc. 8.75% Series F Cumulative Redeemable Preferred Stock (NYSE:SPGPrF) - \$0.546875 per share.

- Simon Property Group, Inc. 7.89% Series G Cumulative Preferred Stock (NYSE:SPGPrG)- \$0.98625 per share.

Forward-Looking Statements

Estimates of future net income per share and FFO are by definition, and certain other matters discussed in this press release may be, forward-looking statements within the meaning of the federal securities laws. Although the Company believes the expectations reflected in any forward-looking statements are based on reasonable assumptions, it can give no assurance that its 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. The Company undertakes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

Those risks and uncertainties include, but are not limited to, the national, regional and local economic climate, 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, acquisitions and changes in market rates of interest. The reader is directed to the Company's various filings with the Securities and Exchange Commission, including quarterly reports on Form 10-Q, reports on Form 8-K and annual reports on Form 10-K for a discussion of such risks and uncertainties.

Conference Call

The Company will provide an online simulcast of its quarterly conference call at www.simon.com (in the About Simon section), www.companyboardroom.com, and www.streetevents.com. To listen to the live call, please go to any of these websites at least fifteen minutes prior to the call to register, download and install any necessary audio software. The call will begin at 11:00 a.m. Eastern Standard Time (New York) tomorrow, October 31st. An online replay will be available for approximately 90 days at www.simon.com.

Supplemental Materials

The Company will publish a quarterly supplemental information package tomorrow morning which will be available at www.simon.com in the Investor Relations section, Other Financial Reports tab. It will also be furnished to the SEC as part of a Form 8-K. If you wish to receive a copy via mail, please call 800-461-3439.

Simon Property Group, Inc. (NYSE:SPG), headquartered in Indianapolis, Indiana, is a real estate investment trust engaged in the ownership and management of income-producing properties, primarily regional malls and community shopping centers. Through its subsidiary partnerships, it currently owns or has an interest in 237 properties containing an aggregate of 183 million square feet of gross leasable area in 36 states. The Company also holds interest in nine assets in Europe and Canada and ownership interests in other real estate assets. Additional Simon Property Group information is available at www.simon.com.

SIMON^{(A)(B)(C)}

Combined Statements of Operations

Unaudited

(In thousands, except as noted)

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|--|---|------------------|--|-------------------|
| | <u>2003</u> | <u>2002</u> | <u>2003</u> | <u>2002</u> |
| REVENUE: | | | | |
| Minimum rent | \$ 337,571 | \$ 325,795 | \$ 1,002,974 | \$ 942,078 |
| Overage rent | 9,637 | 9,610 | 24,600 | 24,552 |
| Tenant reimbursements | 174,755 | 163,718 | 505,616 | 467,621 |
| Management fees and other revenue | 19,102 | 0 | 59,202 | 0 |
| Other income | 25,515 | 41,949 | 77,040 | 100,318 |
| Total revenue | <u>566,580</u> | <u>541,072</u> | <u>1,669,432</u> | <u>1,534,569</u> |
| EXPENSES: | | | | |
| Property operating | 86,575 | 84,479 | 247,662 | 233,772 |
| Depreciation and amortization | 127,822 | 123,526 | 374,350 | 346,661 |
| Real estate taxes | 57,129 | 53,687 | 168,572 | 156,800 |
| Repairs and maintenance | 18,769 | 18,446 | 62,192 | 52,798 |
| Advertising and promotion | 14,344 | 14,219 | 38,271 | 37,447 |
| Provision for credit losses | 2,301 | 2,182 | 11,029 | 6,805 |
| Home and regional office costs | 17,688 | 10,363 | 56,571 | 32,494 |
| General and administrative | 4,030 | 790 | 11,108 | 2,587 |
| Costs related to withdrawn tender offer | 10,500 | 0 | 10,500 | 0 |
| Other | 5,696 | 6,260 | 17,753 | 20,416 |
| Total operating expenses | <u>344,854</u> | <u>313,952</u> | <u>998,008</u> | <u>889,780</u> |
| OPERATING INCOME | <u>221,726</u> | <u>227,120</u> | <u>671,424</u> | <u>644,789</u> |
| Interest expense | 149,196 | 151,841 | 451,992 | 449,269 |
| Income before minority interest | <u>72,530</u> | <u>75,279</u> | <u>219,432</u> | <u>195,520</u> |
| Minority interest | (888) | (1,811) | (3,307) | (6,369) |
| Gain (loss) on sales of assets and other, net | (5,146) | 76 | (5,122) | 170,383 |
| Gain (loss) from debt related transactions, net | 0 | (1,790) | 0 | 14,349 |
| Income tax expense of taxable REIT subsidiaries | (2,422) | 0 | (6,450) | 0 |
| Income before unconsolidated entities | <u>64,074</u> | <u>71,754</u> | <u>204,553</u> | <u>373,883</u> |
| Loss from MerchantWired, LLC, net | 0 | 0 | 0 | (32,742) |
| Income from other unconsolidated entities | 24,015 | 22,933 | 70,989 | 66,183 |
| Income before discontinued operations | <u>88,089</u> | <u>94,687</u> | <u>275,542</u> | <u>407,324</u> |
| Results of operations from discontinued operations | 329 | 2,248 | 1,774 | 6,396 |
| Loss on disposal or sale of discontinued operations, net | (12,935) | 0 | (25,693) | 0 |
| Income before allocation to limited partners | <u>75,483</u> | <u>96,935</u> | <u>251,623</u> | <u>413,720</u> |
| LESS: | | | | |
| Limited partners' interest in the Operating Partnership | 14,244 | 19,514 | 47,917 | 94,618 |
| Preferred distributions of the Operating Partnership | 2,835 | 2,835 | 8,505 | 8,505 |
| NET INCOME | <u>58,404</u> | <u>74,586</u> | <u>195,201</u> | <u>310,597</u> |
| Preferred dividends | (15,683) | (15,683) | (47,048) | (48,518) |
| NET INCOME AVAILABLE TO COMMON SHAREHOLDERS | <u>\$ 42,721</u> | <u>\$ 58,903</u> | <u>\$ 148,153</u> | <u>\$ 262,079</u> |

SIMON^{(A)(B)}Per Share Data and Selected Mall Operating Statistics
Unaudited

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|----------------|------------------------------------|----------------|
| | <u>2003</u> | <u>2002</u> | <u>2003</u> | <u>2002</u> |
| <u>PER SHARE DATA:</u> | | | | |
| Basic Earnings Per Common Share: | | | | |
| Income before discontinued operations | \$ 0.28 | \$ 0.31 | \$ 0.89 | \$ 1.44 |
| Discontinued operations | (0.05) | 0.01 | (0.10) | 0.03 |
| Net Income available to Common Shareholders | <u>\$ 0.23</u> | <u>\$ 0.32</u> | <u>\$ 0.79</u> | <u>\$ 1.47</u> |
| <i>Percent Decrease</i> | 28.1% | | 46.3% | |
| Diluted Earnings Per Common Share: | | | | |
| Income before discontinued operations | \$ 0.27 | \$ 0.31 | \$ 0.88 | \$ 1.44 |
| Discontinued operations | (0.05) | 0.01 | (0.10) | 0.03 |
| Net Income available to Common Shareholders | <u>\$ 0.22</u> | <u>\$ 0.32</u> | <u>\$ 0.78</u> | <u>\$ 1.47</u> |
| <i>Percent Decrease</i> | 31.3% | | 46.9% | |

SELECTED REGIONAL MALL OPERATING STATISTICS

| | September 30, <u>2003</u> | September 30, <u>2002</u> |
|---|------------------------------|------------------------------|
| Occupancy ^(D) | 91.9% | 91.9% |
| Average rent per square foot ^(D) | \$31.87 | \$30.37 |
| Total sales volume (in millions) ^(E) | \$12,276 | \$11,980 |
| Comparable sales per square foot ^(E) | \$398 | \$391 |
| Total sales per square foot ^(E) | \$394 | \$385 |

SIMON^{(A)(B)}Reconciliation of Net Income to FFO^(F)

Unaudited

(In thousands, except as noted)

The Company considers FFO a key measure of its operating performance that is not specifically defined by GAAP. The Company believes that FFO is helpful to investors because it is a widely recognized measure of the performance of REITs and it provides a relevant basis for comparison among REITs. The Company also uses this measure internally to measure the operating performance of the portfolio.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|---------------------------|------------------------------------|---------------------------|
| | <u>2003</u> | <u>2002^(G)</u> | <u>2003</u> | <u>2002^(G)</u> |
| Net Income ^{(H)(I)} | \$ 58,404 | \$ 74,586 | \$ 195,201 | \$310,597 |
| Plus: Limited partners' interest in the Operating Partnership and preferred distributions of the Operating Partnership | 17,079 | 22,349 | 56,422 | 103,123 |
| Plus: Depreciation and amortization from combined consolidated properties and discontinued operations | 126,978 | 125,311 | 374,907 | 351,756 |
| Plus: Simon's share of depreciation and amortization and other items from unconsolidated entities | 36,218 | 34,365 | 108,721 | 107,654 |
| Plus: (Gain)/Loss on sales of real estate and discontinued operations | 18,081 | (76) | 30,815 | (170,383) |
| Less: Gains on debt related transactions resulting from impairment charge | 0 | 0 | 0 | (14,056) |
| Less: Management Company gain on sale of real estate, net | 0 | 0 | 0 | (8,400) |
| Less: Minority interest portion of depreciation and amortization | (695) | (1,846) | (2,661) | (5,675) |
| Less: Preferred distributions and dividends | <u>(18,518)</u> | <u>(18,518)</u> | <u>(55,553)</u> | <u>(57,023)</u> |
| FFO of the Simon Portfolio | <u>\$ 237,547</u> | <u>\$236,171</u> | <u>\$ 707,852</u> | <u>\$617,593</u> |

| | | | | |
|---|-------------------|------------------|-------------------|------------------|
| FFO of the Simon Portfolio | \$ 237,547 | \$236,171 | \$ 707,852 | \$617,593 |
| FFO Allocable to the LP Unitholders | <u>(58,202)</u> | <u>(60,725)</u> | <u>(173,482)</u> | <u>(163,154)</u> |
| Basic FFO Allocable to the Company | 179,345 | 175,446 | 534,370 | 454,439 |
| Impact of Series A, B and C Preferred Stock Conversion & Option Exercise ^(J) | <u>10,407</u> | <u>9,268</u> | <u>29,647</u> | <u>27,972</u> |
| Diluted FFO Allocable to the Company | <u>\$ 189,752</u> | <u>\$184,714</u> | <u>\$ 564,017</u> | <u>\$482,411</u> |
| Basic Weighted Average Shares Outstanding | 189,165 | 185,532 | 188,445 | 178,013 |
| Effect of Stock Options | 895 | 729 | 786 | 678 |
| Impact of Series A Preferred 6.5% Convertible Stock | 0 | 1 | 0 | 1,228 |
| Impact of Series B Preferred 6.5% Convertible Stock | 12,491 | 12,491 | 12,491 | 12,491 |
| Impact of Series C Cumulative Preferred 7% Convertible Units | 1,968 | 0 | 1,319 | 0 |
| Diluted Weighted Average Number of Equivalent Shares | <u>204,519</u> | <u>198,753</u> | <u>203,041</u> | <u>192,410</u> |
| Basic FFO Per Share: | | | | |
| Basic FFO Allocable to the Company | \$ 179,345 | \$175,446 | \$ 534,370 | \$454,439 |
| Basic Weighted Average Shares Outstanding | 189,165 | 185,532 | 188,445 | 178,013 |
| Basic FFO per Share | \$ 0.95 | \$ 0.95 | \$ 2.84 | \$ 2.55 |
| Percent Increase | 0.0% | | 11.4% | |
| Diluted FFO per Share: | | | | |
| Diluted FFO Allocable to the Company | \$ 189,752 | \$184,714 | \$ 564,017 | \$482,411 |
| Diluted Weighted Average Number of Equivalent Shares | 204,519 | 198,753 | 203,041 | 192,410 |
| Diluted FFO per Share | \$ 0.93 | \$ 0.93 | \$ 2.78 | \$ 2.51 |
| Percent Increase | 0.0% | | 10.8% | |

SIMON^{(A)(B)(C)}
 Combined Balance Sheets
 Unaudited
 (In thousands, except as noted)

| | <u>September 30,</u> <u>2003</u> | <u>December 31,</u> <u>2002</u> |
|---|-------------------------------------|------------------------------------|
| ASSETS: | | |
| Investment properties, at cost | \$ 14,822,113 | \$ 14,249,615 |
| Less - accumulated depreciation | <u>2,478,513</u> | <u>2,222,242</u> |
| | 12,343,600 | 12,027,373 |
| Cash and cash equivalents | 361,067 | 397,129 |
| Tenant receivables and accrued revenue, net | 275,994 | 311,361 |
| Notes and advances receivable from Management Company and affiliates | -- | 75,105 |
| Investment in unconsolidated entities, at equity | 1,486,862 | 1,665,654 |
| Goodwill, net | 37,212 | 37,212 |
| Deferred costs, other assets, and minority interest, net | <u>600,242</u> | <u>390,668</u> |
| Total assets | <u><u>\$ 15,104,977</u></u> | <u><u>\$ 14,904,502</u></u> |
| LIABILITIES: | | |
| Mortgages and other indebtedness | \$ 10,000,254 | \$ 9,546,081 |
| Accounts payable, accrued expenses and deferred revenue | 621,416 | 624,505 |
| Cash distributions and losses in partnerships and joint ventures, at equity | 17,798 | 13,898 |
| Other liabilities, minority interest and accrued dividends | <u>187,779</u> | <u>228,508</u> |
| Total liabilities | <u><u>10,827,247</u></u> | <u><u>10,412,992</u></u> |
| COMMITMENTS AND CONTINGENCIES | | |
| LIMITED PARTNERS' INTEREST IN THE OPERATING PARTNERSHIP | 778,745 | 872,925 |
| LIMITED PARTNERS' PREFERRED INTEREST IN THE OPERATING PARTNERSHIP | 150,852 | 150,852 |
| SHAREHOLDERS' EQUITY | | |
| CAPITAL STOCK OF SIMON PROPERTY GROUP, INC. (750,000,000 total shares authorized, \$.0001 par value, 237,996,000 shares of excess common stock): | | |
| All series of preferred stock, 100,000,000 shares authorized, 16,829,957 and 16,830,057 issued, and outstanding, respectively. Liquidation value \$857,996 and \$858,006, respectively. | 814,602 | 814,254 |
| Common stock, \$.0001 par value, 400,000,000 shares authorized, 188,096,157 and 184,438,095 issued, respectively | 19 | 18 |
| Class B common stock, \$.0001 par value, 12,000,000 shares authorized, 3,200,000 issued and outstanding | 1 | 1 |
| Class C common stock, \$.0001 par value, 4,000 shares authorized, issued and outstanding | -- | -- |
| Capital in excess of par value | 3,736,234 | 3,686,161 |
| Accumulated deficit | (1,148,359) | (961,338) |
| Accumulated other comprehensive income | 13,587 | (8,109) |
| Unamortized restricted stock award | (15,433) | (10,736) |
| Common stock held in treasury at cost, 2,098,555 shares | <u>(52,518)</u> | <u>(52,518)</u> |
| Total shareholders' equity | <u><u>3,348,133</u></u> | <u><u>3,467,733</u></u> |
| | <u><u>\$ 15,104,977</u></u> | <u><u>\$ 14,904,502</u></u> |

SIMON

Joint Venture Statements of Operations

Unaudited

(In thousands, except as noted)

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|--|---|------------------|--|-------------------|
| | <u>2003</u> | <u>2002</u> | <u>2003</u> | <u>2002</u> |
| | REVENUE: | | | |
| Minimum rent | \$ 220,789 | \$ 205,484 | \$ 649,292 | \$ 578,084 |
| Overage rent | 5,396 | 5,733 | 14,390 | 13,310 |
| Tenant reimbursements | 120,047 | 104,767 | 338,874 | 291,518 |
| Other income | 51,344 | 16,109 | 146,634 | 35,152 |
| Total revenue | 397,576 | 332,093 | 1,149,190 | 918,064 |
| EXPENSES: | | | | |
| Property operating | 77,904 | 57,560 | 214,501 | 155,368 |
| Depreciation and amortization | 67,103 | 58,928 | 196,814 | 170,606 |
| Real estate taxes | 34,039 | 31,560 | 104,525 | 92,019 |
| Repairs and maintenance | 18,205 | 18,268 | 56,852 | 47,395 |
| Advertising and promotion | 10,139 | 9,264 | 27,474 | 23,692 |
| Provision for credit losses | 3,394 | 1,499 | 9,354 | 3,920 |
| Other | 17,889 | 8,292 | 58,364 | 20,116 |
| Total operating expenses | 228,673 | 185,371 | 667,884 | 513,116 |
| OPERATING INCOME | 168,903 | 146,722 | 481,306 | 404,948 |
| Interest expense | 91,119 | 88,600 | 270,988 | 247,803 |
| Income Before Minority Interest and Unconsolidated Entities | 77,784 | 58,122 | 210,318 | 157,145 |
| Income from unconsolidated entities | 3,019 | (1,667) | 7,209 | (160) |
| Minority interest | (178) | (389) | (539) | (389) |
| Income from Continuing Operations | 80,625 | 56,066 | 216,988 | 156,596 |
| Income from discontinued joint venture interests ^(K) | 16 | 1,065 | 1,295 | 15,363 |
| NET INCOME | \$ 80,641 | \$ 57,131 | \$ 218,283 | \$ 171,959 |
| Third-party investors' share of Net Income | \$ 50,528 | \$ 33,232 | \$ 128,387 | \$ 101,247 |
| Our share of Net Income | 30,113 | 23,899 | 89,896 | 70,712 |
| Amortization of Excess Investment | 6,098 | 5,711 | 18,907 | 17,203 |
| Income from Unconsolidated Joint Ventures | \$ 24,015 | \$ 18,188 | \$ 70,989 | \$ 53,509 |

SIMON

Joint Venture Balance Sheets
Unaudited
(In thousands, except as noted)

| | <u>September 30, 2003</u> | <u>December 31, 2002</u> |
|---|-------------------------------|------------------------------|
| ASSETS: | | |
| Investment properties, at cost | \$ 8,826,865 | \$ 8,160,065 |
| Less - accumulated depreciation | <u>1,570,167</u> | <u>1,327,751</u> |
| | 7,256,698 | 6,832,314 |
| | | |
| Cash and cash equivalents | 247,050 | 199,634 |
| Tenant receivables | 202,425 | 199,675 |
| Investment in unconsolidated entities | 19,355 | 6,966 |
| Other assets | <u>207,854</u> | <u>190,561</u> |
| Total assets | <u>\$ 7,933,382</u> | <u>\$ 7,429,150</u> |
| | | |
| LIABILITIES AND PARTNERS' EQUITY: | | |
| Mortgages and other notes payable | \$ 5,764,397 | \$ 5,306,465 |
| Accounts payable and accrued expenses | 269,780 | 289,793 |
| Other liabilities | <u>84,210</u> | <u>66,090</u> |
| Total liabilities | <u>6,118,387</u> | <u>5,662,348</u> |
| | | |
| Preferred units | 152,450 | 125,000 |
| Partners' equity | <u>1,662,545</u> | <u>1,641,802</u> |
| Total liabilities and partners' equity | <u>\$ 7,933,382</u> | <u>\$ 7,429,150</u> |
| | | |
| Our Share of: | | |
| Total assets | \$ 3,248,423 | \$ 3,123,011 |
| Partners' equity | \$ 657,616 | \$ 724,511 |
| Add: Excess Investment, net | <u>811,448</u> | <u>831,728</u> |
| Our net investment in joint ventures | <u>\$ 1,469,064</u> | <u>\$ 1,556,239</u> |
| | | |
| Mortgages and other notes payable | <u>\$ 2,382,622</u> | <u>\$ 2,279,609</u> |

Excess Investment represents the unamortized difference of our investment over our share of the equity in the underlying net assets of the partnerships and 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.

SIMON^(A)

Footnotes to Financial Statements Unaudited

Notes:

- (A) On December 31, 2002, Simon Property Group, Inc. merged with its paired share affiliate, SPG Realty Consultants, Inc. The Statements of Operations and Balance Sheets represent the combined, condensed financial statements of Simon Property Group, Inc. and SPG Realty Consultants, Inc. for 2002.
- (B) The results reflect the acquisition of assets from Rodamco North America N.V. on May 3, 2002. The portfolio acquired by Simon consists primarily of interests in 13 high-quality, highly productive regional malls in the United States.
- (C) On January 1, 2003, the Company's partnership subsidiary, Simon Property Group, L.P., acquired all of the remaining equity interests of M.S. Management Associates, Inc. ("MSM"). MSM provides management, leasing and other services for certain of the Company's properties. MSM is now a wholly owned consolidated taxable REIT subsidiary ("TRS") of Simon Property Group, L.P. As of January 1, 2003, financial results of MSM are reported on the consolidated method. New line items on the Statements of Operations as a result of the consolidation are: Management fees and other revenue, Home and regional office costs, General and administrative expense, and Income tax expense of taxable REIT subsidiaries. In prior years, a portion of Home and regional office costs and General and administrative expense incurred by MSM was allocated to the consolidated properties and reported as Property operating expense. Effective with the consolidation of MSM, this allocation is eliminated in 2003 and the allocations in 2002 have been reclassified to conform with the current year presentation. Home and regional office costs include salary and benefits, office rent, office expenses and information services expenses incurred in the Company's home office and regional offices. General and administrative expense represents the costs of operating as a public company and includes such items as stock exchange fees, public and investor relations expenses, executive officers' compensation expenses, audit fees, and legal fees.
- (D) Includes mall and freestanding stores.
- (E) Based on the standard definition of sales for regional malls adopted by the International Council of Shopping Centers, which includes only mall and freestanding stores.
- (F) As defined by 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, 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. The Company has adopted NAREIT's clarification of the definition of FFO that requires it to include the effects of nonrecurring items not classified as extraordinary, cumulative effect of accounting 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.
- (G) FFO for the quarter and nine months ended September 30, 2002 have been restated to reflect the Company's losses on debt-related transactions previously reported as extraordinary under GAAP and share of impairment of technology assets, reducing FFO by a net \$1.8 million, or \$0.01 per share for the quarter, and a net \$26.4 million, or \$0.10 per share for the nine months.
- (H) Includes our share of gains on land sales of \$2.9 million and \$11.4 million for the three months ended September 30, 2003 and 2002, respectively, and \$23.7 million and \$28.4 million for the nine months ended September 30, 2003 and 2002, respectively.
- (I) Includes our share of straight-line adjustments to minimum rent of \$0.6 million and \$1.4 million for the three months ended September 30, 2003 and 2002, respectively, and \$4.5 million and \$6.8 million for the nine months ended September 30, 2003 and 2002, respectively.
- (J) Includes dividends of Series A, B and C Preferred Stock allocable to the Company as well as increased allocation of FFO to the Company as a result of assumed increase in the number of common shares outstanding. The Series A shares impacted only the 2002 results as they were converted during 2002.
- (K) Discontinued Joint Venture Interests represent those partnership interests that have been sold or consolidated. Consolidation occurs when the Company acquires an additional ownership interest in a joint venture and has, as a result, gained control of the joint venture. These interests have been separated from operational interests to present comparative results of operations for those joint ventures held as of September 30, 2003.