SIMON PROPERTY GROUP

Reconciliation of Diluted Net Income Per Share to Diluted Funds from Operations ("FFO") per Share and Diluted FFO per Share to Diluted FFO Per Share as Adjusted and Comparable FFO per Share

For the Periods Ended December 31, 2011 through December 31, 2018

Industry practice is to evaluate real estate properties in part based on FFO. We consider FFO a key measure of its operating performance that is not specifically defined by generally accepted accounting principles ("GAAP") in the United States. We believe that FFO is helpful to investors because it is a widely recognized measure of the performance of real estate investment trusts (REITs) and provides a relevant basis for comparison among REITs. We also use this measure internally to measure the operating performance of our portfolio. Our computation of FFO may not be comparable to FFO reported by other REITs. 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 consolidated 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.

We determine FFO based upon the definition set forth by the National Association of Real Estate Investment Trusts ("NAREIT"). We determine FFO to be our share of consolidated net income computed in accordance with GAAP, excluding real estate related depreciation and amortization, excluding gains and losses from extraordinary items and cumulative effects of accounting changes, excluding gains and losses from the sale, disposal or property insurance recoveries of, or any impairment charges related to, previously depreciated retail operating properties, plus the allocable portion of FFO of unconsolidated joint ventures based upon economic ownership interest, and all determined on a consistent basis in accordance with GAAP.

We have adopted NAREIT's clarification of the definition of FFO that requires it to include the effects of nonrecurring items not classified as extraordinary, cumulative effect of accounting changes, or a gain or loss resulting from the sale, dispoal or property insurance recoveries of, or any impairment relating to, previously depreciated retail operating properties. We include in FFO gains and losses realized from the sale of land, outlot buildings, equity instruments, and investment holdings of non-retail real estate.

	For the Year Ended December 31							
	2018	2017	2016	2015	2014	2013	2012	2011
Diluted net income per share	$7.87	$6.24	$5.87	$5.88	$4.52	$4.24	$4.72	$3.48
Adjustments to arrive at FFO:								
Depreciation and amortization from consolidated properties and our share of depreciation and amortization from unconsolidated entities, including Klépierre and HBS, net of noncontrolling interests portion of depreciation and amortization	5.01	4.98	4.84	4.67	4.82	4.91	4.67	4.02
Gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	(0.79)	(0.01)	(0.22)	(0.69)	(0.44)	(0.30)	(1.41)	(0.61)
Unrealized change in fair value of equity instruments (1)	0.04	-	-	-	-	-	-	-
Diluted FFO per share as reported	$12.13	$11.21	$10.49	$9.86	$8.90	$8.85	$7.98	$6.89
Debt related charges	-	0.36	0.38	0.33	0.35	-	-	-
Gain upon sale of marketable securities	-	-	-	(0.22)	-	-	-	-
Diluted FFO per share as adjusted	$12.13	$11.57	$10.87	$9.97	$9.25	$8.85	$7.98	$6.89
Add: WPG spin-off transaction expenses	-	-	-	-	0.10	-	-	-
Less: FFO from WPG malls (2)	-	-	-	-	(0.40)	(0.99)	-	-
Less: Impact of accounting change for capitalized leasing costs (3)	(0.13)	(0.12)	(0.13)	(0.13)	(0.12)	(0.13)	(0.11)	(0.10)
Comparable FFO per Share (2)	$12.00	$11.45	$10.74	$9.84	$8.83	$7.73	$7.87	$6.79

(1) Relates to adoption of ASU 2016-01 on January 1, 2018.
(2) Comparable FFO per share excludes FFO from Washington Prime Group, Inc., or WPG. The spin-off of WPG was completed on May 28, 2014.
(3) Effective January 1, 2019, the Company is no longer permitted, subject to the new Leases standard (ASU 2016-02, subsequently codified in ASC 842), to capitalize certain indirect leasing costs. The adjustment reflects the amounts capitalized in the previously reported periods, which were not required to be restated to adopt this change in accounting.