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UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS:	**Jon Leibowitz, Chairman** **William E. Kovacic** **J. Thomas Rosch** **Edith Ramirez** **Julie Brill**

In the Matter of **SIMON PROPERTY GROUP, INC.,** **a Real Estate Investment Trust.**	**Docket No. C-4307**

COMPLAINT

The Federal Trade Commission ("Commission"), having reason to believe that Respondent, Simon Property Group, Inc. ("Simon"), a real estate investment trust ("REIT") subject to the jurisdiction of the Commission, has agreed to acquire Prime Outlets Acquisition Company LLC ("Prime"), a Delaware limited liability company subject to the jurisdiction of the Commission, in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

I. RESPONDENT

1. Respondent is a REIT headquartered at 225 West Washington Street, Indianapolis, Indiana 46204. Simon is engaged in the business of developing and managing retail real estate. In particular, Simon develops and operates outlet centers under the Premium Outlets and Mills brands.

2. Respondent is a person subject to the jurisdiction of the Commission.

3. Respondent is, and at all times relevant herein has been, engaged in commerce, as "commerce" is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and is a corporation whose business is in, or affects, commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

II. THE ACQUIRED COMPANY

4. Prime, a REIT, is a privately-held subsidiary, jointly owned by entities controlled by David Lichtenstein and the Lightstone Group. Headquartered at 217 East Redwood Street, 20th Floor, Baltimore, Maryland 21202, Prime is a developer and operator of outlet centers under the Prime Outlets brand.

III. THE PROPOSED ACQUISITION

5. On December 8, 2009, Simon and Prime entered into a contribution agreement (the "Acquisition") whereby Simon would acquire the entire Prime portfolio of outlet centers, consisting of 22 properties, from entities controlled by David Lichtenstein and the Lightstone Group. The total value of the transaction, including the assumption of $1.6 billion of debt, was approximately $2.3 billion. On June 28, 2010, the parties amended the agreement to remove Prime's St. Augustine, FL, outlet center, and its development projects at Livermore, CA, and Grand Prairie, TX, from the schedule of properties to be acquired by Simon under the original agreement.

IV. THE RELEVANT MARKETS

6. For the purposes of this Complaint, the relevant line of commerce in which to analyze the effects of the Acquisition is retail space at outlet centers. Both Simon and Prime develop and operate outlet centers throughout the United States.

7. For the purposes of this Complaint, the relevant geographic markets in which to analyze the effects of the Acquisition are the following geographic areas in the United States: Orlando, FL; the Chicago, IL, metropolitan area; and Southwest Ohio. Outlet centers generally attract customers from large geographic areas, often exceeding 60 miles. In geographic areas with more than one outlet center, tenants are able to use competition between landlords to get more favorable price and non-price terms in leases.

V. MARKET STRUCTURE

8. Simon owns one outlet center – Cincinnati Premium Outlets in Monroe, OH – that serves Southwest Ohio. Prime owns one outlet center – Prime Outlets-Jeffersonville in Jeffersonville, OH – that serves Southwest Ohio. These are the only outlet centers in Southwest Ohio.

9. Simon owns three outlet centers that serve the Chicago metropolitan area. The centers are Lighthouse Place Premium Outlets in Michigan City, IN; Chicago Premium Outlets in Aurora, IL; and Gurnee Mills in Gurnee, IL. Prime owns two outlet centers that serve the Chicago metropolitan area. The centers are Prime Outlets-Huntley in Huntley, IL; and Prime Outlets-Pleasant Prairie in Pleasant Prairie, WI. These are the only outlet centers serving the Chicago metropolitan area.

10. Simon owns one outlet center – Orlando Premium Outlets in Orlando, FL – that serves Orlando, FL. Prime owns two outlet centers – Prime Outlets-Orlando in Orlando, FL, and Prime Outlets-Orlando Marketplace in Orlando, FL – that serve Orlando, FL. These two outlet centers are very close to each other, less than a mile apart, and are often marketed as one outlet center. Three other outlet centers not owned by either Simon or Prime are located in Orlando, FL – Lake Buena Vista Factory Stores, Festival Bay Mall, and the Kissimmee Value Outlet Shops.

11. The markets for retail space at outlet centers in the geographic areas listed in Paragraphs 7 - 10 are highly concentrated, and this Acquisition significantly increases concentration in those markets.

VI. ENTRY BARRIERS

12. Absent relief, entry into the relevant markets described in Paragraph 7 would not be timely, likely, or sufficient to deter or counteract the anticompetitive effects of the Acquisition. Entry would not take place in a timely manner because it takes more than two years to develop an outlet center, or to reposition another type of shopping center into an outlet center. In addition, entry is not likely because of radius restrictions, which are common lease terms between outlet centers and tenants that prevent or make it very expensive for outlet tenants to open an outlet store within the designated proscribed radius of an existing outlet center. This has the effect of preventing potential entry because new developers cannot sign tenants subject to radius restrictions to leases.

VII. EFFECTS OF THE ACQUISITION

13. The effects of the Acquisition may be substantially to lessen competition and to tend to create a monopoly in the relevant markets in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, in the following ways, among others:

a. by eliminating actual, direct and substantial competition between Respondent and Prime in the relevant markets; and

b. by increasing the likelihood that Respondent will unilaterally exercise market power in the relevant markets.

VIII. VIOLATIONS CHARGED

14. The allegations contained in paragraphs 1-13 are repeated and re-alleged as though fully set forth here.

15. The Acquisition described in Paragraph 5 constitutes a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this tenth day of November, 2010, issues its Complaint against said Respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL: