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 September 30, 2009

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

Delaware
(State of incorporation or organization)

001-14469
(Commission File No.)

046-268599
(I.R.S. Employer Identification No.)

225 West Washington Street
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** o

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). **Yes** ☒ **No** o

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer ☒ Accelerated filer o Non-accelerated filer o (Do not check if a smaller reporting company) Smaller reporting company o

Indicate by check mark whether Registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). **Yes** o **No** ☒

As of September 30, 2009, Simon Property Group, Inc. had 283,301,181 shares of common stock, par value $0.0001 per share and 8,000 shares of Class B common stock, par value $0.0001 per share outstanding.

Simon Property Group, Inc. and Subsidiaries

Form 10-Q

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

	September 30, 2009	December 31, 2008
	Unaudited	*As Adjusted*
ASSETS:		
Investment properties, at cost	**$ 25,405,801**	$ 25,205,715
Less — accumulated depreciation	**6,837,803**	6,184,285
	18,567,998	19,021,430
Cash and cash equivalents	**3,745,693**	773,544
Tenant receivables and accrued revenue, net	**352,638**	414,856
Investment in unconsolidated entities, at equity	**1,507,483**	1,663,886
Deferred costs and other assets	**1,166,792**	1,028,333
Note receivable from related party	**636,000**	520,700
Total assets	**$ 25,976,604**	$ 23,422,749
LIABILITIES:		
Mortgages and other indebtedness	**$ 18,669,121**	$ 18,042,532
Accounts payable, accrued expenses, intangibles, and deferred revenues	**1,050,269**	1,086,248
Cash distributions and losses in partnerships and joint ventures, at equity	**443,081**	380,730
Other liabilities and accrued dividends	**182,722**	155,151
Total liabilities	**20,345,193**	19,664,661
Commitments and contingencies		
Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests in properties	**150,261**	276,608
Series I 6% convertible perpetual preferred stock, 19,000,000 shares authorized, 7,603,537 and 7,590,264 issued and outstanding, respectively, at liquidation value	**380,177**	379,513
EQUITY:		
Stockholders' equity		
Capital stock (750,000,000 total shares authorized, $.0001 par value, 237,996,000 shares of excess common stock, 100,000,000 authorized shares of preferred stock):		
Series J $8^3/8$% cumulative redeemable preferred stock, 1,000,000 shares authorized, 796,948 issued and outstanding, with a liquidation value of $39,847	**45,786**	46,032
Common stock, $.0001 par value, 400,004,000 shares authorized, 287,424,297 and 235,691,040 issued, respectively	**29**	24
Class B common stock, $.0001 par value, 12,000,000 shares authorized, 8,000 issued and outstanding	**—**	—
Capital in excess of par value	**7,391,338**	5,410,147
Accumulated deficit	**(2,872,685)**	(2,491,929)
Accumulated other comprehensive loss	**(15,158)**	(165,066)
Common stock held in treasury at cost, 4,123,116 and 4,379,396 shares, respectively	**(176,885)**	(186,210)
Total stockholders' equity	**4,372,425**	2,612,998
Noncontrolling interests	**728,548**	488,969
Total equity	**5,100,973**	3,101,967
Total liabilities and equity	**$ 25,976,604**	$ 23,422,749

The accompanying notes are an integral part of these statements.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	2008	2009	2008
		As Adjusted		*As Adjusted*
REVENUE:				
Minimum rent	**$ 570,100**	$ 567,938	**$1,709,147**	$ 1,684,819
Overage rent	**19,806**	26,295	**45,799**	60,782
Tenant reimbursements	**268,611**	266,616	**784,905**	776,667
Management fees and other revenues	**29,988**	33,350	**90,694**	101,249
Other income	**36,427**	41,395	**116,491**	130,322
Total revenue	**924,932**	935,594	**2,747,036**	2,753,839
EXPENSES:				
Property operating	**113,815**	127,515	**326,798**	352,187
Depreciation and amortization	**250,151**	235,915	**758,173**	700,575
Real estate taxes	**79,854**	84,101	**251,173**	254,071
Repairs and maintenance	**19,151**	20,392	**61,925**	75,258
Advertising and promotion	**23,226**	22,942	**61,555**	64,054
(Recovery of) provision for credit losses	**(745)**	4,004	**19,336**	17,367
Home and regional office costs	**26,899**	34,322	**79,732**	108,766
General and administrative	**4,509**	5,035	**13,867**	15,432
Impairment charge	**—**	—	**140,478**	—
Other	**15,895**	18,016	**52,908**	51,964
Total operating expenses	**532,755**	552,242	**1,765,945**	1,639,674
OPERATING INCOME	**392,177**	383,352	**981,091**	1,114,165
Interest expense	**(257,881)**	(239,955)	**(728,360)**	(702,207)
Loss on extinguishment of debt	**—**	—	**—**	(20,330)
Income tax benefit (expense) of taxable REIT subsidiaries	**238**	(972)	**2,904**	(1,576)
Income from unconsolidated entities	**4,655**	17,312	**15,694**	13,060
CONSOLIDATED NET INCOME	**139,189**	159,737	**271,329**	403,112
Net income attributable to noncontrolling interests	**27,103**	35,644	**60,177**	91,818
Preferred dividends	**6,539**	11,284	**19,597**	33,980
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	**$ 105,547**	$ 112,809	**$ 191,555**	$ 277,314
BASIC EARNINGS PER COMMON SHARE:				
Net income attributable to common stockholders	**$ 0.38**	$ 0.50	**$ 0.73**	$ 1.23
DILUTED EARNINGS PER COMMON SHARE:				
Net income attributable to common stockholders	**$ 0.38**	$ 0.50	**$ 0.73**	$ 1.23
Consolidated net income	**$ 139,189**	$ 159,737	**$ 271,329**	$ 403,112
Unrealized (loss) income on interest rate hedge agreements	**4,883**	2,838	**(6,346)**	(3,781)
Net (loss) on derivative instruments reclassified from accumulated other comprehensive income (loss) into interest expense	**(3,769)**	(6,739)	**(10,816)**	(3,514)
Currency translation adjustments	**5,928**	(3,640)	**695**	(11,328)
Changes in available-for-sale securities and other	**38,362**	13,185	**204,965**	7,843
Comprehensive income	**184,593**	165,381	**459,827**	392,332
Comprehensive income attributable to noncontrolling interests	**35,549**	37,681	**98,767**	90,448
Comprehensive income attributable to common stockholders	**$ 149,044**	$ 127,700	**$ 361,060**	$ 301,884

The accompanying notes are an integral part of these statements.

Simon Property Group, Inc. and Subsidiaries
Unaudited Consolidated Statements of Cash Flows
(Dollars in thousands)

	For the Nine Months Ended September 30,	
	2009	**2008**
		As Adjusted
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net income	**$ 271,329**	$ 403,112
Adjustments to reconcile consolidated net income to net cash provided by operating activities —		
Depreciation and amortization	**765,325**	686,852
Impairment charge	**140,478**	—
Straight-line rent	**(20,376)**	(26,050)
Equity in income of unconsolidated entities	**(15,694)**	(13,060)
Distributions of income from unconsolidated entities	**75,883**	84,296
Changes in assets and liabilities —		
Tenant receivables and accrued revenue, net	**83,518**	24,195
Deferred costs and other assets	**(38,415)**	(26,901)
Accounts payable, accrued expenses, intangibles, deferred revenues and other liabilities	**79,236**	82,920
Net cash provided by operating activities	**1,341,284**	1,215,364
CASH FLOWS FROM INVESTING ACTIVITIES:		
Funding of loans to related parties	**(120,000)**	(8,000)
Repayments on loans to related parties	**4,700**	25,300
Capital expenditures, net	**(313,124)**	(668,239)
Investments in unconsolidated entities	**(16,569)**	(66,315)
Purchase of marketable and non-marketable securities	**(132,984)**	(355,994)
Sale of marketable and non-marketable securities	**44,446**	8,459
Distributions of capital from unconsolidated entities and other	**162,827**	191,508
Net cash used in investing activities	**(370,704)**	(873,281)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sales of common stock and other	**1,639,376**	9,452
Purchase of limited partner units	**—**	(14,361)
Preferred stock redemptions	**(87,689)**	(1,845)
Distributions to noncontrolling interest holders in properties	**(21,668)**	(18,131)
Contributions from noncontrolling interest holders in properties	**2,798**	1,835
Preferred distributions of the Operating Partnership	**(10,451)**	(13,398)
Preferred dividends and distributions to stockholders	**(107,692)**	(640,210)
Distributions to limited partners	**(18,737)**	(154,932)
Mortgage and other indebtedness proceeds, net of transaction costs	**3,121,880**	4,109,078
Mortgage and other indebtedness principal payments	**(2,516,248)**	(3,475,437)
Net cash provided by (used in) financing activities	**2,001,569**	(197,949)
INCREASE IN CASH AND CASH EQUIVALENTS	**2,972,149**	144,134
CASH AND CASH EQUIVALENTS, beginning of period	**773,544**	501,982
CASH AND CASH EQUIVALENTS, end of period	**$ 3,745,693**	$ 646,116

The accompanying notes are an integral part of these statements.

Simon Property Group, Inc. and Subsidiaries

Condensed Notes to Consolidated Financial Statements

(Unaudited)

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

1. Organization

Simon Property Group, Inc. is a Delaware corporation that operates as a self-administered and self-managed real estate investment trust, or REIT, under the Internal Revenue Code. Simon Property Group, L.P., or the Operating Partnership, is our majority-owned partnership subsidiary that owns all of our real estate properties. In these condensed notes to the unaudited consolidated financial statements, the terms "we", "us" and "our" refer to Simon Property Group, Inc. and its subsidiaries.

We own, develop and manage retail real estate properties, which consist primarily of regional malls, Premium Outlet® centers, The Mills®, and community/lifestyle centers. As of September 30, 2009, we owned or held an interest in 325 income-producing properties in the United States, which consisted of 163 regional malls, 41 Premium Outlet centers, 70 community/lifestyle centers, 36 properties acquired in the 2007 acquisition of The Mills Corporation, or the Mills acquisition, and 15 other shopping centers or outlet centers in 41 states and Puerto Rico. Of the 36 properties acquired in the Mills portfolio, 16 of these properties are The Mills, 16 are regional malls, and four are community centers. We also own an interest in one parcel of land held in the United States for future development. Internationally, as of September 30, 2009, we had ownership interests in 51 European shopping centers (France, Italy and Poland), eight Premium Outlet centers in Japan, one Premium Outlet center in Mexico, one Premium Outlet center in South Korea, and three shopping centers in China. Also, through joint venture arrangements we have ownership interest in the following properties under development internationally: a 24% interest in two shopping centers in Italy and a 32.5% interest in one additional shopping center under construction in China.

2. Basis of Presentation

The accompanying unaudited consolidated financial statements of Simon Property Group, Inc. include the accounts of all majority-owned subsidiaries, and all significant inter-company amounts have been eliminated. Due to the seasonal nature of certain operational activities, the results for the interim period ended September 30, 2009 are not necessarily indicative of the results to be expected for the full year.

These consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and include all of the information and disclosures required by accounting principles generally accepted in the United States (GAAP) for interim reporting. Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments necessary for fair presentation (including normal recurring accruals) have been included. The consolidated financial statements in this Form 10-Q should be read in conjunction with the audited consolidated financial statements and related notes contained in our 2008 Annual Report on Form 10-K.

As of September 30, 2009, we consolidated 204 wholly-owned properties and 18 additional properties that are less than wholly-owned, but which we control or for which we are the primary beneficiary. We account for the remaining 167 properties, or the joint venture properties, using the equity method of accounting. We manage the day-to-day operations of 93 of the 167 joint venture properties, but have determined that our partner or partners have substantive participating rights with respect to the assets and operations of these joint venture properties. Our investments in joint ventures in Japan, Europe, and Asia comprise 64 of the remaining 74 properties. The international properties are managed locally by joint ventures in which we share oversight responsibility with our partner. Additionally, we account for our investment in SPG-FCM Ventures, LLC, or SPG-FCM, which acquired The Mills Corporation and its majority-owned subsidiary, The Mills Limited Partnership, collectively Mills, in April 2007, using the equity method of accounting. We have determined that SPG-FCM is not a variable interest entity (VIE) and that Farallon Capital Management, L.L.C., or Farallon, our joint venture partner, has substantive participating rights with respect to the assets and operations of SPG-FCM pursuant to the applicable partnership agreements.

We allocate net operating results of the Operating Partnership after preferred distributions to third parties and to us based on the partners' respective weighted average ownership interests in the Operating Partnership. Net operating results of the Operating Partnership attributed to third parties are reflected in net income attributable to

noncontrolling interests. Our weighted average ownership interest in the Operating Partnership was 82.1% and 79.7% for the nine months ended September 30, 2009 and 2008, respectively. As of September 30, 2009 and December 31, 2008, our ownership interest in the Operating Partnership was 83.0% and 80.4%, respectively. We adjust the limited partners' interests at the end of each period to reflect their respective interests 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 at the time of declaration of partnership interests held by limited partners, or preferred units, and are included in net income attributable to noncontrolling interests.

Reclassifications

We made certain reclassifications of prior period amounts in the consolidated financial statements to conform to the 2009 presentation. The reclassifications were to reflect the retrospective adoption of a newly issued accounting standard related to noncontrolling interests in consolidated financial statements and the reassessment of the classification and measurement of redeemable securities, as further described in Note 3. These reclassifications had no impact on previously reported net income available to common stockholders or earnings per share.

Subsequent Events

We have evaluated the financial statements for subsequent events through the time of the filing of this Form 10-Q.

3. Significant Accounting Policies

Cash and Cash Equivalents

We consider all highly liquid investments purchased with an original maturity of 90 days or less to be cash and cash equivalents. Cash equivalents are carried at cost, which approximates market value. Cash equivalents generally consist of commercial paper, bankers acceptances, Eurodollars, repurchase agreements and money market funds or accounts. Cash and cash equivalents, as of September 30, 2009, include a balance of $30.9 million related to our co-branded gift card programs which we do not consider available for general working capital purposes. Financial instruments that potentially subject us to concentrations of credit risk include our cash and cash equivalents and our tenant receivables. We place our cash and cash equivalents with high credit quality institutions. However, at certain times, the cash and cash equivalents deposited with any institution may be in excess of FDIC and SIPC insurance limits.

Marketable and Non-Marketable Securities

Marketable securities consist primarily of the investments of our captive insurance subsidiaries, our investment in shares of common stock of Liberty International PLC, or Liberty, our deferred compensation plan investments, and certain investments held to fund the debt service requirements of debt previously secured by investment properties that have been sold.

The types of securities included in the investment portfolio of our captive insurance subsidiaries typically include U.S. Treasury or other U.S. government securities as well as corporate debt securities with maturities ranging from 1 to 10 years. These securities are classified as available-for-sale and are valued based upon quoted market prices or other observable inputs when quoted market prices are not available. The amortized cost of debt securities, which approximates fair value, held by our captive insurance subsidiaries is adjusted for amortization of premiums and accretion of discounts to maturity. Our investment in Liberty is also accounted for as an available-for-sale security. Liberty operates regional shopping centers and is the owner of other retail assets throughout the United Kingdom, as well as certain real estate assets in the U.S. Liberty is a U.K. FTSE 100 listed company. Liberty elected to be treated as a U.K. Real Estate Investment Trust on January 1, 2007. Our interest in Liberty is adjusted to their quoted market price, including a related foreign exchange component. Changes in the values of these securities are recognized in accumulated other comprehensive income (loss) until the gain or loss is realized or until any unrealized loss is deemed to be other-than-temporary.

During the quarterly period ended June 30, 2009, we recognized a non-cash charge of $140.5 million, or $0.42 per diluted share, representing an other-than-temporary impairment in fair value below the carrying value of our investment in Liberty. As of June 30 and September 30, 2009, we owned 35.4 million shares at a weighted average cost per share of £5.74. As of June 30, and September 30, 2009, Liberty's quoted market price was £3.97 and £4.79 per

share, respectively. As a result of the significance and duration of the decline in the total share price at June 30, 2009, including currency revaluations, the decline in value was deemed an other-than-temporary impairment, which established a new cost basis of our investment in Liberty. As a result, changes in available-for-sale securities and other in the consolidated statement of operations and comprehensive income include the reclassification of $140.5 million from accumulated other comprehensive income to earnings related to this non-cash charge. Prior to the quarter ending June 30, 2009, the changes in value of our Liberty investment were reflected in other comprehensive income.For the quarter ending September 30, 2009, we resumed marking our Liberty investment to market through other comprehensive income. The resulting mark-to-market adjustment for the quarterly period ended September 30, 2009 was an increase in the value of Liberty of $37.7 million with a corresponding adjustment in other comprehensive income.

Our insurance subsidiaries are required to maintain statutory minimum capital and surplus as well as maintain a minimum liquidity ratio. Therefore, our access to this investment portfolio may be limited. Our deferred compensation plan investments are classified as trading securities and are valued based upon quoted market prices. The investments have a matching liability recorded as the amounts are fully payable to the employees who earned the compensation and who are in the deferred compensation plan. Changes in the values of these securities are recognized in earnings, but because of the matching liability the impact to net income is zero. In addition, as of September 30, 2009 and December 31, 2008, we had investments of $52.3 million and $53.4 million, respectively, which must be used to fund the debt service requirements of previously secured by investment properties sold. These investments are classified as held-to-maturity and are recorded at amortized cost as we have the ability and intent to hold these investments to maturity.

During 2008, we made an investment of $70 million in a non-marketable security that we account for under the cost method. To the extent an other-than-temporary decline in fair value is deemed to have occurred, we would adjust this investment to its estimated fair value.

The net unrealized gains as of September 30, 2009 were approximately $39.6 million and represented the valuation and related currency adjustments for our marketable securities. As of September 30, 2009, other than the adjustment related to our investment in Liberty recorded during the second quarter, we do not consider the decline in value of any of our other marketable and non-marketable securities to be an other-than-temporary impairment, as these market value declines, if any, have existed for a short period of time, and, in the case of debt securities, we have the ability and intent to hold these securities to maturity.

Fair Value Measurements

We hold marketable securities that total $476.0 million at September 30, 2009, and are considered to have Level 1 fair value inputs. In addition, we have derivative instruments which are classified as having Level 2 inputs which consist primarily of interest rate swap agreements with a gross liability balance of $16.7 million and interest rate cap agreements with a gross asset value of $3 million, which are offset by a corresponding counter position cap liability of the same amount. Level 1 fair value inputs are quoted prices for identical items in active, liquid and visible markets such as stock exchanges, and Level 2 fair value inputs are observable information for similar items in active or inactive markets, and appropriately consider counterparty creditworthiness in the valuations. See Note 6 for a discussion of fair value of debt.

Retrospective Adjustments Related to Noncontrolling Interests and Temporary Equity

Effective January 1, 2009, we adopted a newly issued accounting standard for noncontrolling interests, which requires a noncontrolling interest in a subsidiary to be reported as equity and the amount of consolidated net income specifically attributable to the noncontrolling interest to be included within consolidated net income. This standard also requires consistency in the manner of reporting changes in the parent's ownership interest and requires fair value measurement of any noncontrolling equity investment retained in a deconsolidation. In connection with our adoption, we also reviewed and retrospectively adopted the measurement and classification provisions for redeemable securities as further discussed below. As a result, we adjusted the carrying amounts of noncontrolling redeemable interests held by third parties in certain of our properties to redemption values at each reporting date. Because holders of the noncontrolling redeemable interests in properties can require us to redeem these interests for cash, we have classified these noncontrolling redeemable interests outside of permanent equity. These adjustments increased the December 31, 2007 carrying value of these noncontrolling redeemable interests by $41.5 million, with a corresponding increase to accumulated deficit in consolidated equity. Subsequent adjustments to the carrying amounts of these

noncontrolling redeemable interests in properties, to reflect the change in redemption value at the end of each reporting period, are recorded to accumulated deficit. Additionally, due to certain cash redemption features that may be deemed outside of our control, we have retained temporary equity classification for certain preferred units.

Our reassessment of the measurement and classification provisions for redeemable securities also resulted in the reclassification of our Series I 6% Convertible Perpetual Preferred Stock (Series I Preferred Stock) from permanent equity to temporary equity due to the possibility that we could be required to redeem the security for cash upon the occurrence of a change in control event, which would include a change in the majority of our directors that occurs over a two year period. The carrying amount of the Series I Preferred Stock is equal to its liquidation value, which is the amount payable upon the occurrence of such event. Lastly, the adoption also resulted in the reclassification to equity as noncontrolling nonredeemable interests the limited partners' interests in the Operating Partnership, or units, and nonredeemable noncontrolling interests in properties.

Details of the carrying amount of our noncontrolling interests that have been reclassified to permanent equity are as follows:

	As of September 30, 2009	*As of December 31, 2008*
Limited partners' common interests in the Operating Partnership	**$ 885,149**	$ 639,779
Nonredeemable noncontrolling deficit interests in properties, net	**(156,601)**	(150,810)
Total noncontrolling interests reflected in equity	**$ 728,548**	$ 488,969

As a result of these reclassifications, total equity at December 31, 2008 increased by $61.8 million from the $3.0 billion previously reported.

Further, as a result of the adoption, net income attributable to noncontrolling interests (which includes nonredeemable noncontrolling interests in consolidated properties, limited partners' interests in the Operating Partnership and preferred distributions of the Operating Partnership) is now excluded from the determination of consolidated net income. In addition, the individual components of other comprehensive income are now presented in the aggregate, with the portion attributable to noncontrolling interests deducted from comprehensive income attributable to common stockholders. Corresponding changes have also been made to the accompanying consolidated statements of cash flows. Such changes resulted in a net increase to cash flows provided by operating activities with an offsetting increase to cash flows used in financing activities related to distributions to noncontrolling interest holders in properties.

A rollforward of noncontrolling interests is as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	2008	2009	2008
Noncontrolling interest, beginning of period	**$ 696,063**	$ 528,366	**$ 488,969**	$ 592,978
Net income attributable to noncontrolling interests	**24,980**	31,378	**49,726**	78,420
Distributions to noncontrolling interestsholders(1)	**(42,878)**	(55,582)	**(140,574)**	(171,085)
Other comprehensive income (loss) allocable to noncontrolling interests:				
Unrealized gain (loss) on interest rate hedge agreements	**1,136**	571	**(205)**	(816)
Net (loss) on derivative instruments reclassified from accumulated other comprehensive income (loss) into interest expense	**(636)**	(1,374)	**(1,932)**	(715)
Currency translation adjustments	**1,100**	(738)	**184**	(2,319)
Changes in available-for-sale securities and other	**6,846**	2,685	**40,543**	1,586
	8,446	1,144	**38,590**	(2,264)
Adjustment to limited partners' interests from increased ownership in the Operating Partnership	**(26,214)**	2,683	**161,851**	(28,074)
Units issued to limited partners	**71,162**	—	**145,992**	69,043
Units converted to common shares	**(3,106)**	(7,927)	**(16,079)**	(27,486)
Other	**95**	2,180	**73**	(9,290)
Noncontrolling interest, end of period	**$ 728,548**	$ 502,242	**$ 728,548**	$ 502,242

(1) The 2009 activity for the three and nine-month periods ended September 30, 2009 includes non-cash distributions of $30.4 million and $105.3 million related to distributions paid in units, respectively.

Derivative Instruments and Hedging Activities

On January 1, 2009, we adopted newly issued accounting guidance on disclosures about derivative instruments and hedging activities which amends and expands previous disclosure requirements. The guidance requires qualitative disclosures about objectives and strategies for using derivatives and quantitative disclosures about the fair value of and gains and losses on derivative instruments. We record all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we have elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. We use a variety of derivative financial instruments in the normal course of business to manage or hedge the risks associated with our indebtedness and interest payments. Our objectives in using interest rate derivatives are to add stability to interest expense and to manage our exposure to interest rate movements. To accomplish this objective, we primarily use interest rate swaps and caps. We require that hedging derivative instruments be highly effective in reducing the risk exposure that they are designated to hedge. As a result, there was no significant ineffectiveness from any of our derivative activities during the period. We formally designate any instrument that meets these hedging criteria as a hedge at the inception of the derivative contract.

As of September 30, 2009, we had the following outstanding interest rate derivatives related to interest rate risk:

Interest Rate Derivative	Number of Instruments	Notional Amount
Interest Rate Swaps	4	$ 695.0 million
Interest Rate Caps	3	$ 390.0 million

The carrying value of our interest rate swap agreements, at fair value, is included with other liabilities and was $15.3 million as of September 30, 2009. The interest rate cap agreements were of no net value at September 30, 2009

and we generally do not apply hedge accounting to these arrangements. The total gross accumulated other comprehensive loss related to our derivative activities, including our share of the other comprehensive loss from joint venture properties, approximated $56.3 million as of September 30, 2009.

We are also exposed to fluctuations in foreign exchange rates on investments denominated in a foreign currency that we hold, primarily in Japan and Europe. We use currency forward agreements to manage our exposure to changes in foreign exchange rates on certain Yen-denominated receivables. Currency forward agreements involve fixing the USD-Yen exchange rate for delivery of a specified amount of foreign currency on a specified date. The currency forward agreements are typically cash settled in US dollars for their fair value at or close to their settlement date. We entered into USD-Yen forwards during 2009 for approximately ¥3 billion that we expect to receive through April 2011 at an average exchange rate of 97.1 USD:Yen, of which approximately ¥1.6 billion remains as of September 30, 2009. The September 30, 2009 liability balance related to these forwards was $1.4 million and is included in other liabilities. We have reflected the changes in fair value for these forward contracts in earnings. The underlying currency adjustments on the foreign-denominated receivables are also reflected in income and generally offset the amounts in earnings for these forward contracts.

We have no credit-risk-related hedging or derivative activities.

4. 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 potentially dilutive 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.

	For the Three Months Ended September 30,		*For the Nine Months Ended September 30,*	
	2009	*2008*	*2009*	*2008*
Net Income attributable to Common Stockholders — Basic	**$ 105,547**	$ 112,809	**$ 191,555**	$ 277,314
Effect of dilutive securities:				
Impact to General Partner's interest in Operating Partnership from all dilutive securities and options	**669**	115	**32**	149
Net Income attributable to Common Stockholders — Diluted	**$ 106,216**	$ 112,924	**$ 191,587**	$ 277,463
Weighted Average Shares Outstanding — Basic	**281,430,338**	225,356,074	**261,355,448**	224,600,761
Effect of stock options	**336,896**	569,458	**291,433**	592,850
Effect of contingently issuable shares from stock dividends	**707,058**	—	**1,260,822**	—
Weighted Average Shares Outstanding — Diluted	**282,474,292**	225,925,532	**262,907,703**	225,193,611

For the nine months ended September 30, 2009, potentially dilutive securities include stock options, convertible preferred stock, contingently issuable shares from stock dividends, units that are exchangeable for common stock and preferred units that are convertible into common units or exchangeable for our preferred stock. The only securities that had a dilutive effect for the three and nine months ended September 30, 2009 were stock options and contingently issuable shares from stock dividends. For the three and nine months ended September 30, 2008, the only securities that had a dilutive effect were stock options. We accrue dividends when they are declared.

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, develop new properties, and diversify our risk in a particular property or portfolio. We held joint venture ownership interests in 103 properties in the United States as of September 30, 2009 and December 31, 2008. We also held interests in two joint ventures which owned 51 European shopping centers as of September 30, 2009 and December 31, 2008. At September 30, 2009, we also held interests in eight joint venture properties under operation in Japan, three joint venture properties in China, one joint venture property in Mexico, and one joint venture property in South Korea. We account for these joint venture properties using the equity method of accounting.

Substantially all of our joint venture properties are subject to rights of first refusal, buy-sell provisions, or other sale or marketing rights for partners which are customary in real estate joint venture agreements and the industry. Our partners in these joint ventures may initiate these provisions at any time (subject to any applicable lock up or similar restrictions), which could result in either the sale of our interest or the use of available cash or borrowings to acquire a joint venture interest from our partner.

Loans to SPG-FCM

As part of the Mills acquisition, the Operating Partnership made loans to SPG-FCM and Mills primarily at rates of LIBOR plus 270-275 basis points. These funds were used by SPG-FCM and Mills to repay loans and other obligations, including the redemption of Mills' preferred stock. As of September 30, 2009 and December 31, 2008, the outstanding balance of our remaining loan to SPG-FCM was $636.0 million and $520.7 million, respectively. During the first nine months of 2009 and 2008, we recorded approximately $6.9 million and $11.7 million in interest income (net of inter-entity eliminations), respectively, related to this loan. The loan facility bears interest at a rate of LIBOR plus 275 basis points and matures on June 8, 2010, with two available one-year extensions.

International Joint Venture Investments

European Joint Ventures. We conduct our international operations in Europe through two European joint ventures: Simon Ivanhoe S.à.r.l., or Simon Ivanhoe, and Gallerie Commerciali Italia, or GCI. The carrying amount of our total combined investment in these two joint venture investments was $226.8 million and $224.2 million as of September 30, 2009 and December 31, 2008, respectively, including all related components of accumulated other comprehensive income. The Operating Partnership has a 50% ownership in Simon Ivanhoe and a 49% ownership in GCI.

Asian Joint Ventures. We conduct our investment in the eight international Premium Outlet operations in Japan through joint ventures in which we hold a 40% ownership interest. The carrying amount of our investment in these joint ventures was $310.6 million and $312.6 million as of September 30, 2009 and December 31, 2008, respectively, including all related components of accumulated other comprehensive income. On June 1, 2007, we opened Yeoju Premium Outlets, our first Premium Outlet center in South Korea, in which we hold a 50% ownership interest. Our investment in this property was $22.5 million and $18.0 million as of September 30, 2009 and December 31, 2008, respectively, including all related components of accumulated other comprehensive income.

We also own a 32.5% interest shopping center joint venture arrangements located in China, and a 32.5% ownership in the management operation overseeing these projects, collectively referred to as Great Mall Investments, Ltd., or GMI. Currently three of the centers are open and operational, and one additional center is under construction and due for completion in late 2009. Our combined investment in GMI was approximately $57.6 million and $53.9 million as of September 30, 2009 and December 31, 2008, respectively, including the related cumulative translation adjustments.

We account for all of our international joint venture investments using the equity method of accounting.

Summary Financial Information

Summary financial information (in thousands) of all of our joint ventures and a summary of our investment in and share of income from such joint ventures follow. 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 or are determined to be the primary beneficiary. We reclassify these line items into "Discontinued Joint Venture Interests" and "Consolidated Joint Venture Interests" on the following balance sheets and statements of operations, if material, so that we may present comparative results of operations for these joint venture properties held as of September 30, 2009.

	September 30, 2009	*December 31, 2008*
BALANCE SHEETS		
Assets:		
Investment properties, at cost	**$ 21,803,214**	$ 21,472,490
Less — accumulated depreciation	**4,390,644**	3,892,956
	17,412,570	17,579,534
Cash and cash equivalents	**825,816**	805,411
Tenant receivables and accrued revenue, net	**374,028**	428,322
Investment in unconsolidated entities, at equity	**243,347**	230,497
Deferred costs and other assets	**600,125**	594,578
Total assets	**$ 19,455,886**	$ 19,638,342
Liabilities and Partners' Equity:		
Mortgages and other indebtedness	**$ 16,896,737**	$ 16,686,701
Accounts payable, accrued expenses, intangibles, and deferred revenue	**926,516**	1,070,958
Other liabilities	**1,107,457**	982,254
Total liabilities	**18,930,710**	18,739,913
Preferred units	**67,450**	67,450
Partners' equity	**457,726**	830,979
Total liabilities and partners' equity	**$ 19,455,886**	$ 19,638,342
Our Share of:		
Total assets	**$ 7,994,929**	$ 8,056,873
Partners' equity	**$ 369,166**	$ 533,929
Add: Excess Investment	**695,236**	749,227
Our net Investment in Joint Ventures	**$ 1,064,402**	$ 1,283,156
Mortgages and other indebtedness	**$ 6,649,168**	$ 6,632,419

"Excess Investment" represents the unamortized difference of our investment over our share of the equity in the underlying net assets of the joint ventures acquired. We amortize excess investment over the life of the related properties, typically no greater than 40 years, and the amortization is included in the reported amount of income from unconsolidated entities.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	2008	2009	2008
STATEMENTS OF OPERATIONS				
Revenue:				
Minimum rent	**$ 488,052**	$ 486,586	**$ 1,445,618**	$ 1,435,067
Overage rent	**34,204**	26,910	**85,141**	72,439
Tenant reimbursements	**243,201**	257,259	**719,845**	730,597
Other income	**37,039**	61,862	**115,946**	145,380
Total revenue	**802,496**	832,617	**2,366,550**	2,383,483
Operating Expenses:				
Property operating	**178,291**	177,761	**489,616**	494,498
Depreciation and amortization	**194,727**	192,787	**580,215**	572,256
Real estate taxes	**57,262**	63,254	**190,036**	195,627
Repairs and maintenance	**26,413**	28,582	**77,048**	89,085
Advertising and promotion	**16,005**	16,119	**44,936**	45,241
Provision for credit losses	**3,523**	6,244	**18,910**	14,072
Other	**43,487**	37,640	**131,680**	123,245
Total operating expenses	**519,708**	522,387	**1,532,441**	1,534,024
Operating Income	**282,788**	310,230	**834,109**	849,459
Interest expense	**(221,166)**	(243,569)	**(661,586)**	(727,279)
(Loss) income from unconsolidated entities	**(3,170)**	346	**(2,383)**	(3,783)
Income from Continuing Operations	**58,452**	67,007	**170,140**	118,397
Income from discontinued joint venture interests	**—**	—	**—**	47
Net Income	**$ 58,452**	$ 67,007	**$ 170,140**	$ 118,444
Third-Party Investors' Share of Net Income	**$ 39,710**	$ 37,846	**$ 112,600**	$ 71,403
Our Share of Net Income	**18,742**	29,161	**57,540**	47,041
Amortization of Excess Investment	**(14,087)**	(11,849)	**(41,846)**	(33,981)
Income from Unconsolidated Entities	**$ 4,655**	$ 17,312	**$ 15,694**	$ 13,060

6. Debt

Unsecured Debt

Our unsecured debt currently consists of $11.6 billion of senior unsecured notes of the Operating Partnership and our $3.5 billion unsecured credit facility, or Credit Facility. The Credit Facility bears interest at LIBOR plus 37.5 basis points and an additional facility fee of 12.5 basis points. The Credit Facility matures January 11, 2010 and may be extended one year at our option.

During the nine months ended September 30, 2009, the Operating Partnership repaid five series of unsecured notes totaling $900.0 million, which had fixed rates ranging from 3.50% to 8.63%.

On March 25, 2009, the Operating Partnership issued $650.0 million of senior unsecured notes at a fixed interest rate of 10.35% due April 1, 2019. We used the proceeds from the offering to reduce borrowings on the Credit Facility and for general working capital purposes.

On May 15, 2009, the Operating Partnership issued $600.0 million of senior unsecured notes at a fixed interest rate of 6.75% due May 15, 2014. On August 11, 2009, we issued an additional $500.0 million of the same series of senior unsecured notes in a re-opening of the initial offering. We used the proceeds from the offerings for general working capital purposes.

During the nine months ended September 30, 2009, we drew amounts from the Credit Facility to fund the repayment of $600.0 million of maturing unsecured notes. We repaid a total of $1.2 billion on the Credit Facility during the nine months ended September 30, 2009. The total outstanding balance of the Credit Facility as of September 30, 2009 was $456.2 million, all related to the U.S. dollar equivalent of Euro and Yen-denominated borrowings, and the maximum amount outstanding during the nine months ended September 30, 2009 was approximately $1.6 billion. During the nine months ended September 30, 2009, the weighted average outstanding balance was approximately $739.8 million.

Secured Debt

Total secured indebtedness was $6.6 billion and $6.3 billion at September 30, 2009 and December 31, 2008, respectively.

On July 30, 2009, we borrowed $400.0 million on a loan which matures on August 1, 2016 and bears interest at a fixed rate of 8.00%. This loan is secured by cross-collateralized, cross-defaulted mortgages on Greenwood Park Mall, South Park Mall, and Walt Whitman Mall.

Fair Value of Debt

The carrying value of our variable-rate mortgages and other loans approximates their fair values. We estimate the fair values of consolidated fixed-rate mortgages using cash flows discounted at current borrowing rates and other indebtedness using cash flows at current market rates. We estimate the fair values of consolidated fixed-rate unsecured notes using quoted market prices, or, if no quoted market prices are available, we use quoted market prices for securities with similar terms and maturities. The fair values of our fixed-rate debt at September 30, 2009 and December 31, 2008 was $16.5 billion and $12.4 billion, respectively, compared to carrying values at those dates of $16.2 billion and $14.9 billion, respectively.

7. Equity

The Compensation Committee of our Board of Directors, or the Board, awarded 242,183 shares of restricted stock to employees on February 27, 2009 as part of the 2008 stock incentive program created under The Simon Property Group, L.P. 1998 Stock Incentive Plan at a fair market value of $33.10 per share, 19,315 shares of restricted stock on March 2, 2009 at a fair market value of $29.96 per share, and 764 shares of restricted stock on April 13, 2009 at a fair market value of $42.65 per share. On May 8, 2009, our non-employee Directors were awarded 11,178 shares of restricted stock under this plan at a fair market value of $53.93 per share, and 3,250 shares of restricted stock on June 1, 2009 at a fair market value of $56.39 per share. The fair market value of the restricted stock awarded on February 27, 2009, March 2, 2009 and April 13, 2009 is being recognized as expense over the four-year vesting service period. The fair market value of the restricted stock awarded on May 8, 2009 and June 1, 2009, is being recognized as expense over a one-year vesting service period. We issued shares held in treasury to make the awards.

During the first nine months of 2009, we issued 1,345,567 shares of common stock to 58 limited partners in exchange for an equal number of units.

On September 18, 2009, we issued 2,029,044 shares of common stock as part of the quarterly dividend to common stockholders at an average closing price of $73.97 per share. The Operating Partnership also issued 411,489 units to limited partners related to its distribution.

On June 19, 2009, we issued 2,525,204 shares of common stock as part of the quarterly dividend to common stockholders at an average closing price of $52.92 per share. The Operating Partnership also issued 514,720 units to limited partners related to its distribution.

On May 12, 2009, we issued 23,000,000 shares of common stock in a public offering at a public offering price of $50.00 per share. Proceeds from the offering were used for general working capital purposes.

On March 25, 2009, we issued 17,250,000 shares of common stock in a public offering at a public offering price of $31.50 per share. Proceeds from the offering were used to repay amounts drawn on the Credit Facility and for general working capital purposes.

On March 18, 2009, we issued 5,519,765 shares of common stock as part of the quarterly dividend to common stockholders at an average closing price of $35.38 per share. The Operating Partnership also issued 1,345,151 units to limited partners related to its distribution.

Our Board had authorized the repurchase of up to $1.0 billion of common stock through July 2009. No purchases were made as part of this program in 2009. The program was not renewed and has now expired.

Temporary Equity

For the quarter ending September 30, 2009, holders of our Series I Preferred Stock were not eligible to convert their shares during the quarter into shares of our common stock as the triggering price of $77.07 was not met as of June 30, 2009. As of September 30, 2009, the conversion trigger price of $75.34 had again not been met. On June 30, 2009, the Operating Partnership redeemed all outstanding 7.75%/8.00% Cumulative Redeemable Preferred Units for cash in the aggregate amount of $85,070. The redemption price was the liquidation value of the preferred units which was also its carrying value. On August 27, 2009, the Operating Partnership redeemed all outstanding 7.50% Cumulative Redeemable Preferred Units and 7.00% Cumulative Redeemable Preferred Units for units. The redemption price was the liquidation values of $25,537 and $1,875, respectively, which were also their carrying values.

Changes in Equity

The following table provides a reconciliation of the beginning and ending carrying amounts of total equity, equity attributable to common stockholders and equity attributable to noncontrolling interests:

	Preferred Stock	*Common Stock*	*Accumulated Other Comprehensive Income (Loss)*	*Capital in Excess of Par Value*	*Accumulated Deficit*	*Common Stock Held in Treasury*	*Noncontrolling interests*	*Total Equity*
January 1, 2009	**$ 46,032**	$ 24	**$ (165,066)**	$ 5,410,147	**$ (2,491,929)**	$ (186,210)	**$ 488,969**	$ 3,101,967
Conversion of limited partner units				16,079			**(16,079)**	—
Issuance of limited partner units							**40,724**	40,724
Public offering of common stock		4		1,638,336				1,638,340
Other	**(246)**			8,585	**(4,175)**	9,325	**73**	13,562
Adjustment to limited partners' interest from increased ownership in the Operating Partnership				(161,851)			**161,851**	—
Distributions (and stock issued) to common shareholders and limited partners, excluding Operating Partnership preferred interests		1		480,042	**(587,733)**		**(18,737)**	(126,427)
Distributions to other noncontrolling interest partners							**(16,569)**	(16,569)
Comprehensive income, excluding preferred distributions on temporary equity preferred units of $10,451			**149,908**		**211,152**		**88,316**	449,376
September 30, 2009	**$ 45,786**	$ 29	**$ (15,158)**	$ 7,391,338	**$ (2,872,685)**	$ (176,885)	**$ 728,548**	$ 5,100,973

8. Commitments and Contingencies

Litigation

There have been no material developments with respect to the pending litigation disclosed in our 2008 Annual Report on Form 10-K and no new material developments or litigation have arisen since those disclosures were made.

We are involved in various other legal proceedings that arise in the ordinary course of our business. We believe that such routine litigation, claims and administrative proceedings will not have a material adverse impact on our financial position, results of operations or cash flows. We record a contingent liability when a loss is considered probable and the amount can be reasonably estimated.

Guarantees of Indebtedness

Joint venture debt is the liability of the joint venture, and is typically secured by the joint venture property, which is non-recourse to us. As of September 30, 2009, we have loan guarantees of $48.2 million to support our total $6.6 billion share of joint venture mortgage and other indebtedness in the event that the joint venture borrower defaults under the terms of the underlying arrangement. Mortgages which are guaranteed by us are secured by the property of the joint venture and that property may be sold in order to satisfy the outstanding obligation.

9. Real Estate Acquisitions and Dispositions

We had no consolidated property acquisitions or dispositions during the nine months ended September 30, 2009.

10. Recent Financial Accounting Standards

In December 2007, the Financial Accounting Standards Board (FASB) issued new accounting guidance on business combinations and noncontrolling interests in consolidated financial statements which requires an acquirer to measure the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2008. On January 1, 2009, we adopted the guidance which did not have a significant impact on our financial position, results of operations or cash flows.

In February 2008, the FASB issued a staff position which permitted a one-year deferral for the implementation of previously issued guidance related to fair value measurements with regard to nonfinancial assets and liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). On January 1, 2009, we adopted the fair value measurement guidance as it relates to nonfinancial assets and nonfinancial liabilities that are not recognized or disclosed at fair value in the financial statements on at least an annual basis. The adoption had no impact on our financial position, results of operations or cash flows. The provisions of the guidance are applied at such time as a fair value measurement of a nonfinancial asset or nonfinancial liability is required, which may result in a fair value that is materially different than would have been calculated prior to adoption.

In June 2008, the FASB ratified guidance which provides an entity use a two step approach to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock, including evaluating the instrument's contingent exercise and settlement provisions. On January 1, 2009, we adopted the guidance which had no impact on our financial position, results of operations or cash flows.

On January 1, 2009, we adopted guidance on determining whether instruments granted in share-based payment transactions are participating securities. Under this guidance, unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and are included in the computation of earnings per share pursuant to the two-class method. The adoption of the guidance did not have a significant impact on reported earnings per share.

In May 2009, the FASB issued guidance which established general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The statement introduces new terminology but is based on the same principles that previously existed in the accounting standards. The guidance requires disclosure of the date through which management has evaluated subsequent events and whether that date represents the date the financial statements were issued or the date the financial statements were available to be issued. The guidance was effective for interim and annual periods ending after June 15, 2009. The adoption of this statement did not have any impact on our financial position, results of operations or cash flows.

In June 2009, the FASB issued the FASB Accounting Standards Codification (Codification) which is effective for interim and annual periods ending after September 15, 2009. The Codification defines a new hierarchy for U.S. GAAP and establishes the Codification as the sole source for authoritative guidance to be applied by nongovernmental entities. The adoption of the Codification changed the manner in which U.S. GAAP guidance is referenced, but did not have any impact on our financial position, results of operations or cash flows.

In June 2009, the FASB also issued an amendment to the accounting and disclosure requirements for the consolidation of variable interest entities (VIEs). This amendment requires an enterprise to perform a qualitative analysis when determining whether or not it must consolidate a VIE. The amendment also requires an enterprise to continuously reassess whether it must consolidate a VIE. Additionally, the amendment requires enhanced disclosures about an enterprise's involvement with VIEs and any significant change in risk exposure due to that involvement, as well as how its involvement with VIEs impacts the enterprise's financial statements. Finally, an enterprise will be required to disclose significant judgments and assumptions used to determine whether or not to consolidate a VIE. This amendment is effective for financial statements issued for fiscal years beginning after November 15, 2009. Management is in the process of determining the impact of adopting this amendment.

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 included in this report.

Overview

Simon Property Group, Inc., or Simon Property, is a Delaware corporation that operates as a self-administered and self-managed real estate investment trust, or REIT, under the Internal Revenue Code. To qualify as a REIT, among other things, a company must distribute at least 90 percent of its taxable income to its stockholders annually. Taxes are paid by stockholders on ordinary dividends received and any capital gains distributed. Most states also follow this federal treatment and do not require REITs to pay state income tax. Simon Property Group, L.P., or the Operating Partnership, is a majority-owned partnership subsidiary of Simon Property that, directly or indirectly, owns all 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 own, develop, and manage retail real estate properties, primarily regional malls, Premium Outlet® centers, The Mills®, and community/lifestyle centers. As of September 30, 2009, we owned or held an interest in 325 income-producing properties in the United States, which consisted of 163 regional malls, 41 Premium Outlet centers, 70 community/lifestyle centers, 36 properties acquired in the 2007 acquisition of The Mills Corporation, or Mills, and 15 other shopping centers or outlet centers in 41 states plus Puerto Rico. Of the 36 properties in the Mills portfolio, 16 of these properties are The Mills, 16 are regional malls, and four are community centers. We also own an interest in one parcel of land held in the United States for future development. Internationally, we have ownership interests in 51 European shopping centers (France, Italy and Poland), eight Premium Outlet centers in Japan, one Premium Outlet center in Mexico, one Premium Outlet center in South Korea, and three shopping centers in China. Also, through joint venture arrangements we have ownership interests in the following properties under development internationally: a 24% interest in two shopping centers in Italy and a 32.5% interest in one additional shopping center under construction in China.

We generate the majority of our revenues from leases with retail tenants including:

- Base minimum rents,
- 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 taxes, repair and maintenance, and advertising and promotional expenditures.

Revenues of our management company, after intercompany eliminations, consist primarily of management fees that are typically based upon the revenues of the property being managed.

We seek growth in earnings, funds from operations, or FFO, and cash flows by enhancing the profitability and operation of our properties and investments. We seek to accomplish this growth through the following:

- Focusing on leasing to increase revenues and utilization of economies of scale to reduce operating expenses,
- Expanding and re-tenanting existing franchise locations at competitive market rates,
- Adding mixed-use elements to properties,
- Selectively acquiring high quality real estate assets or portfolios of assets, and
- Selling non-core assets.

We also grow by generating supplemental revenues from the following activities:

- Establishing our malls as leading market resource providers for retailers and other businesses and consumer-focused corporate alliances, including: payment systems (including handling fees relating to the sales of

bank-issued prepaid cards), national marketing alliances, static and digital media initiatives, business development, sponsorship, and events,

- Offering property operating services to our tenants and others, including waste handling and facility services, and the sale of energy, and
- Selling or leasing land adjacent to our shopping center properties, commonly referred to as "outlots" or "outparcels."

We focus on high quality real estate across the retail real estate spectrum. We expand or renovate to enhance existing assets' profitability and market share when we believe the investment of our capital meets our risk-reward criteria. We selectively develop new properties in metropolitan areas that exhibit strong population and economic growth.

We routinely review and evaluate acquisition opportunities based on their ability to complement our portfolio. Our international strategy includes partnering with established real estate companies and financing international investments with local currency to minimize foreign exchange risk.

To support our growth, we employ a three-fold capital strategy:

- Provide the capital necessary to fund growth,
- Maintain sufficient flexibility to access capital in many forms, both public and private, and
- Manage our overall financial structure in a fashion that preserves our investment grade credit ratings.

Results Overview

Diluted earnings per common share decreased $0.50 during the first nine months of 2009, or 40.7%, to $0.73 from $1.23 for the same period last year. The decrease in diluted earnings per share was attributable to a $140.5 million, or $0.45 per diluted share, other-than-temporary impairment charge related to our investment in Liberty International, PLC, or Liberty, a U.K. REIT. We recorded the other-than-temporary charge in the second quarter of 2009 due to the significance and duration of the decline in quoted fair value, including related currency exchange component, below the carrying value of the securities. During the nine months ended September 30, 2008, we recorded a $20.3 million loss on extinguishment of debt related to our redemption of the 7% MandatOry Par Put Remarketed Securities, or MOPPRS. For the three and nine month periods, we also had additional dilution to earnings per share from our 2009 equity offerings of approximately $0.06 and $0.12 per diluted share, respectively.

Core business fundamentals were affected by the difficult economic environment during the first nine months of 2009. Regional mall comparable sales per square foot, or psf, declined 11.2% during the first nine months of 2009 to $438 psf from $493 psf for the same period in 2008. However, our regional mall average base rents increased 2.0% to $40.05 psf as of September 30, 2009, from $39.26 psf as of September 30, 2008 due to releasing of space at higher rents. We were able to lease available square feet at higher rents than the expiring rental rates in the regional mall portfolio resulting in a leasing spread of $4.04 psf as of September 30, 2009, representing a 10.6% increase over expiring rents. Regional mall occupancy was 91.4% as of September 30, 2009, as compared to 92.5% as of September 30, 2008 driven by higher bankruptcies and lease terminations. The more stable operating fundamentals of the Premium Outlet centers contributed to the positive operating results for the nine month period as occupancy of the portfolio remained high at 97.5% while comparable sales psf decreased 4.5% to $492 as consumers continued to prefer retail value, offset by the impact of the economic downturn. Premium Outlet leasing spreads were $9.25, or 32.0% above expiring rents.

As of September 30, 2009, our effective overall borrowing rate decreased two basis points to 5.62% as compared to September 30, 2008. This is a result of a significant decrease in the base LIBOR rate applicable to a majority of our floating rate debt (0.25% at September 30, 2009, versus 3.93% at September 30, 2008). This decrease was partially offset by an increase of our fixed rate debt of $1.4 billion ($16.9 billion at September 30, 2009 versus $15.4 billion at September 30, 2008), which increased the weighted average rate 34 basis points as compared to September 30, 2008. Financing activities for the nine months ended September 30, 2009 included:

- decreasing borrowings on the Operating Partnership's $3.5 billion unsecured credit facility, or Credit Facility, to approximately $456.2 million as of September 30, 2009. The ending balance is entirely comprised of the U.S. dollar equivalent of Euro and Yen-denominated borrowings.
- issuing $650.0 million in 10.35% senior unsecured notes due 2019. We used the proceeds of the offering to reduce borrowings on the Credit Facility.
- issuing $1.1 billion in 6.75% senior unsecured notes due 2014. We used the proceeds of the offering for general corporate purposes.

- redeeming five series of maturing unsecured notes totaling $900.0 million which had fixed rates ranging from 3.50% to 8.63%.
- borrowing $400.0 million on a loan which matures on August 1, 2016 and bears interest at a fixed rate of 8.00%. This loan is secured by cross-collateralized, cross-defaulted mortgages on Greenwood Park Mall, South Park Mall, and Walt Whitman Mall.

United States 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 for our domestic asset platforms. We include acquired properties in this data beginning in the year of acquisition and remove properties sold in the year disposed. We do not include any properties located outside of the United States. The following table sets forth these key operating statistics for:

- properties that are consolidated in our consolidated financial statements,
- properties we account for under the equity method of accounting as joint ventures, and
- the foregoing two categories of properties on a total portfolio basis.

	September 30, 2009	September 30, 2008	%/basis point Change(1)
Regional Malls:			
Occupancy			
Consolidated	**91.6%**	92.9%	**-130 bps**
Unconsolidated	**90.9%**	91.7%	**-80 bps**
Total Portfolio	**91.4%**	92.5%	**-110 bps**
Average Base Rent per Square Foot			
Consolidated	**$ 38.51**	$ 38.09	**1.1%**
Unconsolidated	**$ 43.18**	$ 41.58	**3.8%**
Total Portfolio	**$ 40.05**	$ 39.26	**2.0%**
Comparable Sales Per Square Foot			
Consolidated	**$ 418**	$ 466	**-10.3%**
Unconsolidated	**$ 481**	$ 553	**-13.0%**
Total Portfolio	**$ 438**	$ 493	**-11.2%**
Premium Outlet Centers:			
Occupancy	**97.5%**	98.8%	**-130 bps**
Average Base Rent per Square Foot	**$ 32.95**	$ 27.12	**21.5%**
Comparable Sales per Square Foot	**$ 492**	$ 515	**-4.5%**
The Mills®:			
Occupancy	**92.4%**	94.4%	**-200 bps**
Average Base Rent per Square Foot	**$ 19.66**	$ 19.46	**1.0%**
Comparable Sales per Square Foot	**$ 369**	$ 378	**-2.4%**
Mills Regional Malls:			
Occupancy	**88.9%**	87.6%	**+130 bps**
Average Base Rent per Square Foot	**$ 35.64**	$ 37.19	**-4.2%**
Comparable Sales per Square Foot	**$ 388**	$ 442	**-12.2%**
Community/Lifestyle Centers:			
Occupancy	**88.9%**	91.5%	**-260 bps**
Average Base Rent per Square Foot	**$ 13.34**	$ 13.00	**2.6%**

(1) Percentages may not recalculate due to rounding. Percentages and basis point changes are representative of the change from the comparable prior period.

Occupancy Levels and Average Base Rent Per Square Foot. Occupancy and average base rent are based on mall gross leasable area, or GLA, owned by us in the regional malls, all tenants at the Premium Outlet centers, all tenants in the Mills portfolio, and all tenants at community/lifestyle centers. Our portfolio has maintained stable occupancy and increased average base rents.

Comparable Sales Per Square Foot. Comparable sales include total reported retail tenant sales at owned GLA (for mall and freestanding stores with less than 10,000 square feet) in the regional malls and all reporting tenants at the Premium Outlet centers and the Mills portfolio. 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.

International Property Data

The following key operating statistics are provided for our international properties, which we account for using the equity method of accounting.

	September 30, 2009	*September 30, 2008*	*%/basis point Change*
European Shopping Centers:			
Occupancy	**95.8%**	98.1%	**-230 bps**
Comparable Sales per Square Foot	**€ 409**	€ 429	**-5.4%**
Average Base Rent per Square Foot	**€ 32.56**	€ 30.11	**5.1%**
International Premium Outlets(1)			
Occupancy	**99.7%**	98.9%	**+80 bps**
Comparable Sales per Square Foot	**¥ 93,930**	¥ 94,387	**-0.5%**
Average Base Rent per Square Foot	**¥ 4,711**	¥ 4,651	**1.3%**

(1) Does not include our centers in Mexico (Premium Outlets Punta Norte), South Korea (Yeoju Premium Outlets), or China (Changshu In City Plaza).

Results of Operations

In addition to the activity discussed above in the "Results Overview" section, the following property openings and other activity affected our consolidated results from continuing operations in the comparative periods:

- On August 6, 2009, we opened Cincinnati Premium Outlets, a 400,000 square foot outlet center located in Warren County, Ohio, north of Cincinnati.
- On April 23, 2009, we opened The Promenade at Camarillo Premium Outlets, a 220,000 square foot expansion located in Ventura County, north of Los Angeles.
- On November 13, 2008, we opened Jersey Shore Premium Outlets, a 435,000 square foot outlet center located in Tinton Falls, New Jersey.
- On November 6, 2008, we opened the second phase of Orlando Premium Outlets, a 114,000 square foot expansion, located in Orlando, Florida.
- On May 1, 2008, we opened Pier Park, a 900,000 square foot, open-air lifestyle center located in Panama City, Florida.
- On March 27, 2008, we opened Houston Premium Outlets, a 427,000 square foot outlet center located approximately 30 miles west of Houston in Cypress, Texas.

In addition to the activities discussed in "Results Overview," the following dispositions and property openings affected our income from unconsolidated entities in the comparative periods:

- On September 28, 2009, we opened Suzhou In City Plaza, a 750,000 square foot center located in Suzhou, China. We hold a 32.5% ownership interest in this center.
- On September 25, 2009, we opened Zhengzhou In City Plaza, a 465,000 square foot center located in Zhengzhou, China. We hold a 32.5% ownership interest in this center.
- On July 9, 2009, Chelsea Japan Company, Ltd., or Chelsea Japan, the joint venture which operates the Japanese Premium Outlet Centers in which we have a 40% ownership interest, opened Ami Premium Outlets located in Ami, Japan.

- On December 30, 2008, Cincinnati Mills, one of the properties we acquired in the Mills acquisition, was sold. We held a 50% interest the shopping center.
- On October 16, 2008, Chelsea Japan, opened Sendai-Izumi Premium Outlets located in Izumi Park Town, Japan. We hold a 40% ownership interest in Chelsea Japan.
- On August 25, 2008, Gallerie Commerciali Italia, or GCI, one of our European joint ventures in which we hold a 49% ownership interest, opened Monza, a 211,600 square foot shopping center in Monza, Italy.
- On June 5, 2008, we opened Changshu In City Plaza, a 487,000 square foot retail center located in Changshu, China. We hold a 32.5% ownership interest in this center.
- On May 2, 2008, we opened Hamilton Town Center, a 950,000 square foot open-air retail center in Noblesville, Indiana. We hold a 50% ownership interest in this center.

For the purposes of the following comparison between the nine months ended September 30, 2009, and 2008, the above transactions are referred to as the "property transactions". In the following discussions of our results of operations, "comparable" refers to properties open and operating throughout the periods in both 2009 and 2008.

Three Months Ended September 30, 2009 vs. Three Months Ended September 30, 2008

Minimum rents increased $2.2 million during the period. The property transactions accounted for a $6.9 million increase offset by a decrease in comparable minimum rents of $4.7 million, or 0.9%. The decrease in comparable minimum rents was primarily attributable to a $2.7 million decline in the fair market value of in-place lease amortization, a $2.9 million decrease in straight-line rents, and a $0.8 million decrease in base minimum rents, offset by a $1.7 million increase in comparable rents from carts, kiosks, and other temporary tenants.

Overage rents decreased $6.5 million, or 25%, as a result of a reduction in tenant sales for the period as compared to the prior year.

Tenant reimbursements increased $2.0 million, due to a $3.1 million increase attributable to the property transactions offset by a $1.1 million, or 0.4%, decrease in the comparable properties as a result of a decrease in expenditures allocable to tenants paying common area maintenance on a proportionate basis. We continue to migrate our tenants' payments of common area maintenance contributions to a fixed-payment methodology, which serves to offset the variability of this revenue in relation to variability in the underlying expenses.

Management fees and other revenues decreased $3.4 million principally as a result of decreased earned premiums of our wholly-owned captive insurance entities and lower fee revenue due to the reduction in development, leasing and joint venture property refinancing activity.

Total other income decreased $5.0 million, and was principally the result of a $5.8 million net decrease in interest income, primarily attributable to lower reinvestment rates and the lower rate applicable to our loan facility with SPG-FCM (the joint venture that acquired Mills in 2007).

Property operating costs decreased $13.7 million, or 10.7%, primarily related to our cost control and cost reduction initiatives.

Depreciation and amortization expense increased $14.2 million due to the impact of our prior year openings and expansion activity and acceleration of depreciation for certain properties scheduled for redevelopment.

The provision for bad debts, net of recoveries, decreased $4.7 million primarily due to the recovery of receivables which had been previously reserved.

Home and regional office expense decreased $7.4 million primarily due to decreased personnel costs attributable to our cost control initiatives and lower incentive compensation levels.

Interest expense increased $17.9 million primarily related to the Operating Partnership's issuance of $500 million of unsecured notes on August 11, 2009, $600 million of senior unsecured notes on May 15, 2009 and $650 million of senior unsecured notes on March 25, 2009, offset by decreased interest expense on our Credit Facility due to the payoff of the US tranche.

Income from unconsolidated entities decreased $12.7 million primarily due to the gain recognized in 2008 from our disposition of an investment in a 50% owned multi-family residential facility adjacent to one of our regional mall operating properties.

Net income attributable to noncontrolling interests decreased $8.5 million primarily due to a decrease in the income of the Operating Partnership.

Preferred dividends decreased $4.7 million as a result of the conversion of approximately 6.4 million shares of our Series I 6% Convertible Perpetual Preferred Stock, or Series I preferred stock, into common shares during 2008.

Nine Months Ended September 30, 2009 vs. Nine Months Ended September 30, 2008

Minimum rents increased $24.3 million during the period, of which the property transactions accounted for $22.5 million of the increase. Comparable minimum rents increased $1.8 million, or 0.1%. This was primarily due to a $11.5 million increase in minimum rents due to releasing of space, a $3.2 million increase in rents from carts, kiosks, and other temporary tenants, offset by a $12.9 million decrease in comparable property activity, primarily attributable to a decline in the fair market value of in-place lease amortization.

Overage rents decreased $15.0 million, or 25%, as a result of a reduction in tenant sales for the period as compared to the prior year.

Tenant reimbursements increased $8.2 million, due to a $9.2 million increase attributable to the property transactions offset by a $1.0 million decrease in the comparable properties as a result of a decrease in expenditures allocable to tenants paying common area maintenance on a proportionate basis.

Management fees and other revenues decreased $10.6 million principally as a result of decreased earned premiums of our wholly-owned captive insurance entities and lower fee revenue due to the reduction in development, leasing and joint venture property refinancing activity.

Total other income decreased $13.7 million, and was the result of a $14.6 million net decrease in interest income primarily attributable to lower reinvestment rates and the lower rate applicable to our loan facility with SPG-FCM offset by an increase of net other activity of $0.9 million.

Property operating costs decreased $25.4 million, or 7.2%, primarily related to our cost control and cost reduction initiatives.

Depreciation and amortization expense increased $57.6 million due to the impact of our prior year openings and expansion activity and acceleration of depreciation for certain properties scheduled for redevelopment.

Repairs and maintenance decreased $13.3 million primarily due to our cost savings efforts.

Home and regional office expense decreased $29.0 million primarily due to decreased personnel costs attributable to our cost control initiatives and lower incentive compensation levels.

During the quarter ended June 30, 2009, we recognized a non-cash charge of $140.5 million representing the other-than-temporary impairment in the fair value below the carrying value of our investment in Liberty. We recorded the charge to earnings due to the significance and duration of the decline in the total share price, including currency revaluations. As a result, the decline in value was deemed an other-than-temporary impairment, which established a new cost basis of our investment in Liberty.

Interest expense increased $26.2 million primarily related to the Operating Partnership's issuance of $500 million of unsecured notes on August 11, 2009, $600 million senior unsecured notes on May 15, 2009 and $650 million senior unsecured notes on March 25, 2009, offset by decreased interest expense on our Credit Facility due to the payoff of the US tranche and other property debt refinancings.

We recognized a loss on extinguishment of debt of $20.3 million in the second quarter of 2008 related to the redemption of the $200 million outstanding principal amount of MOPPRS. We extinguished this debt because the remarketing reset base rate of the MOPPRS was above the rate for 30-year U.S. Treasury securities at the time of redemption.

Income from unconsolidated entities increased $2.6 million as a result of our 2008 joint venture openings and expansion activity, interest rate savings from favorable interest rates and debt refinancings, and additional depreciation provisions related to the finalization of purchase accounting on asset basis step-ups in the 2008 period associated with the acquisition of Mills, offset by the gain recognized in 2008 from our disposition of an investment in a 50% owned multi-family residential facility adjacent to one of our regional mall operating properties.

Net income attributable to noncontrolling interests decreased $31.6 million primarily due to a decrease in the income of the Operating Partnership.

Preferred dividends decreased $14.4 million as a result of the conversion of approximately 6.4 million shares of our Series I preferred stock into common shares during 2008.

Liquidity and Capital Resources

Because we generate revenues primarily from long-term leases, our financing strategy relies primarily on long-term fixed rate debt. We manage our floating rate debt to be at or below 15-25% of total outstanding indebtedness. Floating rate debt currently comprises only approximately 9.7% of our total consolidated debt. We also enter into interest rate protection agreements as appropriate to assist in managing our interest rate risk. We derive most of our liquidity from leases that generate positive net cash flow from operations and distributions of capital from unconsolidated entities that totaled $1.5 billion during the first nine months of 2009. In addition, the Credit Facility provides an alternative source of liquidity as our cash needs vary from time to time.

Our balance of cash and cash equivalents increased $3.0 billion during the first nine months of 2009 to $3.7 billion as of September 30, 2009. Our balance of cash and cash equivalents as of September 30, 2009, and December 31, 2008, includes $30.9 million and $29.8 million, respectively, related to our co-branded gift card programs, which we do not consider available for general working capital purposes. The excess cash is held in a number of financial institutions and is generally invested in overnight investment funds and is available to us as an immediate source of liquidity.

Our business model requires us to regularly access the debt and equity capital markets to raise funds for acquisition and development activity, redevelopment capital, and to refinance maturing debt. The turmoil in the capital markets that began in 2008 and which now shows signs of abating had an impact on many businesses', including ours, ability to access debt and equity capital. We raised approximately $3.4 billion in the public capital markets in the first nine months of 2009; however, there is no assurance we will be able to continue to do so in future periods or on similar terms or conditions. We believe we have sufficient cash on hand and availability under our corporate Credit Facility to address our debt maturities and capital needs through 2010.

Loans to SPG-FCM

As part of the Mills acquisition, the Operating Partnership made loans to SPG-FCM and Mills primarily at rates of LIBOR plus 270-275 basis points. These funds were used by SPG-FCM and Mills to repay loans and other obligations of Mills, including the redemption of Mills' preferred stock. As of September 30, 2009 and December 31, 2008, the outstanding balance of our remaining loan to SPG-FCM was $636.0 million and $520.7 million, respectively. During the first nine months of 2009 and 2008, we recorded approximately $6.9 million and $11.7 million in interest income (net of inter-entity eliminations), respectively, related to this loan. The loan facility bears interest at a rate of LIBOR plus 275 basis points and matures on June 8, 2010, with two available one-year extensions.

Cash Flows

Our net cash flow from operating activities and distributions of capital from unconsolidated entities for the nine months ended September 30, 2009, totaled $1.5 billion. In addition, we received net proceeds from all of our debt financing and repayment activities in this period of $605.6 million. These activities are further discussed below in "Financing and Debt." During the 2009 period we or the Operating Partnership also:

- sold 40,250,000 shares of common stock resulting in total proceeds of $1.6 billion,
- paid stockholder dividends and unitholder distributions of $106.8 million in cash and $585.3 million in common stock and units,
- paid preferred stock dividends and preferred unit distributions totaling $30.1 million,
- redeemed $85.1 million aggregate liquidation preference of 7.75%/8% cumulative redeemable preferred units,
- funded consolidated capital expenditures of $313.1 million (these capital expenditures include development costs of $134.5 million, renovation and expansion costs of $136.5 million, and tenant costs and other operational capital expenditures of $42.1 million), and
- funded investments in unconsolidated entities of $16.6 million.

In general, we anticipate that cash generated from operations will be sufficient to meet operating expenses, monthly debt service, recurring capital expenditures, and the cash portion of distributions to stockholders necessary to maintain our REIT qualification for 2009. 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 operations and working capital reserves, and from borrowings on our Credit Facility.

Financing and Debt

Unsecured Debt

Our unsecured debt currently consists of $11.6 billion of senior unsecured notes of the Operating Partnership and the Credit Facility. The Credit Facility bears interest at LIBOR plus 37.5 basis points and an additional facility fee of 12.5 basis points. The Credit Facility matures January 11, 2010 and may be extended one year at our option.

During the nine months ended September 30, 2009, we drew amounts from our $3.5 billion Credit Facility to fund the redemption of $600.0 million in maturing series of unsecured notes. We repaid a total of $1.2 billion on our Credit Facility during the nine months ended September 30, 2009. The total outstanding balance of the Credit Facility as of September 30, 2009 was $456.2 million, all of which was comprised of the U.S. dollar equivalent of Euro and Yen-denominated borrowings. The maximum outstanding balance during the nine months ended September 30, 2009 was approximately $1.6 billion. During the nine months ended September 30, 2009, the weighted average outstanding balance on the Credit Facility was approximately $739.8 million.

Secured Debt

Total secured indebtedness was $6.6 billion and $6.3 billion at September 30, 2009 and December 31, 2008, respectively.

Summary of Financing

Our consolidated debt, adjusted to reflect outstanding derivative instruments, and the effective weighted average interest rates as of September 30, 2009, and December 31, 2008, consisted of the following (dollars in thousands):

Debt Subject to	Adjusted Balance as of September 30, 2009	Effective Weighted Average Interest Rate	Adjusted Balance as of December 31, 2008	Effective Weighted Average Interest Rate
Fixed Rate	**$ 16,877,970**	**6.10%**	$ 15,424,318	5.76%
Variable Rate	**1,791,151**	**1.11%**	2,618,214	1.31%
	$ 18,669,121	**5.62%**	$ 18,042,532	5.12%

As of September 30, 2009, we had $695.0 million of notional amount fixed rate swap agreements that have a weighted average fixed pay rate of 2.91% and a weighted average variable receive rate of 0.60%. As of September 30, 2009, the net effect of these agreements effectively converted $695.0 million of variable rate debt to fixed rate debt.

Contractual Obligations and Off-Balance Sheet Arrangements. There have been no material changes to our outstanding capital expenditure commitments previously disclosed in our 2008 Annual Report on Form 10-K.

In regards to long-term debt arrangements, the following table summarizes the material aspects of these future obligations as of September 30, 2009, for the remainder of 2009 and subsequent years thereafter (dollars in thousands):

	2009	2010-2011	2012-2014	After 2014	Total
Long-Term Debt					
Consolidated(1)	$ 162,738	$ 4,778,374	$ 7,637,183	$ 6,078,153	$ 18,656,448
Pro rata share of Long-Term Debt:					
Consolidated(2)	$ 162,008	$ 4,730,258	$ 7,467,812	$ 6,019,743	$ 18,379,821
Joint Ventures(2)	262,349	1,497,879	2,638,354	2,241,936	6,640,518
Total Pro Rata Share of Long-Term Debt	$ 424,357	$ 6,228,137	$ 10,106,166	$ 8,261,679	$ 25,020,339

(1) Represents principal maturities only and therefore, excludes net premiums and discounts of $12,673 and all required interest payments. We incurred interest expense of $728.4 million, net of capitalized interest of $11.7 million, for the nine months ended September 30, 2009.

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

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 September 30, 2009, we had loan guarantees of $48.2 million to support our total $6.6 billion share of joint venture mortgage and other indebtedness presented in the table above.

Acquisitions and Dispositions

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 retail real estate. Our partners in our joint venture properties may initiate these provisions at any time. If we determine it is in our stockholders' best interests for us to purchase the joint venture interest and we believe we have adequate liquidity to execute the purchase without hindering our cash flows, then we may initiate these provisions or elect to buy. If we decide to sell any of our joint venture interests, we expect to use the net proceeds to reduce outstanding indebtedness or to reinvest in development, redevelopment, or expansion opportunities.

Acquisitions. Although the acquisition of high quality individual properties or portfolios of properties remains an integral component of our growth strategies, we did not acquire any properties during the first nine months of 2009.

Dispositions. We continue to pursue the disposal of properties that no longer meet our strategic criteria or that are not the primary retail venue within their trade area. However, we did not dispose of any operating properties during the first nine months of 2009.

Development Activity

New Domestic Development. Given the significant downturn in the economy, we have substantially reduced our development spending. During the third quarter of 2009, we opened Cincinnati Premium Outlets, a 400,000 square foot upscale manufacturers' outlet center located in Monroe, OH. The estimated total cost to complete this project was $93.0 million which was funded with available cash from operations. Other than this new property, we do not expect our share of any other 2009 new developments to be significant.

Strategic Expansions and Renovations. In addition to new development, we incur costs related to construction for significant renovation and/or expansion projects at our properties. Included in these projects are the renovation and addition of Nordstrom at Northshore Mall, Ross Park Mall and South Shore Plaza; a life-style addition at Tacoma Mall; and Phase II expansions at The Domain, Orlando Premium Outlets, and The Promenade at Camarillo. We expect to fund these capital projects with cash flow from operations. Our share of the cost of other renovation or expansion projects that we expect to initiate or complete in 2009 is approximately $300.0 million.

International Development Activity. We typically reinvest net cash flow from our international investments to fund future international development activity. We believe this strategy mitigates some of the risk of our initial investment and our exposure to changes in foreign currencies. We have also funded our European investments with Euro-denominated borrowings that act as a natural hedge against local currency fluctuations. This has also been the case with our Premium Outlet Centers in Japan and Mexico where we use Yen and Peso denominated financing, respectively. We expect our share of international development costs for 2009 will be approximately $140 million. International development and redevelopment/expansion activity for 2009 includes:

- completing and opening of Ami Premium Outlets Phase 1, a 227,000 square foot Premium Outlet Center located in Japan in which we hold a 40% ownership interest
- completing and opening of Gotemba Premium Outlets Phase 2, a 176,000 square foot expansion of Gotemba Premium Outlet Center located in Japan in which we hold a 40% ownership interest and
- completing and opening three additional shopping centers, all located in China, in which we hold a 32.5% ownership interest.

Currently, our net income exposure to changes in the volatility of the Euro, Yen, Peso and other foreign currencies is not material. In addition, since cash flows from international operations are currently being reinvested in other development projects, we do not expect to repatriate foreign denominated earnings in the near term.

The carrying amount of our total combined investment in Simon Ivanhoe S.à.r.l., or Simon Ivanhoe, and GCI, as of September 30, 2009, including all related components of accumulated other comprehensive income, was $226.8 million. Our investments in Simon Ivanhoe and GCI are accounted for using the equity method of accounting. The total net cost of the 942,000 square feet of GLA under construction in Europe is approximately €221 million, of which our share is approximately €53 million, or $77.4 million based on current Euro:USD exchange rates.

As of September 30, 2009, the carrying amount of our 40% joint venture investment in the eight Japanese Premium Outlet Centers including all related components of accumulated other comprehensive income was $310.6 million. To date in 2009, Ami Premium Outlets completed construction and opened in Japan adding approximately 226,700 square feet of GLA at a total net cost of approximately JPY 15.4 billion, of which our share is approximately JPY 6.2 billion, or $68.5 million based on applicable Yen:USD exchange rates. There is currently one project under construction in Japan, an expansion to Kobe-Sanda Premium Outlets, that will add approximately 176,100 square feet of GLA at a total net cost of approximately JPY 7.6 billion, of which our share is approximately JPY 3.0 billion, or $33.8 million based on applicable Yen:USD exchange rates. In addition, GCI is continuing construction on two shopping centers scheduled for 2010 opening: one in Naples, and one in Sicily with a total gross leasable area, or GLA, of 942,000 square feet.

As of September 30, 2009, the carrying amount of our 32.5% joint venture investment in Great Mall Investments, Ltd. including all related components of accumulated other comprehensive income was $57.6 million. As of September 30, 2009, three centers are open in China and one additional center is under development. To date in 2009, two centers completed construction and opened in China adding approximately 1.2 million square feet of GLA with an estimated total cost of CNY 1.6 billion, of which our share is approximately CNY 527 million, or $77.3 million based on applicable CNY:USD exchange rates. There is currently one center under development that will add approximately 310,000 square feet of GLA for a total net cost of approximately CNY 513 million, of which our share is approximately CNY 167 million, or $24.4 million based on applicable CNY:USD exchange rates.

During 2008 and 2009, we acquired approximately 35.4 million shares of stock of Liberty. Liberty operates regional shopping centers and is the owner of other prime retail assets throughout the U.K. Liberty is a U.K. FTSE 100 listed company, with shareholders' funds of £4.7 billion and property investments of £8.6 billion, of which its U.K. regional shopping centers comprise 75%. Assets of the group under control or joint control amount to £11.0 billion. Liberty converted into a U.K. Real Estate Investment Trust on January 1, 2007. Our interest in Liberty is approximately 6% of their shares and is adjusted to their quoted market price, including a related foreign exchange component. During the quarterly period ended June 30, 2009, we recognized a $140.5 million charge related to this investment as the significance and duration of the decline in fair value below its carrying value was deemed to be an other-than-temporary impairment.

Dividends

We paid a common stock dividend of $0.60 per share in the third quarter of 2009. The dividend was paid 20% in cash and 80% in stock subject to election by the stockholders. We issued 2,029,044 shares of common stock on September 18, 2009 at a closing price of $73.97 per share. We are required to pay a minimum level of dividends to maintain our status as a REIT. Our dividends and the Operating Partnership's limited partner distributions typically exceed our net income generated in any given year primarily because of depreciation, which is a "non-cash" expense. Future dividends and distributions of the Operating Partnership will be determined by our 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.

We recently announced that we intend to pay a quarterly common stock dividend for the fourth quarter of 2009 of $0.60 per share, consisting of a combination of cash and shares of common stock. The cash component of this dividend will not exceed 20% in the aggregate, or $0.12 per share. We reserve the right to pay the dividend entirely in cash.

Forward-Looking Statements

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. Such factors include, but are not limited to: our ability to meet debt service requirements, the availability of financing, changes in our credit rating, changes in market rates of interest and foreign exchange rates for foreign currencies, the ability to hedge interest rate risk, risks associated with the acquisition, development and expansion of properties, general risks related to retail real estate, the liquidity of real estate investments, environmental liabilities, international, national, regional and local economic climates, changes in market rental rates, trends in the retail industry, relationships with anchor tenants, the inability to collect rent due to the bankruptcy or insolvency of tenants or otherwise, risks relating to joint venture properties, costs of common area maintenance, competitive market forces, risks related to international activities, insurance costs and coverage, terrorist activities, changes in economic and market conditions and maintenance of our status as a real estate investment trust. We discussed these and other risks and uncertainties under the heading "Risk Factors" in our most recent Annual Report on Form 10-K. We may update that discussion in our Quarterly Reports on Form 10-Q, but otherwise 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.

Non-GAAP Financial Measure — Funds from Operations

Industry practice is to evaluate real estate properties in part based on funds from operations, or 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, or 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 FFO to internally measure the operating performance of our portfolio.

We determine FFO based on the definition set forth by the National Association of Real Estate Investment Trusts, or NAREIT, as 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 previously depreciated operating properties,
- plus the allocable portion of FFO of unconsolidated entities accounted for under the equity method of accounting, 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 changes, or a gain or loss resulting from the sale of previously depreciated operating properties. We include in FFO gains and losses realized from the sale of land, outlot buildings, marketable and non-marketable securities, and investment holdings of non-retail real estate.

However, you should understand that our computation of FFO might not be comparable to FFO reported by other REITs and 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. This schedule also reconciles consolidated net income, which we believe is the most directly comparable GAAP financial measure, to FFO for the periods presented.

	For the Three Months Ended September 30,		*For the Nine Months Ended September 30,*	
	2009	**2008**	**2009**	**2008**
(in thousands)				
Funds from Operations	**$ 473,073**	$ 463,897	**$ 1,263,054**	$ 1,311,804
Increase (decrease) in FFO from prior period	**2.0%**	10.8%	**-3.7%**	10.8%
Reconciliation:				
Consolidated Net Income	**$ 139,189**	$ 159,737	**$ 271,329**	$ 403,112
Depreciation and amortization from consolidated properties	**247,236**	232,524	**748,191**	690,029
Simon's share of depreciation and amortization from unconsolidated entities	**100,027**	91,924	**287,901**	280,039
Net income attributable to noncontrolling interest holders in properties	**(2,700)**	(2,758)	**(8,064)**	(7,551)
Noncontrolling interests portion of depreciation and amortization	**(2,017)**	(1,980)	**(6,253)**	(6,447)
Preferred distributions and dividends	**(8,662)**	(15,550)	**(30,050)**	(47,378)
Funds from Operations	**$ 473,073**	$ 463,897	**$ 1,263,054**	$ 1,311,804
FFO Allocable to Simon Property	**$ 392,714**	$ 370,157	**$ 1,037,423**	$ 1,044,800
Diluted net income per share to diluted FFO per share reconciliation:				
Diluted net income per share	**$ 0.38**	$ 0.50	**$ 0.73**	$ 1.23
Depreciation and amortization from consolidated Properties and our share of depreciation and amortization from unconsolidated affiliates, net of noncontrolling interests portion of depreciation and amortization	**1.02**	1.14	**3.24**	3.42
Impact of additional dilutive securities for FFO per share	**(0.02)**	(0.03)	**(0.05)**	(0.09)
Diluted FFO per share	**$ 1.38**	$ 1.61	**$ 3.92**	$ 4.56

The decline in FFO per share is attributable to the impairment charge recorded in the quarter ended June 30, 2009 of $140.5 million and the dilutive impact per share (FFO) of our March and May equity offerings of approximately $0.18 and $0.35 in the three and nine month periods ended September 30, 2009, respectively.

Item 3. Qualitative and Quantitative Disclosures About Market Risk

Sensitivity Analysis. We disclosed a comprehensive qualitative and quantitative analysis regarding market risk in the Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2008 Annual Report on Form 10-K. There have been no material changes in the assumptions used or results obtained regarding market risk since December 31, 2008.

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 defined in Rule 13a-15(e) under the

Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2009.

Changes in Internal Control Over Financial Reporting. There have not been any changes in our internal control over financial reporting (as defined in Rule 13a-15(f)) that occurred during the quarter ended September 30, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II — Other Information

Item 1. Legal Proceedings

There have been no material developments with respect to the pending litigation disclosed in our 2008 Annual Report on Form 10-K and no new material developments or litigation have arisen since those disclosures were made.

We are involved in various other legal proceedings that arise in the ordinary course of our 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. We record a contingent liability when a loss is considered probable and the amount can be reasonably estimated.

Item 1A. Risk Factors

Through the period covered by this report, there were no significant changes to the Risk Factors disclosed in "Part 1: Business" of our 2008 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the quarter ended September 30, 2009, we issued a total of 208,619 shares of our common stock to limited partners of the Operating Partnership in exchange for an equal number of units in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

There were no reportable purchases of equity securities during the quarter ended September 30, 2009.

Item 5. Other Information

During the quarter covered by this report, no services were pre-approved by the Audit Committee of Simon Property Group, Inc.'s Board of Directors related to Ernst & Young, LLP, our independent registered public accounting firm. 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

Exhibit Number	*Exhibit Descriptions*
10.1*	Non-Qualified Deferred Compensation Plan dated as of December 31, 2008.
10.2*	Amendment — 2008 Performance Based Restricted Stock Agreement dated as of March 6, 2009.
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.
101	The following materials from Simon Property Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, formatted in XBRL (Extensible Business Reporting Language): (1) the Consolidated Balance Sheets, (2) the Consolidated Statements of Operations and Comprehensive Income, (3) the Consolidated Statements of Cash Flows, and (4) Notes to Consolidated Financial Statements, tagged as blocks of text.

* Represents a management contract, or compensatory plan, contract or arrangement required to be filed pursuant to Registration S-K.

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: November 5, 2009

Exhibit 10.1

Merrill Lynch Non-Qualified Deferred Compensation Plan

Article 1 - Introduction

1.1. Purpose of Plan

The Employer has adopted the Plan set forth herein to provide a means by which certain employees may elect to defer receipt of designated percentages or amounts of their Compensation and to provide a means for certain other deferrals of Compensation.

1.2. Status of Plan

The Plan is intended to be "a plan that is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, and shall be interpreted and administered to the extent possible in a manner consistent with that intent. The Plan was originally adopted effective January 1, 1995, and has not been amended or materially modified (other than as otherwise permitted under regulations issued by the Secretary of the Treasury) after October 3, 2004. By action of its sole general partner, the Employer froze the Plan with respect to the vested benefits of Plan participants earned on or before December 31, 2004 in such manner as ensured that the frozen Plan shall not be subject to section 409A of the Code. The Plan has not been amended (or otherwise materially modified in any manner that would subject the Plan to Code Section 409A) with respect to those Plan benefits accrued or earned by participants and vested as of December 31, 2004 and including actual or deemed interest accumulations or increases in the present value of the December 31, 2004 vested accrued benefits (the "Frozen Benefits"). Any attempted amendment or purported material modification with respect to such Frozen Benefits shall be null and void and of no force or effect. The Frozen Benefits shall be governed by the terms of this Plan as it existed as of December 31, 2004. The Plan is intended to permit the deferral of compensation on and after January 1, 2005 (or with respect to amounts deferred before January 1, 2005 but not vested as of that date) in accordance with section 409A of the Code and all provisions of this Plan shall be interpreted and applied in a manner consistent with section 409A of the Code. Any provision that would conflict with such requirements shall not be valid or enforceable.

Article 2 - Definitions

Wherever used herein, the following terms have the meanings set forth below, unless a different meaning is clearly required by the context:

2.1. **Account** means, for each Participant, the account established for his or her benefit under Section 5.1.

2.2. **Adoption Agreement** means The Merrill Lynch Non-Qualified Deferred Compensation Plan Adoption Agreement, which shall be incorporated herein, signed by the Employer to establish the Plan and containing all the options selected by the Employer, as the same may be amended from time to time.

2.3. **Change of Control** has the meaning set forth in the Stock Plan. It is the Employer's responsibility to determine whether a Change of Control has occurred and to advise the Plan Administrator (or its delegate) accordingly.

2.4. **Code** means the Internal Revenue Code of 1986, as amended from time to time. Reference to any section or subsection of the Code includes reference to any comparable or succeeding provisions of any legislation that amends, supplements or replaces such section or subsection. In addition, reference to any section or subsection of the Code includes a reference to regulations,

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notices, rulings and other official Internal Revenue Service guidance issued in connection with such section or subsection.

2.5. **Compensation** means the compensation, otherwise subject to a deferral election hereunder and as defined by the Employer in the Adoption Agreement.

2.6. **Effective Date** means the date chosen in the Adoption Agreement as of which the Plan first becomes effective.

2.7. **Election Form** means the participation election form as approved and prescribed by the Plan Administrator.

2.8. **Elective Deferral** means the portion of Compensation that is deferred by a Participant under Section 4.1.

2.9. **Eligible Employee** means, on the Effective Date or on any entry date thereafter, each employee of the Employer who the Employer determines satisfies the criteria established in the Adoption Agreement.

2.10. **Employer** means the Employer referred to in the Adoption Agreement, any successor to all or a major portion of the Employer's assets or business that assumes the obligations of the Employer, and each other entity that is affiliated with the Employer, which adopts the Plan with the consent of the Employer, provided that the Employer that signs the Adoption Agreement shall have the sole power to amend this Plan and shall be the Plan Administrator if no other person or entity is so serving at any time.

2.11. **ERISA** means the Employee Retirement Security Act of 1974, as amended from time to time. Reference to any section or subsection of ERISA includes reference to any comparable or succeeding provisions of any legislation that amends, supplements or replaces such section or subsection.

2.12. **Incentive Deferral** means a discretionary additional deferral made by the Employer as described in Section 4.3.

2.13. **Insolvent** means either (i) the Employer is unable to pay its debts as they become due, or (ii) the Employer is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

2.14. **Matching Deferral** means a deferral for the benefit of a Participant as described in Section 4.2.

2.15. **Participant** means any individual who participates in the Plan in accordance with Article 3.

2.16. **Plan** means the Employer's plan in the form of the Merrill Lynch Non-Qualified Deferred Compensation Plan and the Adoption Agreement and all amendments thereto.

2.17. **Plan Administrator** means the person, persons or entity designated by the Employer in the Adoption Agreement to administer the Plan and to serve as the agent for Employer with respect to the Trust as contemplated by the agreement establishing the Trust. If no such person or entity is so serving at any time, the Employer shall be the Plan Administrator.

2.18. **Plan Year** means the calendar year.

2.19. **Retirement Age** means the Retirement Age chosen in the Adoption Agreement.

2.20. **Stock Plan** means the Simon Property Group, L.P. 1998 Stock Incentive Plan, as the same has been or may be modified or supplemented from time-to-time, or any successor thereto.

2.21. **Total and Permanent Disability** means that the Participant (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant's Employer. The permanence and degree of any Total and Permanent Disability shall be supported by medical evidence satisfactory to the Plan Administrator. The Plan Administrator may rely on a determination of disability made by the Social Security Administration for the purposes of determining whether a Participant has a Total and Permanent Disability.

2.22. **Trust** means the Trust established by the Employer that identifies the Plan as a plan with respect to which assets are to be held by the Trustee.

2.23. **Trustee** means the Trustee or Trustees under the Trust.

2.24. **Year of Service** means the computation period and service requirement provided for in Section 6.2 and as elected in the Adoption Agreement.

Article 3 - Participation

3.1. Commencement of Participation

Any individual who elects to defer part of his or her Compensation in accordance with Section 4.1 shall become a Participant in the Plan as of the date such deferrals commence. Any individual who is not already a Participant and whose Account is credited with an Incentive Deferral shall become a Participant as of the date such amount is credited.

3.2. Continued Participation

Except as otherwise provided herein, a Participant in the Plan shall continue to be a Participant so long as any amount remains credited to his or her Account, subject to the following:

(a) The Employer may determine, before the beginning of a Plan Year that, effective after the end of the current Plan Year, a Participant will not be eligible (i) to elect to defer part of his or her Compensation in accordance with Section 4.1, (ii) for the credits for Matching Deferrals in accordance with Section 4.2, or (iii) for Incentive Deferrals in accordance with Section 4.3.

(b) Elective Deferral elections under Section 4.1 shall be terminated (subject to a Participant's subsequent timely deferral election under Section 4.1) in accordance with the rules in Section 7.5 for unforeseen financial emergency withdrawals

(c) Elective Deferral elections under Section 4.1 shall be terminated if the Participant elects to receive a hardship distribution under a tax-qualified cash or deferred arrangement subject to section 401(k) of the Code maintained by the Employer. In such case, any later Elective Deferral election under Section 4.1 of this Plan cannot be earlier than the first day of any Plan Year after the expiration of the suspension of deferrals under the section 401(k) plan.

Article 4 - Elective, Matching and Incentive Deferrals

4.1. Elective Deferrals

Elective Deferral elections shall be made on such Election Forms provided by the Plan Administrator and in accordance with the following provisions:

(a) <u>General Rule on Timing of Elective Deferral Elections</u>. Except as otherwise provided in this Section 4.1 or otherwise in this Plan, an Eligible Employee may elect to defer a percentage or dollar amount of Compensation to be earned in a Plan Year by making an irrevocable election to do so before January 1st of that Plan Year.

(b) <u>Initial Elective Deferral Election Upon Effective Date of Plan</u>. If an Eligible Employee is not otherwise eligible to participate in another individual account non-qualified deferred compensation plan, and the individual is an Eligible Employee on the Effective Date, the Eligible

Employee may irrevocably elect to defer a percentage or dollar amount of Compensation to be earned by the Eligible Employee in the same Plan Year as long as the election is made within 30 days following the Effective Date and applies only to Compensation earned after the election is made. Thereafter, the timing of future Elective Deferral elections is governed by Section 4.1(a).

(c) Initial Elective Deferral Election Upon an Individual's First Becoming Eligible After the Plan's Effective Date. If an Eligible Employee is not otherwise eligible to participate in another individual account non-qualified deferred compensation plan, and the individual first becomes eligible for this Plan after the Effective Date, the Eligible Employee may irrevocably elect to defer a percentage or dollar amount of Compensation to be earned by the Eligible Employee in the same Plan Year as long as the election is made within 30 days following the date the individual first becomes an Eligible Employee and applies only to Compensation earned after the election is made. Thereafter, the timing of future Elective Deferral elections is governed by Section 4.1(a).

(d) Special Rule for Final Payroll in a Plan Year. If an Employer's normal payroll practice is such that the last payroll beginning in a Plan Year covers services performed at the end of that Plan Year and into the beginning of the next Plan Year, then any Elective Deferral elections under this Plan for a Plan Year will irrevocably apply to all payroll periods beginning in that Plan Year.

(e) Crediting Elective Deferral Elections. Elective Deferrals shall be credited to the Participant's Account as soon as practicable after the date the amounts would otherwise have been paid to the Participant in the absence of an Elective Deferral election.

If an Employer elects to allow for the deferral of Performance-Based Compensation (as defined in Appendix A) by making the election in Section 4 of the Adoption Agreement, the rules set forth in Appendix A with respect to deferrals of Performance-Based Compensation shall apply. The Plan Administrator may adopt such additional administrative requirements regarding the form and timing of Elective Deferral elections as long as those requirements are consistent with the preceding provisions of this Section 4.1 and the Code.

4.2. Matching Deferrals

For each eligible Participant in the Plan, as of the end of each payroll period, calendar month, calendar quarter, or calendar year as determined by the Employer and specified in the Adoption Agreement (the "Determination Period"), the Employer may, in its sole and absolute discretion, add a Matching Deferral amount calculated at the end of the Determination Period, equal to the product of: (i) the rate of the Matching Deferral amount, if any, specified by the Employer in the Adoption Agreement, and (ii) the amount of the Elective Deferral credited to the Account of the Participant for that Determination Period pursuant to Section 4.1. The Employer may contribute an amount equal to such Matching Deferral amount to the Trust as soon as practicable thereafter. The Matching Deferral amount will be credited to the Account of the Participant as soon as practicable after the Determination Period.

4.3. Incentive Deferrals

In addition to any amounts which may be credited to the Account of a Participant pursuant to Section 4.1 for any year, the Employer may, in its sole and absolute discretion, at any time and from time to time

determine to credit the Account of a Participant with an amount determined by the Employer in its sole and absolute discretion. Such amount shall be authorized for such purpose or purposes as the Employer may deem appropriate and, except for determining the form and timing of distribution of such amounts, shall be subject to such terms and conditions as the Employer may determine in its sole and absolute discretion. In all events, any such terms and conditions that the Employer may determine must be established in writing and comply with the terms of this Plan and the requirements of section 409A of the Code. For example, the Employer may credit an amount to the Account of a Participant and condition the credit of that amount and any adjustment of that amount upon the Participant remaining employed by the Employer for an additional specified period of time. The terms and conditions specified by the Employer shall be set forth in writing and reflected in an attachment to the Adoption Agreement. All Incentive Deferrals credited to a Participant's Account for a Plan Year will be distributed according to the Participant's election in effect for Elective Deferrals credited to the Participant's Account for the same Plan Year. If there is no such election in effect, then all Incentive Deferrals credited to a Participant's Account for a Plan Year will be distributed in a single sum payment upon the earlier of the date specified in Section 7.3 (Separation from Service) or Section 7.4 (Death).

Article 5 - Accounts

5.1. Accounts

The Plan Administrator shall establish an Account for each participant reflecting Elective Deferrals, Matching Deferrals (if any) and Incentive Deferrals (if any) credited for the Participant's benefit together with any adjustments for income, gain or loss and any payments from the Account, The Plan Administrator may cause the Trustee to maintain and invest separate asset accounts corresponding to each Participant's Account. The Plan Administrator shall establish sub-accounts for each Participant who has more than one election in effect under Section 7.1 and such other sub-accounts as are necessary for the proper administration of the Plan. The Plan Administrator shall provide the Participant with a statement of his or her Account reflecting the income, gains and losses (realized and unrealized), amounts of deferrals, and distributions of such Account since the prior statement.

5.2. Deemed Investments

Subject to the elections made by the Employer in the Adoption Agreement, for purposes of measuring the value of the benefit that may be payable to or with respect to a Participant under the Plan, such value may be determined taking into account Participant-directed deemed investment elections made in accordance with the terms and conditions of this Section 5.2.

(a) For purposes of measuring the amounts to be credited (or debited) to a Participant's Account, a Participant or the Participant's investment advisor may select, from the investment options or other investment media selected by the Plan Administrator and approved by the Employer, the investments in which all or part of his or her Account shall be deemed to be invested. In no event shall any Participant be entitled to have any such investments made other than on a deemed basis. The Accounts maintained pursuant to this Plan are for bookkeeping purposes only, and neither the Employer nor the Trustee is under any obligation to invest any amounts credited to such Accounts.

(b) The Participant or the Participant's investment advisor shall make an investment designation (on the Election Form used to elect to defer Compensation under Section 4.1 or in such other manner as specified by the Plan Administrator or the Employer) which shall remain effective until another valid direction has been made by Participant or the Participant's investment advisor. The Participant or the Participant's investment advisor may amend the Participant's investment designation at such times and in such manner as prescribed by the Plan Administrator. A timely change to the Participant's investment designation shall become effective as soon as administratively practicable in accordance with procedures established by

the Plan Administrator. The investment options or investment media deemed to be made available to the Participant, and any limitation on the maximum or minimum percentages of the Participant's Account that may be deemed to be invested in any particular option or investment, shall be the same as from time to time communicated to the Participant by the Plan Administrator.

(c) The Participant's appointment of an investment advisor to act on his or her behalf under subsection (a) shall not be effective until the Participant notifies the Employer of such appointment in a manner acceptable to the Employer. The removal of any Participant's investment advisor shall not be effective until the participant notifies the Employer of the removal in a manner acceptable to the Employer.

(d) The Trustee shall invest assets of the Trust in accordance with the terms and provisions of the trust agreement that establishes and governs the Trust.

5.3. Hypothetical Accounts

The Accounts (and any sub-accounts) established under this Plan for Participants and their Beneficiaries shall be hypothetical in nature and shall be maintained for bookkeeping purposes only. Neither the Plan nor any of the Accounts (sub-accounts or any accounts established under this Plan) shall be required to hold any actual funds or assets.

Article 6 - Vesting

6.1. Vested Benefit

The term "Vested" shall mean the Participant's non-forfeitable interest in the benefit described under the Plan which may be payable to or with respect to the Participant in accordance with and subject to the terms of the Plan. Except as otherwise specifically provided in the Plan and subject to earlier vesting in accordance with Sections 6.3, 6.4 and 6.5 of the Plan, the amounts credited to the Account (or any sub-accounts) of each Participant shall be Vested as follows:

(a) the amounts credited to the Account of each Participant attributable to Elective Deferrals, as adjusted based upon the measuring investments, shall be one hundred percent (100%) Vested at all times subject, in all cases, to any vesting requirements set forth in, or established under, the Stock Plan for any Elective Deferrals consisting of awards under the Stock Plan;

(b) the amounts credited to the Account of each Participant attributable to Matching Deferrals, as adjusted based upon the measuring investments, shall be Vested in accordance with the schedule selected by the Employer in the Adoption Agreement; and

(c) the amounts credited to the Account of each Participant attributable to Incentive Deferrals, as adjusted based upon the measuring investments, shall be Vested in accordance with the schedule selected by the Employer in the Adoption Agreement.

6.2. Vesting Service

For purposes of applying the vesting schedule in the Adoption Agreement, unless otherwise provided in the Adoption Agreement, a Participant shall be considered to have completed a Year of Service for each complete year of full-time service with the Employer or an Affiliate, measured from the Participant's first date of such employment unless the Employer also maintains a section 401(k) plan that is qualified under section 401(a) of the Code in which the Participant participates, in which case the rules governing vesting service under that plan shall also be controlling under this Plan.

In calculating Years of Service for vesting purposes with respect to Simon Property Group Common Stock allocated to a Participant as an Incentive Deferral, Years of Service shall include the period of time after the Participant's "Approved Retirement" as though that period of time is full-time service with the Employer. A Participant's "Approved Retirement" means retirement from the Employer on or after a

date as of which the Participant has attained the age of 59 1/2 years while employed by Employer or the date as of which either the Participant has attained the age of 55 years plus 10 years of continuous employment (in full and partial years) with Employer, as long as the Participant has executed a form of non-compete agreement as prescribed by the Employer and is in full compliance with such non-compete agreement.

6.3. Change or Control

Notwithstanding any provision in the Plan to the contrary, all amounts credited to the Account (and any sub-accounts) of each Participant attributable to Matching Deferrals and any Incentive Deferrals, as adjusted based upon the measuring investments, shall be one hundred percent (100%) Vested, as that term is defined in Section 6.1 of the Plan, immediately upon a Change of Control.

6.4. Death or Disability

Notwithstanding any provision in the Plan to the contrary, all amounts credited to the Account (and any sub-accounts) of each Participant attributable to Matching Deferrals and any Incentive Deferrals, as adjusted based upon the measuring investments, shall be one hundred percent (100%) Vested, as that term

is defined in Section 6.1 of the Plan, immediately upon the termination of the Participant's employment by reason of the Participant's death or Total and Permanent Disability.

6.5. Insolvency

Notwithstanding any provision in the Plan to the contrary, all amounts credited to the Account (and any sub-accounts) of each Participant attributable to Matching Deferrals and any Incentive Deferrals, as adjusted based upon the measuring investments, shall be one hundred percent (100%) Vested, as that term is defined in Section 6.1 of the Plan, immediately upon the Employer becoming Insolvent, in which event the Participant shall have the same rights and interest in such amounts so credited to his or her Account (and any sub-accounts) as a general unsecured creditor of the Employer.

Article 7 - Payments

7.1. Election as to Time and Form of Payment – Scheduled In-Service Payments

With respect to deferrals made for each Plan Year, a Participant may elect (on the Election Form used to elect to defer Compensation under Section 4.1 of the Plan) a specified date at which the amounts credited to the Account of the Participant attributable to Elective Deferrals and Matching Deferrals (as adjusted based upon the measuring investments) will be payable to the Participant. Alternatively, a Participant may elect to have his Account paid as of the earlier of the date specified in the preceding sentence or the date he separates from services. The Participant may elect separate distribution schedules for each Plan Year's deferral amounts and for Elective Deferrals separately from Matching Deferrals. Distributions of any Incentive Deferrals credited to a Participant's Account for any Plan Year shall be paid in the same time and manner as any Elective Deferrals credited to the Participant's Account for the same Plan Year. If there is no such election in effect, then all Incentive Deferrals credited to a Participant's Account for a Plan Year will be distributed in a single sum payment upon the earlier of the date specified in Section 7.3 (Separation from Service) or Section 7.4 (Death). The Participant shall also elect on such Election Form the form of the benefit payable to the Participant which shall include:

(a) a single lump-sum payment; or

(b) annual installment payments over a period elected by the Participant not to exceed fifteen (15) annual installment payments, with each annual installment payment determined by multiplying the balance of the amount payable to the Participant with respect to the Account (and any sub-accounts) determined as of the date of distribution, by a fraction with one (1) as the numerator and the number of annual installment payments remaining to be paid as the denominator.

Each such distribution election will be effective for the Plan Year for which it is made and each succeeding Plan Year for which any amounts are deferred hereunder for the Participant, unless an effective election is made by the Participant to change the time or form of distribution for deferrals for a future year or a change is made to the time or form of distribution for amounts already deferred in accordance with Section 7.2.

Except as provided in Sections 7.3, 7.4 and 7.5, payment of amounts credited to the Account of the Participant shall be made in accordance with the elections made by the Participant under this Section 7.1 (or any modified elections made by the Participant under Section 7.2). In addition, if a Participant has not made an election for a scheduled in-service payment in accordance with this Section 7.1, all amounts under this Plan shall be paid only in accordance with Sections 7.3, 7.4 and 7.5.

7.2. Modification of Election as to Time and Form of Payment for In-Service Payments

A Participant may elect, in writing, to modify his or her prior election under Section 7.1 as to time or form of payment, provided, however, that any such modification election must comply with the following requirements:

(a) such election may not take effect until at least 12 months after the date on which the election is made; and

(b) the payment with respect to an amended election must be deferred for a period of not less than 5 years from the date such payment would otherwise have been paid (or, in the case of installment payments, no more than 5 years from the date the first amount was scheduled to be paid); and

(c) any election related to a payment otherwise made at a specified time may not be made less than 12 months prior to the date the payment is otherwise to be paid (or, in the case of installment payments, 12 months prior to the date the first amount was scheduled to be paid).

For purposes of this Plan, distributions that are to be made in the form of installments shall be treated as a single payment (and not a series of separate payments). Therefore, the five-year deferral rule is measured from the commencement of installment payments; each installment payment is not separately deferred for a five-year period.

7.3. Separation from Service

To the extent elected by a Participant on the Participant's Election Form completed in accordance with Section 7.1 and Section 7.2, upon the Participant's separation from service for any reason other than death, the Vested portion of the Participant's Account (including any portion Vested pursuant to Section 6.4 as a consequence of the Participant's Total and Permanent Disability) shall be paid to the Participant in the form elected by the Participant as soon as practicable (but no later than 30 days) following the date of such separation from service. Solely for purposes of this Plan, a Participant shall be deemed to have separated from service upon his Total and Permanent Disability. The form of distribution of such Vested amounts elected by the Participant is determined as to the Participant's deferrals for each Plan Year (on a class year basis) as follows: with respect to deferral amounts credited to a Participant's Account for any Plan Year, such amounts shall be paid under this Section 7.3 in the form of a single sum payment unless otherwise elected by the Participant on the Participant's Election Form completed prior to the Plan Year of the applicable deferral amount (or within the 30-day period referred to in Section 4.1(b) or (c)). Once the form of payment on account of a Participant's separation from service is determined for a Plan Year, it may not be changed thereafter. Notwithstanding the foregoing, as long as the Employer's stock is publicly traded on an established securities market, any distribution to any "specified employee" (as determined by the Plan Administrator in accordance with section 409A of the Code) on account of a separation from service shall be made as soon as practicable (but no later than 30 days) after the date that is six months after the date of separation from service (or, if earlier, the date of the Participant's death in accordance with Section 7.4). In the event the preceding sentence applies to a Participant, any

distribution which would otherwise be paid to the Participant within the first six months following the separation from service shall be accumulated and paid to the Participant in a lump sum as of the first day of the seventh month following the separation from service. All subsequent distributions shall be paid in the manner specified.

Any deferral amounts not otherwise Vested upon a Participant's separation from service shall be immediately forfeited thereafter.

For purposes of determining whether and when a Participant has incurred a separation from service, the Plan Administrator shall apply the default rule under section 409A of the Code pursuant to which the employment relationship will be deemed to have ended at the date the Participant and his Employer reasonably anticipate that the level of bona fide services the Participant will perform for the Employer and any Related Company after such date (whether as an employee or independent contractor, but not as a director) will permanently decrease to a level that is no more than 20% of the average level of bona fide services the Participant performed over the immediately preceding 36-month period. The term "Related Company" means any corporation, trade or business during any period in which it is, along with the Employer, a member of a controlled group of corporations or a controlled group of trades or businesses (as described in sections 414(b) and (c), respectively, of the Code).

7.4. Death

If a Participant dies prior to the complete distribution of his or her Account, the Vested balance of the Account shall be paid as soon as practicable to the Participant's designated beneficiary or beneficiaries, in the form of a single lump sum payment payable as soon as practicable after the Participant's death. Any designation of beneficiary shall be made by the Participant on an Election Form filed with the Plan Administrator and may be changed by the Participant at any time by filing another Election Form containing the revised instructions. If no beneficiary is properly designated or no designated beneficiary survives the Participant, payment shall be made to the Participant's surviving spouse, or, if none, to his or her issue per stirpes, in a single payment. If no spouse or issue survives the Participant, payment shall be made in a single lump sum to the Participant's estate.

7.5. Unforeseeable Emergency

If a Participant experiences an "Unforeseeable Emergency," as that term is defined in this Section 7.5, and the Employer has made this Section 7.5 applicable by so electing in the Adoption Agreement, the Participant may make a request to the Plan Administrator, by submitting a form or otherwise evidencing such request by a telephonic or an electronic method acceptable to the Plan Administrator, to receive a distribution of all or a portion of the Vested (as that term is defined in Section 6.1 of the Plan) amounts allocated to the Account of the Participant in accordance with the provisions and requirements of this Section 7.5.

(a) The amount distributed with respect to an emergency shall not exceed the lesser of: (i) the Vested amounts allocated to the Account of the Participant calculated as if the Participant were receiving a distribution based upon a separation from service, or (ii) the amount necessary to satisfy such emergency plus an amount necessary to pay taxes reasonably anticipated as a result of the distribution.

(b) The amount distributed with respect to an emergency shall be determined after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the assets of the Participant (to the extent the liquidation of such assets would not itself cause severe financial hardship).

(c) If the Plan Administrator, in its sole discretion, approves the request for such a distribution, the Elective Deferrals of the Participant under Section 4.1 will immediately terminate (if and to the extent necessary to alleviate the hardship), and the distribution under this Section 7.5 shall be made in the form of a lump sum payment as soon as practicable after the approval by

the Plan Administrator. If Elective Deferrals are terminated under this Section 7.5, the Participant may not again elect to defer compensation under Section 4.1 until the enrollment period for the Plan Year that begins at least twelve (12) months after such hardship distribution.

(d) For purposes of this Section 7.5, an Unforeseeable Emergency means a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant, the Participant's beneficiary, or of a dependent (as defined in section 152 of the Code without regard to section 152(b)(1), (b)(2), and (d)(1)(B)) of the Participant; loss of the Participant's property due to casualty, (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, not as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the Participant's control. For example, the imminent foreclosure of or eviction from the Participant's primary residence may constitute an Unforeseeable Emergency. In addition, the need to pay for medical expenses, including non-refundable deductibles, as well as for the costs of prescription drug medication, may constitute an Unforeseeable Emergency. Finally, the need to pay for the funeral expenses of a spouse, a beneficiary, or a dependent (as defined in section 152 of the Code, without regard to section 152(b)(1), (b)(2), and (d)(1)(B)) may also constitute an unforeseeable emergency. However, except as specifically provided above, distributions under this Section 7.5 shall not be allowed for purposes of sending a child to college or the Participant's desire to purchase a home or other residence.

(e) In all events, the circumstances that will constitute a severe financial hardship will depend on the facts of each case (as determined in a manner consistent with the requirements of section 409A of the Code) and be based on information supplied by the Participant.

7.6. Forfeiture of Non-Vested Amounts

To the extent that any amounts credited to a Participant's Account are not Vested at the time such amounts are otherwise payable under Section 7.3, such amounts shall be immediately forfeited and such forfeitures shall be used to offset any future Employer contributions to the Trust.

7.7. Taxes

All federal, state or local taxes that the Plan Administrator determines are required to be withheld from any payments made pursuant to this Article 7 shall be withheld.

7.8. Special Election Rule

Subject to the terms and conditions of the Plan and notwithstanding anything in the Plan to the contrary, each individual who is a Participant in the Plan prior to January 1, 2009 and who is permitted by the Employer to make an election under Section 7.3, may elect the time at which payment of his Plan benefit will commence by filing a written election with the Plan Administrator, no later than December 31, 2008, in a form and manner and subject to such limitations as the Plan Administrator in its sole discretion may establish, subject to the following:

(a) an election pursuant to this Section 7.8 shall be available only to the extent that payment would not otherwise commence in the year in which the election is made; and

(b) such election shall not be effective if it would cause payment to commence in the year in which the election is made that would not otherwise commence in such year.

Article 8 - Plan Administrator

8.1. Plan Administration and Interpretation

The Plan Administrator shall oversee the administration of the Plan. The Plan Administrator shall have complete control and authority to determine the rights and benefits and all claims, demands and actions arising out of the provisions of the Plan of any Participant, beneficiary, deceased Participant, or other person having or claiming to have any interest under the Plan. The Plan Administrator shall have complete discretion to interpret the Plan and to decide all matters under the Plan. Such interpretation and decision shall be final, conclusive and binding on all Participants and any person claiming under or through any Participant, in the absence of clear and convincing evidence that the Plan Administrator acted arbitrarily and capriciously. Any individual(s) serving as Plan Administrator who is a Participant will not vote or act on any matter relating solely to himself or herself. When making a determination or calculation, the Plan Administrator shall be entitled to rely on information furnished by a Participant, a beneficiary, the Employer or the Trustee. The Plan Administrator shall have the responsibility for complying with any reporting and disclosure requirements of ERISA.

8.2. Powers, Duties, Rules and Procedures

The Plan Administrator shall have such powers and duties, may adopt such rules and tables, may act in accordance with such procedures, may appoint such officers or agents, may delegate such powers and duties, may receive such reimbursements and compensation, and shall follow such claims and appeal procedures with respect to the Plan as it may establish.

8.3. Information

In order to enable the Plan Administrator to perform its functions, the Employer shall supply full and timely information to the Plan Administrator on all matters relating to the compensation of Participants, their employment, retirement, death, separation from service, and such pertinent facts as the Plan Administrator may require.

8.4. Indemnification of Plan Administrator

The Employer agrees to indemnify and to defend to the fullest extent permitted by law any officer(s) or employee(s) who serve as Plan Administrator (including any such individual who formerly served as Plan Administrator) against all liabilities, damages, costs and expenses (including attorneys' fees and amounts paid in settlement of any claims approved by the Employer) occasioned by any act or omission to act in connection with the Plan, if such act or omission is in good faith.

8.5. Operation of Plan and Claims Procedures

The Employer shall be responsible for the general operation and administration of the Plan and for carrying out the provisions thereof. The Employer shall be responsible for the expenses incurred in the administration of the Plan. The Employer shall also be responsible for determining eligibility for payments and the amounts payable pursuant to the Plan. The Employer shall be entitled to rely conclusively upon all tables, valuations, certificates, opinions and reports furnished by any actuary, accountant, controller, counsel or other person employed or engaged by the Employer with respect to the Plan. The procedures for filing claims for payments under the Plan are described below. For claims procedures purposes, the "Claims Manager" shall be the Employer.

(a) It is the intent of the Employer that benefits payable under the Plan shall be payable without the Participant having to complete or submit any claims forms. However, a Participant who believes he or she is entitled to a payment under the Plan may submit a claim for payments in writing to the Employer. Any claim for payments under the Plan must be made by the Participant or his or her beneficiary in writing and state the claimant's name and the nature of benefits payable under the Plan on a form acceptable to the Employer. If for any reason a claim for payments under the Plan is denied by the Employer, the Claims Manager shall

deliver to the claimant a written explanation setting forth the specific reasons for the denial, specific references to the pertinent provisions of the Plan on which the denial is based, a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary, and information on the procedures to be followed by the claimant in obtaining a review of his or her claim, all written in a manner calculated to be understood by the claimant. For this purpose:

(i) the claimant's claim shall be deemed to be filed when presented orally or in writing to the Claims Manager;

(ii) the Claims Manager's explanation shall be in writing delivered to the claimant within ninety (90) days of the date the claim is filed.

(b) The claimant shall have sixty (60) days following his or her receipt of the denial of the claim to file with the Claims Manager a written request for review of the denial. For such review, the claimant or the claimant's representative may review pertinent documents and submit written issues and comments.

(c) The Claims Manager shall decide the issue on review and furnish the claimant with a copy within sixty (60) days of receipt of the claimant's request for review of the claimant's claim. The decision on review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent provisions in the Plan on which the decision is based. If a copy of the decision is not so furnished to the claimant within such sixty (60) days, the claim shall be deemed denied on review. In no event may a claimant commence legal action for benefits the claimant believes are due the claimant until the claimant has exhausted all of the remedies and procedures afforded the claimant by this Section 8.5.

(d) Any review of an appeal of a determination with respect to the Participant's Total and Permanent Disability must meet the following standards: the review does not afford deference to the initial adverse determination; the review is conducted by an appropriate person who is neither the party who made the initial adverse benefit determination that is the subject of the appeal nor a subordinate of such party; the review provides for the appropriate person to consult with health care professionals with appropriate training and experience in the field of medicine involved in the medical judgment in deciding the appeal of an adverse benefit determination that is based in whole or in part on a medical judgment; and the review provides for the identification of the medical or vocational experts whose advice was obtained in connection with the claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the determination. Furthermore, the ninety (90) day period described in these procedures shall be reduced to forty-five (45) days in the case of a claim of the Participant's Total and Permanent Disability. The forty-five (45) day period may be extended by thirty (30) days if the Claims Manager determines the extension is necessary due to circumstances outside the control of the Plan, and the claimant is notified prior to the end of the forty-five (45) day period. If prior to the end of the thirty (30) day extension period, the Claims Manager determines that additional time is necessary, the period may be extended for a second thirty (30) day period, provided the claimant is notified prior to the end of the first thirty (30) day extension period and such notice specifies the circumstances requiring the extension and the date as of which the Plan expects to render a decision. The sixty (60) day period described in these procedures shall be reduced to forty-five (45) days with respect to the appeal of the denial of the Participant's claim of Total and Permanent Disability. The forty-five (45) day period may be extended by an additional forty-five (45) days if the Claims Manager determines the extension is necessary to circumstances outside the control of the Plan, and the claimant is notified prior to the end of the initial forty-five (45) day period.

(e) No inquiry or question shall be deemed to be a claim or a request for a review of a denied claim unless made in accordance with the claims procedure. The Claims Manager may require that any claim for benefits and any request for a review of a denied claim be filed on forms to be furnished by the Claims Manager upon request. The Claims Manager may, in its discretion, hold one or more hearings on a claim or a request for a review of a denied claim. Claimants may be represented by a lawyer or other representative at their own expense, but the Claims Manager reserves the right to require the claimant to furnish written authorization. A claimant's representative shall be entitled to copies of all notices given to the claimant.

(f) To be considered timely under the Plan's claim and review procedure, a claim must be filed with the Employer within one (1) year after the claimant knew or reasonably should have known of the principal facts upon which the claim is based.

(g) The exhaustion of the claim and review procedure is mandatory for resolving every claim and dispute arising under this Plan. As to such claims and disputes:

(i) no claimant shall be permitted to commence any legal action to recover Plan benefits or to enforce or clarify rights under the Plan under section 502 or section 510 of ERISA or under any other provision of law, whether or not statutory, until the claim and review procedure set forth herein have been exhausted in their entirety; and

(ii) in any such legal action all explicit and all implicit determinations by the Employer (including, but not limited to, determinations as to whether the claim, or a request for a review of a denied claim, was timely filed) shall be afforded the maximum deference permitted by law.

(h) No legal action to recover Plan benefits or to enforce or clarify rights under the Plan under section 502 or section 510 of ERISA or under any other provision of law, whether or not statutory, may be brought by any claimant on any matter pertaining to this Plan unless the legal action is commenced in the proper forum before the earlier of:

(i) thirty (30) months after the claimant knew or reasonably should have known of the principal facts on which the claim is based, or

(ii) six (6) months after the claimant has exhausted the claim and review procedure.

(i) Knowledge of all facts that a Participant knew or reasonably should have known shall be imputed to every claimant who is or claims to be a beneficiary of the Participant or otherwise claims to derive an entitlement by reference to the Participant for the purpose of applying the previously specified periods.

Article 9 - Amendment and Termination

9.1. Amendments

The Employer shall have the right to amend the Plan from time to time, subject to Section 9.3, by an instrument in writing which has been executed on the Employer's behalf by its duly authorized officer. Notwithstanding anything herein to the contrary, in no event shall any amendment be made in a manner that is inconsistent with the requirements to avoid adverse federal tax consequences under section 409A of the Code.

9.2. Termination of Plan

This Plan is strictly a voluntary undertaking on the part of the Employer and shall not be deemed to constitute a contract between the Employer and any Eligible Employee (or any other employee) or a consideration for, or an inducement or condition of employment for, the performance of the services by any Eligible Employee (or other employee). The Employer reserves the right to terminate the Plan at any time, subject to Section 9.3, by an instrument in writing which has been executed on the Employers behalf

by its duly authorized officer. Notwithstanding anything to the contrary in this Plan, each Participant's Vested benefit shall be distributed immediately in a lump sum if this Plan terminates in the following circumstances:

(a) Within thirty (30) days before or twelve (12) months after a change in the ownership or effective control of the Employer, or in the ownership of a substantial portion of the assets of the Employer as described in section 409A(2)(A)(v) of the Code, provided that termination of this Plan was effected through an irrevocable action taken by the Employer and provided further that all distributions are made no later than twelve (12) months following such termination of the Plan and that all the Employer's arrangements which are substantially similar to the Plan are terminated so all Participants and any participants in the similar arrangements are required to receive all amounts of compensation deferred under the terminated arrangements within twelve (12) months of the termination of the arrangements;

(b) Upon the Employer's dissolution or with the approval of a bankruptcy court provided that the amounts deferred under the Plan are included in each Participant's gross income in the latest of (i) the calendar year in which the Plan terminates; (ii) the calendar year in which the amount is no longer subject to a substantial risk of forfeiture; or (iii) the first calendar year in which the distribution is administratively practical; or

(c) Upon the Employer's termination of this and all other account balance plans (as referenced in Section 409A of the Code or the regulations thereunder), provided that all distributions are made no earlier than twelve (12) months and no later than twenty-four (24) months following such termination, provided further that the termination of this Plan does not occur proximate to the downturn in the financial health of the Employer and provided further that the Employer does not adopt any new account balance plans for a minimum of three (3) years following the date of such termination.

9.3. Existing Rights

No amendment or termination of the Plan shall adversely affect the rights of any Participant with respect to amounts that have been credited to his or her Account prior to the date of such amendment or termination, and each Participant's rights after termination of the Plan shall remain subject to the terms of the Plan prior to its termination.

Article 10 - Miscellaneous

10.1. Unfunded and Unsecured

The Plan shall at all times be considered entirely unfunded both for tax purposes and for purposes of Title I of the ERISA, and no provision shall at any time be required with respect to segregating assets of the Employer for payment of any amounts under the Plan. Any funds invested under the Plan shall continue for all purposes to be part of the general assets of the Employer and available to the general creditors in the event the Employer becomes Insolvent. The Employer shall promptly notify the Trustee and the applicable Participants of such Insolvency. No Participant or any other person shall have any interests in any particular assets of the Employer by reason of the right to receive a benefit under the Plan and to the extent the Participant or any other person acquires a right to receive a benefit under the Plan, such right shall be no greater than the right of any general unsecured creditor. The Plan constitutes a mere promise by the Employer for the payment of benefits payable under the Plan to the Participants in the future. Nothing contained in the Plan shall constitute a guaranty by the Employer or any other person or entity that any funds in Trust or the assets of the Employer will be sufficient to pay any benefit under the Plan. Furthermore, no Participant shall have any right to a benefit under the Plan except in accordance with the terms and conditions of the Plan.

10.2. Non-Assignability

None of the benefits, payments, proceeds or claims of any Participant or beneficiary shall be subject to any claim of any creditor of any Participant or beneficiary and, in particular, the same shall not be subject to attachment or garnishment or other legal process by any creditor of such Participant or beneficiary, nor shall any Participant or beneficiary have any right to alienate, anticipate, commute, pledge, encumber or assign any of the benefits or payments or proceeds that he or she may expect to receive, contingently or otherwise, under the Plan. Notwithstanding the foregoing, payments of Vested amounts under this Plan may be made to an individual other than the Participant to the extent necessary to fulfill a domestic relations order (as defined in section 414 (p)(1)(B) of the Code).

10.3. Limitation of Participants' Rights

Nothing contained in the Plan shall confer upon any person a right to be employed or to continue in the employ of the Employer, or interfere in any way with the right of the Employer to terminate the employment of a Participant in the Plan at any time, with or without cause.

10.4. Participants Bound

Any action with respect to the Plan taken by the Plan Administrator or the Employer or the Trustee or any action authorized by or taken at the direction of the Plan Administrator, the Employer or the Trustee shall be conclusive upon all Participants and beneficiaries entitled to benefits.

10.5. Receipt and Release

Any payment to any Participant or beneficiary in accordance with the provisions of the Plan shall, to the extent thereof, be in full satisfaction of all claims against the Employer, the Plan Administrator and the Trustee under the Plan, and the Plan Administrator may require such Participant or beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect. If any Participant or beneficiary is determined by the Plan Administrator to be incompetent by reason of physical or mental disability (including minority) to give a valid receipt and release, the Plan Administrator may cause the payment or payments becoming due to such person to be made to another person for his or her benefit without responsibility on the part of the Plan Administrator, the Employer or the Trustee to follow the application of such funds.

10.6. Governing Law

The Plan shall be construed, administered, and governed in all respects under and by the laws of the state in which the Employer maintains its primary place of business. If any provision shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

10.7. Headings and Subheadings

Headings and subheadings in this Plan are inserted for convenience only and are not to be considered in the construction of the provisions hereof.

10.8. Distributions Upon Income Inclusion Under Section 409A of the Code

Upon the inclusion of any amount into a Participant's income as a result of the failure of this Plan to comply with the requirements of section 409A of the Code, to the extent such tax liability can be covered by the amount of the Participant's Account, a distribution shall be made as soon as is administratively practicable following the discovery of the Plan failure.

Appendix A

Performance-Based Compensation

If the Employer has elected to offer the deferral of Performance-Based Compensation by making the election in Section 4 of the Adoption Agreement, then the following rules shall apply:

A.1 Definitions

a. **Performance-Based Compensation** means the compensation paid by the Employer as set forth in the Adoption Agreement as Performance-Based Compensation. In all events, Performance-Based Compensation definition must meet the following criteria:

(i) the compensation must be based on services performed over a period of at least 12 months;

(ii) the payment or amount of the compensation must be contingent on the satisfaction of pre-established organizational or individual performance criteria (established no later than 90 days after the beginning of the Service Period); and

(iii) the compensation cannot include any amount or portion of any amount that will be paid either regardless of performance or based on a level of performance that is substantially certain to be met at the time the performance criteria are established.

The term Performance-Based Compensation includes payments based upon subjective performance criteria, provided that: (i) the subjective performance criteria are bona fide and relate to the performance of the Eligible Employee, a group of employees that includes the Eligible Employee, or a business unit for which the Eligible Employee provides services (which may include the entire organization); and (ii) The determination that any subjective performance criteria have been met is not made by the Eligible Employee or a family member of the Eligible Employee (as defined in section 267(c)(4) of the Code applied as if the family of an individual includes the spouse of any member of the family), or a person under the effective control of the Eligible Employee or such a family member, and no amount of the compensation of the person making such determination is effectively controlled in whole or in part by the Eligible Employee or such a family member.

In all events, the Employer is responsible for determining whether the actual definition of Performance-Based Compensation used in this Plan conforms with the requirements of Code section 409 A.

b. **Performance-Based Compensation Elective Deferral** means the portion of the Performance-Based Compensation that is deferred by a Participant, according to this Appendix A.

c. **Service Period** means a period of at least 12 months with respect to which Performance-Based Compensation is otherwise determined and payable.

A.2 Performance-Based Compensation Elective Deferrals

If this Appendix A is applicable, Performance-Based Compensation Elective Deferral elections shall be made on such Election Forms provided by the Plan Administrator and in accordance with the following provisions:

(a) <u>Performance-Based Compensation Elective Deferral Elections</u>. Provided that an Eligible Employee performs services continuously from the later of the beginning of the Service Period or

the date the performance criteria for the Performance-Based Compensation are established through the date of the election described herein, an Eligible Employee may, by completing an Election Form and filing it with the Plan Administrator no later than six months before the end of the applicable Service Period irrevocably elect to defer a percentage or dollar amount of Performance-Based Compensation otherwise payable to the Eligible Employee. Any election to defer a percentage of Performance-Based Compensation shall be made in whole percentage increments up to 100%, after taking into account required tax withholding and payroll deductions for other benefit programs. In addition, in no event may an election to defer Performance- Based Compensation be made after the compensation has become readily ascertainable. ***An election to defer a percentage or dollar amount of Performance-Based Compensation for any Service Period (or any election not to defer any amount of Performance-Based Compensation for a Service Period) shall not apply for subsequent payments of Performance-Based Compensation and a separate deferral election shall be required for each Service Period's payment of Performance-Based Compensation.***

(b) Initial Performance-Based Compensation Elective Deferral Election Upon an Individual's First Becoming Eligible After the Plan's Effective Date. If an Eligible Employee is not otherwise eligible to participate in another individual account non-qualified deferred compensation plan, and the individual first becomes eligible for this Plan after the Effective Date and during a Service Period, the Eligible Employee may irrevocably elect to defer a percentage or dollar amount of Performance-Based Compensation to be earned by the Eligible Employee in the same Plan Year as long as the election is made within 30 days following the date the individual first becomes an Eligible Employee and applies only to Performance-Based Compensation earned after the election is made. The maximum amount of Performance-Based Compensation taken into account for this purpose shall be the total amount of Performance-Based Compensation for such Service Period, multiplied by the ratio of remaining days in the Service Period over the total number of days in the Service Period (after taking into account required tax withholding and payroll deductions for other benefit programs).

A.3 Accounts

All Performance-Based Compensation Elective Deferrals shall be credited to the Participant's Elective Deferral Account. For purposes of measuring the amounts to be credited (or debited) to a Participant's Account attributable to Performance-Based Compensation Elective Deferrals, a Participant or the Participant's investment advisor may select the deemed investment options in accordance with Article 5.

A.4 Vesting

The amounts credited to the Account of each Participant attributable to Performance-Based Compensation Elective Deferrals, as adjusted based upon the measuring investments, shall be subject to the vesting requirements set forth in, or established under, the Stock Plan.

A.5 Payments

Distributions of all Performance-Based Compensation Elective Deferrals credited to a Participant's Account for any Plan Year shall be paid in the same time and manner as any Elective Deferrals credited to the Participant's Account for the same Plan Year, in accordance with Section 7.1 and 7.2. If there is no such election in effect, then all Performance-Based Compensation Elective Deferrals credited to a Participant's Account for a Plan Year will be distributed in a single sum payment upon the earlier of the date specified in Section 7.3 (separation from service) or Section 7.4 (death).

A.6 Unforeseeable Emergency

Performance-Based Compensation Elective Deferral elections under this Appendix A shall be terminated to the extent required by section 401(k) of the Code, if the Participant elects to receive a hardship distribution under a tax-qualified cash or deferred arrangement subject to section 401(k) of the Code maintained by the Employer. If Performance-Based Compensation Elective Deferral elections are terminated based on the foregoing, any later Performance-Based Compensation Elective Deferral election can be made after the expiration of the suspension of deferrals under the section 401(k) plan and at the time otherwise required under Section A.2(a) above. In addition, all amounts attributable to Performance-Based Compensation Elective Deferral elections shall not be available for withdrawal under Section 7.5 (Unforeseeable Emergency) of the Plan.

A.7 Matching

Performance-Based Compensation Elective Deferrals are eligible for Matching Deferrals under Section 4.2 of the Plan.

Merrill Lynch Non-Qualified Deferred Compensation Plan
Adoption Agreement

Please complete the information requested in the Adoption Agreement to establish the specific provisions of your plan. This document and the Merrill Lynch Non-Qualified Deferred Compensation Plan document govern the rights of Plan participants and should, therefore, be disclosed to participants and retained as part of your permanent records.

1. Employer Information

A. Name of Plan: Simon Property Group, L.P. Deferred Compensation Plan

B. Name and address of employer sponsoring the Plan:
(Please provide Employer's business name)

Simon Property Group, L.P.
Business Name
225 West Washington Street

Address
Indianapolis, IN 46204

City | State | Zip Code

C. Provide Employer's primary contact for the Plan and telephone and fax numbers. Also, include the Employer's tax identification number.

John M. Yahwak, Vice President, Compensation & Benefits
Primary Contact | Title

317-263-2207 | 317-263-2474
Telephone Number | Fax Number

EIN 35-1903854
Employer Tax Identification Number (TIN)

D. Give the first day of the 12-month period for which the Employer pays taxes: January 1 .

2. Plan Information

A. What is the effective date of the Plan? Restatement effective January 1, 2005

B. Plan Year. (The Plan Year for this Plan is defined as the calendar year. If this is a new Plan, please complete the following section.)

The Plan's initial Plan Year shall be the period beginning , and ending December 31, 20 . Thereafter, the Plan Year shall be the 12-month period ending December 31 of each calendar year.

3. Eligible Employees

The following persons or classes of persons shall be Participants (enter the names or positions of individuals eligible to participate or the criteria used to identify Participants; e.g., "Those key employees of the Employer selected by the Compensation Committee of the Board of Directors").

Those key employees of the Employer selected by the Compensation Committee of the Board of Directors of the Managing Partner

4. Compensation

Compensation is used to determine the amount of Elective Deferrals a Participant can elect. The Plan allows for deferrals of "Compensation."

For purposes of the Plan, Compensation will be determined before giving effect to Elective Deferrals and other salary reduction amounts that are not included in the Participant's gross income under Code section 125, 401(k), 402(h) or 403(b).

Compensation under the Plan is defined as (select one):

o The Participant's cash wages, salaries, and other cash amounts received in the course of employment with the Employer or an Affiliate to the extent that the amounts are includable in gross income, and otherwise reported on the Eligible Employee's Form W-2.

o The regular or base cash salary or wages payable to the individual by the Employer or an Affiliate, excluding commissions and bonuses and any other special, unusual, non-recurring or non-regular items of compensation.

Option for Performance-Based Compensation:

If the Employer wishes to offer the deferral of Performance-Based Compensation, please indicate below:

x Employer elects to offer the deferral of Performance-Based Compensation, in accordance with the rules set forth in Appendix A.

Performance-Based Compensation is defined as:

Amounts earned and awarded under the Simon Property Group, L.P. 1998 Stock Incentive Plan, as the same has been or may be modified or supplemented from time-to-time, or any successor thereto (the "Stock Plan").

Note: To qualify as "Performance-Based Compensation" under the Plan and section 409A of the Code, the compensation must satisfy certain requirements set forth in Appendix A, which include the following:

Performance-Based Compensation means the compensation paid by the Employer as set forth in the Adoption Agreement as Performance-Based Compensation. In all events, Performance-Based Compensation definition must meet the following criteria:

(i) the compensation must be based on services performed over a period of at least 12 months;

(ii) the payment or amount of the compensation must be contingent on the satisfaction of pre-established organizational or individual performance criteria (established no later than 90 days after the beginning of the Service Period); and

(iii) the compensation cannot include any amount or portion of any amount that will be paid either regardless of performance or based on a level of performance that is substantially certain to be met at the time the performance criteria are established.

In all events, the Employer is responsible for determining whether the actual definition of Performance-Based Compensation used in this Plan conforms with the requirements of Code section 409A.

5. Deferrals

A. Elective Deferrals. Participants may elect to reduce their Compensation and to have Elective Deferrals credited to their Accounts by making an election under the Plan (which may be changed each year as described in the Plan), but no Participant may defer more than 100% (1% to 100% (after taking into account required tax withholding and payroll deductions for other benefit programs) in whole increments) of his or her Compensation for a year.

B. Matching Deferrals. If the Employer elects to match Elective Deferrals, the Employer must specify below the Determination Period for which the Matching Deferrals are to be contributed to the Trust, the matching rate to be applied, and the amount of the Participant's Elective Deferral that will be matched. The Employer may also elect to decide each Plan Year whether Matching Deferrals will be made and, if so, what that Plan Year's matching rate will be. For example, the Employer may decide to credit a Matching Deferral of, for example, 50 cents for each dollar of a Participant's Elective Deferrals, but limit the match to the first 5% of Compensation deferred by the Participant. If the Employer wishes to set a maximum dollar amount on the amount of Elective Deferrals that will be matched, insert the dollar amount and interval over which that amount is to be measured. For example the Employer could provide that the Employer will not match Elective Deferrals in excess of $1,000 per month. Matching Deferrals can be made after each payroll period, monthly, quarterly or annually, at the Employer's discretion. Matching Deferrals will be subject to the vesting schedule selected in Item 6A.

Select One:

o No Matching Deferrals will be credited.

o The Employer will credit to Participants' Accounts a Matching Deferral amount as determined in this Item 5B as of the end of each payroll period, each calendar month, each calendar quarter, or each calendar year. The Employer will credit Matching Deferrals for each Participant equal to % of the first % of the Participant's Compensation which is elected as an Elective Deferral, but no Matching Deferral will be made on Elective Deferrals in excess of $ per (specify time period if applicable).

x The Employer will decide from year to year whether Matching Deferrals will be made and will notify Participants annually of the manner in which Matching Deferrals will be calculated for the subsequent year. Absent an affirmative action by the Employer to provide for Matching Deferrals for a particular year, no Matching Deferrals will be made for that year.

C. **Incentive Deferrals.** The Employer may at any time and from time to time determine to credit the Account of a Participant with an amount determined by the Employer in its sole and absolute discretion if the Employer elects to do so in this Item 5C. If an affirmative election is made in this Item 5C, the purpose or purposes for authorizing Incentive Deferrals to be credited to an Account of a Participant, the amount to be so credited, the terms and conditions, if any, that may apply with respect

to the crediting of such amount, and the vesting schedule that may apply with respect to the amount so credited, shall be reflected in an attachment to this Adoption Agreement.

Incentive Deferrals will be distributed according to the election in effect for Elective Deferrals credited in the Plan Year in which the Participant first earned the right to the Incentive Deferrals, regardless of whether the right was subject to any restrictions. In the absence of any such election, Incentive Deferrals credited for a Plan Year will be paid in a single lump sum payment upon a Participant's separation from service (in accordance with Section 7.4) or death (in accordance with Section 7.5).

The Employer hereby elects to be able to determine to credit the Account of a Participant with Incentive Deferrals pursuant to and in accordance with Section 4.3 of the Plan and this Item 5C:

x Yes o No

6. Vesting of Matching Deferrals and Incentive Deferrals

A. Vesting Schedule for Matching Deferrals.

Indicate below how the portion of a Participant's Account attributable to Matching Deferrals is to vest by selecting one of the following six vesting schedules (select one group of the three different groups ((1), (2), or (3) below) and then select one option within group):

o **(1)** The following three options base the vesting of Matching Deferrals on a Participant's Years of Service under the Plan:

o 100% immediate.

o 100% after Years of Service.

x 20% after One Years of Service and an additional 20% for each year thereafter.

- o **(2) (CLASS YEAR VESTING)** The following two options base the vesting of Matching Deferrals on a Participant's Years of Service under the Plan performed after the Plan Year for which Matching Deferrals are credited:

  - o For Matching Deferrals in a given Plan Year, 100% after Years of Service performed beginning after the last day of the Plan Year in which the Matching Deferrals are credited.

  - o For Matching Deferrals in a given Plan Year, 20% per Year of Service performed beginning after the last day of the Plan Year in which the Matching Deferrals are credited.

- o **(3)** The following option is available if the foregoing options are not suitable and you want a more specific vesting schedule:

  - o Other vesting schedule for Matching Deferrals. (specify):

B. Vesting Schedule for Incentive Deferrals.

Indicate how the portion of a Participant's Account attributable to Incentive Deferrals is to vest.

Unless otherwise specified by the Employer at the time a Incentive Deferral is made, Incentive Deferrals vest in accordance with the following schedule (select one group of the three different groups ((1), (2), or (3) below) and then select one option within group):

(1) The following three options base the vesting of Incentive Deferrals on a participant's Years of Service under the Plan

o 100% immediate.

o 100% after Years of Service.

x 20% after One Years of Service and an additional 20% for each year thereafter.

(2) (CLASS YEAR VESTING) The following two options base the vesting of Incentive Deferrals on a Participant's Years of Service under the Plan performed after the Plan Year in which Incentive Deferrals are credited:

o For Incentive Deferrals in a given Plan Year, 100% after Years of Service performed beginning after the last day of the Plan Year in which the Incentive Deferrals are credited.

o For Incentive Deferrals in a given Plan Year, 20% per Year of Service performed beginning after the last day of the Plan Year in which the Incentive Deferrals are credited.

(3) The following option is available if the foregoing options are not suitable and you want a more specific vesting schedule:

o Other vesting schedule for Incentive Deferrals. (specify):

C. Vesting Upon Attainment of Retirement Age.

In addition to A. and B. above, indicate below whether a Participant's Account attributable to Matching Deferrals and/or Incentive Deferrals should become fully Vested upon attainment of Retirement Age by checking the box below and indicating whether it applies to Matching Deferrals, Incentive Deferrals or both:

The following option will provide for full vesting upon attainment of Retirement Age:

o 100% immediate vesting upon a Participant's attainment of Retirement Age.

The foregoing election shall apply to the portion of a Participant's Account attributable to (select either or both of the following):

o Matching Deferrals

o Incentive Deferrals

D. Vesting Service.

1. Indicate whether you will give credit for vesting service for time spent with a predecessor employer, and if so, specify the maximum number of years and the type of predecessor service for which credit will be given. For vesting purposes (select one):

   x Service with a predecessor employer will not be considered.

o Service (up to a maximum of   years) with the following employer(s) will be considered:

2. Under the Plan, if you maintain a 401(k) plan, years of service for vesting purposes include all years of full-time service measured from the employee's date of employment. If you maintain a 401(k) plan, the rules in that plan govern the calculation of vesting service for employees covered under that plan. If you would like to apply other rules on determining vesting service under this Plan, please indicate below:

   o Service prior to an Eligible Employee's eligibility date under this Plan shall be disregarded.

   o Service prior to adoption of this Plan shall be disregarded.

   o Service prior to an Eligible Employee's attainment of age   shall be disregarded.

   o Other rules on calculating service for vesting purposes under this Plan:

7. Distribution Options

Cashout of Small Amounts. The Employer may elect to add a cashout rule under which the Vested amount of a Participant's Account will automatically be paid as a single sum cash distribution as soon as practicable after separation from service if such Vested amount does not exceed some stated amount.

x The Employer hereby elects to provide for a cashout distribution upon a Participant's separation from service if the Vested amount in the Participant's Account does not exceed $15,500 or the current 402(g) limit.

No Installments Before Attainment of Retirement Age. The Employer may elect to prohibit the payment of installment distributions if a Participant's separation from service occurs before Retirement Age.

o Notwithstanding any Participant's form of distribution election, if the Participant separates from service before attainment of Retirement Age, distributions hereunder upon such separation from service shall only be made in a single sum cash payment.

8. Accounts

If it is desired that the Trust assets be invested in accordance with Participants' deemed investment elections, each Participant's Account balance should be invested as a separate account. Otherwise, the Account balances of all Participants may be invested as a single fund (select one):

x Account balances are to be invested separately.

o Account balances are to be invested as a single fund.

9. Investments

Investment Direction. The Employer may direct the investment of Trust assets or direct the Trustee to invest Trust assets in accordance with Participants' deemed investment elections (select one):

x Trust assets are to be invested in accordance with Participants' deemed investment elections made in accordance with the terms of the Plan, until further notice from the Employer.

o Trust assets are to be invested in accordance with the Employer's attached investment instructions, until further notice from the Employer.

10. Retirement Age

The Retirement Age under the Plan is the normal retirement age specified in 1. below and, if elected by the Employer, the early retirement age elected in 2. below.

1. Normal Retirement Age. A Participant's normal retirement age shall be (select one):

   x attainment of age 59 1/2 while employed.

   o attainment of the later of age   or the   anniversary of participation in the Plan, while employed.

2. Early Retirement Age. A Participant's early retirement age shall be (select one):

   o Attainment of age   while employed.

   x Attainment of age 55 and 10 Years of Service (for vesting purposes) while employed.

11. Withdrawals on Account of Unforeseeable Emergency

The Employer may permit a Participant to request to receive a distribution of all or a portion of the Vested amounts allocated to the Account of the Participant in accordance with the provisions and requirements of Section 7.5 of the Plan and this Item 10 if the Employer affirmatively elects to permit such distributions in this Item 10.

The Employer hereby elects to permit withdrawals by a Participant of all or a portion of the Vested amounts allocated to the Account of the Participant in the event of an Unforeseeable Emergency under the terms of the Plan:

x Yes o No

If the Employer elects to permit distributions in the event of an Unforeseeable Emergency (as that term is defined in Section 7.5 of the Plan), a request for such a distribution must be made by a Participant in accordance with the requirements of Section 7.5, if an Unforeseeable Emergency is determined to have occurred, the amount distributed to the Participant shall not exceed the maximum amount permitted in Section 7.5, and if an amount is so distributed, Elective Deferrals of the Participant will immediately terminate and the Participant may not again elect to defer compensation under Section 4.1 of the Plan until the enrollment period for the Plan Year that begins at least twelve (12) months after such distribution.

12. Administration

Plan Administrator. The Plan Administrator is legally responsible for the operation of the Plan, including:

- Keeping track of which employees are eligible to participate in the Plan and the date each employee becomes eligible to participate.
- Maintaining Participants' Accounts, including all sub-accounts required for different contribution types and payment elections, and keeping track of all elections made by Participants under the Plan and any other relevant information.
- Transmitting important communications to the Participants, and obtaining relevant information from Participants such as changes in investment selections.

- Filing important reports required to be submitted to governmental agencies.

The Plan Administrator will be the person or persons identified below:

John Rulli	Stephen Sterrett	Andrew Juster
Name	Name	Name
Executive Vice President and Chief Administrative Officer	Executive Vice President and Chief Financial Officer	Executive Vice President and Treasurer
Title	Title	Title

13. Signatures

After reviewing the Adoption Agreement, enter the current date and the name of the Employer. The signature of the Employer or the person signing for the Employer must be witnessed. Note that the person signing for the Employer must be authorized to do so, such as by a resolution of the Employer's board of directors or governing bylaws.

While the Merrill Lynch Non-Qualified Deferred Compensation Plan, including this Adoption Agreement, has been designed in a manner to permit Participants to defer federal income tax on amounts credited to their accounts until the amounts are actually paid, neither Merrill Lynch, Pierce, Fenner & Smith Incorporated, the sponsor of this document, nor any of its affiliates ("Merrill Lynch") provide any assurances of that result in the Employer's particular situation or assume any responsibility in this regard. The applicable federal law in this area (in particular, section 409A of the Code) is complex and changes from time to time Please consult your tax advisor regarding the tax consequences of this Plan to you and your employees. In addition, please consult your independent legal counsel with respect to securities law issues. By signing this Adoption Agreement, the Employer acknowledges that no representations or warranties as to the tax consequences to the Employer and Participants of the operation of this Plan have been made by Merrill Lynch.

Simon Property Group Administrative Services Partnership, L.P.,
a Delaware limited partnership

By: M.S. Management Associates, Inc., a Delaware corporation,
its general partner

Name of Employer (Print or Type)

By	WITNESS
	/s/ James M Barkley
Authorized Signature	Signature
John Rulli	James M Barkley

/s/ John Rulli	
Print Name and Title Executive Vice President and Chief Administrative Officer	Print Name and Title Secretary
Date December 31, 2008	Date December 31, 2008

AMENDMENT
2008 PERFORMANCE BASED RESTRICTED STOCK AGREEMENT

Executive Group

This amendment to the 2008 Performance Based Restricted Stock Agreement ("Amendment") is being entered into as of the 6th day of March, 2009, among Simon property Group, L.P., a Delaware limited partnership (the "Partnership"), Simon Property Group, Inc., a Delaware corporation (the "Company"), and [Fname] [LName], a key personnel member of the Partnership or one of the Partnership's Affiliates ("Participant"), pursuant to the Simon Property Group, L.P. 1998 Stock Incentive Plan (the "Plan").

WHEREAS, the Compensation Committee (the "Committee") of the Board of the Company, appointed to administer the Plan, has allocated to Participate a dollar allocation, a portion of which has been converted into an award of restricted stock; and

WHEREAS, the parties entered into a 2008 Restricted Stock Agreement dated as of May 1, 2008, describing such dollar allocation and the terms and conditions of any award to Participant (the "Agreement"); and

WHEREAS, the parties desire to amend the Agreement in certain respects.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, the parties agree as follows:

1. Capitalized Terms. All capitalized terms used in this Amendment and not otherwise defined shall have the meanings given them in the Agreement and the Plan.

2. Allocation of Award. The Partnership, with the approval of the Committee, has awarded to Participant [Award_Value_] shares (the "Award") of common stock of the Company, par value 0.0001 per share ("Common Stock"), subject to vesting requirements and other terms and conditions set forth in the Agreement and the Plan, as the same may be amended or modified from time-to-time by the Committee.

3. Distributions. The Participant has the right, pursuant to the Agreement, to receive distributions on the Award. Notwithstanding the terms of the Agreement, the parties hereto have agreed that Participant shall relinquish and release the Partnership and the Company from any obligation to distribute to the Participant that portion of distributions on the unvested portion of the Award which the Company has or may hereafter elect to distribute in the form of additional Common Stock. The Participant does not waive, and shall be entitled to continue to receive, all distributions on the unvested portion of the Award which shall be paid in cash, as well as all distributions made by the Company, in

whatever form, on the vested portion of the Award as well as any other award of Common Stock, whether or not vested, made to Participant pursuant to the Plan.

Except as herein amended, all terms and conditions of the Agreement shall remain in full force and effect. This Amendment shall be binding upon and inure to the benefit of the successors, assigns, and heirs of the respective parties.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

SIMON PROPERTY GROUP, L.P., a Delaware limited partnership

By: Simon Property Group, Inc., a Delaware Corporation, its general partner

By: ______________________________
John Rulli, Executive Vice President

SIMON PROPERTY GROUP, INC., a Delaware corporation

By: ______________________________
John Rulli, Executive Vice President

____
Signature of Participant

{please return a signed copy to Human Resources}

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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, 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)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) 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

   (d) 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: November 5, 2009

/s/ DAVID SIMON

David Simon
Chairman and Chief Executive Officer

EXHIBIT 31.2

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)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) 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

   (d) 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: November 5, 2009

/s/ STEPHEN E. STERRETT

Stephen E. Sterrett
Executive Vice President and Chief Financial Officer

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EXHIBIT 31.2

EXHIBIT 32

**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 September 30, 2009 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
Chairman and Chief Executive Officer

Date: November 5, 2009

/s/ STEPHEN E. STERRETT

Stephen E. Sterrett
Executive Vice President and Chief Financial Officer

Date: November 5, 2009

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EXHIBIT 32