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**CONSTRUCTION BEGINS ON HOUSTON PREMIUM OUTLETS®**

*- Simon's Chelsea Division to Open Upscale Outlet Center in Spring 2008 -*

CYPRESS, TX (March 15, 2007) - Simon Property Group, Inc. (NYSE: SPG) announced today that its Chelsea Property Group division began construction on Houston Premium Outlets®. The 430,000 square-foot outlet center will bring upscale outlet shopping to the Houston market.

The 75 acre property is located in northwest Houston off of U.S. Highway 290 between Mason Road and Fairfield Drive in Cypress, TX. The Roseland, NJ-based Chelsea, a division of Simon, is the leader in the outlet industry based on its proven concept of Premium Outlet Shopping®. The center will be a single-level, village-style project with a Southwest architectural theme and will be the company's fourth Premium Outlet Center in Texas. Round Rock Premium Outlets and Rio Grande Valley Premium Outlets opened in the Lone Star State in 2006, joining Allen Premium Outlets.

Houston Premium Outlets will house 120 outlet stores and will feature high-quality designer and name brands serving the area's permanent population as well as visitors to the area.

"Our trademarked concept of *Premium Outlet Shopping*® differentiates Chelsea centers from other outlet centers and entertainment megamalls. We are confident that we will be bringing together an excellent mix of upscale and high quality merchants befitting this area's desirable demographics," said John R. Klein, co-president of Chelsea. "We selected the Houston market because we felt there was a synergy in the type of quality centers we build and the brand conscious and quality-minded consumers who live in and visit this region. Shoppers who seek the finest brands at outlet prices and desire a more upscale shopping atmosphere will appreciate the difference in what we will be bringing to the Houston metro area."

- more -

## **Houston Premium Outlets/Add one**

Houston Premium Outlets, scheduled to open spring 2008, will create approximately 800 to 1,000 quality jobs and is projected to generate millions of dollars in sales tax and real estate property tax revenue. To the east of this project, a 100 acre project, Fairfield Towne Center, is being developed by the Simon Community/Lifestyle Center Division. This 800,000 square foot project is slated to open fall 2008/spring 2009. Both projects combined will create over 1.2 million square feet of high quality retail space in this corridor.

Simon Property Group, Inc., an S&P 500 company headquartered in Indianapolis, Indiana, is a real estate investment trust engaged in the ownership, development and management of retail real estate, primarily regional malls, Premium Outlet Centers® and community/lifestyle centers. The Company's current total market capitalization is approximately \$52 billion. Through its subsidiary partnership, it currently owns or has an interest in 286 properties in the United States containing an aggregate of 202 million square feet of gross leasable area in 38 states plus Puerto Rico. Simon also owns interests in 53 European shopping centers in France, Italy, and Poland; 5 Premium Outlet Centers in Japan; and one Premium Outlet Center in Mexico. Additional Simon Property Group information is available at [www.simon.com](http://www.simon.com). Simon Property Group, Inc. is publicly traded on the NYSE under the symbol SPG.

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