SIMON

Simon Property Group Makes Improved Proposal for General Growth Recapitalization

April 22, 2010

INDIANAPOLIS, April 22, 2010 /PRNewswire via COMTEX/ --

Commits Additional $1.5 Billion to Strengthen Balance Sheet of Reorganized GGP and Eliminate Uncertainty Contained in Brookfield-Sponsored Proposal

Financially Superior Proposal Without Expensive and Dilutive Warrants

SPG Would Designate Only Two GGP Directors, Waive Numerous Costly Fees Contained in Brookfield Plan and Pay Unsecured Creditors Default or Compound Interest

SPG Proposes Former Ernst & Young Partner Dale Anne Reiss and Wharton Real Estate Professor Peter Linneman as GGP Board Members

Simon Property Group, Inc. (NYSE: SPG) ("SPG") announced that it has sent a letter to General Growth Properties, Inc. (NYSE: GGP) ("GGP") outlining improvements and modifications to the terms of SPG's April 14th proposal to recapitalize GGP. As previously announced, SPG would invest $2.5 billion at the same per share price as the plan of reorganization sponsored by Brookfield Asset Management. To date, Paulson & Co., ING Clarion Real Estate Securities, Oak Hill Advisors, RREEF and Taconic Capital Advisors have committed to invest a combined $2.1 billion in GGP without receiving any of the highly dilutive and expensive warrants that GGP proposes to issue to Brookfield, Pershing Square and Fairholme Capital.

The amended proposal offers significantly higher value and substantially greater certainty to GGP and all of its stakeholders than the transaction proposed by Brookfield. Most notably:

- SPG has agreed to backstop a $1.5 billion credit facility necessary for GGP to close and emerge from bankruptcy, thus eliminating a great risk and uncertainty inherent in the Brookfield-led proposal;
- SPG would agree to limits on its governance rights, including a cap on its voting rights at 20%, the right to designate only 2 of 9 GGP board members (as opposed to the 3 of 9 that Brookfield has nominated). SPG's proposed nominees, Dale Anne Reiss and Peter Linneman, are both highly respected, have significant experience in the real estate industry and are not affiliated with SPG;
- SPG has agreed to waive a $12.5 million fee that would be levied by Brookfield, Pershing Square and Fairholme Capital for their commitment to backstop the contemplated GGO rights offering; and
- SPG will agree to pay the holders of GGP's unsecured claims cash equal to the amount of accrued and unpaid pre-petition and post-petition interest at the stated non-default contract rate through the effective date of the plan ***plus*** default or compound interest, if any.

Following is the text of the letter sent by SPG to GGP:

April 21, 2010

CONFIDENTIAL

Mr. Adam Metz

Chief Executive Officer

General Growth Properties, Inc.

110 North Wacker Drive

Chicago, Illinois 60606

Dear Adam:

This will formally confirm that Simon Property Group remains prepared to participate in the recapitalization of General Growth Properties on the terms we proposed in our letter of April 14th, subject to the improvements and modifications in favor of GGP and its stakeholders which we have discussed with you and your team and which are described in this letter. Our amended proposal delivers significantly higher value and substantially greater certainty of closing to GGP and all of its stakeholders than the transaction proposed by Brookfield Asset Management.

Consideration.Simon would: acquire 250,000,000 shares of common stock in GGP for $2.5 billion in the aggregate, or $10.00 per share; fully backstop the additional 380,000,000 shares of common stock to be issued in the GGP reorganization and recapitalization, also at $10.00 per share, for $3.8 billion in the aggregate, to the extent commitments have not been received from other investors for that capital (as of today, $2.1 billion of such commitments have already been received, and Simon is highly confident of placing all of the contemplated equity capital); fully backstop the $1.5 billion credit facility contemplated to form a part of GGP's post-recapitalization balance sheet; and fully backstop the GGO rights offering, to the extent not backstopped by identified co-investors.

Warrants. Neither Simon nor any of the other purchasers of GGP equity as part of the recapitalization would receive **any** warrants or similar up-front payment or fees in respect of their commitment to invest in GGP, either on an interim basis, or as part of the post-reorganization consideration to be issued in respect of these equity investments. As we previously noted, we estimate that by eliminating these warrants, and their dilutive effect, this benefit could be at least $895 million, or $2.75 per share based on today's share count.

Governance. As you know, in order to avoid the perceived risk of any challenge to the proposed transaction, Simon proposed substantial limits on its governance rights, described in Annex A to our April 14 letter. In response to your request, and in order to even further dispel any concerns, by market participants, regulators or otherwise, regarding GGP's independence after the consummation of a Simon-led recapitalization, Simon would agree to the revised limits on its governance rights described in Annex A hereto, including a cap on its voting rights at 20%, the right to designate only 2 of 9 members to the GGP board of directors (as contrasted with the 3 of 9 that Brookfield would have the right to nominate pursuant to its proposal), and the requirement that any such nominees be independent and not affiliated with Simon. In fact, our 2 proposed directors are Dale Anne Reiss, former Senior Partner and Global Americas Director with Ernst & Young, LLP, and Peter Linneman, Professor of Real Estate, Finance and Public Policy at the Wharton School of Business. Both are distinguished professionals with substantial real estate expertise who are not affiliated with Simon.

In this regard, it is not Simon's intent to gain control of GGP pursuant to the backstop obligations it is undertaking so as to provide certainty to GGP and assure a robust post-recapitalization capital structure, and, as set forth on the revised Annex A attached, Simon would agree to dispose of any interest in GGP in excess of 45%, regardless of any other requirement to do so, and to in any event dispose of any interest in GGP in order to satisfy any applicable regulatory authority, or avoid or lift any injunction, and accordingly to provide GGP with great certainty as to closing and equally great certainty as to its ability to operate independently and be perceived as doing so by the market and all of its constituencies.

Co-Investors. As of the date of this letter, Simon has received commitment letters from Paulson & Co., Taconic Capital, ING Clarion Real Estate Securities, Oak Hill Advisors and RREEF who are together interested in co-investing, in the aggregate, at least $2.1 billion in equity in connection with a Simon sponsored recapitalization of GGP, discussions with other potential sources of capital are ongoing, and Simon is highly confident of placing all of the contemplated equity capital. As noted, to the extent that Simon does not find replacements for the full amount of the Pershing Square and Fairholme commitments, Simon will fully backstop the entire amount of such co-investment commitments, without any warrants, as well as backstopping an additional $125 million investment in GGO as Pershing Square and Fairholme are currently contemplated to do.

As noted, GGP would not be expected or required to issue any warrants or incur any up-front commitment or other similar payments or fees in respect of the Simon, Paulson or other commitments to support the GGP recapitalization. Moreover, the Paulson and other co-investor equity commitments would be subject to claw-back reduction or cancellation by GGP on the same terms as are those of the existing Pershing Square and Fairholme commitments, subject only to the payment of a modest cancellation fee on any unused commitments of the equity co-investors other than Paulson.

Additionally, although the Brookfield proposal would prohibit GGP, at closing, from having any five investors (other than Brookfield, Pershing Square and Fairholme) who together owned 30% of GGP's common stock, Simon has agreed to lower this limit from five to four, permitting GGP greater flexibility in seeking additional investors in its recapitalization.

$1.5 Billion Debt Incurrence. Under the Brookfield proposal, GGP must incur an additional $1.5 billion of new, unsecured corporate debt in order to close and emerge from bankruptcy. We understand that GGP has not yet obtained this new debt. Simon will eliminate the risk with respect to this $1.5 billion of capital, and the contingency the requirement to raise it imposes on the Brookfield-sponsored recapitalization, by agreeing to backstop the entire amount, on mutually agreeable market terms. Simon will also provide full assistance to GGP in helping arrange this facility, to the extent GGP so requests.

Closing Certainty. As a condition to its obligation to consummate its investment, Simon would require GGP to have a minimum liquidity of only $350 million, and a maximum aggregate indebtedness of $22.25 billion, in each case as you have requested as a variation from the terms of the Brookfield transaction. This provides GGP with $300 million more liquidity flexibility - and therefore greater certainty of closing - than the more stringent standards insisted upon by Brookfield (minimum liquidity of $500 million and maximum aggregate indebtedness of $22.1 billion).

Further, with respect to the GGO spin-off, Simon would agree to delete the concept of "Essential Assets," thereby providing GGP with greater latitude in structuring the GGO spin-off and eliminating any risk that a delay in the formation of GGO and the transfer of assets to it will jeopardize the closing of the entire GGP recapitalization or allow any party the opportunity to renegotiate the terms of its investment.

Preemptive Rights. Brookfield would have preemptive rights with respect to issuances of stock by either GGP or GGO so long as it is a 5% or greater holder in the respective entity. Simon will agree to limit its preemptive rights in GGP, such that they would only apply for so long as Simon holds a 15% or greater interest in GGP.

GGO Backstop Fee. Brookfield, Pershing Square and Fairholme propose to receive an aggregate of $12.5 million, payable in GGO shares, as a fee for their commitment to backstop the contemplated GGO rights offering. Simon and its co-investors will waive this fee.

Default and Compound Interest. Simon will agree to pay the holders of unsecured claims in GGP cash in the amount equal to the amount of accrued and unpaid prepetition interest and postpetition interest at the stated non-default contract rate through the effective date of the plan plus default or compound interest, if any, as reflected in the Plan Summary Term Sheet attached to our proposed form of Investment Agreement. The Brookfield proposal would not provide unsecured creditors with any recovery for the amount of their claims with respect to default or compound interest.

No Financing or Other Contingencies. As in our initial proposal, there will be no financing condition whatsoever to Simon's obligations to close the transaction. As you know, Simon has an equity market capitalization in excess of $27 billion, $3.5 billion of available cash on its balance sheet, and $3.3 billion of available borrowing capacity under its revolving credit facility. Simon would be fully and immediately responsible for its commitment and backstop obligations. Simon's investment would not be contingent on any vote of Simon shareholders.

Improvement to Brookfield Terms. Except as specified herein, the terms of Simon's formal binding contractual commitment to invest in GGP would be substantially identical to Brookfield's obligations pursuant to the Brookfield Investment Agreement and the other agreements contemplated thereby. Our proposed form of Investment Agreement, reflecting the revised proposal described above (and including the Plan Summary Term Sheet, also revised to reflect the improvements to our proposal described in this letter), and which we are prepared to enter into immediately, is being forwarded separately by our counsel to your counsel, together with a comparison to the form of agreement we provided to you on April 14 and copies of the additional commitment letters we have received from Taconic Capital, ING Clarion Real Estate Securities, Oak Hill Advisors and RREEF.

We look forward to speaking to you on Thursday and to continuing our work towards an agreement.

Very truly yours,

David Simon

Chairman of the Board and

Chief Executive Officer

cc: Board of Directors, General Growth Properties, Inc.

Official Committee of Equity Security Holders

Official Committee of Unsecured Creditors

Jackson Hsieh, UBS Investment Bank

Antitrust Protections

The U.S. antitrust authorities have consistently recognized that the retail real estate industry is highly competitive and fragmented. It is one of the only industries exempted from the notification and waiting period requirements of the Hart-Scott-Rodino Act. Furthermore, the federal antitrust agencies and the courts have repeatedly indicated that there is no separate relevant product market for shopping malls. Rather, a properly defined relevant market would include all retail real estate.

According to recent estimates, there are over 100,000 shopping centers of all kinds in the U.S. containing approximately 7 billion square feet. Moreover, in addition to the wide variety of physical stores, e-commerce websites and mail order catalogs have become established and powerful retail outlets. Only a small fraction of U.S. retail sales are conducted in properties owned by SPG and GGP.

SPG strongly believes that its proposal to take a passive minority stake, with numerous procedural and governance safeguards, and together with a group of highly sophisticated, experienced and independent investors, does not pose any concern for the stakeholders of GGP.

Specifically, Simon's acquisition of a 20% voting interest / 25% economic interest in GGP and the right to designate 2 of 9 members to the GGP board with independent directors, unaffiliated with Simon, will be subject to substantial limitations and restrictions. Among other things:

- GGP will remain a separate company, with its own management and board, and a majority of independent board members. All leasing decisions will be made at the property/operating company level, and Simon will not directly or indirectly try to influence them.
- The Simon designated GGP board members will not be affiliated with Simon and their service on the GGP board would be consistent with applicable antitrust laws and other rules.
- Simon designated GGP board members shall not be allowed to cast a vote on any capital investment, acquisition or divestiture decision of GGP that relates to mall/lifestyle center properties that are within the trade area of a mall/lifestyle center that Simon manages or has an interest in.

To the extent that Simon acquires in excess of the 45% interest of GGP in order to fulfill the investment currently contemplated to be provided by Pershing Square and Fairholme, Simon will sell or distribute the excess interests, or to put the excess interests into a trust with the following terms and conditions, among others:

- The excess interests would be nonvoting pending disposition.
- The trustee would be instructed to sell the excess interests, either as a block or in a series of sales, at such time and under such conditions as to ensure that the divestitures do not adversely affect GGP or its ability to raise capital.
- The trustee would not be a director, officer, manager, agent or employee of Simon and would expressly have no fiduciary duty to Simon other than to carry forth the purposes of the trust agreement.

SPG would also sell, distribute or put into a trust additional GGP shares to the extent required by regulatory authorities.

About Simon Property Group

Simon Property Group, Inc. is an S&P 500 company and the largest real estate company in the U.S. The Company currently owns or has an interest in 381 properties comprising 260 million square feet of gross leasable area in North America, Europe and Asia. Simon Property Group is headquartered in Indianapolis, Indiana and employs more than 5,000 people worldwide. The Company's common stock is publicly traded on the NYSE under the symbol SPG. For further information, visit the Simon Property Group website at http://www.simon.com/.

Forward-Looking Statements

Certain statements made in this press release may be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although the Company believes the expectations reflected in any forward-looking statements are based on reasonable assumptions, the Company can give no assurance that our expectations will be attained, and it is possible that 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: the Company's ability to meet debt service requirements, the availability and terms of financing, changes in the Company's 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 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 climates, changes in market rental rates, 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, costs of common area maintenance, competitive market forces, risks related to international activities, insurance costs and coverage, terrorist activities, changes in economic and market conditions and maintenance of our status as a real estate investment trust. The Company discusses these and other risks and uncertainties under the heading "Risk Factors" in its annual and quarterly periodic reports filed with the SEC. The Company may update that discussion in its periodic reports, but otherwise the Company undertakes no duty or obligation to update or revise these forward-looking statements, whether as a result of new information, future developments, or otherwise.

SOURCE Simon Property Group, Inc.