TAUBMAN CENTERS INC

FORM 8-K
(Current report filing)

Filed 10/20/14 for the Period Ending 10/16/14

Address	200 E LONG LAKE RD SUITE 300 P O BOX 200 BLOOMFIELD HILLS, MI 48303-0200
Telephone	2482586800
CIK	0000890319
Symbol	TCO
SIC Code	6798 - Real Estate Investment Trusts
Industry	Real Estate Operations
Sector	Services
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant
to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (date of earliest event reported): **October 16, 2014**

TAUBMAN CENTERS, INC .

(Exact Name of Registrant as Specified in its Charter)

Michigan
(State of Other Jurisdiction of Incorporation)

1-11530	**38-2033632**
(Commission File Number)	(I.R.S. Employer Identification No.)
200 East Long Lake Road, Suite 300, Bloomfield Hills, Michigan	**48304-2324**
(Address of Principal Executive Office)	(Zip Code)

Registrant's Telephone Number, Including Area Code: **(248) 258-6800**

None
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (See General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.01. COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS.

As previously announced in June 2014, subsidiaries (the Sellers) of Taubman Centers, Inc. (the Company) entered into Purchase and Sale Agreements with an affiliate of Starwood Capital Group Global, L.P., SRP TM Holdings, L.P. (Starwood), pursuant to which Starwood agreed to purchase a portfolio of seven Taubman malls.

On October 16, 2014, the Company completed the disposition of the Sale Centers, for consideration of $1.403 billion. After prepayment or defeasance of $623 million of property-level debt and accrued interest and $44 million of transaction costs, net cash proceeds were $736 million. The Company's share of the net cash proceeds was $716 million.

The following malls (the Sale Centers) were sold:

MacArthur Center	Norfolk, Va.
Stony Point Fashion Park	Richmond, Va.
Northlake Mall	Charlotte, N.C.
The Mall at Wellington Green	Wellington, Fla.
The Shops at Willow Bend	Plano, Tex.
The Mall at Partridge Creek	Clinton Township, Mich.
Fairlane Town Center	Dearborn, Mich.

Item 7.01. REGULATION FD DISCLOSURE.

On October 17, 2014, the Company issued a press release announcing the completion of the disposition of the Sale Centers. A copy of the press release is attached hereto as Exhibit 99.1 to this Current Report on Form 8-K.

While specific uses of the net proceeds have not been determined as of the date of the closing, certain Sellers engaged Qualified Intermediaries (QIs) to take receipt of their net proceeds with the intention that the funds be used in tax-deferred exchanges under Section 1031 of the Internal Revenue Code. The Company intends to initially use the remaining net proceeds to reduce outstanding borrowings under its revolving lines of credit and for general corporate purposes, to the extent the proceeds are not used to pay a special dividend. If no synergistic asset or assets for a Section 1031 exchange can be identified for the Sale Centers, a special dividend of up to approximately $5.00 per share may be declared by the end of the year 2014 to be paid no later than January 2015. In the event the Company identifies one or more synergistic assets for a Section 1031 exchange but fails to close on the acquisition within the time period required under the Internal Revenue Code, then the Company may declare a special dividend of up to $5.00 per share to be paid in April 2015.

The information in this Item 7.01 of Form 8-K shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liabilities of that section and shall not be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in any such filing.

The descriptions contained in this Current Report on Form 8-K may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including the the use of proceeds, and pro forma operational and financial data. These statements reflect management's current views with respect to future events and financial performance. The forward-looking statements included herein are made as of the date hereof. Except as required by law, we assume no obligation to update these forward-looking statements, even if new information becomes available in the future. Actual results may differ materially from those expected because of various risks and uncertainties. You should review the Company's filings with the Securities and Exchange Commission, including “Risk Factors” in its most recent Annual Report on Form 10-K and subsequent quarterly reports, for a discussion of additional risks and uncertainties.

Item 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

Exhibit	Description
2.1	Purchase and Sale Agreement, dated June 17, 2014, by and among the Parties listed in Exhibit A (Sellers) and SRP TM Holdings, L.P. (Purchaser) (incorporated by reference from the Form 8-K filed on June 18, 2014)
2.2	Purchase and Sale Agreement, dated June 17, 2014, by and among Partridge Creek Fashion Park LLC and Purchaser (incorporated by reference from the Form 8-K filed on June 18, 2014)
4.1	Release of Guaranty, dated October 16, 2014, by and among Fairlane Town Center LLC, Willow Bend Shopping Center Limited Partnership, and JPMorgan Chase Bank, N.A., in its capacity as Administrative Agent for the Lenders under the Revolving Credit Agreement
4.2	Release of Guaranty, dated October 16, 2014, by and among Fairlane Town Center LLC, Willow Bend Shopping Center Limited Partnership, and JPMorgan Chase Bank, N.A., in its capacity as Administrative Agent for the Lenders under the Term Loan Agreement
99.1	Press Release, dated October 17, 2014, entitled “Taubman Completes Sale of Seven Malls to Starwood Capital Group”
99.2	Taubman Center's Inc. Unaudited Pro Forma Condensed Consolidated Balance Sheet as of June, 30, 2014, and Unaudited Pro Forma Condensed Consolidated Statements of Operations for the six months ended June 2014 and year ended December 31, 2013

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date : October 20, 2014

TAUBMAN CENTERS, INC.

By: /s/ Lisa A. Payne

Lisa A. Payne

Vice Chairman and Chief Financial Officer

EXHIBITS

Exhibit	Description
2.1	Purchase and Sale Agreement, dated June 17, 2014, by and among the Parties listed in Exhibit A (Sellers) and SRP TM Holdings, L.P. (Purchaser) (incorporated by reference from the Form 8-K filed on June 18, 2014)
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Exhibit 4.1

RELEASE OF GUARANTY

Reference is hereby made to (a) the Revolving Credit Agreement, dated as of February 28, 2013 (as amended to date, the " ***Credit Agreement*** "), by and among THE TAUBMAN REALTY GROUP LIMITED PARTNERSHIP, a Delaware limited partnership (the " ***Borrower*** "), JPMORGAN CHASE BANK, N.A. and the other lending institutions from time to time party thereto (individually, a " ***Lender*** " and collectively, the " ***Lenders*** ") and JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, the " ***Administrative Agent*** ") for itself and each other Lender, and (b) the Guaranty, dated as of February 28, 2013 (the " ***Guaranty*** "), among Dolphin Mall Associates LLC, Fairlane Town Center LLC (" ***Fairlane*** "), Twelve Oaks Mall, LLC, and Willow Bend Shopping Center Limited Partnership (" ***Willow Bend*** "), and the Administrative Agent. Capitalized terms which are used herein without definition and which are defined in the Credit Agreement shall have the respective meanings assigned to such terms in the Credit Agreement.

On August 7, 2014, the Borrower delivered written notice to the Administrative Agent of its plan to sell Fairlane Town Center and The Shops at Willow Bend, both of which are Eligible Unencumbered Assets, to an affiliate or affiliates of Starwood Capital Group. By such written notice, the Borrower also certified that such disposition is permitted by Section 6.04 of the Credit Agreement and that no Default or Event of Default had occurred or was continuing as of the date of such notice, or would occur on a pro forma basis after giving effect to such disposition. The Borrower has further delivered written notice to the Administrative Agent that such disposition was consummated on the date hereof, and that each of Fairlane Town Center and The Shops at Willow Bend have ceased to be an Eligible Unencumbered Asset as of the date hereof. Section 5.10 of the Credit Agreement provides that the guarantee obligations under the Guaranty of any Subsidiary Guarantor that owns a Property that ceases to be an Eligible Unencumbered Asset shall be released by the Administrative Agent without the need for any consent or approval of the Lenders. The Borrower has requested that the Administrative Agent execute and deliver an instrument of release to so evidence the release of each of Fairlane and Willow Bend from its guarantee obligations under the Guaranty.

Based upon the foregoing, as of the date hereof, the Administrative Agent, on behalf of the Lenders, hereby releases and forever discharges each of Fairlane and Willow Bend from any obligations it may have to the Administrative Agent and Lenders as a Subsidiary Guarantor under the Guaranty. Such release shall not release, discharge, impair or otherwise affect the guarantee obligations of the other Subsidiary Guarantors under the Guaranty, and such guarantee obligations of the other Subsidiary Guarantors shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this Release of Guaranty as of October 16, 2014.

ADMINISTRATIVE AGENT:

JPMORGAN CHASE BANK, N.A. ,
as Administrative Agent

By: /s/ David Weislogel
Name: David Weislogel
Title: Authorized Officer

ACKNOWLEDGED AND AGREED :

FAIRLANE TOWN CENTER LLC

By: /s/ Chris B. Heaphy
Name: Chris B. Heaphy
Title: Authorized Signatory

WILLOW BEND SHOPPING CENTER LIMITED PARTNERSHIP

By: /s/ Chris B. Heaphy
Name: Chris B. Heaphy
Title: Authorized Signatory

Exhibit 4.2

RELEASE OF GUARANTY

Reference is hereby made to (a) the Term Loan Agreement, dated as of November 12, 2013 (as amended to date, the " ***Credit Agreement*** "), by and among THE TAUBMAN REALTY GROUP LIMITED PARTNERSHIP, a Delaware limited partnership (the " ***Borrower*** "), JPMORGAN CHASE BANK, N.A. and the other lending institutions from time to time party thereto (individually, a " ***Lender*** " and collectively, the " ***Lenders*** ") and JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, the " ***Administrative Agent*** ") for itself and each other Lender, and (b) the Guaranty, dated as of November 12, 2013 (the " ***Guaranty*** "), among Dolphin Mall Associates LLC, Fairlane Town Center LLC (" ***Fairlane*** "), Twelve Oaks Mall, LLC, Willow Bend Shopping Center Limited Partnership (" ***Willow Bend*** ") and La Cienega Partners Limited Partnership, and the Administrative Agent. Capitalized terms which are used herein without definition and which are defined in the Credit Agreement shall have the respective meanings assigned to such terms in the Credit Agreement.

On August 7, 2014, the Borrower delivered written notice to the Administrative Agent of its plan to sell Fairlane Town Center and The Shops at Willow Bend, both of which are Eligible Unencumbered Assets, to an affiliate or affiliates of Starwood Capital Group. By such written notice, the Borrower also certified that such disposition is permitted by Section 6.04 of the Credit Agreement and that no Default or Event of Default had occurred or was continuing as of the date of such notice, or would occur on a pro forma basis after giving effect to such disposition. The Borrower has further delivered written notice to the Administrative Agent that such disposition was consummated on the date hereof, and that each of Fairlane Town Center and The Shops at Willow Bend have ceased to be an Eligible Unencumbered Asset as of the date hereof. Section 5.10 of the Credit Agreement provides that the guarantee obligations under the Guaranty of any Subsidiary Guarantor that owns a Property that ceases to be an Eligible Unencumbered Asset shall be released by the Administrative Agent without the need for any consent or approval of the Lenders. The Borrower has requested that the Administrative Agent execute and deliver an instrument of release to so evidence the release of each of Fairlane and Willow Bend from its guarantee obligations under the Guaranty.

Based upon the foregoing, as of the date hereof, the Administrative Agent, on behalf of the Lenders, hereby releases and forever discharges each of Fairlane and Willow Bend from any obligations it may have to the Administrative Agent and Lenders as a Subsidiary Guarantor under the Guaranty. Such release shall not release, discharge, impair or otherwise affect the guarantee obligations of the other Subsidiary Guarantors under the Guaranty, and such guarantee obligations of the other Subsidiary Guarantors shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this Release of Guaranty as of October 16, 2014.

ADMINISTRATIVE AGENT:

JPMORGAN CHASE BANK, N.A. ,
as Administrative Agent

By: /s/ David Weislogel
Name: David Weislogel
Title: Authorized Officer

ACKNOWLEDGED AND AGREED :

FAIRLANE TOWN CENTER LLC

By: /s/ Chris B. Heaphy
Name: Chris B. Heaphy
Title: Authorized Signatory

WILLOW BEND SHOPPING CENTER LIMITED PARTNERSHIP

By: /s/ Chris B. Heaphy
Name: Chris B. Heaphy
Title: Authorized Signatory

Taubman Centers, Inc.
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Taubman

Taubman Completes Sale of Seven Malls to Starwood Capital Group
Transaction Expected to Increase Company's Long-Term Growth

BLOOMFIELD HILLS, Mich., October 17, 2014 - - Taubman Centers has completed the sale of seven malls to Starwood Capital Group ("Starwood"). The sales are part of Taubman's ongoing strategy to recycle capital, maximize its NOI growth rate and create net asset value for investors over time.

"These transactions are transformative for the company. The sale of these assets leaves our remaining portfolio significantly enhanced, with higher sales productivity and faster net operating income growth," said Robert S. Taubman, chairman, president and chief executive officer. "It also allows management to focus on the company's most strategic assets and development and redevelopment pipelines , where the greatest net asset value can be created."

The following seven malls were sold:

- MacArthur Center *(Norfolk, Va.)*
- Stony Point Fashion Park *(Richmond, Va.)*
- Northlake Mall *(Charlotte, N.C.)*
- The Mall at Wellington Green *(Wellington, Fla.)*
- The Shops at Willow Bend *(Plano, Tex.)*
- The Mall at Partridge Creek *(Clinton Township, Mich.)*
- Fairlane Town Center *(Dearborn, Mich.)*

Consideration for the properties totaled $1.403 billion, excluding transaction costs. After the retirement of $623 million of property-level debt and accrued interest and $44 million of transaction costs, net cash proceeds were $736 million. Taubman's share of the net cash proceeds was $716 million.

Specific uses of the net proceeds have not been determined, but a portion of the funds are held by Qualified Intermediaries with the intention that those proceeds may be used to fund a tax deferred like-kind exchange under Section 1031 of the Internal Revenue Code. If no synergistic asset or assets for a Section 1031 exchange can be identified, a special dividend of up to $5.00 per share will be declared. The remaining net proceeds will be used for general corporate purposes and to reduce outstanding borrowings under the company's revolving lines of credit.

About Taubman

Taubman Centers, Inc. (NYSE: TCO) is an S&P MidCap 400 Real Estate Investment Trust engaged in the ownership, management and/or leasing of 21 regional, super-regional and outlet shopping centers in the U.S. and Asia. Taubman's U.S.-owned properties are the most productive in the publicly held U.S. regional mall industry. Taubman is currently developing five properties in the U.S. and Asia totaling 4.7 million square feet. Taubman, with over 60 years of experience in the shopping center industry, is headquartered in Bloomfield Hills, Mich., and Taubman Asia is headquartered in Hong Kong. www.taubman.com .

For ease of use, references in this press release to “Taubman Centers,” “company,” “Taubman” or an operating platform mean Taubman Centers, Inc. and/or one or more of a number of separate, affiliated entities. Business is actually conducted by an affiliated entity rather than Taubman Centers, Inc. itself or the named operating platform.

This press release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements reflect management's current views with respect to future events and financial performance. The forward-looking statements included in this release are made as of the date hereof. Except as required by law, we assume no obligation to update these forward-looking statements, even if new information becomes available in the future. Actual results may differ materially from those expected because of various risks and uncertainties. You should review the company's filings with the Securities and Exchange Commission, including “Risk Factors” in its most recent Annual Report on Form 10-K and subsequent quarterly reports, for a discussion of such risks and uncertainties.

CONTACTS:
Barbara Baker, Taubman, Vice President, Corporate Affairs & Investor Relations, 248-258-7367
bbaker@taubman.com

Maria Mainville, Taubman, Director, Strategic Communications, 248-258-7469
mmainville@taubman.com

# # #

Exhibit 99.2

TAUBMAN CENTERS, INC.
UNAUDITED PRO FORMA FINANCIAL INFORMATION

As previously announced in June 2014, subsidiaries (the Sellers) of Taubman Centers, Inc. (the Company) entered into Purchase and Sale Agreements with an affiliate of Starwood Capital Group Global, L.P., SRP TM Holdings, L.P. (Starwood or the Buyer), pursuant to which Starwood agreed to purchase a portfolio of seven Taubman malls.

On October 16, 2014, the Company completed the disposition of the Sale Centers, for consideration of $1.403 billion. After prepayment or defeasance of $623 million of property-level debt and accrued interest and $44 million of transaction costs, net cash proceeds were $736 million. The Company's share of the net cash proceeds was $716 million.

The following malls (the Sale Centers) were sold:

MacArthur Center	Norfolk, Va.
Stony Point Fashion Park	Richmond, Va.
Northlake Mall	Charlotte, N.C.
The Mall at Wellington Green	Wellington, Fla.
The Shops at Willow Bend	Plano, Tex.
The Mall at Partridge Creek	Clinton Township, Mich.
Fairlane Town Center	Dearborn, Mich.

While specific uses of the net proceeds have not been determined as of the date of the closing, certain Sellers engaged Qualified Intermediaries (QIs) to take receipt of their net proceeds with the intention that the funds be used in tax-deferred exchanges under Section 1031 of the Internal Revenue Code. The Company intends to initially use the remaining net proceeds to reduce outstanding borrowings under its revolving lines of credit and for general corporate purposes, to the extent the proceeds are not used to pay a special dividend. If no synergistic asset or assets for a Section 1031 exchange can be identified for the Sale Centers, a special dividend of up to approximately $5.00 per share may be declared by the end of the year 2014 to be paid no later than January 2015. In the event the Company identifies one or more synergistic assets for a Section 1031 exchange but fails to close on the acquisition within the time period required under the Internal Revenue Code, then the Company may declare a special dividend of up to $5.00 per share to be paid in April 2015.

The accompanying Unaudited Pro Forma Condensed Consolidated Balance Sheet is presented as if the Sale Centers were sold on June 30, 2014. The accompanying Unaudited Condensed Consolidated Statements of Operations are presented as if the Sale Centers had been sold as of January 1, 2013. The accompanying Unaudited Pro Forma Condensed Consolidated Financial Statements should be read in conjunction with the Company's 2013 Annual Report of Form 10-K and the Company's Quarterly Report on Form 10-Q for the six months ended June 30, 2014.

Pro forma information is intended to provide investors with information about the impact of transactions by showing how specific transactions might have affected historical financial statements, illustrating the scope of the change in the historical financial position and results of operations. The adjustments made to historical financial information give effect to events that are directly attributable to the disposition of the Sale Centers and are factually supportable. As the specific uses of the net proceeds of the transaction have not been determined as of the closing, they have been reflected as adjustments to Cash and Cash Equivalents and Restricted Cash in the Unaudited Pro Forma Condensed Consolidated Balance Sheet. The Unaudited Pro Forma Condensed Consolidated Financial Statements are prepared in accordance with Article 11 of Regulation S-X.

The Unaudited Pro Forma Condensed Consolidated Financial Statements set forth below are not fact and there can be no assurance that the Company's results would not have differed materially from those set forth below. Accordingly, the Unaudited Pro Forma Condensed Consolidated Financial Statements are presented for illustrative purposes only and do not purport to represent, and are not necessarily indicative of, what our actual financial position and results of operations would have been had the disposition of the Sale Centers occurred on the date indicated, nor are they indicative of our future financial position or results of operations. Readers are cautioned not to place undue reliance on such information and the Company makes no representations regarding the information set forth below or its ultimate performance compared to it.

TAUBMAN CENTERS, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
As of June 30, 2014
(in thousands)

	Historical (A)	Pro Forma Adjustments (B)		Pro Forma
Assets:				
Properties, net	$ 2,089,388			$ 2,089,388
Investment in Unconsolidated Joint Ventures	343,189			343,189
Cash and cash equivalents	132,404	$ 308,390	(C)	$ 440,794
Restricted cash	45,490	407,440	(C)	452,930
Other assets	192,272			192,272
Assets of centers held for sale	778,340	(778,340)	(D)	—
	$ 3,581,083	$ (62,510)		$ 3,518,573
Liabilities:				
Notes payable	$ 1,997,971			$ 1,997,971
Accounts payable and accrued liabilities	261,601	$ 2,500	(E)	264,101
Distributions in excess of investments in and net income of Unconsolidated Joint Ventures	408,019			408,019
Liabilities of centers held for sale	651,496	(651,496)	(D)	—
	$ 3,319,087	$ (648,996)		$ 2,670,091
Equity:				
Taubman Centers, Inc. Shareowners' Equity:				
Common and convertible preferred stock	$ 658			$ 658
Additional paid-in capital	802,986			802,986
Accumulated other comprehensive income (loss)	(9,908)	$ 297	(F)	(9,611)
Dividends in excess of net income	(586,780)	582,482	(G)	(4,298)
	$ 206,956	$ 582,779		$ 789,735
Noncontrolling interests	55,040	3,707	(H)	58,747
	$ 3,581,083	$ (62,510)		$ 3,518,573

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

TAUBMAN CENTERS, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the Six Months Ended June 30, 2014
(in thousands, except share data)

	Historical (I)	Pro Forma Adjustments (J)	Pro Forma
Revenues:			
Minimum rents	$ 194,422	$ (44,373)	$ 150,049
Percentage rents	5,756	(944)	4,812
Expense recoveries	123,912	(35,950)	87,962
Management, leasing, and development services	5,470		5,470
Other	15,203	(3,033)	12,170
	$ 344,763	$ (84,300)	$ 260,463
Expenses:			
Maintenance, taxes, utilities, and promotion	$ 96,771	$ (30,815)	$ 65,956
Other operating	31,546	(5,679)	25,867
Management, leasing, and development services	2,981		2,981
General and administrative	23,124		23,124
Interest expense	51,564	(17,787)	33,777
Depreciation and amortization	71,968	(25,310)	46,658
	$ 277,954	$ (79,591)	$ 198,363
Nonoperating income (expense)	(4,218)	5,653 (K)	1,435
Income before income tax expense, equity in income of Unconsolidated Joint Ventures, and gain on dispositions, net of tax	$ 62,591	$ 944	$ 63,535
Income tax expense	(1,010)	110	(900)
Equity in Income of Unconsolidated Joint Ventures	26,743		26,743
Income before gain on dispositions, net of tax	$ 88,324	$ 1,054	$ 89,378
Gain on dispositions, net of tax	476,887		476,887
Net income	$ 565,211	$ 1,054	$ 566,265
Net income attributable to noncontrolling interests	(162,235)	(310)	(162,545)
Preferred stock dividends and distributions to participating securities	(12,507)		(12,507)
Net income attributable to common shareholders	$ 390,469	$ 744	$ 391,213
Basic earnings per common share	$ 6.18	$ 0.01	$ 6.19
Diluted earnings per common share	$ 6.08	$ 0.01	$ 6.09

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

TAUBMAN CENTERS, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2013
(in thousands, except share data)

	Historical (I)	Pro Forma Adjustments (J)	Pro Forma
Revenues:			
Minimum rents	$ 417,729	$ (90,772)	$ 326,957
Percentage rents	28,512	(2,793)	25,719
Expense recoveries	272,494	(71,329)	201,165
Management, leasing, and development services	16,142	—	16,142
Other	32,277	(7,093)	25,184
	$ 767,154	$ (171,987)	$ 595,167
Expenses:			
Maintenance, taxes, utilities, and promotion	$ 215,825	$ (65,626)	$ 150,199
Other operating	71,235	(11,073)	60,162
Management, leasing, and development services	5,321	—	5,321
General and administrative	50,014	—	50,014
Interest expense	130,023	(41,304)	88,719
Depreciation and amortization	155,772	(49,347)	106,425
	$ 628,190	$ (167,350)	$ 460,840
Nonoperating income	1,348	29	1,377
Income before income tax expense and equity in income of Unconsolidated Joint Ventures	$ 140,312	$ (4,608)	$ 135,704
Income tax expense	(3,409)	194	(3,215)
Equity in Income of Unconsolidated Joint Ventures	52,465	—	52,465
Net income	$ 189,368	$ (4,414)	$ 184,954
Net income attributable to noncontrolling interests	(56,778)	913	(55,865)
Preferred stock dividends and distributions to participating securities	(22,682)	—	(22,682)
Net income attributable to common shareholders	$ 109,908	$ (3,501)	$ 106,407
Basic earnings per common share	$ 1.73	$ (0.06)	$ 1.67
Diluted earnings per common share	$ 1.71	$ (0.05)	$ 1.66

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

TAUBMAN CENTERS, INC.
NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Adjustments to Unaudited Pro Forma Condensed Consolidated Balance Sheet

(A) Represents the unaudited historical consolidated balance sheet of the Company as of June 30, 2014.

(B) Represents the unaudited historical balance sheets of the Sale Centers as of June 30, 2014, including net proceeds received and estimated liabilities recorded upon closing.

(C) On October 16, 2014, the Company completed the disposition of the Sale Centers. The impact of the sale on the Company's cash and cash equivalents and restricted cash balances is as follows:

	(Amounts in thousands)	
Sales proceeds	$	1,402,600
Prepayment or defeasance of existing loans and accrued interest		(622,610)
MacArthur Center interest rate swap settlement		(7,130)
Prepayment and defeasance costs		(35,030)
Buyer's share of prepayment and defeasance costs		9,770
Other transaction costs		(11,600)
Noncontrolling partners' net share of proceeds and costs		(20,170)
Net proceeds	$	715,830
Net impact to cash and cash equivalents	$	308,390
Net impact to restricted cash	$	407,440

The proceeds on deposit with the QIs are presented within Restricted Cash on the Unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 30, 2014. The remaining balance of the net proceeds are included within Cash and Cash Equivalents on the Unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 30, 2014. Actual net proceeds from the disposition will be dependent on working capital prorations and adjustments to be finalized subsequent to closing, in accordance with the terms of the Purchase and Sale Agreements.

(D) Represents the disposition of the Sale Centers and removal of the book value of assets and liabilities of these centers.

(E) Represents liabilities expected to be recognized upon closing of the disposition related to commitments under the Purchase and Sale Agreements and other estimated costs of the disposition.

(F) Represents Accumulated Other Comprehensive Income (Loss) on the Historical Balance Sheet as of June 30, 2014 related to the interest swap previously designated to hedge the MacArthur note payable.

(G) Represents an approximation of the Company's share of the gain that will be recorded on the disposition of the Sale Centers and the losses on the related prepayment and defeasance of debt in the fourth quarter of 2014 based on the respective balance sheets of the centers as of June 30, 2014. The actual gain recorded on the dispositions will be based on the balance sheets of the Sale Centers at closing and be subject to final prorations and adjustments.

(H) Represents the equity balances associated with the Company's noncontrolling interests in the Sale Centers.

TAUBMAN CENTERS, INC.
NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 2 - Adjustments to Unaudited Pro Forma Condensed Consolidated Statements of Operations

(I) Represents the unaudited historical consolidated statement of operations for the Company for the six months ended June 30, 2014 and the audited historical consolidated statement of operations for the Company for the year ended December 31, 2013, respectively.

In January 2014, the Company disposed of interests in International Plaza, Arizona Mills, and land in Syosset, New York related to the former Oyster Bay project. As a result, the Company recognized a gain, net of tax, of $476.9 million in its consolidated statement of operations for the six months ended June 30, 2014. The effect of the gain on dispositions on diluted earnings per common share was $5.30 per share. The operating results of the Company's interests are included in the consolidated statements of operations through the dates of disposition. Subsequent to the disposition, the Company's remaining 50.1% interest in International Plaza is accounted for under the equity method of accounting within Unconsolidated Joint Ventures.

The Unaudited Pro Forma Condensed Consolidated Statements of Operations do not include an adjustment for the expected gain from the disposition of the Sale Centers.

(J) Represents the unaudited historical statements of operations of the Sale Centers for the six months ended June 30, 2014 and year ended December 31, 2013, respectively, as adjusted for approximately $1.5 million and $3.0 million, respectively, of historical operating costs allocated to the Sale Centers that will be reallocated to the remainder of the portfolio.

(K) In June 2014, upon entering into the Starwood Purchase and Sale Agreement, the Company discontinued hedge accounting on the MacArthur Center swap and recognized $4.9 million of previously deferred hedging losses in earnings as a result of it becoming probable that the center's debt would be early extinguished and the hedged interest payments would not occur. The Company also recorded a loss of $0.8 million for the six months ended June 30, 2014 for changes in the fair value of this swap subsequent to the June 2014 discontinuation of hedge accounting. These amounts were recorded as a component of Nonoperating Income (Expense) in the Historical Consolidated Statement of Operations and Comprehensive Income.