
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2015

SIMON PROPERTY GROUP, L.P.

(Exact name of registrant as specified in its charter)

Delaware

(State of incorporation
or organization)

001-36110

(Commission File No.)

34-1755769

(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 ☐

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 ☐

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

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

Registrant has no common stock outstanding.

Simon Property Group, L.P. and Subsidiaries

Form 10-Q

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Simon Property Group, L.P. and Subsidiaries

Unaudited Consolidated Balance Sheets
(Dollars in thousands, except unit amounts)

	March 31, 2015	December 31, 2014
ASSETS:		
Investment properties at cost	\$ 32,537,403	\$ 31,318,532
Less — accumulated depreciation	9,146,094	8,950,747
	<u>23,391,309</u>	<u>22,367,785</u>
Cash and cash equivalents	833,732	612,282
Tenant receivables and accrued revenue, net	523,734	580,197
Investment in unconsolidated entities, at equity	2,158,205	2,378,800
Investment in Klepierre, at equity	1,516,749	1,786,477
Deferred costs and other assets	1,851,798	1,806,789
Total assets	<u>\$ 30,275,527</u>	<u>\$ 29,532,330</u>
LIABILITIES:		
Mortgages and unsecured indebtedness	\$ 21,694,055	\$ 20,852,993
Accounts payable, accrued expenses, intangibles, and deferred revenues	1,122,444	1,259,681
Cash distributions and losses in partnerships and joint ventures, at equity	1,372,575	1,167,163
Other liabilities	295,853	275,451
Total liabilities	<u>24,484,927</u>	<u>23,555,288</u>
Commitments and contingencies		
Preferred units, at liquidation value	25,537	25,537
EQUITY:		
Partners' Equity		
Preferred units, 796,948 units outstanding. Liquidation value of \$39,847	43,980	44,062
General Partner, 311,268,775 and 310,787,910 units outstanding, respectively	4,892,465	5,049,115
Limited Partners, 52,764,731 and 52,846,682 units outstanding, respectively	829,346	858,557
Total partners' equity	<u>5,765,791</u>	<u>5,951,734</u>
Noncontrolling nonredeemable deficit interests in properties, net	(728)	(229)
Total equity	<u>5,765,063</u>	<u>5,951,505</u>
Total liabilities and equity	<u>\$ 30,275,527</u>	<u>\$ 29,532,330</u>

The accompanying notes are an integral part of these statements.

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

	For the Three Months Ended March 31,	
	2015	2014
REVENUE:		
Minimum rent	\$ 753,445	\$ 722,283
Overage rent	38,957	31,674
Tenant reimbursements	340,170	325,471
Management fees and other revenues	35,078	30,607
Other income	48,585	46,987
Total revenue	1,216,235	1,157,022
EXPENSES:		
Property operating	99,757	94,947
Depreciation and amortization	288,106	280,493
Real estate taxes	106,888	94,305
Repairs and maintenance	29,734	29,766
Advertising and promotion	18,756	22,619
Provision for credit losses	3,847	4,423
Home and regional office costs	35,903	35,288
General and administrative	14,999	14,855
Other	19,074	19,361
Total operating expenses	617,064	596,057
OPERATING INCOME	599,171	560,965
Interest expense	(232,173)	(254,234)
Income and other taxes	(6,362)	(6,863)
Income from unconsolidated entities	64,872	57,078
Gain upon acquisition of controlling interests and sale or disposal of assets and interests in unconsolidated entities, net	—	2,655
Consolidated income from continuing operations	425,508	359,601
Discontinued operations and gain on disposal	—	41,502
CONSOLIDATED NET INCOME	425,508	401,103
Net income attributable to noncontrolling interests	690	523
Preferred unit requirements	1,313	1,313
NET INCOME ATTRIBUTABLE TO UNITHOLDERS	\$ 423,505	\$ 399,267
NET INCOME ATTRIBUTABLE TO UNITHOLDERS ATTRIBUTABLE TO:		
General Partner	\$ 362,174	341,648
Limited Partners	61,331	57,619
Net income attributable to unitholders	\$ 423,505	\$ 399,267
BASIC AND DILUTED EARNINGS PER UNIT		
Income from continuing operations	\$ 1.16	\$ 0.99
Discontinued operations	—	0.11
Net income attributable to unitholders	\$ 1.16	\$ 1.10
Consolidated net income	\$ 425,508	\$ 401,103
Unrealized gain (loss) on derivative hedge agreements	10,099	(7,533)
Net loss reclassified from accumulated other comprehensive income into earnings	2,627	2,697
Currency translation adjustments	(124,512)	13,733
Changes in available-for-sale securities and other	5,637	479
Comprehensive income	319,359	410,479
Comprehensive income attributable to noncontrolling interests	690	523
Comprehensive income attributable to unitholders	\$ 318,669	\$ 409,956

The accompanying notes are an integral part of these statements.

Simon Property Group, L.P. and Subsidiaries

Unaudited Consolidated Statements of Cash Flows

(Dollars in thousands)

	For the Three Months Ended March 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated Net Income	\$ 425,508	\$ 401,103
Adjustments to reconcile consolidated net income to net cash provided by operating activities —		
Depreciation and amortization	302,667	330,562
Gain upon acquisition of controlling interests and sale or disposal of assets and interests in unconsolidated entities, net	—	(2,897)
Straight-line rent	(12,827)	(11,779)
Equity in income of unconsolidated entities	(64,872)	(57,423)
Distributions of income from unconsolidated entities	55,253	51,636
Changes in assets and liabilities —		
Tenant receivables and accrued revenue, net	69,486	63,058
Deferred costs and other assets	(38,656)	(12,005)
Accounts payable, accrued expenses, intangibles, deferred revenues and other liabilities	(61,762)	(100,804)
Net cash provided by operating activities	674,797	661,451
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions	(682,405)	(85,459)
Funding of loans to related parties	—	(13,367)
Capital expenditures, net	(229,228)	(207,655)
Cash from acquisitions and cash impact from the consolidation and deconsolidation of properties	—	5,402
Investments in unconsolidated entities	(23,429)	(45,861)
Purchase of marketable and non-marketable securities	(10,741)	(5,211)
Distributions of capital from unconsolidated entities and other	435,034	124,676
Net cash used in investing activities	(510,769)	(227,475)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of units	(499)	(82)
Purchase of noncontrolling interest in consolidated properties	—	(89,818)
Distributions to noncontrolling interest holders in properties	(2,535)	(12,751)
Contributions from noncontrolling interest holders in properties	196	—
Partnership distributions	(510,628)	(455,281)
Mortgage and unsecured indebtedness proceeds, net of transaction costs	1,966,685	1,810,496
Mortgage and unsecured indebtedness principal payments	(1,395,797)	(2,390,035)
Net cash provided by (used in) financing activities	57,422	(1,137,471)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	221,450	(703,495)
CASH AND CASH EQUIVALENTS, beginning of period	612,282	1,716,863
CASH AND CASH EQUIVALENTS, end of period	\$ 833,732	\$ 1,013,368

The accompanying notes are an integral part of these statements.

Simon Property Group, L.P. and Subsidiaries
Condensed Notes to Consolidated Financial Statements
(Unaudited)
(Dollars in thousands, except unit and per unit amounts
and where indicated in millions or billions)

1. Organization

Simon Property Group, L.P. is a Delaware limited partnership and the majority-owned subsidiary of Simon Property Group, Inc., a Delaware corporation. In these condensed notes to the unaudited consolidated financial statements, the terms “Operating Partnership”, “we”, “us” and “our” refer to Simon Property Group, L.P. and its subsidiaries and the term “Simon” refers specifically to Simon Property Group, Inc. (NYSE: SPG). Simon is a self-administered and self-managed real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended. REITs will generally not be liable for federal corporate income taxes as long as they continue to distribute not less than 100% of their taxable income. According to our partnership agreement, we are required to pay all expenses of Simon.

We own, develop and manage retail real estate properties, which consist primarily of malls, Premium Outlets®, and The Mills®. As of March 31, 2015, we owned or held an interest in 209 income-producing properties in the United States, which consisted of 110 malls, 68 Premium Outlets, 14 Mills, three community centers, and 14 other retail properties in 37 states and Puerto Rico. Internationally, as of March 31, 2015, we had ownership interests in nine Premium Outlets in Japan, three Premium Outlets in South Korea, two Premium Outlets in Canada, one Premium Outlet in Mexico, and one Premium Outlet in Malaysia. As of March 31, 2015, we had noncontrolling ownership interests in five outlet properties in Europe through our joint venture with McArthurGlen. Of the five properties, two are located in Italy and one each is located in Austria, the Netherlands, and the United Kingdom. Additionally, as of March 31, 2015, as further discussed in Note 5, we owned an 18.3% equity stake in Klépierre SA, or Klépierre, a publicly traded, Paris-based real estate company, which owns, or has an interest in, shopping centers located in 16 countries in Europe.

2. Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of all controlled subsidiaries, and all significant intercompany amounts have been eliminated. Due to the seasonal nature of certain operational activities, the results for the interim period ended March 31, 2015, 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 2014 Annual Report on Form 10-K.

As of March 31, 2015, we consolidated 135 wholly-owned properties and 13 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 82 properties, or the joint venture properties, as well as our investment in Klépierre, using the equity method of accounting, as we have determined we have significant influence over their operations. We manage the day-to-day operations of 58 of the 82 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, South Korea, Mexico, Malaysia, and the five properties through our joint venture with McArthurGlen comprise 19 of the remaining 24 properties. These international properties are managed locally by joint ventures in which we share control.

We allocate our net operating results after preferred distributions based on our partners’ respective weighted average ownership. Simon owns a majority of our units of partnership interest, or units, and certain series of our preferred units of partnership interest, or preferred units, which have terms comparable to outstanding shares of Simon preferred stock. Simon’s weighted average ownership interest in us was 85.5% and 85.6% for the three months ended March 31, 2015 and 2014, respectively. As of March 31, 2015 and December 31, 2014, Simon’s ownership interest in us was 85.5%. We adjust the noncontrolling limited partners’ interests at the end of each period to reflect their respective interests in us.

Preferred unit requirements in the accompanying consolidated statements of operations and comprehensive income represent distributions on outstanding preferred units held by limited partners and are recorded when declared.

Simon Property Group, L.P. and Subsidiaries
Condensed Notes to Consolidated Financial Statements
(Unaudited)
(Dollars in thousands, except unit and per unit amounts
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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 fair value. Cash equivalents generally consist of commercial paper, bankers' acceptances, Eurodollars, repurchase agreements, and money market deposits or securities. Financial instruments that potentially subject us to concentrations of credit risk include our cash and cash equivalents and our trade accounts receivable. We place our cash and cash equivalents with institutions of high credit quality. However, at certain times, such cash and cash equivalents are 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, available-for-sale securities, our deferred compensation plan investments, and certain investments held to fund the debt service requirements of debt previously secured by investment properties. At March 31, 2015, we had marketable securities of \$657.4 million generally accounted for as available-for-sale, which are adjusted to their quoted market price with a corresponding adjustment in other comprehensive income (loss). Net unrealized gains recorded in other comprehensive income (loss) as of March 31, 2015 and December 31, 2014 were approximately \$109.6 million and \$103.9 million, respectively, and represent the valuation adjustments for our marketable securities.

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 less than 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. 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. We review any declines in value of these securities for other-than-temporary impairment and consider the severity and duration of any decline in value. To the extent an other-than-temporary impairment is deemed to have occurred, an impairment charge is recorded and a new cost basis is established.

Our insurance subsidiaries are required to maintain statutory minimum capital and surplus as well as maintain a minimum liquidity ratio. Therefore, our access to these securities 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 as the amounts are fully payable to the employees that earned the compensation. Changes in value of these securities and changes to the matching liability to employees are both recognized in earnings and, as a result, there is no impact to consolidated net income.

We account for one investment in a publicly traded REIT as an available-for-sale security. At March 31, 2015, we owned 5.71 million shares, representing a market value of \$481.7 million with an aggregate net unrealized gain of \$107.8 million. The market value at December 31, 2014 was \$476.4 million with an aggregate net unrealized gain of \$102.5 million.

At March 31, 2015 and December 31, 2014, we had investments of \$168.7 million and \$167.1 million, respectively, in non-marketable securities that we account for under the cost method. We regularly evaluate these investments for any other-than-temporary impairment in their estimated fair value and determined that no adjustment in the carrying value was required.

Fair Value Measurements

Level 1 fair value inputs are quoted prices for identical items in active, liquid and visible markets such as stock exchanges. Level 2 fair value inputs are observable information for similar items in active or inactive markets, and appropriately consider counterparty creditworthiness in the valuations. Level 3 fair value inputs reflect our best estimate of inputs and assumptions market participants would use in pricing an asset or liability at the measurement date. The inputs

Simon Property Group, L.P. and Subsidiaries
Condensed Notes to Consolidated Financial Statements
(Unaudited)
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are unobservable in the market and significant to the valuation estimate. We have no investments for which fair value is measured on a recurring basis using Level 3 inputs.

The marketable securities we held at March 31, 2015 and December 31, 2014 were primarily classified as having Level 1 fair value inputs. In addition, we had derivative instruments which were classified as having Level 2 inputs which consist primarily of interest rate swap agreements and foreign currency forward contracts with a gross liability balance of \$12.4 million and \$2.1 million at March 31, 2015 and December 31, 2014, respectively, and a gross asset value of \$40.2 million and \$20.1 million at March 31, 2015 and December 31, 2014, respectively.

Note 6 includes a discussion of the fair value of debt measured using Level 2 inputs. Notes 9 and 5 include a discussion of the fair values recorded in purchase accounting using Level 2 and Level 3 inputs. Level 3 inputs to our purchase accounting and impairment analyses include our estimations of net operating results of the property, capitalization rates and discount rates.

Noncontrolling Interests

Our evaluation of the appropriateness of classifying the units held by Simon and limited partners within permanent equity considered several significant factors. First, as a limited partnership, all decisions relating to our operations and distributions are made by Simon, acting as our sole general partner. The decisions of the general partner are made by Simon's Board of Directors or management. We have no other governance structure. Secondly, the sole asset of Simon is its interest in us. As a result, a share of Simon common stock (if owned by us) is best characterized as being similar to a treasury share and thus not an asset of the Operating Partnership.

Limited partners have the right under our partnership agreement to exchange their units for shares of Simon common stock or cash as selected by Simon as the sole general partner. Accordingly, we classify units held by limited partners in permanent equity because Simon may elect to issue shares of its common stock to limited partners exercising their exchange rights rather than using cash or other assets. Under our partnership agreement, we are required to redeem units held by Simon only when Simon has redeemed shares of its common stock. We classify units held by Simon in permanent equity because the decision to redeem those units would be made by Simon.

Net income attributable to noncontrolling interests (which includes nonredeemable and redeemable noncontrolling interests in consolidated properties) is a component of consolidated net income. During the three months ended March 31, 2015 and 2014, no individual components of other comprehensive income (loss) were attributable to noncontrolling interests.

A rollforward of noncontrolling interests reflected in equity is as follows:

	For the Three Months Ended March 31,	
	2015	2014
Noncontrolling nonredeemable (deficit) interests in properties, net —		
beginning of period	\$ (229)	\$4,264
Net income attributable to noncontrolling nonredeemable interests	690	31
Distributions to noncontrolling nonredeemable interestholders	(1,372)	(11,731)
Purchase and disposition of noncontrolling interests, net, and other	183	6,130
Noncontrolling nonredeemable deficit interests in properties, net — end of		
period	<u>\$ (728)</u>	<u>\$(1,306)</u>

Temporary Equity

We classify our 7.5% Cumulative Redeemable Preferred Units, or 7.5% preferred units, in temporary equity. Although we may redeem the 7.5% preferred units for cash or shares of Simon common stock, we could be required to

Simon Property Group, L.P. and Subsidiaries
Condensed Notes to Consolidated Financial Statements
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redeem the securities for cash because the non-cash redemption alternative requires us to deliver fully registered shares of Simon common stock which we may not be able to deliver depending upon the circumstances that exist at the time of redemption. The previous and current carrying amounts are equal to the liquidation value, which is the amount payable upon the occurrence of any event that could potentially result in cash settlement.

Accumulated Other Comprehensive Income (Loss)

The changes in accumulated other comprehensive income (loss) by component consisted of the following as of March 31, 2015:

	Currency translation adjustments	Accumulated derivative losses, net	Net unrealized gains on marketable securities	Total
Beginning balance	\$ (129,554)	\$ (45,824)	\$ 103,950	\$ (71,428)
Other comprehensive income (loss) before reclassifications	(124,512)	10,099	5,637	(108,776)
Amounts reclassified from accumulated other comprehensive income (loss)	—	2,627	—	2,627
Net current-period other comprehensive income (loss)	(124,512)	12,726	5,637	(106,149)
Ending balance	<u>\$(254,066)</u>	<u>\$(33,098)</u>	<u>\$109,587</u>	<u>\$(177,577)</u>

The reclassifications out of accumulated other comprehensive income (loss) consisted of the following as of March 31, 2015 and 2014:

	March 31, 2015	March 31, 2014	
Details about accumulated other comprehensive income (loss) components:	Amount reclassified from accumulated other comprehensive income (loss)	Amount reclassified from accumulated other comprehensive income (loss)	Affected line item in the statement where net income is presented
Accumulated derivative losses, net	<u>\$(2,627)</u>	<u>\$(2,697)</u>	Interest expense
	<u><u>\$(2,627)</u></u>	<u><u>\$(2,697)</u></u>	

Derivative Financial 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 designated a derivative as a hedge and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. We may use a variety of derivative financial instruments in the normal course of business to selectively manage or hedge a portion of 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 is no significant ineffectiveness from any of our derivative activities. We formally designate any instrument that meets these hedging criteria as a hedge at the inception of the derivative contract. We have no credit-risk-related hedging or derivative activities.

Simon Property Group, L.P. and Subsidiaries
Condensed Notes to Consolidated Financial Statements
(Unaudited)
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As of both March 31, 2015 and December 31, 2014, we had the following outstanding interest rate derivatives related to managing our interest rate risk:

<u>Interest Rate Derivative</u>	<u>Number of Instruments</u>	<u>Notional Amount</u>
Interest Rate Swaps	2	\$375.0 million

The carrying value of our interest rate swap agreements, at fair value, as of March 31, 2015, was a net liability balance of \$12.3 million, all of which is included in other liabilities. The carrying value of our interest rate swap agreements, at fair value, as of December 31, 2014, was a net liability balance of \$1.2 million, of which \$2.1 million was included in other liabilities and \$0.9 million was included in deferred costs and other assets.

We are also exposed to fluctuations in foreign exchange rates on financial instruments which are denominated in foreign currencies, primarily in Japan and Europe. We use currency forward contracts and foreign currency denominated debt to manage our exposure to changes in foreign exchange rates on certain Yen and Euro-denominated receivables and net investments. Currency forward contracts involve fixing the Yen:USD or Euro:USD exchange rate for delivery of a specified amount of foreign currency on a specified date. The currency forward contracts are typically cash settled in US dollars for their fair value at or close to their settlement date.

In the first quarter of 2015, we entered into Yen:USD forward contracts for approximately ¥1.9 billion that we expect to settle through June 15, 2015. The March 31, 2015 asset balance related to these forward contracts was \$0.3 million and is included in deferred costs and other assets. Approximately ¥14.7 million remained at December 31, 2014 for our Yen forward contracts that matured on January 5, 2015. The December 31, 2014 asset balance related to these forward contracts was \$0.1 million and was included in deferred costs and other assets. We have reported the changes in fair value for these forward contracts in earnings. The underlying currency adjustments on the foreign currency denominated receivables are also reported in income and generally offset the amounts in earnings for these forward contracts.

In the third quarter of 2014, we entered into Euro:USD forward contracts, which were designated as net investment hedges, with an aggregate €150.0 million notional value which mature through August 11, 2017. The March 31, 2015 asset balance related to these forward contracts was \$39.8 million and is included in deferred costs and other assets. The December 31, 2014 asset balance related to these forward contracts was \$19.1 million and was included in deferred costs and other assets. We apply hedge accounting to these forward contracts and report the changes in fair value in other comprehensive income (loss). Changes in the value of these forward contracts are offset by changes in the underlying hedged Euro-denominated joint venture investment.

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 \$33.1 million and \$45.8 million as of March 31, 2015 and December 31, 2014, respectively.

New Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." ASU 2014-08 changes the definition of a discontinued operation to include only those disposals of components of an entity that represent a strategic shift that has (or will have) a major effect on an entity's operations and financial results. ASU 2014-08 became effective prospectively for fiscal years beginning after December 15, 2014, but could be early-adopted. We early adopted ASU 2014-08 in the first quarter of 2014 and are applying the revised definition to all disposals on a prospective basis, including the spin-off of Washington Prime Group Inc., or Washington Prime, as further discussed below. ASU 2014-08 also requires new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation.

In May 2014, the FASB issued ASU 2014-09, "Revenue From Contracts With Customers." ASU 2014-09 amends the existing accounting standards for revenue recognition and is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when products are transferred to customers. In April 2015, the FASB voted for a

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Condensed Notes to Consolidated Financial Statements
(Unaudited)
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one-year deferral of the effective date of the new revenue recognition standard. If approved, the new standard will become effective for us beginning with the first quarter 2018 and can be adopted either retrospectively to each prior reporting period presented or as a cumulative effect adjustment as of the date of adoption. We are currently evaluating the impact adopting the new accounting standard will have on our consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, "Amendments to the Consolidation Analysis." ASU 2015-02 makes changes to both the variable interest model and the voting model. This guidance becomes effective for companies on January 1, 2016. All reporting entities involved with limited partnerships will have to re-evaluate whether these entities qualify for consolidation and revise documentation accordingly. We are currently evaluating the impact adopting the new accounting standard will have on our consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs," ("ASU 2015-03"). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 will be effective for us beginning in the first quarter of 2017. We expect this new guidance will reduce total assets and total mortgage and unsecured indebtedness on our Consolidated Balance Sheet for amounts classified as deferred costs specific to debt issuance costs. We do not expect this guidance to have any other effect on our consolidated financial statements.

Discontinued Operations

On May 28, 2014, we completed the spin-off of our interests in 98 properties comprised of substantially all of our strip center business and our smaller enclosed malls to Washington Prime, an independent, publicly traded REIT (now doing business as WP GLIMCHER). The spin-off was effectuated through a distribution of the common shares of Washington Prime to holders of Simon common stock as of the distribution record date, and qualified as a tax-free distribution for U.S. federal income tax purposes. For every two shares of Simon common stock held as of the record date of May 16, 2014, Simon stockholders received one Washington Prime common share on May 28, 2014. At the time of the separation and distribution, Washington Prime owned a percentage of the outstanding units of partnership interest of Washington Prime Group, L.P. that was approximately equal to the percentage of our outstanding units owned by Simon. The remaining units of Washington Prime Group, L.P. were owned by our limited partners who received one Washington Prime Group, L.P. unit for every two units they owned in us. Subsequent to the spin-off, we retained a nominal interest in Washington Prime Group, L.P. We also retained approximately \$1.0 billion of proceeds from completed unsecured debt and mortgage debt as part of the spin-off.

The historical results of operations of the Washington Prime properties have been presented as discontinued operations in the consolidated statements of operations and comprehensive income. The accompanying consolidated statement of cash flows includes within operating, investing and financing cash flows those activities which related to our period of ownership of the Washington Prime properties.

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Summarized financial information for discontinued operations for the three months ended March 31, 2014 is presented below.

	For the Three Months Ended March 31, 2014
TOTAL REVENUE	\$157,969
Property Operating	26,140
Depreciation and amortization	45,968
Real estate taxes	19,948
Repairs and maintenance	7,150
Advertising and promotion	1,952
Provision for credit losses	786
Other	1,118
Total operating expenses	103,062
OPERATING INCOME	54,907
Interest expense	(13,917)
Income and other taxes	(75)
Income from unconsolidated entities	345
Gain upon acquisition of controlling interests and sale or disposal of assets and interest in unconsolidated entities, net	242
CONSOLIDATED NET INCOME	41,502
Net income attributable to noncontrolling interests	5,989
NET INCOME ATTRIBUTABLE TO UNITHOLDERS	<u>\$ 35,513</u>

Capital expenditures on a cash basis for the three months ended March 31, 2014 were \$24.8 million.

We and Washington Prime entered into property management and transitional services agreements in connection with the spin-off whereby we will provide certain services to Washington Prime and its properties. Pursuant to the terms of the property management agreements, we manage, lease, and maintain Washington Prime's mall properties under the direction of Washington Prime. In exchange, Washington Prime pays us annual fixed rate property management fees ranging from 2.5% to 4.0% of base minimum and percentage rents, reimburses us for direct out-of-pocket costs and expenses and also pays us separate fees for any leasing and development services we provide. The property management agreements have an initial term of two years with automatic one year renewals unless terminated. Either party may terminate the property management agreements on or after the two-year anniversary of the spin-off upon 180 days prior written notice.

We also provide certain support services to the Washington Prime strip centers and certain of its central functions to assist Washington Prime as it establishes its stand-alone processes for various activities that were previously provided by us and does not constitute significant continuing support of Washington Prime's operations. These services include assistance in the areas of information technology, treasury and financial management, payroll, lease administration, taxation and procurement. The charges for such services are intended to allow us to recover costs of providing these services. The transition services agreement will terminate no later than two years following the date of the spin-off subject to a minimum notice period equal to the shorter of 180 days or one-half of the original service period. Transitional services fees earned for the three months ended March 31, 2015 were approximately \$1.3 million.

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4. Per Unit Data

We determine basic earnings per unit based on the weighted average number of units outstanding during the period and we consider any participating securities for purposes of applying the two-class method. We determine diluted earnings per unit based on the weighted average number of units outstanding combined with the incremental weighted average units that would have been outstanding assuming all potentially dilutive securities were converted into units at the earliest date possible. The following table sets forth the computation of our basic and diluted earnings per unit.

	For the Three Months Ended March 31,	
	2015	2014
Net Income attributable to Unitholders — Basic and Diluted	\$ 423,505	\$ 399,267
Weighted Average Units Outstanding — Basic and Diluted	363,784,004	363,008,959

For the three months ended March 31, 2015, potentially dilutive securities include long-term incentive performance units, or LTIP units. No securities had a dilutive effect for the three months ended March 31, 2015 and 2014. We accrue distributions when they are declared.

5. Investment in Unconsolidated Entities

Real Estate Joint Ventures and Investments

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 of properties. As discussed in Note 2, we held joint venture interests in 82 properties as of March 31, 2015.

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

We may provide financing to joint ventures primarily in the form of interest bearing construction loans. As of March 31, 2015 and December 31, 2014, we had construction loans and other advances to related parties totaling \$13.8 million and \$14.9 million, respectively, which are included in deferred costs and other assets in the accompanying Consolidated Balance Sheets.

Unconsolidated Property Transactions

On January 30, 2014, as discussed in Note 9, we acquired the remaining 50% interest in Arizona Mills from our joint venture partner. The consolidation of this previously unconsolidated property resulted in a remeasurement of our previously held interest to fair value and a corresponding non-cash gain of \$2.7 million in the first quarter of 2014. As a result of this acquisition, we now own 100% of this property.

On February 24, 2015, Houston Galleria, in which we own a 50.4% noncontrolling interest, refinanced its \$821.0 million mortgage with a \$1.2 billion mortgage that matures on March 1, 2025. The fixed interest rate was reduced from 5.44% to 3.55% as a result. Excess proceeds from the financing were distributed to the venture partners in February 2015.

In February 2015, we agreed to create a joint venture with Hudson's Bay Company, or HBC. Upon formation of the joint venture, HBC will contribute 42 owned properties for an eventual pro forma 80% equity interest in the newly formed joint venture. We have committed to contribute \$100.0 million to the newly formed joint venture for improvements to the properties contributed by HBC. We may contribute up to an additional \$178.5 million for an eventual pro forma equity stake of 20% in the newly formed joint venture. We expect this transaction to close during the second quarter of 2015.

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On April 13, 2015, we announced we had formed a joint venture with Sears Holdings, or Sears, whereby Sears contributed 10 of its properties at our malls to the newly formed joint venture in exchange for a 50% noncontrolling interest in this joint venture. We have contributed cash in the amount of \$114.0 million in exchange for a 50% noncontrolling interest in the newly formed joint venture. Sears or its affiliates are leasing back each of those properties from the joint venture. The joint venture has the right to recapture not less than 50% of the space leased to Sears to be used for purposes of redeveloping and releasing the recaptured space. We will provide development, leasing and management services to the joint venture. We have also agreed to invest \$33.0 million in common shares of Seritage Growth Properties, a REIT recently formed by Sears. Sears has informed us that they plan to transfer its interest in the newly formed joint venture to Seritage Growth Properties.

European Investments

At March 31, 2015, we owned 57,634,148 shares, or approximately 18.3%, of Klépierre, which had a quoted market price of \$49.48 per share. On July 29, 2014 Klépierre announced that it had entered into a conditional agreement to acquire Corio N.V., or Corio, pursuant to which Corio shareholders would receive 1.14 Klépierre ordinary shares for each Corio ordinary share. On January 15, 2015 the tender offer transaction closed and the merger was completed on March 31, 2015, reducing our ownership from 28.9% to 18.3%. Our share of net income, net of amortization of our excess investment, was \$6.1 million and \$4.8 million for the three months ended March 31, 2015 and 2014, respectively. Based on applicable Euro:USD exchange rates and after our conversion of Klépierre's results to GAAP, Klépierre's total revenues, operating income and consolidated net income were approximately \$332.5 million, \$141.6 million and \$72.0 million, respectively, for the three months ended March 31, 2015 and \$367.3 million, \$166.7 million and \$52.9 million, respectively, for the three months ended March 31, 2014.

Our joint venture with McArthurGlen has interests in five Designer Outlets, one development project as well as a property management and development company. At March 31, 2015 our legal percentage ownership interests in these entities range from 45% to 90%. The carrying amount of our investment in these joint ventures, including all related components of accumulated other comprehensive income (loss) as well as subsequent capital contributions for development, was \$581.4 million and \$677.1 million as of March 31, 2015 and December 31, 2014, respectively. In December 2014, Roermond Designer Outlet phases 2 and 3, in which we own a 90% interest, refinanced its \$85.1 million mortgage maturing in 2017 with a \$218.9 million mortgage that matures in 2021. The fixed interest rate was reduced from 5.12% to 1.86% as a result. Excess proceeds from the financing were distributed to the venture partners in January 2015.

We also have a minority interest in Value Retail PLC and affiliated entities, which own or have interests in and operate nine luxury outlets throughout Europe and a direct minority ownership in three of those outlets. Our investment in these centers is accounted for under the cost method. At each of March 31, 2015 and December 31, 2014, the carrying value of these non-marketable investments was \$115.4 million and is included in deferred costs and other assets.

On March 19, 2015 we disposed of our interest in a joint venture which had held interests in rights to pre-development projects in Europe, for total proceeds of \$19.0 million. We recognized a gain on the sale of \$8.3 million, which is included in other income in the accompanying consolidated statements of operations and comprehensive income. The gain includes \$0.8 million that was reclassified from accumulated other comprehensive income (loss).

Asian Joint Ventures

We conduct our international Premium Outlet operations in Japan through a joint venture with Mitsubishi Estate Co., Ltd. We have a 40% ownership interest in this joint venture. The carrying amount of our investment in this joint venture was \$230.9 million and \$229.8 million as of March 31, 2015 and December 31, 2014, respectively, including all related components of accumulated other comprehensive income (loss). We conduct our international Premium Outlet operations in South Korea through a joint venture with Shinsegae International Co. We have a 50% ownership interest in this joint venture. The carrying amount of our investment in this joint venture was \$107.2 million and \$104.5 million as of March 31, 2015 and December 31, 2014, respectively, including all related components of accumulated other comprehensive income (loss).

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Summary Financial Information

A summary of our equity method investments and share of income from such investments, excluding Klépierre, follows. As discussed in Note 3, on May 28, 2014, we completed the spin-off of Washington Prime, which included ten unconsolidated properties. The net income of these ten properties is included in income from operations of discontinued joint venture interests in the accompanying summary financial information for the three months ended March 31, 2014.

BALANCE SHEETS

	March 31, 2015	December 31, 2014
Assets:		
Investment properties, at cost	\$ 16,010,766	\$16,087,282
Less — accumulated depreciation	5,525,606	5,457,899
	10,485,160	10,629,383
Cash and cash equivalents	763,917	993,178
Tenant receivables and accrued revenue, net	308,358	362,201
Investment in unconsolidated entities, at equity	—	11,386
Deferred costs and other assets	507,735	536,600
Total assets	\$ 12,065,170	\$12,532,748
Liabilities and Partners' Deficit:		
Mortgages	\$13,629,050	\$13,272,557
Accounts payable, accrued expenses, intangibles, and deferred revenue	861,041	1,015,334
Other liabilities	440,651	493,718
Total liabilities	14,930,742	14,781,609
Preferred units	67,450	67,450
Partners' deficit	(2,933,022)	(2,316,311)
Total liabilities and partners' deficit	\$ 12,065,170	\$12,532,748
Our Share of:		
Partners' deficit	\$ (1,064,025)	\$ (663,700)
Add: Excess investment	1,849,655	1,875,337
Our net investment in unconsolidated entities, at equity	\$ 785,630	\$ 1,211,637

"Excess Investment" represents the unamortized difference of our investment over our share of the equity in the underlying net assets of the joint ventures or other investments acquired and is allocated on a fair value basis primarily to investment property, lease related intangibles, and debt premiums and discounts. We amortize excess investment over the life of the related depreciable components of investment property, typically no greater than 40 years, the terms of the applicable leases and the applicable debt maturity, respectively. The amortization is included in the reported amount of income from unconsolidated entities.

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STATEMENT OF OPERATIONS

	For the Three Months Ended March 31,	
	2015	2014
Revenue:		
Minimum rent	\$ 433,781	\$424,785
Overage rent	51,180	48,797
Tenant reimbursements	194,487	192,793
Other income	53,995	112,706
Total revenue	<u>733,443</u>	<u>779,081</u>
Operating Expenses:		
Property operating	130,804	161,421
Depreciation and amortization	141,659	152,148
Real estate taxes	58,574	54,791
Repairs and maintenance	20,361	19,641
Advertising and promotion	16,702	18,810
Provision for credit losses	1,853	3,108
Other	44,428	52,929
Total operating expenses	<u>414,381</u>	<u>462,848</u>
Operating Income	<u>319,062</u>	<u>316,233</u>
Interest expense	(147,020)	(151,637)
Income from Continuing Operations	<u>172,042</u>	<u>164,596</u>
Income from operations of discontinued joint venture interests	—	2,985
Net Income	<u>\$ 172,042</u>	<u>\$ 167,581</u>
Third-Party Investors' Share of Net Income	<u>\$ 89,114</u>	<u>\$ 89,313</u>
Our Share of Net Income	<u>82,928</u>	<u>78,268</u>
Amortization of Excess Investment	<u>(24,154)</u>	<u>(25,598)</u>
Our Share of Loss from Unconsolidated Discontinued Operations	<u>—</u>	<u>(345)</u>
Income from Unconsolidated Entities	<u>\$ 58,774</u>	<u>\$ 52,325</u>

Our share of income from unconsolidated entities in the above table, aggregated with our share of the results of Klépierre, is presented in income from unconsolidated entities in the accompanying consolidated statements of operations and comprehensive income.

6. Debt

Unsecured Debt

At March 31, 2015, our unsecured debt consisted of \$13.3 billion of senior unsecured notes, net of discounts, \$1.0 billion outstanding under our \$4.0 billion unsecured revolving credit facility, or Credit Facility, \$240.0 million outstanding under an unsecured term loan, and \$471.3 million outstanding under our global unsecured commercial paper note program, or the Commercial Paper program. The March 31, 2015 balance on the Credit Facility included \$753.8 million (U.S. dollar equivalent) of Euro-denominated borrowings and \$185.5 million (U.S. dollar equivalent) of Yen-denominated borrowings. At March 31, 2015 the outstanding amount under the Commercial Paper program was \$471.3 million, of which \$186.3 million was related to U.S. dollar equivalent of Euro-denominated notes. Foreign currency denominated borrowings

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under both the Credit Facility and Commercial Paper program are designated as net investment hedges of a portion of our international investments.

On March 31, 2015, we had an aggregate available borrowing capacity of \$5.2 billion under the Credit Facility and our \$2.75 billion supplemental unsecured revolving credit facility, or Supplemental Facility. The maximum aggregate outstanding balance under the two credit facilities during the three months ended March 31, 2015 was \$1.5 billion and the weighted average outstanding balance was \$1.1 billion. Letters of credit of \$36.9 million were outstanding under the two credit facilities as of March 31, 2015.

The Credit Facility's initial borrowing capacity of \$4.0 billion may be increased to \$5.0 billion during its term and provides for borrowings denominated in U.S. Dollars, Euros, Yen, Sterling, Canadian Dollars and Australian Dollars. Borrowings in currencies other than the U.S. Dollar are limited to 75% of the maximum revolving credit amount, as defined. The initial maturity date of the Credit Facility is June 30, 2018 and can be extended for an additional year to June 30, 2019 at our sole option. The base interest rate on the Credit Facility is LIBOR plus 80 basis points with an additional facility fee of 10 basis points.

On March 2, 2015, we amended and extended the Supplemental Facility. The initial borrowing capacity of \$2.0 billion has been increased to \$2.75 billion, may be further increased to \$3.5 billion during its term, will initially mature on June 30, 2019 and can be extended for an additional year to June 30, 2020 at our sole option. The base interest rate on the amended Supplemental Facility was reduced to LIBOR plus 80 basis points and the additional facility fee was reduced to 10 basis points. The Supplemental Facility provides for borrowings denominated in U.S. Dollars, Euro, Yen, Sterling, Canadian Dollars and Australian Dollars.

On March 2, 2015, we increased the maximum aggregate program size of our Commercial Paper program from \$500.0 million to \$1.0 billion, or the non-U.S. dollar equivalent thereof. We may issue unsecured commercial paper notes, denominated in U.S. dollars, Euros and other currencies. Notes issued in non-U.S. currencies may be issued by one or more of our subsidiaries and are guaranteed by us. Notes will be sold under customary terms in the U.S and Euro commercial paper note markets and will rank (either by themselves or as a result of the guarantee described above) pari passu with our other unsecured senior indebtedness. Our Commercial Paper program is supported by our Credit Facility and Supplemental Facility and if necessary or appropriate, we may make one or more draws under either the Credit Facility or Supplemental Facility to pay amounts outstanding from time to time on the Commercial Paper program. At March 31, 2015, we had \$471.3 million outstanding under the Commercial Paper program, comprised of \$285.0 million outstanding in U.S. dollar denominated notes and \$186.3 million (U.S. dollar equivalent) of Euro denominated notes with weighted average interest rates of 0.20% and 0.08%, respectively. The borrowings mature on various dates from April 8, 2015 to July 1, 2015.

Mortgage Debt

Total mortgage indebtedness was \$6.6 billion and \$6.2 billion at March 31, 2015 and December 31, 2014, respectively.

On January 15, 2015, as discussed in Note 9, we acquired two properties — Jersey Gardens in Elizabeth, New Jersey (renamed "The Mills at Jersey Gardens") and University Park Village in Fort Worth, Texas, subject to existing fixed-rate mortgage loans of \$350.0 million and \$55.0 million, respectively. The loans mature on November 1, 2020 and May 1, 2028 and bear interest at 3.83% and 3.85%, respectively.

Covenants

Our unsecured debt agreements contain financial and other non-financial covenants. If we were to fail to comply with these covenants, after the expiration of the applicable cure periods, the debt maturity could be accelerated or other remedies could be sought by the lender including adjustments to the applicable interest rate. As of March 31, 2015, we were in compliance with all covenants of our unsecured debt.

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At March 31, 2015, we or our subsidiaries are the borrowers under 40 non-recourse mortgage notes secured by mortgages on 54 properties, including five separate pools of cross-defaulted and cross-collateralized mortgages encumbering a total of 21 properties. Under these cross-default provisions, a default under any mortgage included in the cross-defaulted pool may constitute a default under all mortgages within that pool and may lead to acceleration of the indebtedness due on each property within the pool. Certain of our secured debt instruments contain financial and other non-financial covenants which are specific to the properties which serve as collateral for that debt. If the borrower fails to comply with these covenants, the lender could accelerate the debt and enforce its right against their collateral. At March 31, 2015, the applicable borrowers under these non-recourse mortgage notes were in compliance with all covenants where non-compliance could individually, or giving effect to applicable cross-default provisions in the aggregate, have a material adverse effect on our financial condition, results of operations or cash flows.

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 discounted 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 book value of our consolidated fixed-rate mortgages and unsecured indebtedness was \$19.3 billion and \$19.0 billion as of March 31, 2015 and December 31, 2014, respectively. The fair values of these financial instruments and the related discount rate assumptions as of March 31, 2015 and December 31, 2014 are summarized as follows:

	March 31, 2015	December 31, 2014
Fair value of fixed-rate mortgages and unsecured indebtedness	\$20,932	\$20,558
Weighted average discount rates assumed in calculation of fair value for fixed-rate mortgages	2.69%	3.02%

7. Equity

During the three months ended March 31, 2015, five limited partners exchanged 483,154 units for an equal number of shares of common stock of Simon pursuant to our partnership agreement. This transaction increased Simon's ownership interest in us.

On April 2, 2015, the Simon Board of Directors authorized a common stock repurchase program under which Simon may purchase up to \$2.0 billion of its common stock over the next twenty-four months as market conditions warrant. Simon may repurchase the shares in the open market or in privately negotiated transactions.

Stock Based Compensation

Awards under our stock based compensation plans primarily take the form of LTIP units and restricted stock grants made under our 1998 Stock Incentive Plan, as amended, or the Plan. Restricted stock and awards under the LTIP programs are all performance based and are based on various corporate and business unit performance measures as further described below. The expense related to these programs, net of amounts capitalized, is included within home and regional office costs and general and administrative costs in the accompanying consolidated statements of operations and comprehensive income.

LTIP Programs. Every year since 2010, the Compensation Committee of Simon's Board of Directors, or Compensation Committee, has approved long-term, performance based incentive compensation programs, or the LTIP programs, for certain senior executive officers. Awards under the LTIP programs take the form of LTIP units, a form of limited partnership interest issued by us, and will be considered earned if, and only to the extent to which, applicable total shareholder return, or TSR, performance measures are achieved during the performance period. Once earned, LTIP units are subject to a two year vesting period. One-half of the earned LTIP units will vest on January 1 of each of the 2nd and

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3rd years following the end of the applicable performance period, subject to the participant maintaining employment with us through those dates and certain other conditions as described in those agreements. Awarded LTIP units not earned are forfeited. Earned and fully vested LTIP units are the equivalent of units. During the performance period, participants are entitled to receive distributions on the LTIP units awarded to them equal to 10% of the regular quarterly distributions paid on a unit. As a result, we account for these LTIP units as participating securities under the two-class method of computing earnings per unit.

From 2010 to 2015, Simon's Compensation Committee approved LTIP grants as shown in the table below. Grant date fair values of the LTIP units are estimated using a Monte Carlo model, and the resulting expense is recorded regardless of whether the TSR performance measures are achieved if the required service is delivered. The grant date fair values are being amortized into expense over the period from the grant date to the date at which the awards, if any, would become vested. The extent to which LTIP units were earned, and the aggregate grant date fair values adjusted for estimated forfeitures, are as follows:

LTIP Program	LTIP Units Earned	Grant Date Fair Value
2010 LTIP Program		
1-year 2010 LTIP Program	133,673	1-year program — \$7.2 million
2-year 2010 LTIP Program	337,006	2-year program — \$14.8 million
3-year 2010 LTIP Program	489,654	3-year program — \$23.0 million
2011-2013 LTIP Program	469,848	\$35.0 million
2012-2014 LTIP Program	401,203	\$35.0 million
2013-2015 LTIP Program	To be determined in 2016	\$29.5 million
2014-2016 LTIP Program	To be determined in 2017	\$30.0 million
2015-2017 LTIP Program	To be determined in 2018	\$29.9 million

We recorded compensation expense, net of capitalization, related to these LTIP programs of approximately \$6.2 million and \$6.8 million for the three months ended March 31, 2015 and 2014, respectively.

Restricted Stock. We recorded compensation expense, net of capitalization, related to restricted stock of approximately \$2.1 million and \$2.7 million, for the three months ended March 31, 2015 and 2014, respectively.

Other Compensation Arrangements. On July 6, 2011, in connection with the execution of an eight year employment agreement, the Compensation Committee granted David Simon, Simon's Chairman and CEO, a retention award in the form of 1,000,000 LTIP units, or the Award, for his continued service as Simon's Chairman and Chief Executive Officer through July 5, 2019. Effective December 31, 2013, the Award was modified, or the Current Award, and as a result the LTIP units will now become earned and eligible to vest based on the attainment of Company-based performance goals, in addition to the service-based vesting requirement included in the original Award. If the relevant performance criteria are not achieved, all or a portion of the Current Award will be forfeited. The Current Award does not contain an opportunity for Mr. Simon to receive additional LTIP Units above and beyond the original Award should Simon's performance exceed the higher end of the performance criteria. The performance criteria of the Current Award are based on the attainment of specific funds from operations, or FFO, per share. If the performance criteria have been met, a maximum of 360,000 LTIP units, or the A Units, 360,000 LTIP units, or the B Units, and 280,000 LTIP units, or the C Units, may become earned December 31, 2015, 2016 and 2017, respectively. The earned A Units will vest on January 1, 2018, earned B Units will vest on January 1, 2019 and earned C Units will vest on June 30, 2019, subject to Mr. Simon's continued employment through such applicable date. The grant date fair value of the retention award of \$120.3 million is being recognized as expense over the eight-year term of his employment agreement on a straight-line basis through the applicable vesting periods of the A Units, B Units and C Units.

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Changes in Equity

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

	Preferred Units	Simon (Managing General Partner)	Limited Partners	Noncontrolling interests	Total Equity
January 1, 2015	\$ 44,062	\$ 5,049,115	\$ 858,557	\$ (229)	\$ 5,951,505
Limited partner units exchanged to units LTIP units		7,849	(7,849) 11,828		— 11,828
Purchase and disposition of noncontrolling interests, net and other	(82)	(5,730)		183	(5,629)
Adjustment to limited partners' interest from change in ownership in the Operating Partnership		5,624	(5,624)		—
Distributions to limited partners, excluding preferred interests classified as temporary equity	(834)	(435,777)	(73,538)	(1,372)	(511,521)
Comprehensive income, excluding \$479 attributable to preferred distributions on temporary equity preferred units . .	834	271,384	45,972	690	318,880
March 31, 2015	<u>\$43,980</u>	<u>\$4,892,465</u>	<u>\$829,346</u>	<u>\$ (728)</u>	<u>\$5,765,063</u>

8. Commitments and Contingencies

Litigation

We are involved from time-to-time in various legal proceedings that arise in the ordinary course of our business, including, but not limited to commercial disputes, environmental matters, and litigation in connection with transactions including acquisitions and divestitures. We believe that such litigation, claims and administrative proceedings will not have a material adverse impact on our financial position or our results of operations. We record a liability when a loss is considered probable and the amount can be reasonably estimated.

In May 2010, Opry Mills sustained significant flood damage. Insurance proceeds of \$50 million have been funded by the insurers and remediation work has been completed. The property was re-opened March 29, 2012. The excess insurance carriers (those providing coverage above \$50 million) denied the claim under the policy for additional proceeds (of up to \$150 million) to pay further amounts for restoration costs and business interruption losses. In the first quarter of 2015, summary judgment was granted in our favor, concluding that up to \$150 million of additional coverage is available under our excess insurance policy for this claim. The excess insurance carriers have filed a motion asking for leave to pursue an appeal of the summary judgment ruling in our favor regarding the coverage available under our excess insurance policy. Trial for the damages portion of our claim is scheduled for July 2015. We and our lenders are continuing our efforts through pending litigation to recover our losses, including consequential damages, under the excess insurance policies for Opry Mills and we believe recovery is probable, but no assurances can be made that our efforts to recover these funds will be successful.

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 March 31, 2015 and December 31, 2014, we guaranteed joint venture related mortgage indebtedness of \$335.3 million and \$223.5 million, respectively (of which we have a right of recovery from our joint venture partners of \$129.0 million and \$78.7 million, respectively). Mortgages guaranteed by us are secured by the property of the

Simon Property Group, L.P. and Subsidiaries
Condensed Notes to Consolidated Financial Statements
(Unaudited)
(Dollars in thousands, except unit and per unit amounts
and where indicated in millions or billions)

joint venture which could be sold in order to satisfy the outstanding obligation and which has an estimated fair value in excess of the guaranteed amount.

Concentration of Credit Risk

Our U.S. Malls, Premium Outlets, and The Mills rely heavily upon anchor tenants to attract customers; however anchor retailers do not contribute materially to our financial results as many anchor retailers own their spaces. All material operations are within the United States and no customer or tenant accounts for 5% or more of our consolidated revenues.

9. Real Estate Acquisitions and Dispositions

On January 15, 2015, we acquired a 100% interest in Jersey Gardens (renamed The Mills at Jersey Gardens) in Elizabeth, New Jersey and University Park Village in Fort Worth, Texas, properties previously owned by Glimcher Realty Trust for \$677.9 million of cash and the assumption of existing mortgage debt of \$405.0 million. We recorded the assets and liabilities of these properties at estimated fair value at the acquisition date, the majority of which was allocated to the investment property. The purchase price allocation is preliminary and subject to revision within the measurement period, not to exceed one year from the date of acquisition.

On April 10, 2014, through our joint venture with McArthurGlen, we acquired an additional 22.5% noncontrolling interest in Ashford Designer Outlet, increasing our percentage ownership to 45%.

On January 30, 2014, we acquired the remaining 50% interest in Arizona Mills from our joint venture partner, as well as approximately 39 acres of land in Oyster Bay, New York, for approximately \$145.8 million, consisting of cash consideration and 555,150 of our units. Arizona Mills is subject to a mortgage which was \$166.9 million at the time of the acquisition. The consolidation of this previously unconsolidated property resulted in a remeasurement of our previously held interest to fair value and a corresponding non-cash gain of \$2.7 million in the first quarter of 2014. We now own 100% of this property.

On January 10, 2014, we acquired one of our partner's interests in a portfolio of ten properties for approximately \$114.4 million, seven of which were previously consolidated.

Unless otherwise noted, gains and losses on the above transactions are included in gain upon acquisition of controlling interests and sale or disposal of assets and interests in unconsolidated entities, net in the accompanying consolidated statements of operations and comprehensive income. We expense acquisition, potential acquisition and disposition related costs as they are incurred. We incurred \$4.4 million in transaction costs during the first three months of 2015 in connection with the acquisitions of Jersey Gardens and University Park Village, which are included in other expenses in the accompanying consolidated statements of operations and comprehensive income. Other than these transaction costs, we incurred a minimal amount of transaction expenses during the three months ended March 31, 2015 and 2014.

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

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto included in this report.

Overview

Simon Property Group, L.P. is a Delaware limited partnership and the majority-owned partnership subsidiary of Simon Property Group, Inc., a Delaware corporation. In this discussion, the terms "Operating Partnership", "we", "us" and "our" refer to Simon Property Group, L.P. and its subsidiaries and the term "Simon" refers specifically to Simon Property Group, Inc. (NYSE:SPG). Simon is a self-administered and self-managed real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended. REITs will generally not be liable for federal corporate income taxes as long as they continue to distribute not less than 100% of their taxable income. According to our partnership agreement, we are required to pay all expenses of Simon.

We own, develop and manage retail real estate properties, which consist primarily of malls, Premium Outlets®, and The Mills®. As of March 31, 2015, we owned or held an interest in 209 income-producing properties in the United States, which consisted of 110 malls, 68 Premium Outlets, 14 Mills, three community centers, and 14 other retail properties in 37 states and Puerto Rico. We have four Premium Outlets under development and have redevelopment and expansion projects, including the addition of anchors and big box tenants, underway at more than 20 properties in the U.S. and Asia. Internationally, as of March 31, 2015, we had ownership interests in nine Premium Outlets in Japan, three Premium Outlets in South Korea, two Premium Outlets in Canada, one Premium Outlet in Mexico, and one Premium Outlet in Malaysia. As of March 31, 2015, we had noncontrolling ownership interests in five outlet properties in Europe through our joint venture with McArthurGlen. Of the five properties, two are located in Italy and one each is located in Austria, the Netherlands, and the United Kingdom. Additionally, as of March 31, 2015, we owned an 18.3% equity stake in Klépierre SA, or Klépierre, a publicly traded, Paris-based real estate company, which owns, or has an interest in, shopping centers located in 16 countries in Europe.

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
- recoverable expenditures such as 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 invest in real estate properties to maximize total financial return which includes both operating cash flows and capital appreciation. 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:

- attracting and retaining high quality tenants and utilizing economies of scale to reduce operating expenses,
- expanding and re-tenanting existing highly productive locations at competitive rental rates,
- selectively acquiring or increasing our interests in high quality real estate assets or portfolios of assets,
- generating consumer traffic in our retail properties through marketing initiatives and strategic corporate alliances, and
- selling selective 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 (such as 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 provision of energy services,
- selling or leasing land adjacent to our properties, commonly referred to as "outlots" or "outparcels," and

- generating interest income on cash deposits and investments in loans, including those made to related entities.

We focus on high quality real estate across the retail real estate spectrum. We expand or redevelop properties to enhance profitability and market share of existing assets when we believe the investment of our capital meets our risk-reward criteria. We selectively develop new properties in markets we believe are not adequately served by existing retail outlets.

We routinely review and evaluate acquisition opportunities based on their ability to enhance 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.

We consider FFO, net operating income, or NOI, and comparable property NOI (NOI for properties owned and operating in both periods under comparison) to be key measures of operating performance that are not specifically defined by accounting principles generally accepted in the United States, or GAAP. We use these measures internally to evaluate the operating performance of our portfolio and provide a basis for comparison with other real estate companies. Reconciliations of these measures to the most comparable GAAP measure are included below in this discussion.

Results Overview

Diluted earnings per unit, increased \$0.06 during the first three months of 2015 to \$1.16 from \$1.10 for the same period last year. The increase in diluted earnings per unit was primarily attributable to:

- improved operating performance and core business fundamentals in 2015 and the impact of our acquisition and expansion activity, and
- decreased interest expense in 2015 as further discussed below,
- partially offset by the loss of \$41.5 million, or \$0.11 per diluted unit, from the spin-off of Washington Prime Group Inc., or Washington Prime, and
- a 2014 non-cash gain of \$2.9 million, or \$0.01 per diluted unit, due to the acquisition of a controlling interest, and the sale or disposal of assets and interests in unconsolidated entities.

Core business fundamentals during the first three months of 2015 improved compared to the first three months of 2014, primarily driven by higher tenant sales and strong leasing activity. Our share of portfolio NOI grew by 2.9% for the three month period in 2015 over the prior year period. Comparable property NOI also grew 3.5% for our portfolio of U.S. Malls, Premium Outlets, and The Mills. Total sales per square foot, or psf, increased 1.6% from \$612 psf at March 31, 2014 to \$621 psf at March 31, 2015, for our U.S. Malls and Premium Outlets. Average base minimum rent for U.S. Malls and Premium Outlets increased 4.5% to \$47.59 psf as of March 31, 2015, from \$45.53 psf as of March 31, 2014. Releasing spreads remained positive in our U.S. Malls and Premium Outlets as we were able to lease available square feet at higher rents than the expiring rental rates on the same space, resulting in a releasing spread (based on total tenant payments — base minimum rent plus common area maintenance) of \$11.19 psf (\$70.54 openings compared to \$59.35 closings) as of March 31, 2015, representing an 18.9% increase over expiring payments. Ending occupancy for our U.S. Malls and Premium Outlets was 95.8% as of March 31, 2015, as compared to 96.4% as of March 31, 2014, a decrease of 60 basis points, as a result of recently announced tenant bankruptcy activity.

Our effective overall borrowing rate at March 31, 2015 on our consolidated indebtedness decreased 35 basis points to 4.31% as compared to 4.66% at March 31, 2014. This reduction was primarily due to a decrease in the effective overall borrowing rate on fixed rate debt of 19 basis points (4.71% at March 31, 2015 as compared to 4.90% at March 31, 2014) combined with a decrease in the effective overall borrowing rate on variable rate debt of 19 basis points (1.06% at March 31, 2015 as compared to 1.25% at March 31, 2014). At March 31, 2015, the weighted average years to maturity of our consolidated indebtedness was 5.9 years as compared to 6.2 years at December 31, 2014. Our financing activities for the three months ended March 31, 2015, included:

- Acquiring two properties — Jersey Gardens in Elizabeth, New Jersey (renamed “The Mills at Jersey Gardens”) and University Park Village in Fort Worth, Texas, subject to existing fixed-rate mortgage loans of \$350.0 million

and \$55.0 million, respectively, which mature on November 1, 2020 and May 1, 2028 and bear interest at 3.83% and 3.85%, respectively.

- Borrowing \$100.0 million, net on our \$4.0 billion unsecured revolving credit facility, or Credit Facility.
- Increasing our Euro denominated borrowings to \$753.8 million (U.S. dollar equivalent) on the Euro tranche of the Credit Facility.
- Increasing our borrowings under our global unsecured commercial paper note program, or the Commercial Paper program, to \$471.3 million, of which \$186.3 million was related to U.S. dollar equivalent of Euro-denominated notes.

United States Portfolio Data

The portfolio data discussed in this overview includes the following key operating statistics: ending occupancy, average base minimum rent per square foot, and total sales per square foot for our domestic assets. We include acquired properties in this data beginning in the year of acquisition and remove disposed properties in the year of disposition. The Washington Prime properties have been removed from the portfolio data for all periods presented. For comparative purposes, we separate the information related to The Mills from our other U.S. operations. We also 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.

	March 31, 2015	March 31, 2014	%/Basis Points Change (1)
U.S. Malls and Premium Outlets:			
Ending Occupancy			
Consolidated	96.1%	96.8%	– 70 bps
Unconsolidated	94.9%	95.3%	– 40 bps
Total Portfolio	95.8%	96.4%	– 60 bps
Average Base Minimum Rent per Square Foot			
Consolidated	\$45.87	\$43.84	4.6%
Unconsolidated	\$52.64	\$50.51	4.2%
Total Portfolio	\$47.59	\$45.53	4.5%
Total Sales per Square Foot			
Consolidated	\$607	\$597	1.8%
Unconsolidated	\$670	\$666	0.6%
Total Portfolio	\$621	\$612	1.6%
The Mills:			
Ending Occupancy	98.0%	97.7%	+30 bps
Average Base Minimum Rent per Square Foot	\$26.18	\$24.51	6.8%
Total Sales per Square Foot	\$570	\$530	7.5%

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

Ending Occupancy Levels and Average Base Minimum Rent per Square Foot. Ending occupancy is the percentage of gross leasable area, or GLA, which is leased as of the last day of the reporting period. We include all company owned space except for mall anchors, mall majors, mall freestanding and mall outlots in the calculation. Base minimum rent per square foot is the average base minimum rent charge in effect for the reporting period for all tenants that would qualify to be included in ending occupancy.

Total Sales per Square Foot. Total sales include total reported retail tenant sales on a trailing 12-month basis at owned GLA (for mall stores with less than 10,000 square feet) in the malls and The Mills and all reporting tenants in the Premium Outlets. 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.

Current Leasing Activities

During the three months ended March 31, 2015, we signed 192 new leases and 308 renewal leases (excluding mall anchors and majors, new development, redevelopment, expansion, downsizing and relocation) with a fixed minimum rent across our U.S. Malls and Premium Outlets portfolio, comprising approximately 1.6 million square feet of which 1.1 million square feet related to consolidated properties. During the comparable period in 2014, we signed 201 new leases and 375 renewal leases with a fixed minimum rent, comprising approximately 1.8 million square feet of which 1.3 million square feet related to consolidated properties. The average annual initial base minimum rent for new leases was \$57.66 per square foot in 2015 and \$60.56 per square foot in 2014 with an average tenant allowance on new leases of \$50.97 per square foot and \$41.95 per square foot, respectively.

International Property Data

The following are selected key operating statistics for our Premium Outlets in Japan. The information used to prepare these statistics has been supplied by the managing venture partner.

	March 31, 2015	March, 31 2014	%/Basis Points Change
Ending Occupancy	99.2%	99.3%	– 10 bps
Total Sales per Square Foot	¥96,311	¥92,198	4.46%
Average Base Minimum Rent per Square Foot	¥4,938	¥4,883	1.13%

Results of Operations

In addition to the activity discussed above in the “Results Overview” section, the following acquisitions, openings, and dispositions of consolidated properties affected our consolidated results from continuing operations in the comparative periods:

- On January 15, 2015, we acquired a 100% interest in Jersey Gardens (renamed The Mills at Jersey Gardens) in Elizabeth, New Jersey and University Park Village in Fort Worth, Texas, properties previously owned by Glimcher Realty Trust.
- On January 30, 2014, we acquired the remaining 50% interest in the previously unconsolidated Arizona Mills from our joint venture partner.
- On January 10, 2014, we acquired one of our partner’s interests in a portfolio of ten properties, seven of which we had previously consolidated.
- During 2014, we disposed of three retail properties.

In addition to the activities discussed above and in “Results Overview,” the following acquisitions, dispositions and openings of joint venture properties affected our income from unconsolidated entities in the comparative periods:

- On October 30, 2014, we and our partner, Calloway Real Estate Investment Trust, opened Premium Outlets Montreal in Canada, a 365,000 square foot outlet center serving the Greater Montreal area. We have a 50% noncontrolling interest in this new center.
- On August 14, 2014, we and our partner opened Twin Cities Premium Outlets, a 409,000 square foot outlet center. We have a 35% noncontrolling interest in this new center.
- On July 31, 2014, we and our partner, Tanger Factory Outlet Centers, opened Charlotte Premium Outlets, a 399,000 square foot outlet center. We have a 50% noncontrolling interest in this new center.
- On April 16, 2014, Klépierre disposed of a portfolio of 126 properties located in France, Spain, and Italy.
- On April 10, 2014, through our joint venture with McArthurGlen, we acquired an additional 22.5% noncontrolling interest in Ashford Designer Outlet, increasing our ownership interest in this property to 45%.

- On January 10, 2014, as discussed above, we acquired one of our partner's redeemable interests in a portfolio of ten properties, seven of which were consolidated and three were unconsolidated prior to the transaction. The three unconsolidated properties remained unconsolidated following the transaction.

For the purposes of the following comparison between the three months ended March 31, 2015 and 2014, the above transactions are referred to as the property transactions. In the following discussions of our results of operations, "comparable" refers to properties we owned and operated in both of the periods under comparison.

Three months ended March 31, 2015 vs. Three months ended March 31, 2014

Minimum rents increased \$31.2 million during 2015, of which the property transactions accounted for \$11.3 million of the increase. Comparable rents increased \$19.9 million, or 2.9%, primarily attributable to an increase in base minimum rents.

Tenant reimbursements increased \$14.7 million, due to a \$6.9 million increase attributable to the property transactions and a \$7.8 million, or 2.6%, increase in the comparable properties primarily due to annual fixed contractual increases related to common area maintenance and real estate tax recoveries.

Total other income increased \$1.6 million, principally as a result of the following:

- an \$8.3 million gain on the sale of our interests in certain pre-development projects in Europe,
- a \$5.4 million increase attributable to dividend income, and
- \$1.5 million of net other activity,
- partially offset by a \$7.1 million decrease in lease settlement income, and
- a \$6.5 million decrease in land sale activity.

Real estate taxes increased \$12.6 million, of which the property transactions accounted for \$3.3 million, with the remaining increase primarily caused by higher tax estimates in 2015.

Other expenses decreased \$0.3 million primarily due to the favorable net foreign currency revaluation impact on foreign currency denominated assets and liabilities, substantially offset by an increase in legal and professional fees and costs associated with our first quarter acquisition activity in 2015.

Interest expense decreased \$22.1 million primarily due to the net impact of our financing activities during 2014 and 2015 and the reduction in our effective overall borrowing rate as previously discussed.

Income from unconsolidated entities increased \$7.8 million primarily due to favorable results of operations and financing activity of joint venture properties partially offset by the unfavorable impact of foreign currency rate movements on international operations.

During 2014, we acquired the remaining 50% interest in Arizona Mills from our joint venture partner. The property was previously accounted for under the equity method and we recognized a non-cash gain upon consolidation of this property of \$2.7 million.

Discontinued operations decreased \$41.5 million due to 2014 including three months ownership of the Washington Prime properties, whereas 2015 did not include any ownership of those properties.

Liquidity and Capital Resources

Because we own long-lived income-producing assets, our financing strategy relies primarily on long-term fixed rate debt. Floating rate debt currently comprises only 11.0% of our total consolidated debt at March 31, 2015. We also enter into interest rate protection agreements to manage our interest rate risk. We derive most of our liquidity from positive net cash flow from operations and distributions of capital from unconsolidated entities that totaled \$1.1 billion during the three months ended March 31, 2015. In addition, the Credit Facility, the \$2.75 billion supplemental unsecured revolving credit facility, or Supplemental Facility, and the Commercial Paper program provide alternative sources of liquidity as our cash needs vary from time to time. Borrowing capacity under these credit facilities may be increased as discussed further below.

Our balance of cash and cash equivalents from continuing operations increased \$221.5 million during the first three months of 2015 to \$833.7 million as of March 31, 2015 as further discussed in "Cash Flows" below.

On March 31, 2015, we had an aggregate available borrowing capacity of \$5.2 billion under the Credit Facility and Supplemental Facility, net of outstanding borrowings of \$1.0 billion and letters of credit of \$36.9 million. For the three

months ended March 31, 2015, the maximum aggregate amount outstanding under the two credit facilities was \$1.5 billion and the weighted average amount outstanding was \$1.1 billion. The weighted average interest rate was 0.83% for the three months ended March 31, 2015. Further, on October 6, 2014, we entered into a global Commercial Paper program and on March 2, 2015, increased the maximum aggregate program size from \$500.0 million to \$1.0 billion as further discussed below.

We have historically had access to private and public long and short-term unsecured debt markets and access to secured debt and private equity from institutional investors at the property level. Simon also has historically had access to public equity markets.

Our business model requires us to regularly access the debt markets to raise funds for acquisition, development and redevelopment activity, and to refinance maturing debt. We may also, from time to time, access the equity capital markets to accomplish our business objectives. We believe we have sufficient cash on hand and availability under the Credit Facility, the Supplemental Facility, and the Commercial Paper program to address our debt maturities and capital needs through 2015.

Cash Flows

Our net cash flow from operating activities and distributions of capital from unconsolidated entities for the three months ended March 31, 2015 totaled \$1.1 billion. In addition, we had net proceeds from our debt financing and repayment activities of \$570.9 million in 2015. These activities are further discussed below under “Financing and Debt.” During the first three months of 2015, we also:

- funded the acquisition of two properties for \$682 million,
- paid unitholder distributions totaling \$509.3 million and preferred unit distributions totaling \$1.3 million,
- funded consolidated capital expenditures of \$229.2 million (includes development and other costs of \$38.5 million, redevelopment and expansion costs of \$156.6 million, and tenant costs and other operational capital expenditures of \$34.1 million), and
- funded investments in unconsolidated entities of \$23.4 million.

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

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

We expect to generate positive cash flow from operations in 2015, and we consider these projected cash flows in our sources and uses of cash. These cash flows are principally derived from rents paid by our retail tenants. A significant deterioration in projected cash flows from operations could cause us to increase our reliance on available funds from our credit facilities, curtail planned capital expenditures, or seek other additional sources of financing as discussed above.

Financing and Debt

Unsecured Debt

At March 31, 2015, our unsecured debt consisted of \$13.3 billion of senior unsecured notes, net of discounts, \$1.0 billion outstanding under the Credit Facility, \$240.0 million outstanding under an unsecured term loan, and \$471.3 million outstanding under the Commercial Paper program. The March 31, 2015 balance on the Credit Facility included \$753.8 million (U.S. dollar equivalent) of Euro-denominated borrowings and \$185.5 million (U.S. dollar equivalent) of Yen-denominated borrowings. At March 31, 2015 the outstanding amount under the Commercial Paper program was \$471.3 million, of which \$186.3 million was related to U.S. dollar equivalent of Euro-denominated notes. Foreign currency denominated borrowings under both the Credit Facility and Commercial Paper program are designated as net investment hedges of a portion of our international investments.

On March 31, 2015, we had an aggregate available borrowing capacity of \$5.2 billion under the Credit Facility and Supplemental Facility. The maximum outstanding balance of the credit facilities during the three months ended March 31, 2015 was \$1.5 billion and the weighted average outstanding balance was \$1.1 billion. Letters of credit of \$36.9 million were outstanding under the two credit facilities as of March 31, 2015.

The Credit Facility's initial borrowing capacity of \$4.0 billion may be increased to \$5.0 billion during its term and provides for borrowings denominated in U.S. Dollars, Euros, Yen, Sterling, Canadian Dollars and Australian Dollars. Borrowings in currencies other than the U.S. Dollar are limited to 75% of the maximum revolving credit amount, as defined. The initial maturity date of the Credit Facility is June 30, 2018 and can be extended for an additional year to June 30, 2019 at our sole option. The base interest rate on the Credit Facility is LIBOR plus 80 basis points with an additional facility fee of 10 basis points.

On March 2, 2015, we amended and extended the Supplemental Facility. The initial borrowing capacity of \$2.0 billion has been increased to \$2.75 billion, may be further increased to \$3.5 billion during its term, will initially mature on June 30, 2019 and can be extended for an additional year to June 30, 2020 at our sole option. The base interest rate on the amended Supplemental Facility was reduced to LIBOR plus 80 basis points and the additional facility fee was reduced to 10 basis points. The Supplemental Facility provides for borrowings denominated in U.S. Dollars, Euro, Yen, Sterling, Canadian Dollars and Australian Dollars.

On March 2, 2015, we increased the maximum aggregate program size of our Commercial Paper program from \$500.0 million to \$1.0 billion, or the non-U.S. dollar equivalent thereof. We may issue unsecured commercial paper notes, denominated in U.S. dollars, Euros and other currencies. Notes issued in non-U.S. currencies may be issued by one or more of our subsidiaries and are guaranteed by us. Notes will be sold under customary terms in the U.S and Euro commercial paper note markets and will rank (either by themselves or as a result of the guarantee described above) *pari passu* with our other unsecured senior indebtedness. Our Commercial Paper program is supported by our Credit Facility and Supplemental Facility and if necessary or appropriate, we may make one or more draws under either the Credit Facility or Supplemental Facility to pay amounts outstanding from time to time on the Commercial Paper program. At March 31, 2015, we had \$471.3 million outstanding under the Commercial Paper program, comprised of \$285.0 million outstanding in U.S. dollar denominated notes and \$186.3 million (U.S. dollar equivalent) of Euro denominated notes with weighted average interest rates of 0.20% and 0.08%, respectively. The borrowings mature on various dates from April 8, 2015 to July 1, 2015.

Mortgage Debt

Total mortgage indebtedness was \$6.6 billion and \$6.2 billion at March 31, 2015 and December 31, 2014, respectively.

On January 15, 2015 we acquired two properties — Jersey Gardens in Elizabeth, New Jersey (renamed “The Mills at Jersey Gardens”) and University Park Village in Fort Worth, Texas, subject to existing fixed-rate mortgage loans of \$350.0 million and \$55.0 million, respectively. The loans mature on November 1, 2020 and May 1, 2028 and bear interest at 3.83% and 3.85%, respectively.

Covenants

Our unsecured debt agreements contain financial and other non-financial covenants. If we were to fail to comply with these covenants, after the expiration of the applicable cure periods, the debt maturity could be accelerated or other remedies could be sought by the lender including adjustments to the applicable interest rate. As of March 31, 2015, we were in compliance with all covenants of our unsecured debt.

At March 31, 2015, we or our subsidiaries are the borrowers under 40 non-recourse mortgage notes secured by mortgages on 54 properties, including five separate pools of cross-defaulted and cross-collateralized mortgages encumbering a total of 21 properties. Under these cross-default provisions, a default under any mortgage included in the cross-defaulted pool may constitute a default under all mortgages within that pool and may lead to acceleration of the indebtedness due on each property within the pool. Certain of our secured debt instruments contain financial and other non-financial covenants which are specific to the properties which serve as collateral for that debt. If the borrower fails to comply with these covenants, the lender could accelerate the debt and enforce its right against their collateral. At March 31, 2015, the applicable borrowers under these non-recourse mortgage notes were in compliance with all covenants where non-compliance could individually, or giving effect to applicable cross-default provisions in the aggregate, have a material adverse effect on our financial condition, results of operations or cash flows.

Summary of Financing

Our consolidated debt, adjusted to reflect outstanding derivative instruments, and the effective weighted average interest rates as of March 31, 2015 and December 31, 2014, consisted of the following (dollars in thousands):

Debt Subject to	Adjusted Balance as of March 31, 2015	Effective Weighted Average Interest Rate	Adjusted Balance as of December 31, 2014	Effective Weighted Average Interest Rate
Fixed Rate	\$ 19,313,468	4.71%	\$ 19,015,271	4.72%
Variable Rate	2,380,587	1.06%	1,837,722	1.16%
	<u>\$21,694,055</u>	<u>4.31%</u>	<u>\$20,852,993</u>	<u>4.41%</u>

Contractual Obligations

There have been no material changes to our outstanding capital expenditure and lease commitments previously disclosed in our 2014 Annual Report on Form 10-K.

In regards to long-term debt arrangements, the following table summarizes the material aspects of these future obligations on our consolidated indebtedness as of March 31, 2015, for the remainder of 2015 and subsequent years thereafter (dollars in thousands) assuming the obligations remain outstanding through initial maturities including applicable exercise of available extension options:

	2015	2016 - 2017	2018 - 2019	After 2019	Total
Long Term Debt (1)	\$1,221,080	\$5,931,037	\$4,433,439	\$10,085,838	\$21,671,394
Interest Payments (2)	698,179	1,466,552	1,006,193	2,488,992	5,659,916

(1) Represents principal maturities only and therefore, excludes net premiums of \$22,661.

(2) Variable rate interest payments are estimated based on the LIBOR rate at March 31, 2015.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements consist primarily of our investments in joint ventures which are common in the real estate industry and are described in Note 5 of the condensed notes to consolidated financial statements. Our joint ventures typically fund their cash needs through secured debt financings obtained by and in the name of the joint venture entity. The joint venture debt is secured by a first mortgage, is without recourse to the joint venture partners, and does not represent a liability of the partners, except to the extent the partners or their affiliates expressly guarantee the joint venture debt. As of March 31, 2015, we guaranteed joint venture related mortgage indebtedness of \$335.3 million (of which we have a right of recovery from our joint venture partners of \$129.0 million). Mortgages guaranteed by us are secured by the property of the joint venture which could be sold in order to satisfy the outstanding obligation and which has an estimated fair value in excess of the guaranteed amount. We may elect to fund cash needs of a joint venture through equity contributions (generally on a basis proportionate to our ownership interests), advances or partner loans, although such fundings are not typically required contractually or otherwise.

Acquisitions and Dispositions

Buy-sell, marketing rights, and other exit mechanisms 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. We and our partners in our joint venture properties may initiate these provisions (subject to any applicable lock up or similar restrictions). If we determine it is in our unitholders' 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 our partner's interest. 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. On January 15, 2015, we acquired a 100% interest in Jersey Gardens (renamed The Mills at Jersey Gardens) in Elizabeth, New Jersey and University Park Village in Fort Worth, Texas, properties previously owned by Glimcher Realty Trust for \$677.9 million of cash and the assumption of existing mortgage debt of \$405.0 million.

On April 10, 2014, through our joint venture with McArthurGlen, we acquired an additional 22.5% noncontrolling interest in Ashford Designer Outlet, increasing our ownership interest in this property to 45%.

On January 30, 2014, we acquired the remaining 50% interest in Arizona Mills from our joint venture partner, as well as approximately 39 acres of land in Oyster Bay, New York, for approximately \$145.8 million, consisting of cash consideration and 555,150 units. Arizona Mills is subject to a mortgage which was \$166.9 million at the time of the acquisition. The consolidation of this previously unconsolidated property resulted in a remeasurement of our previously held interest to fair value and a corresponding non-cash gain of \$2.7 million in the first quarter of 2014. We now own 100% of this property.

On January 10, 2014, we acquired one of our partner's interests in a portfolio of ten properties for approximately \$114.4 million, seven of which were previously consolidated.

Dispositions. We continue to pursue the disposition of properties that no longer meet our strategic criteria or that are not a primary retail venue within their trade area.

During the first three months of 2015, we did not dispose of any interests in our properties.

Joint Venture Formation Activity

In February 2015, we agreed to create a joint venture with Hudson's Bay Company, or HBC. Upon formation of the joint venture, HBC will contribute 42 owned properties for an eventual pro forma 80% equity interest in the newly formed joint venture. We have committed to contribute \$100.0 million to the newly formed joint venture for improvements to the properties contributed by HBC. We may contribute up to an additional \$178.5 million for an eventual pro forma equity stake of 20% in the newly formed joint venture. We expect this transaction to close during the second quarter of 2015.

On April 13, 2015, we announced we had formed a joint venture with Sears Holdings, or Sears, whereby Sears contributed 10 of its properties at our malls to the newly formed joint venture in exchange for a 50% noncontrolling interest in this joint venture. We have contributed cash in the amount of \$114.0 million in exchange for a 50% noncontrolling interest in the newly formed joint venture. Sears or its affiliates are leasing back each of those properties from the joint venture. The joint venture has the right to recapture not less than 50% of the space leased to Sears to be used for purposes of redeveloping and releasing the recaptured space. We will provide development, leasing and management services to the joint venture. We have also agreed to invest \$33.0 million in common shares of Seritage Growth Properties, a REIT recently formed by Sears. Sears has informed us that they plan to transfer its interest in the newly formed joint venture to Seritage Growth Properties.

Development Activity

New Domestic Developments, Redevelopments and Expansions. Construction continues on three new Premium Outlets opening in 2015:

- Gloucester Premium Outlets, a 375,000 square foot project located in Gloucester, New Jersey, which is scheduled to open in August 2015. We own a 50% noncontrolling interest in this project. Our estimated share of the cost of this project is \$61.4 million.
- Tucson Premium Outlets, a 366,000 square foot project, which is scheduled to open in September 2015. We own a 100% interest in this project. The estimated cost of this project is \$95.0 million.
- Tampa Premium Outlets, a 441,000 square foot project, which is scheduled to open in October 2015. We own a 100% interest in this project. The estimated cost of this project is \$129.2 million.

During the fourth quarter of 2014, we announced plans to develop The Shops at Clearfork, a new 500,000 square foot project located in Fort Worth, Texas, which is scheduled to open in February 2017. Construction is expected to begin in May 2015. We own a 45% noncontrolling interest in this project.

On April 23, 2015, we announced a three-way partnership with Swire Properties Inc. and Whitman Family Development to jointly develop the 500,000-square-foot shopping center component of Brickell City Centre, a mixed-use development in downtown Miami. We own a 25% interest in the retail component of this project which is scheduled to open in the fall of 2016. Our share of the estimated cost of this project is approximately \$100 million.

We routinely incur costs related to construction for significant redevelopment and expansion projects at our properties. Redevelopment and expansion projects, including the addition of anchors and big box tenants, are underway at more than 20 properties in the U.S.

Our share of the costs of all development and redevelopment projects currently under construction is approximately \$2.1 billion. We expect to fund these capital projects with cash flows from operations. Our estimated stabilized return on invested capital typically ranges between 8-12% for all of our new development, expansion and redevelopment projects.

International Development Activity. We typically reinvest net cash flow from our international joint ventures 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 most of our foreign investments with local currency-denominated borrowings that act as a natural hedge against fluctuations in exchange rates. Our consolidated net income exposure to changes in the volatility of the Euro, Yen, Won, and other foreign currencies is not material. We expect our share of international development costs for 2015 will be approximately \$114 million, primarily funded through reinvested joint venture cash flow and construction loans.

The following table describes these new development and expansion projects as well as our share of the estimated total cost as of March 31, 2015 (in millions):

Property	Location	Gross Leasable Area (sqft)	Our Ownership Percentage	Our Share of Projected Net Cost (in Local Currency)	Our Share of Projected Net Cost (in USD)	Projected Opening Date
New Development Projects:						
Vancouver Designer Outlets	Vancouver (British Columbia), Canada	242,000	45%	CAD 68.7	\$54.3	Summer - 2015
Expansions:						
Yeoju Premium Outlets Phase 2	Gyeonggi Province, South Korea	265,400	50%	KRW 79,361	\$ 71.8	Opened Feb. - 2015
Shisui Premium Outlets Phase 2	Shisui (Chiba), Japan	136,000	40%	JPY 2,895	\$ 24.1	Opened Apr - 2015

Distributions and Stock Repurchase Program

We paid a distribution of \$1.40 per unit in the first quarter of 2015. In April, Simon's Board of Directors declared a quarterly common stock dividend for the second quarter of 2015 of \$1.50 per share. The distribution rate on our units is equal to the dividend rate on Simon's common stock. We must pay a minimum amount of distributions to maintain Simon's status as a REIT. Our future distributions will be determined by Simon's Board of Directors based on actual results of operations, cash available for distributions, cash reserves as deemed necessary for capital and operating expenditures, and the amount required to maintain Simon's status as a REIT.

On April 2, 2015, Simon's Board of Directors authorized a common stock repurchase program under which Simon may purchase up to \$2.0 billion of its common stock over the next twenty-four months as market conditions warrant. Simon may repurchase the shares in the open market or in privately negotiated transactions.

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 its expectations will be attained, and it is possible that our actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks, uncertainties and other factors. Such factors include, but are not limited to: our ability to meet debt service requirements, the availability and terms of financing, changes in our credit rating, changes in market rates of interest and foreign exchange rates for foreign currencies, changes in value of investments in foreign entities, the ability to hedge interest rate and currency risk, risks associated with the acquisition, development, expansion, leasing and management of properties, general risks related to retail real estate, the liquidity of real estate investments, environmental liabilities, international, national, regional and local economic conditions, changes in market rental rates, security breaches that could compromise our information technology or infrastructure or personally identifiable data of customers of our retail properties, trends in the retail industry, relationships with anchor tenants, the inability to collect rent due to the bankruptcy or insolvency of tenants or otherwise, risks relating to joint venture properties, the intensely competitive market environment in the retail industry, costs of common area maintenance, risks related to international activities, insurance costs and coverage, the loss of key management personnel, terrorist activities, changes in economic and market conditions and maintenance of Simon's 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 subsequent 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 Measures

Industry practice is to evaluate real estate properties in part based on performance measures such as FFO, NOI and comparable property NOI. We believe that these non-GAAP measures are helpful to investors because they are widely recognized measures of the performance of REITs and provide a relevant basis for comparison among REITs. We also use these measures internally to 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 or disposals of previously depreciated retail operating properties,
- excluding impairment charges of depreciable real estate,
- 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, or any impairment charges related to, previously depreciated retail 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. We also include in FFO the impact of foreign currency exchange gains and losses, legal expenses, transaction expenses and other items required by GAAP.

You should understand that our computations of these non-GAAP measures might not be comparable to similar measures reported by other REITs and that these non-GAAP measures:

- do not represent cash flow from operations as defined by GAAP,
- should not be considered as alternatives to consolidated net income determined in accordance with GAAP as a measure of operating performance, and
- are not alternatives to cash flows as a measure of liquidity.

The following schedule reconciles total FFO to consolidated net income.

	For the Three Months Ended March 31,	
	2015	2014
	(in thousands)	
Funds from Operations	\$ 830,731	\$865,333
Change in FFO from prior period	- 4.0%	16.6%
Consolidated Net Income	\$425,508	\$ 401,103
Adjustments to Arrive at FFO:		
Depreciation and amortization from consolidated properties	284,227	322,604
Our share of depreciation and amortization from unconsolidated entities, including Klépierre	123,884	147,256
Gain upon acquisition of controlling interests and sale or disposal of assets and interests in unconsolidated entities, net	—	(2,897)
Net income attributable to noncontrolling interest holders in properties	(690)	(523)
Noncontrolling interests portion of depreciation and amortization	(885)	(897)
Preferred unit requirements	(1,313)	(1,313)
Funds from Operations (A)	\$ 830,731	\$865,333

(A) Includes FFO related to the Washington Prime properties, net of transaction expenses, of \$88.4 million for the three months ended March 31, 2014.

The following schedule reconciles consolidated net income to NOI and sets forth the computations of comparable property NOI.

	For the Three Months Ended March 31,	
	2015	2014
	(in thousands)	
Reconciliation of NOI of consolidated properties:		
Consolidated Net Income	\$ 425,508	\$ 401,103
Discontinued operations	—	(41,502)
Income and other taxes	6,362	6,863
Interest expense	232,173	254,234
Income from unconsolidated entities	(64,872)	(57,078)
Gain upon acquisition of controlling interests and sale or disposal of assets and interests in unconsolidated entities, net	—	(2,655)
Operating Income	599,171	560,965
Depreciation and amortization	288,106	280,493
NOI of consolidated properties	\$ 887,277	\$ 841,458
Reconciliation of NOI of unconsolidated entities:		
Net Income	\$ 172,042	\$ 167,581
Interest expense	147,020	151,637
Income from operations of discontinued joint venture interests	—	(2,985)
Operating Income	319,062	316,233
Depreciation and amortization	141,659	152,148
NOI of unconsolidated entities	\$ 460,721	\$ 468,381
Total consolidated and unconsolidated NOI from continuing operations	\$1,347,998	\$1,309,839
Change in total NOI from continuing operations from prior period	2.9%	
Adjustments to NOI:		
NOI of discontinued consolidated properties	—	100,875
NOI of discontinued unconsolidated properties	—	10,476
Total NOI of our portfolio	\$1,347,998	\$ 1,421,190
Add: Our share of NOI from Klépierre	43,297	66,876
Less: Joint venture partners' share of NOI from continuing operations	241,323	240,223
Less: Joint venture partners' share of NOI from discontinued operations	—	7,858
Our share of NOI	\$ 1,149,972	\$1,239,985
Total NOI of our portfolio	\$1,347,998	\$ 1,421,190
NOI from non comparable properties (1)	201,890	313,382
Total NOI of comparable properties (2)	\$ 1,146,108	\$ 1,107,808
Increase in NOI of U.S. Malls, Premium Outlets, and The Mills that are comparable properties	3.5%	

(1) NOI excluded from comparable property NOI relates to Washington Prime properties, international properties, other retail properties, TMLP properties, any of our non-retail holdings and results of our corporate and management company operations, NOI of U.S. Malls, Premium Outlets, and The Mills not owned and operated in both periods under comparison and excluded income noted in footnote 2 below.

(2) Excludes lease termination income, interest income, land sale gains, straight line rent, above/below market rent adjustments, and the impact of significant redevelopment activities.

Item 3. Qualitative and Quantitative Disclosures About Market Risk

Sensitivity Analysis. We disclosed a qualitative and quantitative analysis regarding market risk in the Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2014 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, 2014.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) that are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to Simon's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. Because of inherent limitations, disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of disclosure controls and procedures are met.

Simon's management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective at a reasonable assurance level.

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 March 31, 2015 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

We are involved from time-to-time in various legal proceedings that arise in the ordinary course of our business, including, but not limited to commercial disputes, environmental matters, and litigation in connection with transactions including acquisitions and divestitures. We believe that such litigation, claims, and administrative proceedings will not have a material adverse impact on our financial position or our results of operations. We record a 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 material changes to the Risk Factors disclosed under Item 1A: Risk Factors in Part I of our 2014 Annual Report on Form 10-K.

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

None.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the quarter covered by this report, the Audit Committee of Simon's Board of Directors approved certain audit, audit-related, and non-audit tax compliance and tax consulting services to be provided by Ernst & Young LLP, our independent registered public accounting firm. This disclosure is made pursuant to Section 10A(i)(2) of the Exchange Act as added by Section 202 of the Sarbanes-Oxley Act of 2002.

Item 6. Exhibits

Exhibit Number	Exhibit Descriptions
10.1	Amended and Restated \$2,750,000,000 Credit Agreement dated as of March 2, 2015 (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed March 3, 2015).
10.2	Notice of Increase of Maximum Amount under Global Dealer Agreement dated as of February 27, 2015 (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed March 3, 2015).
10.3*	Form of Simon Property Group Series 2015 LTIP Unit Award Agreement (incorporated by reference to Exhibit 10.3 of Simon Property Group, Inc.'s Form 10-Q filed May 7, 2015).
10.4*	Certificate of Designation of Series 2015 LTIP Units of Simon Property Group, L.P.
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.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* Represents a management contract, or compensatory plan, contract or arrangement required to be filed pursuant to Regulation 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, L.P.

/s/ ANDREW JUSTER

Andrew Juster
Executive Vice President and
Chief Financial Officer of
Simon Property Group, Inc., General Partner

Date: May 7, 2015