

SIMON PROPERTY GROUP INC /DE/
Form 424B5
February 25, 2009
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As filed pursuant to Rule 424(b)(5)

Registration Statement No. 333-132513

PROSPECTUS SUPPLEMENT
(To Prospectus dated March 17, 2006)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Maximum offering price per share(1)	Maximum aggregate offering price(1)	Amount of registration fee(1)
Common Stock, \$0.0001 par value per share	500,000	\$ 34.77	\$ 17,385,000	\$ 684.00

(1) Calculated in accordance with Rule 457(r) of the Securities Act. The price per share is based on the average of the high and low sale prices reported on the New York Stock Exchange for shares of the Registrant's common stock on February 23, 2009.

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PROSPECTUS SUPPLEMENT

(To Prospectus dated March 17, 2006)

500,000 Shares

Simon Property Group, Inc.

Common Stock

This prospectus supplement relates to resales of shares of common stock by the selling stockholders named herein. We will not receive any of the proceeds from the sale of the shares by the selling stockholders.

The selling stockholders, or their pledgees, donees, transferees or other successors in interest, may offer the shares through public or private transactions at prevailing market prices, at prices related to prevailing market prices or at privately negotiated prices. Our common stock is traded on the New York Stock Exchange under the symbol SPG. On February 24, 2009, the closing sale price as reported by the NYSE was \$35.34 per share.

You should read carefully this prospectus supplement and accompanying prospectus before you invest.

Investing in our securities involves risk. See Risk Factors beginning on page S-3.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved of these securities or determined whether this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is February 25, 2009

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ABOUT THIS PROSPECTUS SUPPLEMENT

We provide information to you about our common stock in two separate documents that offer varying levels of detail:

- The accompanying prospectus, which provides general information, some of which may not apply to the offering of our common stock; and
- This prospectus supplement, which provides a summary of the terms of the offering of our common stock.

Generally, when we refer to this prospectus, we are referring to both documents combined. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement.

We have not authorized anyone to provide you with information different from that contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any other offering material. The selling stockholders are offering to sell, and seeking offers to buy, our shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement, the accompanying prospectus, any other offering material or the documents incorporated by reference herein or therein is accurate only as of their respective date, regardless of the time of delivery of this prospectus supplement, the accompanying prospectus, any other offering material or of any sale of the shares.

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WHO WE ARE

Simon Property Group, Inc. owns, develops and manages retail real estate properties, primarily regional malls, Premium Outlet® centers, The Mills® and community/lifestyle shopping centers. We have elected to be treated as a REIT for United States federal income tax purposes. We own our properties and conduct our business activities through our majority-owned subsidiary, Simon Property Group, L.P., or the Operating Partnership.

In this prospectus supplement, we, us, our and Simon Property refer to Simon Property Group, Inc. and the Operating Partnership refers to Simon Property Group, L.P.

The core of our business originated with the shopping center businesses of Melvin Simon, Herbert Simon, David Simon and other members and associates of the Simon family. We have grown significantly by acquiring properties and merging with other real estate companies, including our 1996 merger with DeBartolo Realty Corporation, our 1998 combination with Corporate Property Investors, Inc., our 2004 acquisition of Chelsea Property Group, Inc. and our 2007 acquisition of a 50% interest in the joint venture that acquired The Mills Corporation, or Mills.

As of December 31, 2008, we owned or held an interest in 324 income-producing properties in the United States, which consisted of 164 regional malls, 16 additional regional malls acquired in the Mills acquisition, 40 Premium Outlet centers, 74 community/lifestyle centers, and 14 other shopping centers or outlet centers in 41 states and Puerto Rico. In addition, we also own interests in four parcels of land in the United States held for future development. Internationally as of December 31, 2008, we have ownership interests in 52 European shopping centers (France, Italy and Poland); seven Premium Outlet centers in Japan; one Premium Outlet center in Mexico; one Premium Outlet center in South Korea; and one shopping center in China.

Our predecessor was organized as a Massachusetts business trust in 1971 and reorganized as a Delaware corporation on March 10, 1998. Our principal executive offices are located at 225 West Washington Street, Indianapolis, Indiana 46204. Our telephone number is (317) 636-1600. Our World Wide Web site address is www.shopsimon.com. The information in our web site is not incorporated by reference into this prospectus supplement or the accompanying prospectus.

If you want to find more information about us and the Operating Partnership, please see the sections entitled Where You Can Find More Information and Incorporation of Information We File with the SEC in the accompanying prospectus.

USE OF PROCEEDS

We will not receive any proceeds from the sale of the shares by the selling stockholders.

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The selling stockholders will pay any underwriting discounts and commissions and expenses they incur for brokerage, accounting, tax or legal services or any other expenses they incur in disposing of the shares. We will bear all other costs, fees and expenses incurred in effecting the registration of the shares covered by this prospectus. These may include, without limitation, all registration and filing fees, NYSE listing fees, fees and expenses of our counsel and accountants, and blue sky fees and expenses.

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RISK FACTORS

Your investment in our common stock involves certain risks. In consultation with your own financial and legal advisers, you should carefully consider, among other matters, the risk factors discussed in the accompanying prospectus, our Annual Report on Form 10-K for the year ended December 31, 2007, our Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, and any subsequently filed periodic reports (which are incorporated by reference into the accompanying prospectus) before deciding whether an investment in our common stock is suitable for you.

SELLING STOCKHOLDERS

The shares of common stock covered by this prospectus supplement are being registered pursuant to provisions of the Operating Partnership's agreement of limited partnership or certain registration rights agreements by and among Simon Property, the selling stockholders and other persons. The shares being registered for resale represent shares of our common stock issued in exchange for an equal number of units of limited partnership interest of the Operating Partnership. The shares of common stock were issued in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and accordingly, were subject to restrictions on transfer at the time of issuance.

Except as otherwise indicated, the number of shares beneficially owned is determined under rules promulgated by the SEC, and the information may not represent beneficial ownership for any other purpose. Except as indicated otherwise in the table below, each selling stockholder has sole voting power and disposition power with respect to all shares listed as owned by such selling stockholder. At February 12, 2009, there were 231,311,288 shares of common stock outstanding.

We do not know when or in what amounts the selling stockholders may offer shares for sale. The selling stockholders may elect not to sell any or all of the shares offered by this prospectus supplement. Because the selling stockholders may offer all or some of the shares pursuant to this offering, and because there are currently no agreements, arrangements or understandings with respect to the sale of any of the shares that will be held by the selling stockholders after completion of the offering, we cannot estimate the number of the shares that will be held by the selling stockholders after completion of the offering. However, for purposes of this table, we have assumed that, after completion of the offering, none of the shares covered by the prospectus supplement will be held by the selling stockholders.

The following tables set forth, to our knowledge, certain information about the selling stockholders as of February 12, 2009.

SHARES OF COMMON STOCK REGISTERED FOR RESALE

Name of Selling Stockholder	Number of Shares Beneficially Owned Prior	Percentage of Shares Beneficially Owned Prior	Number of Shares Offered Hereby	Number of Shares Beneficially Owned After	Percentage of Shares Beneficially Owned After
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	to Offering (1)	to Offering	Offering	Offering
Cynthia Simon Skjodt	1,494,420	*	500,000	994,420 *

* Less than one percent (1%)

(1) Includes units of limited partnership interest in the Operating Partnership which may be exchanged for shares of common stock on a one-for-one basis or cash.

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CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The following summary of certain Federal income tax considerations regarding the holding and disposition of our common stock is based on current law, is for general information only and is not tax advice. This summary supplements the discussion set forth under the heading "Federal Income Taxation Considerations" in the accompanying prospectus. This discussion does not purport to deal with all aspects of taxation that may be relevant to particular holders of our common stock in light of their personal investment or tax circumstances.

Legislative or Other Actions Affecting REITS

The rules dealing with Federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. The Housing and Economic Recovery Tax Act of 2008 (the "2008 Act") was recently enacted into law. The 2008 Act's sections that affect the REIT provisions of the Code are generally effective for taxable years beginning after its date of enactment, and for us will generally mean that the new provisions apply from and after January 1, 2009, except as otherwise indicated below.

Among others, the 2008 Act made the following changes to, or clarifications of, the REIT provisions of the Code that could be relevant for us:

- **Taxable REIT Subsidiaries.** The limit on the value of taxable REIT subsidiaries' securities held by a REIT has been increased from 20 percent to 25 percent of the total value of such REIT's assets. See "Federal Income Tax Considerations - Taxation of Simon Property Asset Tests" in the accompanying prospectus.
- **Foreign Currency as Cash.** Foreign currency that is the functional currency of a REIT or a qualified business unit of a REIT and is held for use in the normal course of business of such REIT or qualified business unit will be treated as cash for purposes of the 75% asset test. The foreign currency must not be derived from dealing or engaging in substantial and regular trading in securities. See "Federal Income Tax Considerations - Taxation of Simon Property Asset Tests" in the accompanying prospectus.
- **Foreign Currency Gain.** Under the 2008 Act, with respect to transactions occurring after July 30, 2008, real estate foreign exchange gain is not treated as gross income for purposes of the 75% and 95% gross income tests. Real estate foreign exchange gain includes gain derived from certain qualified business units of the REIT and foreign currency gain attributable to (i) qualifying income under the 75% gross income test, (ii) the acquisition or ownership of obligations secured by mortgages on real property or interests in real property, or (iii) being an obligor on an obligation secured by mortgages on real property or on interests in real property. In addition, passive foreign exchange gain is not treated as gross income for purposes of the 95% gross income test. Passive foreign exchange gain includes real estate foreign exchange gain and foreign currency gain attributable to (i) qualifying income under the 95% gross income test, (ii) the acquisition or ownership of obligations, or (iii) being the obligor on obligations and that, in the

case of (ii) and (iii), does not fall within the scope of the real estate foreign exchange definition.

- **Expanded Prohibited Transactions Safe Harbor.** The safe harbor from the prohibited transactions tax for certain sales of real estate assets is expanded by reducing the required minimum holding period for transactions occurring after July 30, 2008, from four years to two years, among other changes. See *Federal Income Tax Considerations Taxation of Simon Property Property Transfers* in the accompanying prospectus.
- **Hedging Income.** Income from a hedging transaction entered into after July 30, 2008 that complies with identification procedures set out in Treasury regulations and hedges indebtedness incurred or to be incurred by us to acquire or carry real estate assets will not constitute gross income for purposes of both the 75% and 95% gross income tests. See *Federal Income Tax Considerations Taxation of Simon Property Income Tests* in the accompanying prospectus.

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- **Reclassification Authority.** The Secretary of the Treasury is given broad authority to determine whether particular items of gain or income recognized after July 30, 2008 qualify or not under the 75% and 95% gross income tests, or are to be excluded from the measure of gross income for such purposes.

PLAN OF DISTRIBUTION

The shares covered by this prospectus supplement may be offered and sold from time to time by the selling stockholders. The term "selling stockholders" includes pledgees, donees, transferees or other successors in interest selling shares received after the date of this prospectus supplement from one of the selling stockholders as a pledge, gift or other non-sale related transfer. To the extent required, this prospectus supplement may be amended and supplemented from time to time to describe a specific plan of distribution.

The selling stockholders will act independently of us in making decisions with respect to the timing, manner and size of each sale. These sales may be made at a fixed price or prices, which may be changed or at prices on the New York Stock Exchange and under terms then prevailing or at prices related to the then current market price. Sales may also be made in negotiated transactions at negotiated prices, including pursuant to one or more of the following methods:

- purchases by a broker-dealer as principal and resale by such broker-dealer for its own account pursuant to this prospectus supplement,
- ordinary brokerage transactions and transactions in which the broker solicits purchasers,
- an exchange distribution in accordance with the rules of the New York Stock Exchange or other exchange or trading system on which the shares are admitted for trading privileges,
- sales at the market to or through a market maker or into an existing trading market, on an exchange or otherwise, for the shares,
- sales in other ways not involving market makers or established trading markets,
- through put or call transactions relating to the shares,

- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction, and
- in privately negotiated transactions.

In connection with distributions of the shares or otherwise, the selling stockholders may:

- enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the shares in the course of hedging the positions they assume,
- sell the shares short and redeliver the shares to close out such short positions,
- enter into option or other transactions with broker-dealers or other financial institutions which require the delivery to them of shares offered by this prospectus, which they may in turn resell, or
- pledge shares to a broker-dealer or other financial institution, which, upon a default, they may in turn resell.

In addition, any shares that qualify for sale pursuant to Rule 144 may be sold under Rule 144 rather than pursuant to this prospectus supplement.

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In effecting sales, broker-dealers or agents engaged by the selling stockholders may arrange for other broker-dealers to participate. Broker-dealers or agents may receive commissions, discounts or concessions from the selling stockholders, in amounts to be negotiated immediately prior to the sale.

In offering the shares covered by this prospectus supplement, the selling stockholders, and any broker-dealers and any other participating broker-dealers who execute sales for the selling stockholders may be deemed to be underwriters within the meaning of the Securities Act in connection with these sales. Any profits realized by the selling stockholders and the compensation of such broker-dealers may be deemed to be underwriting discounts and commissions.

In order to comply with the securities laws of certain states, the shares must be sold in those states only through registered or licensed brokers or dealers. In addition, in certain states the shares may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

We have advised the selling stockholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling stockholders and their affiliates. In addition, we will make copies of this prospectus supplement and accompanying prospectus available to the selling stockholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling stockholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

At the time a particular offer of shares is made, if required, a prospectus supplement will be distributed that will set forth:

- the number of shares being offered,
- the terms of the offering, including the name of any underwriter, dealer or agent,
- the purchase price paid by any underwriter,
- any discount, commission and other underwriter compensation,
- any discount, commission or concession allowed or reallocated or paid to any dealer, and

- the proposed selling price to the public.

We have agreed to indemnify the selling stockholders against certain liabilities, including certain liabilities under the Securities Act.

We have agreed with the selling stockholders to keep the Registration Statement of which this prospectus constitutes a part effective until the earlier of such time as:

- all of the shares covered by this prospectus supplement have been disposed of pursuant to the Registration Statement or
- we have delivered to the selling stockholders an opinion of counsel to the effect that such shares may be sold pursuant to Rule 144 without regard to any volume limitations.

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PROSPECTUS

SIMON PROPERTY GROUP, INC.

Common Stock
Preferred Stock
Warrants
Depository Shares

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission under a shelf registration or continuous offering process. We may sell any combination of the securities described in this prospectus in one or more offerings. We may offer the securities separately or together, in separate series or classes and in amounts, at prices and on terms described in one or more supplements to this prospectus and other offering material.

This prospectus may also be used to offer shares of common stock issued to limited partners of Simon Property Group, L.P.

We or any selling security holder may offer and sell these securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis.

This prospectus describes some of the general terms that may apply to these securities. The specific terms of any securities to be offered, and any other information relating to a specific offering, will be set forth in a post-effective amendment to the registration statement of which this prospectus is a part, in a supplement to this prospectus, in other offering material related to the securities or may be set forth in one or more documents incorporated by reference in this prospectus.

Our common stock is traded on the New York Stock Exchange under the symbol SPG.

You should read carefully both this prospectus and any prospectus supplement or other offering material before you invest. This prospectus may be used to offer and sell securities only if accompanied by a prospectus supplement.

THE SECURITIES AND EXCHANGE COMMISSION AND STATE SECURITIES REGULATORS HAVE NOT APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED WHETHER THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is March 17, 2006

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ABOUT THIS PROSPECTUS

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This prospectus provides you with a general description of the securities offered by us. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement and any other offering material may also add to, update or change information contained in the prospectus or in documents we have incorporated by reference into this prospectus and, accordingly, to the extent inconsistent, information in or incorporated by reference in this prospectus is superseded by the information in the prospectus supplement and any other offering material related to such securities.

We have not authorized anyone to provide you with information different from that contained or incorporated by reference in this prospectus. We are offering to sell, and seeking offers to buy, our securities only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of securities.

WHERE YOU CAN FIND MORE INFORMATION

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We file reports, proxy statements and other information with the Securities and Exchange Commission (SEC). Our SEC filings are also available over the Internet at the SEC s website at <http://www.sec.gov>. You may also read and copy any document we file by visiting the SEC s public reference room in Washington, D.C. The SEC s address in Washington, D.C. is 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. You may also inspect our SEC reports and other information at the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We have filed a registration statement on Form S-3 with the SEC covering the securities that may be sold under this prospectus. For further information on us and the securities being offered, you should refer to our registration statement and its exhibits. This prospectus summarizes material provisions of contracts and other documents that we refer you to. Because the prospectus may not contain all the information that you may find important, you should review the full text of these documents. We have included copies of these documents as exhibits to our registration statement of which this prospectus is a part.

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WHO WE ARE

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We own, develop and manage retail real estate properties, primarily regional malls, Premium Outlet® centers and community/lifestyle shopping centers. We have elected to be taxed as a real estate investment trust or REIT for federal income tax purposes.

The core of our business originated with the shopping center businesses of Melvin Simon, Herbert Simon, David Simon and other members and associates of the Simon family. We have grown significantly by acquiring properties and merging with other real estate companies, including our 1996 merger with DeBartolo Realty Corporation, our 1998 combination with Corporate Property Investors, Inc. and our 2004 acquisition of Chelsea Property Group, Inc.

As of December 31, 2005, we owned or held an interest in 286 income-producing properties in the United States, which consisted of 171 regional malls, 33 Premium Outlet centers, 71 community/lifestyle centers, and 11 other shopping centers or outlet centers in 39 states and Puerto Rico (collectively, the Properties and, individually, a Property). In addition, we also own interests in ten parcels of land held for future development. Finally, we have ownership interests in 51 European shopping centers (in France, Italy and Poland), 5 Premium Outlet centers in Japan, and one Premium Outlet center in Mexico.

Our predecessor was organized as a Massachusetts business trust in 1971 and reorganized as a Delaware corporation on March 10, 1998. Our principal executive offices are located at National City Center, Suite 15 East, 115 West Washington Street, Indianapolis, Indiana 46204. During 2006, we will be moving our headquarters to 225 West Washington Street, Indianapolis, Indiana 46204. Our telephone number is (317) 636-1600. Our Internet website address is www.simon.com. The information in our website is not incorporated by reference into this prospectus.

If you want to find more information about us, please see the sections entitled Where You Can Find More Information and Incorporation of Information We File with the SEC in this prospectus.

In this prospectus, we, us and our refer to Simon Property Group, Inc. and its subsidiaries. The Operating Partnership refers specifically to our majority-owned subsidiary, Simon Property Group, L.P.

USE OF PROCEEDS

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We expect to use the net proceeds from the sale of the securities for general corporate purposes, unless otherwise specified in the prospectus supplement relating to a specific offering. Our general corporate purposes may include repaying debt, financing capital commitments and financing future acquisitions. If we decide to use the net proceeds from an offering in some other way, we will describe the use of the net proceeds in the prospectus supplement for that offering.

If a prospectus supplement includes an offering of common stock by selling security holders, we will not receive any proceeds from such sales.

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RATIO OF EARNINGS TO FIXED CHARGES AND

PREFERRED STOCK DIVIDENDS

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The following table sets forth our historical unaudited ratios of earnings to fixed charges and preferred stock dividends for the periods indicated:

Year Ended December 31,				
2005	2004	2003	2002	2001
1.40x	1.51x	1.50x	1.63x	1.33x