

SIMON PROPERTY GROUP INC /DE/
Form 11-K
June 28, 2002

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001

Commission file number **001-14469**

A. Full title of the plan:

**SIMON PROPERTY GROUP
AND ADOPTING ENTITIES
MATCHING SAVINGS PLAN**

B. Name of issuer of the securities held pursuant to the plan and
the address of its principal executive office:

**SIMON PROPERTY GROUP, INC.
P.O. BOX 7033
INDIANAPOLIS, IN 46207-7033**

REQUIRED INFORMATION

Item 4. The Plan's financial statements and schedules have been prepared in accordance with the financial reporting requirements of the Employee Retirement Income Security Act of 1974 ("ERISA"). To the extent required by ERISA, the plan financial statements have been examined by independent accountants, except that the "limited scope exemption" contained in Section 103(a) (3) (C) was not available. Such financial statements and schedules are included in this Report in lieu of the information required by Items 1-3 of Form 11-K.

Simon Property Group and Adopting Entities Matching Savings Plan

Form 11-K

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Financial Statements, Schedules, and Exhibits

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23.1 Consent of Ernst & Young LLP, Independent Auditors

23.2 Notice Regarding Consent of Arthur Andersen LLP

Report of Independent Auditors

Plan Administrator
Simon Property Group and Adopting Entities Matching Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Simon Property Group and Adopting Entities Matching Savings Plan (the Plan) as of December 31, 2001 and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the plan administrator. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2001, and the changes in its net assets available for benefits for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2001, is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Indianapolis, Indiana
June 14, 2002

This is a copy of the audit report previously issued by Arthur Andersen LLP in connection with the Plan's filing on Form 11-K for the year ended December 31, 2000. This audit report has not been reissued by Arthur Andersen LLP in connection with this filing on Form 11-K. See Exhibit 23.2 for further discussion.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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To the Plan Administrator of Simon Property Group and
Adopting Entities Matching Savings Plan:

We have audited the accompanying statements of net assets available for plan benefits of the SIMON PROPERTY GROUP AND ADOPTING ENTITIES MATCHING SAVINGS PLAN (the Plan) as of December 31, 2000 and 1999, and the related statements of changes in net assets available for plan benefits for the years ended December 31, 2000 and 1999. These financial statements and the schedule referred to below are the responsibility of the plan administrator. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2000 and 1999, and the changes in its net assets available for plan benefits for the years ended December 31, 2000 and 1999 in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Arthur Andersen LLP

Indianapolis, IN
April 27, 2001

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Simon Property Group and Adopting Entities Matching Savings Plan

Statements of Net Assets Available for Benefits

| | December 31 | |
|------------------------------|-------------|-------------|
| | 2001 | 2000 |
| Assets | | |
| Investments: | | |
| Money market funds | \$ 756,996 | \$ 269,744 |
| Common/collective trust | 14,034,431 | 12,080,076 |
| Mutual funds | 105,674,427 | 110,035,382 |
| Common stock | 2,129,974 | 1,703,676 |
| Participant loans receivable | 1,795,024 | 1,866,748 |
| Total investments | 124,390,852 | 125,955,626 |
| Receivables: | | |
| Employer contributions | 161,925 | 153,795 |
| Participant contributions | 155,327 | 162,620 |
| Investment income | 65,944 | 84,007 |

| | December 31 | |
|-----------------------------------|----------------|----------------|
| | _____ | _____ |
| Total receivables | 383,196 | 400,422 |
| Net assets available for benefits | \$ 124,774,048 | \$ 126,356,048 |

See accompanying notes.

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Simon Property Group and Adopting Entities Matching Savings Plan

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2001

| | |
|---|----------------|
| Additions: | |
| Contributions: | |
| Participant | \$ 6,810,988 |
| Employer | 4,992,918 |
| Other | 36,976 |
| Investment income | 2,744,646 |
| Total additions | 14,585,528 |
| Deductions: | |
| Benefits paid | 7,982,778 |
| Administrative expenses | 205,680 |
| Net depreciation in fair value of investments | 7,979,070 |
| Total deductions | 16,167,528 |
| Net decrease | (1,582,000) |
| Net assets available for benefits: | |
| Beginning of year | 126,356,048 |
| End of year | \$ 124,774,048 |

See accompanying notes.

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Simon Property Group and Adopting Entities Matching Savings Plan

Notes to Financial Statements

December 31, 2001

1. Description of Plan

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The following brief description of the Simon Property Group and Adopting Entities Matching Savings Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

General

The Plan is a defined contribution plan sponsored by Simon Property Group, L.P. (SPG, L.P.) and affiliated companies (the Employer). The Plan is administered by an Administrative Committee appointed by the Employer. The trustee and recordkeeper of the Plan is Fidelity Management Trust Company (Fidelity or Trustee).

Investment Valuation and Income Recognition

Investments are stated at aggregate fair value. Securities traded on a national securities exchange are valued at the last reported sales price on the final business day of the year. Mutual funds are valued at quoted market prices that represent the net asset values of shares held by the Plan at year-end. The fair value of participant units owned by the Plan in common/collective funds are based on quoted redemption value on the last business day of the Plan's year-end. The participant loans are valued at their outstanding balances, which approximates fair value.

Plan Eligibility

For the purpose of making a before tax contribution or a rollover contribution, an employee becomes a member of the plan on the first day of the month coincident with or following the completion of sixty days of active employment and attainment of age twenty-one. For the purpose of receiving the employer match, an employee becomes a member of the Plan on the first day of the month coincident with or following completion of one year of eligible service (at least 1,000 hours of employment) and upon reaching age twenty-one.

Employee Contributions

Participants may contribute from 1% to 16% of their before-tax compensation as defined in the Plan document. Contributions are subject to maximum limitations as defined in the Internal Revenue Code (the Code).

Employer Contributions

For participant contributions after January 1, 2000, the Employer matched 100% of the participants' first 3% elected salary deductions and 50% of the participants' next 2% elected salary deductions. In addition, the Employer made a discretionary contribution of 1.5% of participant compensation in 2001 and 2000. This contribution applied to all eligible employees regardless of whether or not they had made any 401(k) contributions during the plan year. As of December 31, 2001, cumulative participant forfeitures totaled \$203,766 and will be used to reduce future employer contributions.

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Participant Accounts

Each participant's account is credited for participant contributions and allocations of Employer contributions and Plan earnings. Investment earnings are allocated proportionately among all participants' accounts in an amount which bears the same ratio of their account balance to the total fund balance.

Participant Loans

All employees that invest in the Plan can borrow from their accounts. Amounts borrowed by the participant are transferred from one or more of the investment funds. The participant pays interest on the loan based on market interest rates at the date of the loan. This interest is credited to the participant's account balance. Both the maximum amounts available and repayment terms for such borrowings are restricted under provisions of the Plan.

Vesting

Participants' contributions and related investment income become vested at the time they are credited to the participants' accounts.

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For years of service prior to January 1, 2000, vesting in Employer matching and discretionary contributions is based upon years of vesting service. The vesting schedule is as follows:

| Years of Vesting Service | Percentage Vested and Nonforfeitable |
|--------------------------|--------------------------------------|
| Less than 3 | 0% |
| 3 | 30 |
| 4 | 40 |
| 5 | 60 |
| 6 | 80 |
| 7 or more | 100 |

Employees are fully vested in Employer matching and discretionary contributions contributed on and after January 1, 2000.

Payment of Benefits

Upon termination of service or retirement, participants may elect to receive payments over a period provided in the Plan document or a lump sum amount equal to the vested portion of their accounts as of the most recent valuation date before the distribution. Forfeitures of nonvested amounts for terminated employees are used to reduce Employer contributions in future years.

Administrative Expenses

All administrative expenses, with the exception of legal expenses, are paid by the Plan.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

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Reclassification

Certain amounts in the 2000 financial statements amounts have been reclassified to be consistent with 2001 presentation.

Plan Termination

Although the Employer has not expressed any intent to terminate the Plan, it may do so at any time by action of the Plan's Administrative Committee, subject to the provisions of ERISA. Upon termination of the Plan, participants become fully vested in their entire account balance.

3. Investments

Investments are stated at current market value. The market values of individual assets that represent 5% or more of the Plan's assets held for investment purposes at December 31, 2001 and 2000 are as follows:

| | 2001 | 2000 |
|---|---------------|---------------|
| *Fidelity Growth and Income Fund | \$ 27,960,296 | \$ 28,921,956 |
| *Vanguard Bond Intermediate Term Portfolio Fund | 7,040,745 | 7,726,803 |
| *PIMCO Total Return Fund | 7,095,539 | 7,273,044 |

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| | <u>2001</u> | <u>2000</u> |
|--|-------------|-------------|
| *Fidelity Spartan U.S. Equity Index Portfolio Fund | 15,399,753 | 16,265,794 |
| *Fidelity Magellan Fund | 14,848,759 | 15,751,331 |
| *Fidelity Low Priced Stock Fund | 9,439,665 | 5,239,010 |
| MAS Balanced Fund | 16,905,769 | 17,871,356 |
| Fidelity Managed Income Portfolio Fund | 14,034,431 | 12,080,076 |

*

Denotes all or a portion of the fund is nonparticipant-directed.

During 2001, the Plan's investments (depreciated) appreciated in value as follows:

| | <u>2001</u> |
|--------------|-----------------------|
| Mutual funds | \$ (8,385,679) |
| Common stock | 406,609 |
| | <u>\$ (7,979,070)</u> |

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4. Nonparticipant-Directed Investments

Information about the net assets and significant components of the changes in net assets relating to the nonparticipant-directed investments is as follows:

| | <u>December 31</u> | |
|--------------------------------------|----------------------|---|
| | <u>2001</u> | <u>2000</u> |
| Net assets: | | |
| Mutual funds | \$ 33,201,232 | \$ 35,979,627 |
| Money market funds | 702,905 | 269,744 |
| | <u>\$ 33,904,137</u> | <u>\$ 36,249,371</u> |
| | | <u>Year ended December 31, 2001</u> |
| Changes in net assets: | | |
| Contributions | \$ | 1,769,258 |
| Interest Income | | 24,847 |
| Net depreciation | | (1,399,969) |
| Benefits paid to participants | | (2,633,625) |
| Administrative expenses | | (71,956) |
| Interfund transfers | | (36,045) |
| Participant loans, net of repayments | | 2,256 |

Year ended
December 31,
2001

\$ (2,345,234)

5. Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated October 30, 2001, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the 'Code') and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

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Simon Property Group and Adopting Entities Matching Savings Plan

Schedule H, line 4i Schedule of Assets (Held At End of Year)

December 31, 2001

EIN: 35-1903854
Plan Number: 002

| (b) Identity for Issue, Borrower, Lessor, or Similar Party | (c) Description of Investment Including Maturity Date, Rate of Interest, Par or Maturity Value | (d) Cost | (e) Fair Value |
|---|---|-------------|-------------------|
| Money Market funds | | | |
| *Fidelity Institutional Cash Portfolio Money Market Fund | 756,996 shares | \$ 756,996 | \$ 756,996 |
| Common Stock | | | |
| *Simon Property Group Common Stock | 72,621 shares | ** | 2,129,974 |
| Common/collective trusts | | | |
| *Fidelity Managed Income Portolio Fund | 14,034,431 shares | ** | 14,034,431 |
| Mutual funds | | | |
| Blackrock Small Cap Growth Institutional Fund | 103,227 shares | 2,336,363 | 1,365,692 |
| CS Cap Appreciation Com | 1,525 shares | ** | 27,284 |
| *Fidelity Growth and Income Fund | 748,001 shares | 29,425,691 | 27,960,296 |
| *Fidelity Magellan Fund | 142,475 shares | ** | 14,848,759 |
| *Fidelity Spartan U.S. Equity Index Portfolio Fund | 378,931 shares | 15,122,661 | 15,399,753 |
| *Fidelity Low Priced Stock Fund | 344,262 shares | 8,289,957 | 9,439,665 |
| Franklin Small Mid Cap Growth A | 4,233 shares | ** | 131,946 |
| MAS Balanced Fund | 1,539,688 shares | ** | 16,905,769 |
| MSI Value Equity B | 2,271 shares | ** | 21,961 |
| PIMCO Total Return Fund | 678,349 shares | 7,000,287 | 7,095,539 |
| Templeton Institutional Foreign Equity | 375,744 shares | 5,689,006 | 5,437,018 |

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| | (b) | (c) | (d) | (e) |
|---|-----|----------------|-----------|----------------|
| Vanguard Bond Intermediate Term Portfolio Fund | | 684,897 shares | 6,563,845 | 7,040,745 |
| Loans to participants (interest rates ranging from 6.00% to 10.75% payable over one to seven years) | | | | 1,795,024 |
| | | | | \$ 124,390,852 |

* Indicates party-in-interest to the Plan.

** Participant directed, cost information is no longer required.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**SIMON PROPERTY GROUP
AND ADOPTING ENTITIES
MATCHING SAVINGS PLAN**

(Name of Plan)

Date: June 28, 2002

/s/ JOHN DAHL

John Dahl
Chief Accounting Officer

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