

SIMON PROPERTY GROUP INC /DE/  
Form 424B5  
December 21, 2009  
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As filed pursuant to Rule 424(b)(5)

Registration Statement No. 333-157794

**PROSPECTUS SUPPLEMENT**

(To Prospectus dated March 9, 2009)

**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	32,337	\$ 76.37	\$ 2,469,576.69	\$ 176.08

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(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 December 17, 2009.

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**PROSPECTUS SUPPLEMENT**

**(To Prospectus dated March 9, 2009)**

**32,337 Shares**

Simon Property Group, Inc.

**Common Stock**

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This prospectus supplement relates to resales of up to 32,337 shares of common stock by certain stockholders who acquired shares upon the exchange of units of partnership interest in our majority-owned operating partnership subsidiary, Simon Property Group, L.P. 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 December 17, 2009, the closing sale price as reported by the NYSE was \$76.71 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 December 21, 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 base 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 base 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 base 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 base 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 base 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 real estate investment trust, or 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, unless the context otherwise requires, we, us, and our refer to Simon Property Group, Inc. and its subsidiaries 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 September 30, 2009, we owned or held an interest in 325 income-producing properties in the United States, which consisted of 163 regional malls, 41 Premium Outlet Centers, 36 The Mills, 70 community/lifestyle centers, and 15 other shopping centers or outlet centers in 41 states and Puerto Rico. In addition, we also own an interest in one parcel of land in the United States held for future development. Internationally, as of September 30, 2009, we had ownership interests in 51 European shopping centers (France, Italy and Poland); eight Premium Outlet centers in Japan; one Premium Outlet center in Mexico; one Premium Outlet center in South Korea; and three shopping centers in China. Also, through joint venture arrangements, we have ownership interests in the following properties under development internationally: a 24% interest in two shopping centers in Italy and a 32.5% interest in one additional shopping center under construction in China.

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 Internet website address is [www.simon.com](http://www.simon.com). The information in our website is not incorporated by reference into this prospectus supplement or the accompanying 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 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, 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.*

**RECENT DEVELOPMENTS**

We paid the four 2009 quarterly dividends on our common stock in a combination of cash and additional shares of common stock. We issued approximately 11,900,303 shares of common stock in these dividends.

Taxable U.S. stockholders will be required to pay tax on the entire amount of the dividend, including the common stock component. Such stockholders may be required to pay the tax using cash from other sources. If a U.S. stockholder sells the common stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of the common stock at the time of sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividend, including in respect of all or a portion of the dividend payable in common stock. See Certain Federal Income Tax Considerations in this prospectus supplement. In addition, sales of common stock in order to pay taxes owed on dividends could have an adverse effect on the market price of our common stock.

On December 8, 2009, we announced our entry into a definitive agreement whereby we will acquire all of the outlet shopping center business of Prime Outlets Acquisition Company and certain of its affiliated entities ( Prime Outlets ) in a transaction valued at approximately \$2.325 billion, including the assumption of Prime Outlets existing indebtedness and preferred stock.

Also on December 8, 2009, we announced that the Operating Partnership entered into a new unsecured corporate credit facility providing an initial revolving borrowing capacity of \$3.565 billion. The new facility contains an accordion feature up to \$4.0 billion and will mature on March 31, 2013. The base interest rate on our new facility is LIBOR plus 210 basis points, and it includes a money market competitive bid option program that allows us to hold auctions at lower pricing for short-term borrowings.

**SELLING STOCKHOLDERS**

The shares of common stock covered by this prospectus are being registered pursuant to provisions of certain registration rights agreements by and among us, the selling stockholders and other persons or the terms of the Operating Partnership's partnership agreement. The shares were acquired by the selling stockholders from us upon the exchange of units of partnership interest in the Operating Partnership. The shares of common stock were issued without registration under the Securities Act, in reliance upon the exemption provided by Section 4(2) of the Securities Act. As of November 30, 2009, there were 283,708,119 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.

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The following table sets forth, to our knowledge, certain information about the selling stockholders:

**SHARES OF COMMON STOCK REGISTERED FOR RESALE**

Name of Selling Stockholder	Number of Shares Beneficially Owned Prior to Offering (1)	Percentage of Shares Beneficially Owned Prior to Offering	Number of Shares Offered Hereby	Number of Shares Beneficially Owned After Offering	Percentage of Shares Beneficially Owned After Offering
Robert V. Gilbane	13,814	*	13,814	0	*
Donald K. Kurson	2,336	*	2,336	0	*
Woodbury Family Associates, L.P.	14,853	*	14,853	0	*
Richard J. Prince	8,005	*	960	7,045	*
Joseph C. DeFranco	13,780	*	86	13,694	*
Alice M. DeFranco	4,568	*	28	4,540	*
Kristi Crowe Trust	20,590	*	130	20,460	*
Martin Crowe Trust	20,590	*	130	20,460	*

\* Less than one percent (1%)

(1) Includes units of partnership interest in the Operating Partnership which may be exchanged for shares of common stock.

**CERTAIN FEDERAL INCOME TAX CONSIDERATIONS**

The following discussion of the United States federal income tax consequences of stock distributions supplements, but does not replace, the section entitled "Federal Income Tax Consequences" in the accompanying prospectus. For a discussion of material United States federal income tax consequences applicable to distributions generally to stockholders and our election to be taxed as a REIT, see "Federal Income Tax Considerations" in the accompanying prospectus.

**2009 Dividend Payments**

In 2008, the IRS issued guidance regarding the tax treatment of stock distributions paid by a REIT. Under that guidance a REIT may pay up to 90% of a distribution in common stock. To maintain our qualification as a REIT, we are required each year to distribute to stockholders at least 90% of our net taxable income after certain adjustments. We paid our first two quarterly dividends in 2009 in a combination of cash and shares of common stock, with the cash limited to 10% of the total first quarter dividend and 20% of the total second quarter dividend. Future dividends are determined in the discretion of our board of directors and depend on actual and projected cash flow, financial condition, funds from operations, earnings, capital requirements, the annual REIT distribution requirements, contractual prohibitions or other restrictions, applicable

law and such other factors as our board of directors deems relevant. No determination has been made as to whether our remaining 2009 dividends will be paid in a similar combination of cash and common stock. Paying all or a portion of the 2009 dividend in a combination of cash and common stock would allow us to satisfy our REIT taxable income distribution requirement under existing IRS revenue procedures, while enhancing our financial flexibility and balance sheet strength.

Provided that the distribution satisfies certain criteria, a U.S. holder generally must include the sum of the value of the common stock and the amount of cash received in its gross income as dividend income to the extent that such holder's share of the distribution is made out of its share of the portion of our current and accumulated earnings and profits allocable to such distribution. The value of any common stock received as part of a distribution generally is equal to the amount of cash that could have been received instead of the common stock. Depending on the

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circumstances of the holder, the tax on the distribution may exceed the amount of the distribution received in cash, in which case such U.S. holder would have to pay the tax using cash from other sources. If a U.S. holder sells the stock it receives as a dividend in order to pay this tax and the sales proceeds are less than the amount required to be included in income with respect to the dividend, such holder could have a capital loss with respect to the stock sale that could not be used to offset such dividend income. Furthermore, with respect to non-U.S. holders, we may be required to withhold U.S. tax with respect to such dividend, including the portion that is payable in stock. A holder that receives common stock pursuant to a distribution generally has a tax basis in such common stock equal to the amount of cash that could have been received instead of such common stock as described above, and a holding period in such common stock that begins on the day following the payment date for the distribution.

**Recent Legislative Developments**

The U.S. Treasury has recently proposed legislation that would limit the ability of non-U.S. holders to claim relief from U.S. withholding tax in respect of dividends paid on common stock, if such holders hold our common stock through a non-U.S. intermediary that is not a qualified intermediary. The Administration's proposals also would limit the ability of certain non-U.S. entities to claim relief from U.S. withholding tax in respect of dividends paid to such non-U.S. entities unless those entities have provided documentation of their beneficial owners to the withholding agent. A third proposal would impose a 20% withholding tax on the gross proceeds of the sale of common stock effected through a non-U.S. intermediary that is not a qualified intermediary and that is not located in a jurisdiction with which the United States has a comprehensive income tax treaty having a satisfactory exchange of information provision. A non-U.S. holder generally would be permitted to claim a refund to the extent any tax withheld exceeded the holder's actual tax liability. It is unclear whether, or in what form, these proposals may be enacted. Non-U.S. holders are encouraged to consult with their tax advisers regarding the possible implications of the Administration's proposals on their investment in respect of our common stock.

**PLAN OF DISTRIBUTION**

The shares covered by this prospectus may be offered and sold from time to time by the selling stockholders including their pledgees, donees, transferees or other successors in interest selling shares received after the date of this prospectus from one of the selling stockholders as a pledge, gift or other non-sale related transfer. To the extent required, this prospectus 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,
- ordinary brokerage transactions and transactions in which the broker solicits purchasers,

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- 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,

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- 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. Subject to certain conditions, the shares of common stock that were issued to someone who is not an affiliate of ours upon an exchange of units of partnership interest may be sold under Rule 144 without restriction after six months from the time of issuance.

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, 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.

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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 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.

If required at the time a particular offer of shares is made, a supplement to this prospectus 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,

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- 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 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**