TAUBMAN CENTERS INC

FORM 10-K
(Annual Report)

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark one)

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended December 31, 1999.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-11530

TAUBMAN CENTERS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Michigan (State or other jurisdiction of incorporation or organization)	38-2033632 (I.R.S. Employer Identification No.)
200 East Long Lake Road Suite 300, P.O. Box 200 Bloomfield Hills, Michigan (Address of principal executive office)	48303-0200 (Zip Code)

Registrant's telephone number, including area code: (248) 258-6800

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 Par Value	New York Stock Exchange
8.3% Series A Cumulative Redeemable Preferred Stock, $0.01 Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such report(s)) and (2) has been subject to such filing requirements for the past 90 days. Yes X No .

X Indicate by a check mark if disclosure of delinquent filers pursuant to

Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

As of March 21, 2000, the aggregate market value of the 52,679,418 shares of Common Stock held by non-affiliates of the registrant was $603 million, based upon the closing price ($11 7/16) on the New York Stock Exchange composite tape on such date. (For this computation, the registrant has excluded the market value of all shares of its Common Stock reported as beneficially owned by executive officers and directors of the registrant and certain other shareholders; such exclusion shall not be deemed to constitute an admission that any such person is an "affiliate" of the registrant.) As of March 21, 2000, there were outstanding 53,046,243 shares of Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the annual shareholders meeting to be held in 2000 are incorporated by reference into Part III.

PART I

Item 1. BUSINESS

The Company

Taubman Centers, Inc. (the "Company" or "TCO") was incorporated in Michigan in 1973 and had its initial public offering ("IPO") in 1992. Upon completion of the IPO, the Company became the managing general partner of The Taubman Realty Group Limited Partnership (the "Operating Partnership" or "TRG"). The Company has a 63% partnership interest in the Operating Partnership, through which the Company conducts all its operations. The Company owns, develops, acquires, and operates regional shopping centers ("Centers") and interests therein. The Company's portfolio, as of December 31, 1999, includes 17 urban and suburban Centers located in seven states. Four additional Centers are under construction and are expected to open in 2001. Fourteen of the Centers are "super-regional" centers because they have more than 800,000 square feet of gross leasable area. The Operating Partnership also owns certain regional retail shopping center development projects and more than 99% of The Taubman Company Limited Partnership (the "Manager"), which manages the shopping centers, and provides other services to the Operating Partnership and the Company. See the table on pages 12 and 13 of this report for information regarding the Centers.

The Company is a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended (the "Code"). In order to satisfy the provisions of the Code applicable to REITs, the Company must distribute to its shareholders at least 95% of its REIT taxable income and meet certain other requirements. TRG's partnership agreement provides that the Operating Partnership will distribute, at a minimum, sufficient amounts to its partners such that the Company's pro rata share will enable the Company to pay shareholder dividends (including capital gains dividends that may be required upon the Operating Partnership's sale of an asset) that will satisfy the REIT provisions of the Code.

Recent Developments

For a discussion of business developments that occurred in 1999, see the response to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" (MD&A).

The Shopping Center Business

There are several types of retail shopping centers, varying primarily by size and marketing strategy. Retail shopping centers range from neighborhood centers of less than 100,000 square feet of GLA to regional and super-regional shopping centers. Retail shopping centers in excess of 400,000 square feet of GLA are generally referred to as "regional" shopping centers, while those centers having in excess of 800,000 square feet of GLA are generally referred to as "super-regional" shopping centers. In this annual report on Form 10-K, the term "regional shopping centers" refers to both regional and super-regional shopping centers. The term "GLA" refers to gross retail space, including anchors and mall tenant areas, and the term "Mall GLA" refers to gross retail space, excluding anchors. The term "anchor" refers to a department store or other large retail store. The term "mall tenants" refers to stores (other than anchors) that are typically specialty retailers and lease space in shopping centers.

Business of the Company

The Company, as managing general partner of the Operating Partnership, is engaged in the ownership, management, leasing, acquisition, development and expansion of regional shopping centers.

The Centers:

o are strategically located in major metropolitan areas, many in communities that are among the most affluent in the country, including New York City, Los Angeles, Denver, Detroit, Phoenix, and Washington, D.C.;

o range in size between 438,000 and 1.5 million square feet of GLA and between 133,000 and 594,000 square feet of Mall GLA. The smallest Center has approximately 50 stores, and the largest has approximately 200 stores. Of the 17 Centers, 14 are super-regional shopping centers;

o have approximately 2,340 stores operated by its mall tenants under approximately 990 trade names;

o have 52 anchors, operating under 17 trade names;

o lease approximately 76% of Mall GLA to national chains, including subsidiaries or divisions of The Limited (The Limited, Limited Express, Victoria's Secret, and others), The Gap (The Gap, Banana Republic, and others), and Venator Group, Inc. (Foot Locker, Kinney Shoes, and others); and

o are among the most productive (measured by mall tenants' average per square foot sales) in the United States. In 1999, mall tenants had average per square foot sales of $453, which is substantially greater than the average for all regional shopping centers owned by public companies.

The most important factor affecting the revenues generated by the Centers is leasing to mall tenants (primarily specialty retailers), which represents approximately 90% of revenues. Anchors account for less than 10% of revenues because many own their stores and, in general, those that lease their stores do so at rates substantially lower than those in effect for mall tenants.

The Company's portfolio is concentrated in highly productive super-regional shopping centers. Of the 17 Centers, 14 had annual rent rolls at December 31, 1999 of over $10 million. The Company believes that this level of productivity is indicative of the Centers' strong competitive position and is, in significant part, attributable to the Company's business strategy and philosophy. The Company believes that large shopping centers (including regional and especially super-regional shopping centers) are the least susceptible to direct competition because (among other reasons) anchors and large specialty retail stores do not find it economically attractive to open additional stores in the immediate vicinity of an existing location for fear of competing with themselves. In addition to the advantage of size, the Company believes that the Centers' success can be attributed in part to their other physical characteristics, such as design, layout, and amenities.

Business Strategy And Philosophy

The Company believes that the regional shopping center business is not simply a real estate development business, but rather an operating business in which a retailing approach to the on-going management and leasing of the Centers is essential. Thus the Company:

o Offers a large, diverse selection of retail stores in each Center to give customers a broad selection of consumer goods and variety of price ranges.

o Endeavors to increase overall mall tenants' sales, and thereby increase achievable rents, by leasing space to a constantly changing mix of tenants.

o Seeks to anticipate trends in the retailing industry and emphasizes ongoing introductions of new retail concepts into the Centers. Due in part to this strategy, a number of successful retail trade names have opened their first mall stores in the Centers. The Company believes that its execution of this leasing strategy is unique in the industry and is an important element in building and maintaining customer loyalty and increasing mall productivity.

o Provides innovative initiatives that utilize technology and the Internet to heighten the shopping experience for customers, build customer loyalty and increase tenant sales. One such initiative is the Company's ShopTaubman on-to-one marketing program, which connects shoppers and retailers through interactive in-center computer kiosks and on-line web-sites.

The Centers compete for retail consumer spending through diverse, in-depth presentations of predominantly fashion merchandise in an environment intended to facilitate customer shopping. While some Centers include stores that target high-end, upscale customers, each Center is individually merchandised in light of the demographics of its potential customers within convenient driving distance.

The Company's leasing strategy involves assembling a diverse mix of mall tenants in each of the Centers in order to attract customers, thereby generating higher sales by mall tenants. High sales by mall tenants make the Centers attractive to prospective tenants, thereby increasing the rental rates that prospective tenants are willing to pay. The Company implements an active leasing strategy to increase the Centers' productivity and to set minimum rents at higher levels. Elements of this strategy include terminating leases of under-performing tenants, renegotiating existing leases, and not leasing space to prospective tenants that (though viable or attractive in certain ways) would not enhance a Center's retail mix.

Potential For Growth

The Company's principal objective is to enhance shareholder value. The Company seeks to maximize the financial results of its assets, while pursuing a growth strategy that concentrates primarily on an active new center development program.

Development of New Centers

The Company is pursuing an active program of regional shopping center development. The Company believes that it has the expertise to develop economically attractive regional shopping centers through intensive analysis of local retail opportunities. The Company believes that the development of new centers is the best use of its capital and an area in which the Company excels. At any time, the Company has numerous potential development projects in various stages.

During March 1999, the Company opened MacArthur Center, an enclosed super-regional mall in Norfolk, Virginia. Additionally, four new centers are currently under construction: International Plaza, an enclosed 1.3 million square foot regional mall in Tampa, Florida; The Shops at Willow Bend, a 1.4 million square foot regional shopping center in the metropolitan Dallas area; The Mall at Wellington Green, a 1.3 million square foot regional shopping center located in west Palm Beach County, Florida; and Dolphin Mall, a 1.4 million square foot value regional center in Miami, Florida. All four of these Centers are expected to open in 2001.

The Company's policies with respect to development activities are designed to reduce the risks associated with development. For instance, the Company previously entered into an agreement to lease a center, while the Company investigated the redevelopment opportunities of the center. Also, the Company generally does not intend to acquire land early in the development process. Instead, the Company generally acquires options on land or forms partnerships with landholders holding potentially attractive development sites. The Company typically exercises the options only once it is prepared to begin construction. In addition, the Company does not intend to begin construction until a sufficient number of anchor stores have agreed to operate in the shopping center, such that the Company is confident that the projected sales and rents from Mall GLA are sufficient to earn a return on invested capital in excess of the Company's cost of capital. Having historically followed these principles, the Company's experience indicates that less than 10% of the costs of the development of a regional shopping center will be incurred prior to the construction period; however, no assurance can be given that the Company will continue to be able to so limit pre-construction costs.

While the Company will continue to evaluate development projects using criteria, including financial criteria for rates of return, similar to those employed in the past, no assurances can be given that the adherence to these policies will produce comparable results in the future. In addition, the costs of shopping center development opportunities that are explored but ultimately abandoned will, to some extent, diminish the overall return on development projects (see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources -- Capital Spending" for further discussion of the Company's development activities).

Strategic Acquisitions

The Company's objective is to acquire existing centers only when they are compatible with the quality of the Company's portfolio (or can be redeveloped to that level) and that satisfy the Company's strategic plans and pricing requirements.

The Company believes it will have additional opportunities to acquire regional shopping centers, or interests therein, and will have certain advantages in doing so.

o First, the management expertise of the Manager will enhance the leasing and operation of newly acquired regional shopping centers. If opportunities exist to expand, remodel, or re-merchandise the center through new leasing, the Company's expertise will assist in making an informed and timely evaluation of the economic consequences of such activities prior to acquisition, as well as facilitate implementation of such activities.

o Second, a center can be acquired for any combination of cash or equity interests in the Operating Partnership or (subject to certain limitations) the Company, possibly creating the opportunity for tax-advantaged transactions for the seller, thereby reducing the price that might otherwise have to be paid in an all cash transaction or making an opportunity available that would not otherwise exist. The Operating Partnership is able to offer partnership interests in itself in exchange for shopping center interests, allowing sellers to diversify their interests, attain liquidity not otherwise available, possibly defer taxes that might otherwise be due if the interests were instead sold for cash, maintain an investment in the regional shopping center business, and resolve concerns sellers otherwise may have regarding future management of their properties.

In addition, the Company may make other investments to enhance the value of its business, for example, in April 1999, the Company made a strategic investment in fashionmall.com, an online landlord. Visitors to the fashionmall website find many of the same retailers in Taubman centers, including Sephora, Gap, Esprit and Banana Republic. Understanding this developing shopping venue will help the Company identify ways to maximize the opportunities of the internet. Also, in November 1999, the Company acquired the retail leasing firm Lord Associates, which will provide additional resources for the leasing of the four new centers scheduled to open in 2001. Lord Associates has extensive experience with value and entertainment specialty centers and had worked with the Company on the leasing of Great Lakes Crossing.

Expansions of the Centers

Another potential element of growth is the strategic expansion of existing properties to update and enhance their market positions, by replacing or adding new anchor stores or increasing mall tenant space. Most of the Centers have been designed to accommodate expansions. Expansion projects can be as significant as new shopping center construction in terms of scope and cost, requiring governmental and existing anchor store approvals, design and engineering activities, including rerouting utilities, providing additional parking areas or decking, acquiring additional land, and relocating anchors and mall tenants (all of which must take place with a minimum of disruption to existing tenants and customers). For example, a 21-screen theater will be added at Fairlane, in the Detroit metropolitan area and is anticipated to open in the spring of 2000. At Fair Oaks in the Washington, D.C. area, Hecht's expansion will open in the spring of 2000, and a JCPenney expansion and a newly constructed Macy's store will open in the fall of 2000.

The following table includes information regarding recent development, acquisition, and expansion activities.

Developments:

Completion Date	Center	Location
July 1997	Tuttle Crossing (1)	Columbus, Ohio
November 1997	Arizona Mills	Tempe, Arizona
November 1998	Great Lakes Crossing	Auburn Hills, Michigan
March 1999	MacArthur Center	Norfolk, Virginia

Acquisitions:

Completion Date	Center	Location
September 1997	Regency Square	Richmond, Virginia
December 1997	Tuttle Leasehold (1)	Columbus, Ohio
December 1997	The Falls (1) (2)	Miami, Florida
December 1999	Great Lakes Crossing - additional interest (3)	Auburn Hills, Michigan

Expansions, Renovations and Anchor Conversions:

Completion Date	Center	Location
March 1997	Beverly Center (4)	Los Angeles, California
August 1997	Westfarms (5)	West Hartford, Connecticut
November 1997 - August 1998	Cherry Creek (6)	Denver, Colorado
December 1997	Biltmore (7)	Phoenix, Arizona
November 1998	Woodland	Grand Rapids, Michigan
September 1999	Lakeside (8)	Sterling Heights, Michigan
November 1999	Fairlane (8)	Dearborn, Michigan
November 1999	Biltmore (9)	Phoenix, Arizona

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(1) Centers transferred to GMPT in connection with the GMPT Exchange (see Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations-GMPT Exchange and Related Transactions).
(2) Completely redeveloped and expanded in 1996 before the acquisition of The Falls.
(3) In December 1999, an additional 5% interest in the center was acquired.
(4) Broadway converted to Bloomingdale's.
(5) 135,000 square foot expansion followed by the opening of a new Nordstrom in September 1997.
(6) Lord & Taylor opened a new and expanded store in 1997. Additional 132,000 square foot expansion of mall tenant space opened in August of 1998.
(7) 50,000 square foot expansion of mall tenant space completed
(8) New food courts opened.
(9) Macy's expansion completed.

Internal Growth

The Centers are among the most productive in the nation, when measured by mall tenant's average sales per square foot. Higher sales per square foot enable mall tenants to remain profitable while paying occupancy costs that are a greater percentage of total sales. As leases expire at the Centers, the Company has consistently been able, on a portfolio basis, to lease the available space to an existing or new tenant at higher rates.

Augmenting this growth, the Company is pursuing a number of new sources of revenue from the Centers. For example, the Company has entered into a 15 year lease agreement with JCDecaux, the world's largest street furniture and outdoor advertising company. The agreement will create an in-mall advertising program in the Company's portfolio of owned properties, creating new point-of-sale opportunities for retailers and manufacturers as well as heightening in-mall experience for shoppers. In addition, the Company expects increased revenue from its specialty leasing efforts. In recent years a new industry -- beyond traditional carts and kiosks -- has evolved, with more and better quality specialty tenants. The Company has put in place a company-wide program to maximize this opportunity.

Rental Rates

As leases have expired in the Centers, the Company has generally been able to rent the available space, either to the existing tenant or a new tenant, at rental rates that are higher than those of the expired leases. In a period of increasing sales, rents on new leases will tend to rise as tenants' expectations of future growth become more optimistic. In periods of slower growth or declining sales, rents on new leases will grow more slowly or will decline for the opposite reason. However, Center revenues nevertheless increase as older leases roll over or are terminated early and replaced with new leases negotiated at current rental rates that are usually higher than the average rates for existing leases. The following table contains certain information regarding per square foot base rent at Centers that have been owned and open for five years.

	Year Ended December 31				
	1999	1998(1)	1997	1996	1995
Average base rent per square foot:					
All mall tenants	$43.58	$41.93	$38.79	$37.90	$36.33
Stores closing during year	$41.14	$44.27	$37.62	$33.39	$32.96
Stores opening during year	$52.64	$47.92	$41.67	$42.39	$41.27

(1) Excludes centers transferred to GMPT.

Lease Expirations

The following table shows lease expirations based on information available as of December 31, 1999 for the next ten years for the Centers in operation at that date:

Lease Expiration Year	Number of Leases Expiring	Leased Area in Square Footage	Annualized Base Rent Under Expiring Leases (in thousands)	Annualized Base Rent Under Expiring Leases Per Square Foot	Percent of Total Leased Square Footage Represented by Expiring Leases
2000 (1)	116	237,438	$ 9,918	$ 41.77	2.8%
2001	193	502,237	20,554	40.92	6.0%
2002	243	693,848	24,769	35.70	8.3%
2003	276	878,877	31,645	36.01	10.5%
2004	243	693,340	29,688	42.82	8.3%
2005	255	682,853	31,895	46.71	8.2%
2006	172	469,931	21,248	45.21	5.6%
2007	209	751,694	28,100	37.38	9.0%
2008	205	899,300	30,789	34.24	10.8%
2009	228	911,602	34,618	37.97	10.9%

(1) Excludes leases that expire in 2000 for which renewal leases or leases with replacement tenants have been executed as of December 31, 1999.

The Company believes that the information in the table is not necessarily indicative of what will occur in the future because of several factors, but principally because its leasing policies and practices create a significant level of early lease terminations at the Centers. For example, the average remaining term of the leases that were terminated during the period 1994 to 1999 was approximately 1.9 years. The average term of leases signed during 1999 and 1998 was approximately 7.9 years.

In addition, mall tenants at the Centers may seek the protection of the bankruptcy laws, which could result in the termination of such tenants' leases and thus cause a reduction in cash flow. In 1999, approximately 3.1% of leases were so affected compared to 1.2% in 1998, 1.5% in 1997, 2.8% in 1996, and 3.2% in 1995. Since 1991, the annual provision for losses on accounts receivable has been less than 2% of annual revenues.

Occupancy

Mall tenant average occupancy, ending occupancy, and leased space rates of the Centers are as follows:

	Year Ended December 31				
	1999	1998 (1)	1997	1996	1995
Average Occupancy	89.0%	89.4%	87.6%	87.4%	88.0%
Ending Occupancy	90.4%	90.2%	90.3%	88.0%	89.4%
Leased Space	92.1%	92.3%	92.3%	89.0%	90.6%

(1) Excludes centers transferred to GMPT.

Major Tenants

No single retail company represents 10% or more of the Company's revenues. The combined operations of The Limited, Inc. accounted for approximately 8.3% of leased Mall GLA as of December 31, 1999 and for approximately 7.1% of the 1999 base rent. The largest of these, in terms of square footage and rent, is The Limited, which accounted for approximately 1.2% of leased Mall GLA and 1.2% of 1999 base rent. No other single retail company accounted for more than 4% of leased Mall GLA or 1999 base rent.

General Risks of the Company

Economic Performance and Value of Shopping Centers Dependent on Many Factors

The economic performance and value of the Company's shopping centers are dependent on various factors. Additionally, these same factors will influence the Company's decision whether to go forward on the development of new centers and may affect the ultimate economic performance and value of projects under construction (see other risks associated with the development of new centers under "Business of the Company--Development of New Centers"). Such factors include:

o changes in the national, regional, and/or local economic climates,

o competition from other shopping centers, discount stores, outlet malls, discount shopping clubs, direct mail and the Internet in attracting customers and tenants,

o increases in operating costs,

o the public perception of the safety of customers at the shopping centers,

o environmental or legal liabilities,

o availability and cost of financing, and

o uninsured losses, resulting from wars, riots, or civil disturbances or losses from earthquakes or floods in excess of policy specifications and insured limits.

In addition, the value of shopping centers may be adversely affected by:

o changes in government regulations, and

o changes in real estate zoning and tax laws.

Adverse changes in the economic performance and value of shopping centers would adversely affect the Company's income and cash available to pay dividends.

Third Party Interests in the Centers

Some of the shopping centers which the Company develops and leases are partially owned by other non-affiliated partners through joint venture arrangements. As a result, the Company may not be able to control all decisions regarding those shopping centers and may be required to take actions that are in the interest of the joint venture partners but not the Company's best interests.

Bankruptcy of Mall Tenants or Joint Venture Partners

The Company could be adversely affected by the bankruptcy of third parties. The bankruptcy of a mall tenant could result in the termination of its lease which would lower the amount of cash generated by that mall. In addition, if a department store operating an anchor at one of our shopping centers were to go into bankruptcy and cease operating, its closing may lead to reduced customer traffic and lower mall tenant sales which would, in turn, affect the amount of rent our tenants pay us. The profitability of shopping centers held in a joint venture could also be adversely affected by the bankruptcy of one of the joint venture partners if, because of certain provisions of the bankruptcy laws, the Company was unable to make important decisions in a timely fashion or became subject to additional liabilities.

Third Party Contracts

The Company provides property management, leasing, development and other administrative services to centers transferred to GMPT, other third parties and to certain Taubman affiliates. The contracts under which these services are provided may be canceled or not renewed or may be renegotiated on terms less favorable to the Company. Certain costs of providing services under these contracts would not necessarily be eliminated if the contracts were to be canceled or not renewed.

Inability to Maintain Status as a REIT

o The Company may not be able to maintain its status as a real estate investment trust, or REIT, for Federal income tax purposes with the result that the income distributed to shareholders will not be deductible in computing taxable income and instead would be subject to tax at regular corporate rates. Although the Company believes it is organized and operates in a manner to maintain its REIT qualification, many of the REIT requirements of the Internal Revenue Code are very complex and have limited judicial or administrative interpretations. Changes in tax laws or regulations or new administrative interpretations and court decisions may also affect the Company's ability to maintain REIT status in the future. If the Company fails to qualify as a REIT, its income may also be subject to the alternative minimum tax. If the Company does not maintain its REIT status in any year, it may be unable to elect to be treated as a REIT for the next four taxable years. In addition, if the Company fails to meet the Internal Revenue Code's requirement that it distribute to shareholders at least 95% of our otherwise taxable income, it will be subject to a nondeductible 4% excise tax on a portion of its income.

o Although the Company currently intends to maintain its status as a REIT, future economic, market, legal, tax or other considerations may cause it to determine that it would be in the Company's and its shareholders' best interests to revoke its REIT election. As noted above, if the Company revokes its REIT election, it will not be able to elect REIT status for the next four taxable years.

Environmental Matters

All of the Centers presently owned by the Company (not including option interests in the Development Projects or any of the real estate managed but not included in the Company's portfolio) have been subject to environmental assessments. The Company is not aware of any environmental liability relating to the Centers or any other property, in which they have or had an interest (whether as an owner or operator) that the Company believes, would have a material adverse effect on the Company's business, assets, or results of operations. No assurances can be given, however, that all environmental liabilities have been identified or that no prior owner, operator, or current occupant has created an environmental condition not known to the Company. Moreover, no assurances can be given that (i) future laws, ordinances, or regulations will not impose any material environmental liability or that (ii) the current environmental condition of the Centers will not be affected by tenants and occupants of the Centers, by the condition of properties in the vicinity of the Centers (such as the presence of underground storage tanks), or by third parties unrelated to the Company.

With respect to the matters described below, while there can be no assurances, the Company believes that such matters will not have a material adverse effect on the Company's business, assets, or results of operations.

Beverly Center is located over an oil field and several abandoned oil wells, and is adjacent to an active oil production facility that operates numerous oil and gas wells. In the Los Angeles basin, where Beverly Center is located, pockets of methane gas may be found in oil fields; however, elevated levels of methane have not been detected at Beverly Center.

Cherry Creek is situated on land that was used as a landfill prior to 1950. Because of the past use of the site as a landfill, the site is listed on the United States Environmental Protection Agency's Comprehensive Environmental Response, Compensation and Liability Information System list.

In the summer of 1997, geotechnical drilling activities were undertaken in the former gasoline station area as part of a parking lot expansion at the southeastern corner of the Cherry Creek site. The geotechnical soil samples were observed to have petroleum odors and staining. A subsurface environmental investigation subsequently revealed a limited zone of hydrocarbon contaminated soils, with no significant impacts to groundwater. Discussions with the Colorado Department of Labor and Employment, Oil Inspection Section, held in September 1997, resulted in a "passive retardation" remedial approach that relies on natural processes to degrade the hydrocarbon contamination. A Corrective Action Plan was submitted and accepted in 1998 that provided for monitoring the soil and groundwater. The monitoring procedures required under this plan have been completed.

Paseo Nuevo is located in an area of known groundwater contamination by tetrachloroethylene ("PCE"). The groundwater under and around the site was monitored for six years before, during, and after construction of the center. No on-site sources of PCE were identified during construction. The Regional Water Quality Control Board has given approval to discontinue the monitoring program because the PCE levels remained relatively constant over the six-year period and do not exceed the state standard for PCE in drinking water.

There are asbestos containing materials ("ACMs") at most of the Centers, primarily in the form of floor tiles, roof coatings and mastics. The floor tiles, roof coatings and mastics are generally in good condition. The Manager has developed and is implementing an operations and maintenance program that details operating procedures with respect to ACMs prior to any renovation and that requires periodic inspection for any change in condition of existing ACMs.

Personnel

The Company has engaged the Manager to provide real estate management, acquisition, development, and administrative services required by the Company and its properties.

As of December 31, 1999, the Manager had 447 full-time employees. The following table provides a breakdown of employees by operational areas as of December 31, 1999:

	Number Of Employees
Property Management	203
Leasing	71
Development	52
Financial Services	70
Other	51
Total	447

The Manager considers its relations with its employees to be good.

Item 2. PROPERTIES

Ownership

The following table sets forth certain information about each of the Centers. The table includes only Centers in operation at December 31, 1999. Excluded from this table are Tampa International, The Shops at Willow Bend, Dolphin Mall and the Mall at Wellington Green, all of which will open in 2001. Centers are owned in fee other than Beverly Center, Cherry Creek, La Cumbre Plaza, MacArthur Center and Paseo Nuevo, which are held under ground leases expiring between 2028 and 2083.

Certain of the Centers are partially owned through joint ventures. Generally, the Operating Partnership's joint venture partners have ongoing rights with regard to the disposition of the Operating Partnership's interest in the joint ventures, as well as the approval of certain major matters.

Owned Centers	Anchors	Sq. Ft. of GLA/ Mall GLA as of 12/31/99	Year Opened/ Expanded	Year Acquired	Ownership % as of 12/31/99	Percent of Mall GLA Occupied as of 12/31/99	1999 Rent (1) (in Thousands)
Beverly Center Los Angeles, CA	Bloomingdale's, Macy's	902,000/ 594,000	1982		70%(2)	95%	$ 27,388
Biltmore Fashion Park Phoenix, AZ	Macy's, Saks Fifth Avenue	620,000/ 313,000	1963/1992/ 1997/1999	1994	100%	91%	10,949
Cherry Creek Denver, CO	Foley's, Lord & Taylor, Neiman Marcus, Saks Fifth Avenue	1,035,000/ 562,000 (3)	1990/1998		50%	94%	22,916
Fair Oaks Fairfax, VA (Washington, D.C. Metropolitan Area)	Hecht's, JCPenney, Lord & Taylor, Sears (4)	1,389,000/ 573,000	1980/1987/ 1988		50%	86%	19,590
Fairlane Town Center Dearborn, MI (Detroit Metropolitan Area)	Hudson's, JCPenney, Lord & Taylor, Saks Fifth Avenue, Sears	1,400,000/(5) 511,000	1976/1978/ 1980		100%	72%	13,417
La Cumbre Plaza Santa Barbara, CA	Robinsons-May, Sears	479,000/ 179,000	1967/1989	1996	100%	94%	4,343
Lakeside Sterling Heights, MI (Detroit Metropolitan Area)	Hudson's, Hudson's Men's and Home, JCPenney, Lord & Taylor, Sears	1,478,000/ 516,000	1976/1978		50%(6)	88%	18,497
MacArthur Center Norfolk, VA	Dillard's, Nordstrom	945,000/ 531,000	1999		70%	88%	11,983
Paseo Nuevo Santa Barbara, CA	Macy's, Nordstrom	438,000/ 133,000	1990	1996	100%	96%	4,833
Regency Square Richmond, VA	Hecht's (two locations), JCPenney, Sears	826,000/ 239,000	1975/1987	1997	100%	97%	9,310
The Mall at Short Hills Short Hills, NJ	Bloomingdale's, Macy's, Neiman Marcus, Nordstrom, Saks Fifth Avenue	1,350,000/ 528,000	1980/1994/ 1995		100%	97%	33,260
Stamford Town Center Stamford, CT	Filene's, Macy's, Saks Fifth Avenue	868,000/ 375,000	1982		50%	88%	16,223
Twelve Oaks Mall Novi, MI (Detroit Metropolitan Area)	Hudson's, JCPenney, Lord & Taylor, Sears	1,220,000/ 482,000	1977/1978		50%(6)	93%	20,601

Owned Centers	Anchors	Sq. Ft. of GLA/ Mall GLA as of 12/31/99	Year Opened/ Expanded	Year Acquired	Ownership % as of 12/31/99	Percent of Mall GLA Occupied as of 12/31/99	1999 Rent (1) (in Thousands)
Westfarms West Hartford, CT	Filene's, Filene's Men's Store/Furniture Gallery, JCPenney, Lord & Taylor,Nordstrom	1,295,000/ 525,000	1974/1983/ 1997		79%	94%	$ 23,503
Woodland Grand Rapids, MI	Hudson's, JCPenney, Sears	1,095,000/ 370,000	1968/1974/ 1984/1989		50%	92%	15,721
Value Centers:							
Arizona Mills Tempe, AZ (Phoenix Metropolitan Area)	GameWorks, Harkins Cinemas,JCPenney Outlet, Neiman Marcus-Last Call, Off 5th Saks, Rainforest Cafe	1,193,000/ 533,000	1997		37%	94%	22,840
Great Lakes Crossing Auburn Hills, MI (Detroit Metropolitan Area)	Bass Pro, GameWorks, JCPenney Outlet, Neiman Marcus-Last Call, Off 5th Saks, Rainforest Cafe, Star Theatres	1,385,000/ 576,000 ---	1998		85%	90%	22,556
	Total GLA/Total Mall GLA:	17,918,000/ 7,540,000					
	Average GLA/Average Mall GLA:	1,054,000/ 444,000					

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(1) Includes minimum and percentage rent for the year ended December 31, 1999. Excludes rent from certain peripheral properties. For MacArthur Center, which opened in March, the amounts reflect rents for the period subsequent to opening date.
(2) The Company has an option to acquire the remaining 30%. The results of Beverly Center are consolidated in the Company's financial statements.
(3) GLA excludes approximately 166,000 square feet for the renovated buildings on adjacent peripheral land.
(4) A newly constructed Macy's store will open in the fall of 2000.
(5) A 21-screen theater will be added and is anticipated to open in the spring of 2000.
(6) Under terms of an agreement expected to be completed in March 2000, the Operating Partnership will exchange its 50% interest in Lakeside to obtain a 100% interest in Twelve Oaks Mall.

Anchors

The following table summarizes certain information regarding the anchors at the operating Centers (excluding the value centers) as of December 31, 1999.

Name	Number of Anchor Stores	12/31/99 GLA (in thousands)	% of GLA
May Company			
Lord & Taylor	6	760	
Hecht's	3	417	
Filene's	2	379	
Filene's Men's Store/ Furniture Gallery	1	80	
Foley's	1	178	
Robinsons-May	1	150	
Total	14	1,964	12.8%
Sears	7	1,582	10.3%
JCPenney	7	1,327	8.6%
Federated			
Macy's	5 (1)	947	
Bloomingdale's	2	379	
Total	7	1,326	8.6%
Dayton Hudson			
Hudson's	4	853	
Hudson's Men's & Home	1	115	
Total	5	968	6.3%
Nordstrom	4	677	4.4%
Saks	5	452	2.9%
Neiman Marcus	2	216	1.4%
Dillard's	1	254	1.7%
Total	52	8,766	57.1%

(1) A new Macy's store will open at Fair Oaks in 2000.

Mortgage Debt

The following table sets forth certain information regarding the mortgages encumbering the Centers as of December 31,1999. All mortgage debt in the table below is nonrecourse to the Operating Partnership, except for debt encumbering Arizona Mills, Great Lakes Crossing, Dolphin Mall, MacArthur Center, and International Plaza. The Operating Partnership has guaranteed the payment of principal and interest on the mortgage debt of these Centers. The loan agreements provide for the reduction of the amounts guaranteed as certain center performance and valuation criteria are met. The Operating Partnership's guaranty of the Arizona Mills' principal is $13.1 million at December 31, 1999. The guarantees on the Great Lakes Crossing and MacArthur Center mortgages are currently for 100% of the outstanding balances. The guarantee on the Dolphin Mall mortgage is currently for 50% of the outstanding balance and 100% of accrued unpaid interest. The Operating Partnership has guaranteed the payment of 100% of the principal and interest on the International Plaza construction loan. An investor in the International Plaza project has indemnified the Operating Partnership to the extent of 25% of the amounts guaranteed on the International Plaza loan. Assessment bonds totaling approximately $2.5 million, which are not included in the table, also encumber Biltmore.

Centers Consolidated in TCO's Financial Statements	Interest Rate	Principal Balance as of 12/31/99 (000's)	Annual Debt Service (000's)	Maturity Date	Balance Due on Maturity (000's)	Earliest Prepayment Date
Beverly Center	8.36%	$146,000	Interest Only	07/15/04	$146,000	30 Days' Notice (1)
Biltmore	7.68%	80,000	Interest Only (2)	07/10/09	71,391	09/14/01 (3)
Great Lakes Crossing (85%)	Floating (4)	170,000	Interest Only (5)	04/01/02 (6)	167,925	2 Days' Notice (7)
MacArthur Center (70%)	Floating (8)	115,212 (9)	Interest Only	10/27/00 (6)	115,212	4 Days' Notice (7)
Short Hills	6.70%	270,000	Interest Only (10)	04/01/09	245,301	05/01/04 (11)
Other Consolidated Secured Debt						
TRG Credit Facility	Floating (12)	63,000	Interest Only	09/21/01	63,000	2 Days' Notice (7)
Other	13.00% (13)	20,000	Interest Only	11/22/09	20,000	11/22/04 (14)
Centers Owned by Unconsolidated Joint Ventures/TRG's % Ownership						
Arizona Mills (37%)	Floating (15)	142,214	Interest Only	02/01/02	142,214	5 Days' Notice (7)
Cherry Creek (50%)	7.68%	177,000	Interest Only (16)	08/11/06	171,933	08/02/02 (17)
Dolphin (50%)	Floating (18)	22,267	Interest Only	10/06/02 (6)	22,267	3 Days' Notice (7)
Fair Oaks (50%)	6.60%	140,000	Interest Only	04/01/08	140,000	04/01/00 (1)
International Plaza (26%)	Floating	0	Interest Only	11/10/02 (6)	0	3 Days' Notice (7)
Lakeside (50%)	6.47%	88,000	Interest Only	12/15/00	88,000	30 Days' Notice (1)
Stamford Town Center (50%)	11.69% (19)	54,053 (20)	7,207	12/01/17	0	30 Days' Notice (20)
Twelve Oaks Mall (50%)	Floating (21)	49,971	Interest Only	10/15/01	50,000	30 Days' Notice (7)
Westfarms (79%)	7.85%	100,000	Interest Only	07/01/02	100,000	60 Days' Notice (1)
Westfarms (79%)	Floating (22)	55,000	Interest Only	07/01/02	55,000	4 Days' Notice (7)
Woodland (50%)	8.20%	66,000	Interest Only	05/15/04	66,000	30 Days' Notice (1)

(1) Debt may be prepaid with a yield maintenance prepayment penalty. No prepayment penalty is due if prepaid within six months of maturity date.
(2) Interest only through 7/10/00.Thereafter, principal will be amortized based on 30 years. Annual debt service will be $6.9 million.
(3) No defeasance deposit required if paid within three months of maturity date.
(4) The rate is capped at 6.0% until 9/1/00, plus credit spread, based on one-month LIBOR.
(5) Interest only until 4/1/01.Thereafter principal will be amortized based on 25 years.
(6) The maturity date may be extended one year. The MacArthur loan may be extended an additional year.
(7) Prepayment can be made without penalty.
(8) The rate on the Operating Partnership's beneficial interest in the loan is capped at 6.50% until 10/27/00, plus credit spread, based on one-month LIBOR.
(9) The loan is a construction facility with a current maximum availability of $120 million.
(10) Interest only until 4/1/02. Thereafter, principal will be amortized based on 30 years. Annual debt service will be $20.9 million.
(11) Debt may be prepaid with a prepayment penalty equal to greater of yield maintenance or 1% of principal prepaid. No prepayment penalty is due if prepaid within three months of maturity date. 30 days notice required.
(12) The facility is a $200 million line of credit and is secured by mortgages on Fairlane, LaCumbre, Paseo Nuevo, and Regency Square.
(13) Currently payable at 9%. Deferred interest is due at maturity. The loan is secured by TRG's indirect interests in International Plaza.
(14) Debt may be prepaid with a yield maintenance prepayment penalty. 60 days notice required.
(15) The rate is capped at 9.5% until maturity, plus credit spread, based on one-month LIBOR.
(16) Interest only until 7/11/04. Thereafter, principal will be amortized based on 25 years. Annual debt service will be $15.9 million.
(17) May prepay with a yield maintenance penalty on the earlier of 8/2/02 or 2 years from securitization. No prepayment penalty is due if redeemed within three months of maturity date. 30-60 day notice required.
(18) The rate is capped at 7.0% until maturity, plus credit spread, based on one-month LIBOR. The cap has an embedded swap with a rate of 5.15% when LIBOR is below 6.0%.
(19) The lender was entitled to contingent interest equal to 20% of annual applicable receipts in excess of $9.0 million.
(20) Debt was prepaid in January 2000. Property is now encumbered by a $76 million mortgage with a floating rate of one-month LIBOR + 0.80%.
(21) The rate is capped at 8.55% until maturity, plus credit spread, based on one-month LIBOR.
(22) The rate is capped until maturity at 6.5%, plus credit spread, based on one-month LIBOR.

For additional information regarding the Centers and their operation, see the responses to Item 1 of this report.

Item 3. LEGAL PROCEEDINGS

Neither the Company, its subsidiaries, nor any of the joint ventures is presently involved in any material litigation nor, to the Company's knowledge, is any material litigation threatened against the Company, its subsidiaries or any of the properties. Except for routine litigation involving present or former tenants (generally eviction or collection proceedings), substantially all litigation is covered by liability insurance.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The common stock of Taubman Centers, Inc. is listed and traded on the New York Stock Exchange (Symbol: TCO). As of March 21, 2000, the 53,046,243 outstanding shares of Common Stock were held by 715 holders of record.

The following table presents the dividends declared and range of share prices for each quarter of 1999 and 1998.

	Market Quotations		
1999 Quarter Ended	High	Low	Dividends
March 31	$ 13 7/8	$ 11 5/8	$ 0.24
June 30	14	11 15/16	0.24
September 30	13 11/16	11 3/16	0.24
December 31	11 11/16	10 1/2	0.245

	Market Quotations		
1998 Quarter Ended	High	Low	Dividends
March 31	$ 13 11/16	$ 12 1/8	$ 0.235
June 30	14 3/8	12 3/4	0.235
September 30	14 3/4	12 1/4	0.235
December 31	14 3/16	12 5/16	0.24

During the fourth quarter of 1998, the Company offered and sold a total of 31,399,913 shares of Series B Non-Participating Convertible Preferred Stock (the "Series B Stock") to the partners (other than the Company) in TRG, which is the Company's subsidiary Operating Partnership, in an offering exempt from registration under the Securities Act of 1933 (the "Securities Act"). Under the Company's articles of incorporation, as amended on September 30, 1998, the Company was required to offer each partner in the Operating Partnership (other than the Company) the right to subscribe for Series B Stock on the basis of one share of Series B Stock for each Unit of Partnership Interest in the Operating Partnership owned by the subscribing partner. The aggregate offering price was $38,400, which was equal to the Series B Stock's per share liquidation preference of $0.001 multiplied by the number of shares sold. The Company sold all of the offered shares. The Company offered and sold all shares directly and did not pay any commissions or discounts.

In connection with its November 1999 acquisition of Lord Associates, the Company issued 435,153 shares of Series B Stock as part of the consideration paid to the owner. These shares will be released over a five-year period (5 shares had been released as of December 31 ,1999). The former owner, presently an officer of the Company, has granted an irrevocable proxy to a subsidiary of the Operating Partnership for the unreleased shares, and therefore has no voting or dispositive power for these shares until release.

Each share of Series B Stock is entitled to one vote. The Series B Stock and the Company's Common Stock vote as a single class on all matters submitted to a vote of the Company's shareholders. The Series B Stock is not entitled to dividends or other distributions, except upon liquidation as indicated above.

The Series B Stock is convertible under certain circumstances into Common Stock at the ratio of one share of Common Stock for each 14,000 shares of Series B Stock (with any resulting fractional shares of Common Stock being redeemed for cash). Generally, a partner desiring to sell (by exchange or otherwise) Units in the Operating Partnership to the Company must surrender for conversion shares of Series B Stock equal in number to the Units being sold. In addition, if a transfer of Series B Stock results in the transferee holding more shares of Series B Stock than is permitted under the Company's articles of incorporation, then the shares of Series B Stock in excess of the permitted number will automatically convert into Common Stock (or will be redeemed for cash, as indicated above).

The offerings of Series B Stock described above were exempt from registration under the Securities Act pursuant to Section 4(2) of the Securities Act. Under the Company's articles of incorporation, the Company may issue shares of Series B Stock only to partners in the Operating Partnership. Offers were limited to partners in the Operating Partnership, who constitute a limited number of sophisticated investors (all of whom are "accredited investors," as defined in Rule 501 under the Securities Act) fully familiar with the business and operations of the Company, and did not involve any general solicitation or advertising. Under the Company's articles of incorporation, resales of the Series B Stock are permitted only if registered (or exempt from registration) under the Securities Act, and each certificate evidencing Series B Stock carries a restrictive legend.

In September and November 1999, the Operating Partnership offered and sold a total of $100 million of 9% Cumulative Redeemable Preferred Partnership Equity to institutional investors, in an offering exempt from registration pursuant to
Section 4(2) of the Securities Act. In connection with this private placement, the Operating Partnership paid $2.5 million in total commissions to the placement agent who facilitated both transactions. After 10 years (an in certain circumstances, earlier), the holders of such preferred partnership equity have the right to exchange their interests for shares of the Company's newly authorized Series C and Series D Cumulative Redeemable Preferred Stock. Each such series of the Company's preferred stock has substantially similar terms as the preferred partnership equity being exchanged therefor and does not entitle its holders to vote. No shares of Series C or Series D Cumulative Redeemable Preferred Stock are currently outstanding.

Item 6. SELECTED FINANCIAL DATA

The following table sets forth selected financial data for the Company and should be read in conjunction with the financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this report.

	Year Ended December 31				
	1999	1998	1997	1996	1995
	(In thousands of dollars, except as noted)				
STATEMENT OF OPERATIONS DATA:					
Income before extraordinary items from investment in TRG (1)			29,349	21,368	19,831
Rents, recoveries and other shopping center revenues (1)	268,692	333,953			
Income before extraordinary items, minority and preferred interests	58,445	70,403	28,662	20,730	19,267
Extraordinary items (2)	(468)	(50,774)		(444)	5,836
Minority interest (1)	(30,031)	(6,009)			
TRG preferred distributions (3)	(2,444)				
Net income	25,502	13,620	28,662	20,286	25,103
Series A preferred dividends (4)	(16,600)	(16,600)	(4,058)		
Net income (loss) available to common shareowners	8,902	(2,980)	24,604	20,286	25,103
Income before extraordinary items per common share - diluted	0.17	0.32	0.48	0.47	0.44
Net income (loss) per common share - diluted	0.16	(0.06)	0.48	0.46	0.57
Dividends per common share declared	0.965	0.945	0.925	0.89	0.88
Weighted average number of common shares outstanding	53,192,364	52,223,399	50,737,333	44,444,833	44,249,617
Number of common shares outstanding at end of period	53,281,643	52,995,904	50,759,657	50,720,358	44,134,913
Ownership percentage of TRG at end of period (1)	63%	63%	37%	37%	35%
BALANCE SHEET DATA (1) :					
Investment in TRG			547,859	369,131	307,190
Real estate before accumulated depreciation	1,572,285	1,473,440			
Total assets	1,596,911	1,480,863	556,824	378,527	315,076
Total debt	886,561	775,298			
SUPPLEMENTAL INFORMATION (5) :					
Funds from Operations allocable to TCO (6)	68,506	61,131	53,137	44,104	40,798
Mall tenant sales (7)	2,695,645	2,332,726	3,086,259	2,827,245	2,739,393
Sales per square foot (7)	453	426	384	377	364
Number of shopping centers at end of period	17	16	25	21	19
Ending Mall GLA in thousands of square feet	7,540	7,038	10,850	9,250	8,996
Average occupancy	89.0%	89.4%	87.6%	87.4%	88.0%
Ending occupancy	90.4%	90.2%	90.3%	88.0%	89.4%
Leased space (8)	92.1%	92.3%	92.3%	89.0%	90.6%
Average base rent per square foot (9) :					
All mall tenants	$43.58	$41.93	$38.79	$ 37.90	$ 36.33
Stores closing during year	$41.14	$44.27	$37.62	$ 33.39	$ 32.96
Stores opening during year	$52.64	$47.92	$41.67	$ 42.39	$ 41.27

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(1) On September 30, 1998 the Company obtained a majority and controlling interest in The Taubman Realty Group Limited Partnership (TRG or the Operating Partnership) as a result of the GMPT Exchange (see Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) - GMPT Exchange and Related Transactions). As a result of this transaction, the Company's ownership of the Operating Partnership increased to a majority and the Company began consolidating the Operating Partnership. For years prior to 1998, amounts reflect the Company's interest in the Operating Partnership under the equity method.

(2) Extraordinary items for 1995 through 1999 include charges related to the extinguishment of debt, primarily consisting of prepayment premiums. Also, in 1995, the Company recognized its $6.6 million share of an extraordinary gain related to the disposition of Bellevue Center and the related extinguishment of debt.

(3) In 1999, the Operating Partnership completed $100 million in private placements of 9% Cumulative Redeemable Preferred Partnership Equity.

(4) In October 1997, the Company issued 8.3% Series A Preferred Stock.

(5) Operating statistics prior to 1998 include centers transferred to GMPT as part of the GMPT Exchange.

(6) Funds from Operations is defined and discussed in MD&A - Liquidity and Capital Resources - Funds from Operations. Funds from Operations does not represent cash flow from operations, as defined by generally accepted accounting principles, and should not be considered to be an alternative to net income as a measure of operating performance or to cash flows as a measure of liquidity.

(7) Based on reports of sales furnished by mall tenants.

(8) Leased space comprises both occupied space and space that is leased but not yet occupied.

(9) Amounts include centers owned and open for at least five years.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with Selected Financial Data and the Financial Statements of Taubman Centers, Inc. and the Notes thereto.

General Background and Performance Measurement

The Company owns a managing general partner's interest in The Taubman Realty Group Limited Partnership (the Operating Partnership or TRG), through which the Company conducts all of its operations. The Operating Partnership owns, develops, acquires, and operates regional shopping centers nationally. The Consolidated Businesses consist of shopping centers that are controlled by ownership or contractual agreement, development projects for future regional shopping centers and The Taubman Company Limited Partnership (the Manager). Shopping centers that are not controlled and that are owned through joint ventures with third parties (Unconsolidated Joint Ventures) are accounted for under the equity method.

The operations of the shopping centers are best understood by measuring their performance as a whole, without regard to the Company's ownership interest. Consequently, in addition to the discussion of the operations of the Consolidated Businesses, the operations of the Unconsolidated Joint Ventures are presented and discussed as a whole.

On September 30, 1998, the Operating Partnership exchanged interests in 10 shopping centers (nine Consolidated Businesses and one Unconsolidated Joint Venture) and a share of the Operating Partnership's debt for all of the partnership units owned by two General Motors pension trusts (GMPT) (the GMPT Exchange). See Results of Operations -GMPT Exchange and Related Transactions below. Performance statistics presented below exclude these 10 centers (transferred centers).

Mall Tenant Sales and Center Revenues

Over the long term, the level of mall tenant sales is the single most important determinant of revenues of the shopping centers because mall tenants provide approximately 90% of these revenues and because mall tenant sales determine the amount of rent, percentage rent, and recoverable expenses (together, total occupancy costs) that mall tenants can afford to pay. However, levels of mall tenant sales can be considerably more volatile in the short run than total occupancy costs.

The Company believes that the ability of tenants to pay occupancy costs and earn profits over long periods of time increases as sales per square foot increase, whether through inflation or real growth in customer spending. Because most mall tenants have certain fixed expenses, the occupancy costs that they can afford to pay and still be profitable are a higher percentage of sales at higher sales per square foot.

The following table summarizes occupancy costs, excluding utilities, for mall tenants as a percentage of mall tenant sales.

	1999	1998	1997
Mall tenant sales (in thousands)	$2,695,645	$2,332,726	$1,965,905
Sales per square foot	453	426	410
Minimum rents	9.7%	9.7%	10.0%
Percentage rents	0.2	0.3	0.3
Expense recoveries	4.3	4.1	4.2
Mall tenant occupancy costs	14.2%	14.1%	14.5%

Occupancy

Historically, average annual occupancy has been within a narrow band. In the last ten years, average annual occupancy has ranged between 86.5% and 89.4%. Mall tenant average occupancy, ending occupancy and leased space rates are as follows:

	1999	1998	1997
Mall Tenant Average Occupancy	89.0%	89.4%	88.0%
Ending Occupancy	90.4	90.2	90.7
Leased Space	92.1	92.3	92.7

Rental Rates

As leases have expired in the shopping centers, the Company has generally been able to rent the available space, either to the existing tenant or a new tenant, at rental rates that are higher than those of the expired leases. In a period of increasing sales, rents on new leases will tend to rise as tenants' expectations of future growth become more optimistic. In periods of slower growth or declining sales, rents on new leases will grow more slowly or will decline for the opposite reason. However, Center revenues nevertheless increase as older leases roll over or are terminated early and replaced with new leases negotiated at current rental rates that are usually higher than the average rates for existing leases. The following table contains certain information regarding per square foot base rent at the shopping centers that have been owned and open for five years.

	1999	1998	1997
Average Base Rent per square foot:			
All mall tenants	$43.58	$41.93	$41.37
Stores closing during the year	$41.14	$44.27	$39.07
Stores opening during the year	$52.64	$47.92	$41.08

In 1999, average base rent per square foot for stores opening during the year was somewhat weighted by the leasing of smaller than average spaces at several of the Company's most productive centers. The Company expects the rent spread between opening and closing stores in 2000 to be in the Company's historic range of $5.00 to $10.00 per square foot. However, this statistic is difficult to predict in part because the Company's leasing policies and practices may result in early lease terminations with actual average closing rents per square foot which may vary from the average rent per square foot of scheduled lease expirations.

Seasonality

The regional shopping center industry is seasonal in nature, with mall tenant sales highest in the fourth quarter due to the Christmas season, and with lesser, though still significant, sales fluctuations associated with the Easter holiday and back-to-school events. While minimum rents and recoveries are generally not subject to seasonal factors, most leases are scheduled to expire in the first quarter, and the majority of new stores open in the second half of the year in anticipation of the Christmas selling season. Accordingly, revenues and occupancy levels are generally highest in the fourth quarter.

	1st Quarter 1999	2nd Quarter 1999	3rd Quarter 1999	4th Quarter 1999	Total 1999
			(in thousands)		
Mall Tenant Sales	$533,730	$598,956	$ 610,520	$952,439	$2,695,645
Revenues	117,485	127,669	125,140	139,327	509,621
Occupancy:					
Average	88.5%	88.1%	88.9%	90.3%	89.0%
Ending	87.5%	88.0%	89.5%	90.4%	90.4%
Leased Space	91.3%	91.7%	92.8%	92.1%	92.1%

Because the seasonality of sales contrasts with the generally fixed nature of minimum rents and recoveries, mall tenant occupancy costs (the sum of minimum rents, percentage rents and expense recoveries) relative to sales are considerably higher in the first three quarters than they are in the fourth quarter.

	1st Quarter 1999	2nd Quarter 1999	3rd Quarter 1999	4th Quarter 1999	Total 1999
Minimum Rents	11.8%	10.8%	10.7%	7.2%	9.7%
Percentage Rents	0.2	0.1	0.1	0.5	0.2
Expense Recoveries	4.6	4.9	4.5	3.4	4.3
Mall Tenant Occupancy Costs	16.6%	15.8%	15.3%	11.1%	14.2%

Results of Operations

The following represent significant debt and equity transactions, new center openings, expansions, and acquisitions which affect the operating results described under Comparison of 1999 to 1998.

GMPT Exchange and Related Transactions

On September 30, 1998, the Operating Partnership exchanged interests in 10 shopping centers (nine wholly owned and one Unconsolidated Joint Venture), together with $990 million of debt, for all of GMPT's partnership units (approximately 50 million units with a fair value of $675 million, based on the average stock price of the Company's common shares of $13.50 for the two week period prior to the closing), providing the Company with a majority and controlling interest in the Operating Partnership. The Operating Partnership continues to manage the centers exchanged under management agreements with GMPT. The management agreements are cancelable with 90 days notice. Certain costs of providing services under these agreements, including administrative and certain other fixed costs, would not necessarily be eliminated if the contracts were to be canceled or not renewed. The actual reduction of costs would be affected by whether all or a portion of the contracts were canceled or not renewed, timing of the cancellation or non-renewal, and actual or anticipated changes in the Operating Partnership's owned or managed portfolio.

In anticipation of the GMPT Exchange, the Operating Partnership used the $1.2 billion proceeds from two bridge loans to extinguish $1.1 billion of debt in September 1998. The remaining proceeds were used primarily to pay prepayment premiums and transaction costs. GMPT's share of debt received in the exchange included the $902 million balance on the first bridge loan, $86 million representing 50% of the debt on the Joint Venture owned shopping center, and $1.6 million of assessment bond obligations. The $340 million balance on the second bridge loan was refinanced during the first half of 1999.

Concurrently with the GMPT Exchange the Operating Partnership, expecting to reduce its annual general and administrative expense, committed to a restructuring of its operations and recognized a $10.7 million charge related to this restructuring. During the fourth quarter of 1998, general and administrative expense decreased $2.2 million from the comparable period in 1997. During 1999, general and administrative expense decreased $6.5 million from 1998. Substantially all of the decrease in 1999 expense occurred in the first three quarters of 1999.

Because the Company's portfolio changed significantly as a result of the GMPT Exchange, the results of operations of the transferred centers have been separately classified within the Consolidated Businesses and Unconsolidated Joint Ventures for purposes of analyzing and understanding the historical results of the current portfolio.

Since the Company's interest in the Operating Partnership has been its sole material asset throughout all periods presented, references in the following discussion to "the Company" include the Operating Partnership, except where intercompany transactions are discussed or as otherwise noted, even though the Operating Partnership did not become a consolidated subsidiary until September 30, 1998.

Other Debt and Equity Transactions

In September and November 1999, the Operating Partnership completed private placements totaling $100 million of 9% Cumulative Redeemable Preferred Partnership Equity (Series C Preferred Equity and Series D Preferred Equity, respectively), which were purchased by institutional investors. The net proceeds were used to pay down lines of credit.

In August 1999, a seven-year secured financing of $177 million with an all-in rate of 7.8% was completed by the 50% owned Unconsolidated Joint Venture that owns Cherry Creek. The proceeds were used to repay the existing $130 million mortgage and transaction costs. The remaining net proceeds of approximately $45.2 million were distributed to the Operating Partnership, which had contributed all the funding for the 1998 expansion of Cherry Creek. The Operating Partnership used the distribution to pay down lines of credit.

In June 1999, the Operating Partnership's $200 million line of credit facility was securitized, with interests in Fairlane, LaCumbre, Paseo Nuevo, and Regency Square serving as collateral. The rate on the line was decreased to LIBOR plus 0.90%.

In April 1999, a ten-year financing of $270 million with an all-in rate of approximately 6.9% secured by The Mall at Short Hills was completed. Also, in June 1999, a ten-year financing of $80 million with an all-in rate of approximately 7.8% secured by Biltmore Fashion Park was completed. The net proceeds of these financings were used to pay off the entire $340 million balance on the bridge loan.

In April 1999, a three-year $170 million loan secured by Great Lakes Crossing was finalized, with proceeds used to repay the balance of the existing construction facility. The loan bears interest at one-month LIBOR plus 1.50%. In addition, the Company finalized an amendment to the MacArthur Center construction facility, with total availability under the facility of $120 million at an interest rate of one-month LIBOR plus 1.35%.

In January 1998, the Operating Partnership redeemed a partner's 6.1 million units of partnership interest for approximately $77.7 million (including costs). The redemption was funded through the use of an existing revolving credit facility.

Openings, Expansions, Acquisitions, and Other

In March 1999, MacArthur Center, a 70% owned enclosed super-regional mall, opened in Norfolk, Virginia. In November 1998, Great Lakes Crossing, an 85% (an increase from 80%-see below) owned enclosed value super-regional mall, opened in Auburn Hills, Michigan. Both Great Lakes Crossing and MacArthur Center are owned by joint ventures in which the Operating Partnership has a controlling interest, and consequently the results of these centers are consolidated in the Company's financial statements. The Operating Partnership is entitled to a preferred return on its equity contributions to these centers. The contributed capital was used to fund construction costs. The income effect of the cumulative preferred return net of the interest on the Operating Partnership's associated borrowings was approximately $2.0 million for 1999. The net effect in 2000 of any recurring preference is expected to be minimal. At Cherry Creek, a 132,000 square foot expansion opened in stages throughout the fall of 1998.

In November 1999, the Operating Partnership acquired Lord Associates, a retail leasing firm based in Alexandria, Virginia for $2.5 million in cash and $5 million in partnership units, which are subject to certain contingencies. In addition, $1.0 million of the purchase price is contingent upon profits achieved on acquired leasing contracts. Of the cash purchase price, approximately $1.0 million was paid at closing and $1.5 million will be paid over five years.

In 1996, the Operating Partnership entered into an agreement to lease Memorial City Mall, a 1.4 million square foot shopping center located in Houston, Texas. The lease was subject to certain provisions that enabled the Operating Partnership to explore significant redevelopment opportunities and terminate the lease obligations in the event such redevelopment opportunities were not deemed to be sufficient. In November 1999, the Operating Partnership exercised its option to terminate the lease. Under the terms of the lease, the Operating Partnership will continue to manage the center until May 2000.

In December 1999, the Operating Partnership acquired an additional 5% interest in Great Lakes Crossing for $1.2 million in cash, increasing the Operating Partnership's interest in the center to 85%.

Subsequent Events

In January 2000, the Company agreed to exchange property interests with its current joint venture partner in two Unconsolidated Joint Ventures. Under the terms of the agreement, expected to be completed in first quarter 2000, the Operating Partnership will assume 100 percent ownership of Twelve Oaks Mall and the current joint venture partner will become 100 percent owner of Lakeside. Both properties will remain subject to the existing mortgages ($50 million and $88 million at Twelve Oaks and Lakeside, respectively.) The Operating Partnership will also pay the joint venture partner $30 million in cash. The Operating Partnership will continue to manage Twelve Oaks, while the joint venture partner will assume management responsibility of Lakeside at closing. Upon completion of the transaction, the Company expects to recognize a gain on the exchange, representing the excess of the fair value over the net book basis of the Company's interest in Lakeside Mall, adjusted for the $30 million paid and transaction costs. Aside from this book gain, the Company does not expect the transaction to have a material effect on the Company's results of operations.

In January 2000, the 50% owned Unconsolidated Joint Venture that owns Stamford Town Center completed a $76 million secured financing. The new financing bears interest at a rate of one-month LIBOR plus 0.8% and matures in 2002 with a two-year extension option. The rate is capped at 8.2% plus credit spread for the term of the loan. The proceeds were used to repay the $54 million participating mortgage, the $18.3 million prepayment premium, and accrued interest and transaction costs.

Presentation of Operating Results

In order to facilitate the analysis of the ongoing business for periods prior to the GMPT Exchange, the following tables contain the combined operating results of the Company and the Operating Partnership and also present separately the revenues and expenses, other than interest, depreciation and amortization, of the transferred centers. Income allocated to the noncontrolling partners and preferred interests is deducted to arrive at the results allocable to the Company's common shareowners. Because the net equity of the Operating Partnership's unitholders is less than zero, for periods subsequent to the GMPT Exchange, the income allocated to the noncontrolling partners is equal to their share of distributions. The net equity of these minority partners is less than zero due to accumulated distributions in excess of net income and not as a result of operating losses. Distributions to partners are usually greater than net income because net income includes non-cash charges for depreciation and amortization. The Company's average ownership percentage of the Operating Partnership was 63% for 1999 and 43% for 1998 (including averages of 39% for the period through the GMPT Exchange and 63% thereafter.)

Comparison of 1999 to 1998

The following table sets forth operating results for 1999 and 1998, showing the results of the Consolidated Businesses and Unconsolidated Joint Ventures:

	1999			1998		
	CONSOLIDATED BUSINESSES(1)	UNCONSOLIDATED JOINT VENTURES(2)	TOTAL	CONSOLIDATED BUSINESSES(1)	UNCONSOLIDATED JOINT VENTURES(2)	TOTAL
	(in millions of dollars)					
REVENUES:						
Minimum rents	133.9	158.1	292.1	99.8	149.3	249.1
Percentage rents	4.6	3.9	8.6	5.2	3.7	8.9
Expense recoveries	78.9	83.6	162.4	57.9	79.2	137.1
Management, leasing and development	23.9		23.9	12.3		12.3
Other	16.3	6.4	22.7	17.4	6.8	24.2
Revenues - transferred centers				129.7	47.2	177.0
Total revenues	257.6	252.0	509.6	322.3	286.3	608.6
OPERATING COSTS:						
Recoverable expenses	69.5	69.4	138.9	51.4	66.0	117.4
Other operating	28.9	13.0	41.9	25.7	11.7	37.4
Management, leasing and development	17.2		17.2	8.0		8.0
Expenses other than interest, depreciation and amortization - transferred centers				44.3	17.7	62.0
General and administrative	18.1		18.1	24.6		24.6
Interest expense	51.3	64.4	115.8	75.8	69.7	145.5
Depreciation and amortization(3)	51.9	29.7	81.6	57.0	31.5	88.5
Total operating costs	237.0	176.5	413.5	286.8	196.7	483.5
Net results of Memorial City (1)	(1.4)		(1.4)	(0.8)		(0.8)
	19.2	75.6	94.7	34.7	89.7	124.4
Equity in income before extraordinary items of Unconsolidated Joint Ventures(3)	39.3			46.4		
Restructuring loss				(10.7)		
Income before extraordinary items, minority and preferred interests	58.4			70.4		
Extraordinary items	(0.5)			(50.8)		
TRG preferred distributions	(2.4)					
Minority share of income	(17.6)			(4.2)		
Distributions in excess of minority share of income	(12.4)			(1.8)		
Net income	25.5			13.6		
Series A preferred dividends	(16.6)			(16.6)		
Net income (loss) available to common shareowners	8.9			(3.0)		
SUPPLEMENTAL INFORMATION(4):						
EBITDA contribution	118.6	94.1	212.7	168.3	104.3	272.6
Beneficial Interest Expense	(47.6)	(34.5)	(82.1)	(75.8)	(37.1)	(112.9)
Non-real estate depreciation	(2.7)		(2.7)	(2.3)		(2.3)
Preferred dividends and distributions	(19.0)		(19.0)	(16.6)		(16.6)
Funds from Operations contribution	49.3	59.7	108.9	73.7	67.1	140.8

(1) The results of operations of Memorial City are presented net in this table.
(2) With the exception of the Supplemental Information, amounts represent 100% of the Unconsolidated Joint Ventures. Amounts are net of intercompany profits.
(3) Included in 1999 (a) Equity in income before extraordinary item of Unconsolidated Joint Ventures and (b) Depreciation and amortization are charges of $4.7 million and $3.8 million, respectively, representing amortization of the Company's additional basis in the Operating Partnership.
(4) EBITDA represents earnings before interest and depreciation and amortization. Funds from Operations is defined and discussed in Liquidity and Capital Resources.
(5) Amounts in this table may not add due to rounding.
(6) Certain 1998 amounts have been reclassified to conform to 1999 classifications.

Consolidated Businesses

Total revenues for the year ended December 31, 1999 were $257.6 million, a $65.0 million, or 33.7%, increase over the comparable period in 1998, excluding revenues of the transferred centers. Minimum rents increased $34.1 million of which $30.6 million was caused by the opening of MacArthur Center and Great Lakes Crossing. Minimum rents also increased due to tenant rollovers. Expense recoveries increased primarily due to the new centers. Revenues from management, leasing, and development services increased primarily due to the management agreements with GMPT. Other revenue decreased primarily due to a decrease in gains on sales of peripheral land, partially offset by increases in garage and trash removal services and lease cancellation fees.

Total operating costs were $237.0 million, a $5.5 million, or 2.3% decrease from the comparable period in 1998, excluding expenses other than depreciation, amortization and interest of the transferred centers. Recoverable expenses increased primarily due to Great Lakes Crossing and MacArthur Center. Other operating expense increased due to an increase in the charge to operations for costs of unsuccessful and potentially unsuccessful pre-development activities, the new centers, and bad debt expense. Costs of management, leasing and development services increased primarily due to the management agreements with GMPT. General and administrative expense decreased $6.5 million primarily due to decreases in payroll costs, travel and professional fees. Interest expense decreased primarily due to the assumption of debt by GMPT as part of the GMPT Exchange and debt paid down with the proceeds of the Series C and Series D Preferred Equity offerings, partially offset by an increase in debt used to finance Great Lakes Crossing and MacArthur Center and a decrease in capitalized interest related to these centers. Depreciation and amortization expenses decreased due to the transferred centers, partially offset by an increase due to the new centers.

During 1998, a $10.7 million loss on the restructuring was recognized, which primarily represented the cost of certain involuntary terminations of personnel.

Unconsolidated Joint Ventures

Total revenues for the year ended December 31, 1999 were $252.0 million, a $12.9 million, or 5.4%, increase from the comparable period of 1998, excluding revenues of the transferred center. Minimum rents increased due to the expansion at Cherry Creek and tenant rollovers. Expense recoveries also increased because of the Cherry Creek expansion and an increase in property taxes recoverable from tenants at certain centers.

Total operating costs decreased by $20.2 million (of which $17.7 million represented the expenses other than interest, depreciation, and amortization of the transferred center) to $176.5 million for the year ended December 31, 1999. Recoverable expenses increased primarily due to the Cherry Creek expansion and an increase in property taxes at certain centers. Other operating expense increased primarily due to increases in bad debt expense. Interest expense decreased primarily due to the assumption of debt by GMPT as part of the GMPT Exchange. Depreciation and amortization decreased due to the transferred center, offset by an increase due to the Cherry Creek expansion.

Income before extraordinary items of the Unconsolidated Joint Ventures decreased by $14.1 million, or 15.7%, to $75.6 million. The Company's equity in income before extraordinary items of the Unconsolidated Joint Ventures was $39.3 million, a 15.3% decrease from the comparable period in 1998.

Net Income

As a result of the foregoing, the Company's income before extraordinary items, minority and preferred interests decreased $12.0 million, or 17.0%, to $58.4 million for the year ended December 31, 1999. The Company recognized $0.5 million in extraordinary losses related to the extinguishment of debt during 1999, while an extraordinary charge of $50.8 million for the extinguishment of debt, primarily related to the GMPT Exchange, was recognized in 1998. The income of the Operating Partnership allocable to minority partners increased to a total of $30.0 million, from $6.0 million in 1998, primarily due to the minority partners' $30.7 million share of the extraordinary charges in 1998. Distributions of $2.4 million to the Operating Partnership's Series C and Series D Preferred Equity owners were made in 1999. After payment of $16.6 million in Series A preferred dividends, net income (loss) available to common shareowners for 1999 was $8.9 million compared to $(3.0) million in 1998.

Comparison of 1998 to 1997

Discussion of significant debt and equity transactions, acquisitions, and openings occurring in 1998 is included in the Comparison of 1999 to 1998. Significant 1997 items are described below.

In October 1997, the Company used the $200 million public offering of eight million shares of 8.3% Series A Cumulative Redeemable Preferred Stock to acquire a preferred equity interest in the Operating Partnership. The Operating Partnership used the net proceeds to pay down debt under existing revolving credit and commercial paper facilities, which were used to fund the acquisition of Regency Square in September 1997. In September 1997, the Operating Partnership acquired Regency Square (Regency) shopping center for $123.9 million in cash. Additionally, in November 1997, the Operating Partnership opened Arizona Mills, a 37% owned value super-regional shopping center. In December 1997, the Operating Partnership acquired The Falls shopping center for $156 million in cash and the leasehold interest in The Mall at Tuttle Crossing, which opened in July 1997. These two centers were transferred to GMPT.

A 135,000 square foot expansion opened at Westfarms in August 1997. In addition, approximately 50,000 square feet of new mall stores opened at Biltmore in 1997.

The Company's average ownership percentage of the Operating Partnership was 43% for 1998 (including averages of 39% for the period through the GMPT Exchange and 63% thereafter) and 37% for 1997.

Comparison of 1998 to 1997

The following table sets forth operating results for 1998 and 1997, showing the results of the Consolidated Businesses and Unconsolidated Joint Ventures:

	1998			1997		
	CONSOLIDATED BUSINESSES(1)	UNCONSOLIDATED JOINT VENTURES(2)	TOTAL	CONSOLIDATED BUSINESSES(1)	UNCONSOLIDATED JOINT VENTURES(2)	TOTAL
	(in millions of dollars)					
REVENUES:						
Minimum rents	99.8	149.3	249.1	86.4	121.1	207.5
Percentage rents	5.2	3.7	8.9	5.0	2.6	7.5
Expense recoveries	57.9	79.2	137.1	51.6	64.4	115.9
Management, leasing and development	12.3		12.3	8.5		8.5
Other	17.4	6.8	24.2	11.4	8.0	19.4
Revenues - transferred centers	129.7	47.2	177.0	138.9	62.7	201.6
Total revenues	322.3	286.3	608.6	301.6	258.8	560.4
OPERATING COSTS:						
Recoverable expenses	51.4	66.0	117.4	45.6	53.7	99.2
Other operating	25.7	11.7	37.4	16.8	10.7	27.5
Management, leasing and development	8.0		8.0	4.4		4.4
Expenses other than interest, depreciation and amortization - transferred centers	44.3	17.7	62.0	47.7	23.9	71.5
General and administrative	24.6		24.6	26.7		26.7
Interest expense	75.8	69.7	145.5	73.6	54.5	128.2
Depreciation and amortization	57.0	31.5	88.5	49.2	23.7	72.8
Total operating costs	286.8	196.7	483.5	264.0	166.4	430.4
Net results of Memorial City (1)	(0.8)		(0.8)	0.0		0.0
	34.7	89.7	124.4	37.6	92.4	130.0
Equity in income before extraordinary item of Unconsolidated Joint Ventures	46.4			48.8		
Restructuring loss	(10.7)					
Income before extraordinary items, minority and preferred interests	70.4			86.4		
Extraordinary items	(50.8)					
Minority share of income	(4.2)			(57.8)		
Distributions in excess of minority share of income	(1.8)					
Net income	13.6			28.7		
Series A preferred dividends	(16.6)			(4.1)		
Net income (loss) available to common shareowners	(3.0)			24.6		
SUPPLEMENTAL INFORMATION (3):						
EBITDA contribution	168.3	104.3	272.6	161.4	94.4	255.7
Beneficial Interest Expense	(75.8)	(37.1)	(112.9)	(73.6)	(29.3)	(102.9)
Non-real estate depreciation	(2.3)		(2.3)	(2.1)		(2.1)
Preferred dividends and distributions	(16.6)		(16.6)	(4.1)		(4.1)
Funds from Operations contribution	73.7	67.1	140.8	81.6	65.1	146.7

(1) The results of operations of Memorial City are presented net in this table.
(2) With the exception of the Supplemental Information, amounts represent 100% of the Unconsolidated Joint Ventures. Amounts are net of intercompany profits.
(3) EBITDA represents earnings before interest and depreciation and amortization. Funds from Operations is defined and discussed in Liquidity and Capital Resources.
(4) Amounts in this table may not add due to rounding.
(5) Certain 1998 and 1997 amounts have been reclassified to conform to 1999 classifications.

Consolidated Businesses

Total revenues for 1998 were $322.3 million, a $20.7 million, or 6.9%, increase over 1997. Minimum rents increased $13.4 million, of which $8.9 million was due to the opening of Great Lakes Crossing and the acquisition of Regency. Minimum rents also increased because of the expansion at Biltmore and tenant rollovers. Expense recoveries increased primarily due to Great Lakes Crossing and Regency. Revenues from management, leasing and development services increased primarily due to the new management agreements with GMPT. Other revenue increased primarily due to an increase in gains on sales of peripheral land and lease cancellation revenue.

Total operating costs increased $22.8 million, or 8.6%, to $286.8 million. Recoverable and other operating expenses increased due to Great Lakes Crossing and Regency. Other operating expense also increased due to professional fees, management expense and an increase in the charge to operations for costs of unsuccessful and potentially unsuccessful pre-development activities. General and administrative expense decreased $2.1 million between periods due to decreases in payroll and reduced employee relocation and recruiter costs, partially offset by increases attributable to the phase-in of the long term compensation plan.

Interest expense increased due to an increase in debt used to finance Tuttle Crossing, the acquisition of The Falls and the redemption of a partner's interest in the Operating Partnership, partially offset by a decrease in debt paid down with the proceeds of the October 1997 and April 1998 equity offerings and the assumption of debt by GMPT as part of the GMPT Exchange. Depreciation and amortization expense increased due to Great Lakes Crossing, Tuttle Crossing, Regency and The Falls, partially offset by the decrease in expense due to the transferred centers only being included in 1998 through the date of the GMPT Exchange.

Revenues and expenses other than interest and depreciation for the transferred centers for 1998 represent operations through the date of the GMPT Exchange. The resulting decreases from 1997 were partially offset by increases in revenues and expenses due to the acquisition of The Falls and the opening of Tuttle Crossing.

During 1998, a $10.7 million loss on the restructuring was recognized, which primarily represented the cost of certain involuntary terminations of personnel.

Unconsolidated Joint Ventures

Total revenues for 1998 were $286.3 million, a $27.5 million, or 10.6%, increase from 1997. The increase in minimum rents and expense recoveries was primarily due to Arizona Mills and the expansions at Westfarms and Cherry Creek. Minimum rents also increased due to tenant rollovers. Other revenue decreased by $1.2 million primarily due to a decrease in gains on peripheral land sales.

Total operating costs increased by $30.3 million, or 18.2%, to $196.7 million for 1998. Recoverable and depreciation and amortization expenses increased primarily due to Arizona Mills and the expansions. Other operating expense increased primarily due to Arizona Mills. Interest expense increased primarily due to an increase in debt used to finance Arizona Mills and the Westfarms expansion, and a decrease in capitalized interest related to these two projects.

Revenues and expenses other than interest and depreciation for the transferred centers for 1998 represent the operations of Woodfield through the date of the GMPT Exchange, resulting in decreases from the prior year.

As a result of the foregoing, income before extraordinary item of the Unconsolidated Joint Ventures decreased by $2.7 million, or 2.9%, to $89.7 million. The Company's equity in income before extraordinary item of the Unconsolidated Joint Ventures was $46.4 million, a 4.9% decrease from the comparable period in 1997.

Net Income

As a result of the foregoing, the Company's income before extraordinary items, minority and preferred interest decreased to $70.4 million for 1998. The income allocable to minority partners decreased to $6.0 million, from $57.8 million, reflecting the Company's increased ownership in the Operating Partnership due to the GMPT Exchange and other equity transactions, as well as the minority partners' $30.7 million share of the 1998 extraordinary items.

Also, the Company recognized its $20.1 million share of $50.8 million in extraordinary charges related to the extinguishment of debt, including debt extinguished in anticipation of the GMPT Exchange, primarily consisting of prepayment premiums. After payment of $16.6 million in Series A preferred dividends, net income (loss) available to common shareowners for 1998 was $(3.0) million compared to $24.6 million for 1997.

Liquidity and Capital Resources

In the following discussion, references to beneficial interest represent the Operating Partnership's share of the results of its consolidated and unconsolidated businesses. The Company does not have, and has not had, any parent company indebtedness; all debt discussed represents obligations of the Operating Partnership or its subsidiaries and joint ventures.

The Company believes that its net cash provided by operating activities, distributions from its joint ventures, the unutilized portion of its credit facilities, and its ability to access the capital markets, assures adequate liquidity to conduct its operations in accordance with its dividend and financing policies.

As of December 31, 1999, the Company had a consolidated cash balance of $20.6 million. Additionally, the Company has a secured $200 million line of credit. The line had $63.0 million of borrowings as of December 31, 1999 and expires in September 2001. The Company also has available a second bank line of credit of up to $40 million. The line had $17.6 million of borrowings as of December 31, 1999.

Debt and Equity Transactions

Discussion of significant debt and equity transactions occurring in the three years ended December 31, 1999 is contained in Results of Operations. In addition to the transactions described therein, the following transactions have occurred which will affect the Company's liquidity and capital resources in future periods.

In October 1999, the 50% owned Unconsolidated Joint Venture that is developing Dolphin Mall closed on a $200 million, three-year construction facility. The rate on the facility is LIBOR plus 2%, decreasing to LIBOR plus 1.75% when a certain coverage ratio is met. The rate on the loan is capped at 7% plus credit spread until maturity. Under the interest rate agreement, the rate is swapped to a fixed rate of 5.15% when LIBOR is less than 6%. The maturity date may be extended one year. The balance at December 31, 1999 was $22.3 million.

In November 1999, the 26% owned Unconsolidated Joint Venture that is developing International Plaza closed on a $193.5 million, three-year construction financing, with a one-year extension option. The rate on the facility is LIBOR plus 1.90%. There were no borrowings as of December 31, 1999.

In January 2000, the Company finalized an agreement that securitized the $40 million bank line of credit and extended its maturity to August 2000.

In March 2000, the Company's Board of Directors authorized the purchase of up to $50 million of the Company's common stock in the open market. The stock may be purchased from time to time as market conditions warrant.

Summary of Investing Activities

Net cash used in investing activities was $197.4 million in 1999 compared to $269.9 million in 1998. Cash used in investing activities was impacted by the timing of capital expenditures, with outflows in 1999 and 1998 for the construction of MacArthur Center, Great Lakes Crossing, International Plaza, The Mall at Wellington Green, The Shops at Willow Bend, as well as other development activities and other capital items (see Capital Spending below). During 1999, $18.5 million was used in purchasing investments in Fashionmall.com, Inc., Swerdlow Real Estate Group, and Lord Associates. Proceeds from sales of peripheral land decreased in 1999 by $4.9 million, to $1.8 million. Contributions to Unconsolidated Joint Ventures are impacted primarily by the timing of construction and expansion activities, which in 1999 and 1998 included projects at Dolphin Mall, International Plaza, Cherry Creek, Woodland and Lakeside. Distributions from Unconsolidated Joint Ventures in 1999 and 1998 included distributions from centers comprised of excess mortgage refinancing proceeds ($45.2 million from Cherry Creek in 1999 and $45.9 million from Fair Oaks in 1998), while the loss of distributions from Woodfield after the GMPT Exchange was offset by increases at other centers.

Net cash used in investing activities in 1998 was $269.9 million compared to $178.3 million in 1997. As the Company's interest in the Operating Partnership changed significantly as a result of the GMPT Exchange (see Results of Operations - GMPT Exchange and Related Transactions), investing activities of periods prior to this transaction are not comparable. In 1997, the Company acquired its $200 million preferred equity interest in the Operating Partnership, and received $21.7 million of distributions from its equity investment in the Operating Partnership in excess of its share of the Operating Partnership's income.

Summary of Financing Activities

Financing activities contributed cash of $91.3 million, a decrease of $40.0 million from the $131.3 million in 1998. Borrowings net of debt repayments and issuance costs decreased by $244.5 million to $100.9 million, while net proceeds from equity offerings increased by $71.3 million to $100.4 million. The net decrease in the debt and equity sources of $173.2 million was offset by decreases in cash used in 1999 compared to 1998 in connection with (i) the $77.7 million partner redemption in January 1998, (ii) the greater amount of partner distributions made in 1998 due the Company's larger pre-GMPT Exchange equity base, and (iii) transaction costs incurred in connection with the GMPT Exchange.

Net cash provided by financing activities in 1998 was $131.3 million compared to $149.3 million in 1997. Financing activities for 1998 and 1997 are not comparable due to the GMPT Exchange. In 1997, the Company issued $200 million of 8.3% preferred stock, for which 1998 reflects a complete year of dividends.

Beneficial Interest in Debt

At December 31, 1999, the Operating Partnership's debt and its beneficial interest in the debt of its Consolidated and Unconsolidated Joint Ventures totaled $1,300.2 million. As shown in the following table, there was no unhedged floating rate debt at December 31, 1999. Interest rates shown do not include amortization of debt issuance costs and interest rate hedging costs. These items are reported as interest expense in the results of operations. In the aggregate, these costs added 0.42% to the effective rate of interest on beneficial interest in debt at December 31, 1999. Included in beneficial interest in debt is debt used to fund development and expansion costs. Beneficial interest in assets on which interest is being capitalized totaled $257.1 million as of December 31, 1999. Beneficial interest in capitalized interest was $15.2 million for the year ended December 31, 1999.

	Beneficial Interest in Debt				
	Amount (in millions of dollars)	Interest Rate at 12/31/99(1)	LIBOR Cap Rate	Frequency of Rate Resets	LIBOR at 12/31/99
Total beneficial interest in fixed rate debt	862.2	7.65%(2)			
Floating rate debt hedged via interest rate caps:					
Through August 2000	144.5	7.32	6.00%	Monthly	5.82%
Through October 2000	80.6	7.17	6.50	Monthly	5.82
Through December 2000	81.0	6.74(2)	7.00	Monthly	5.82
Through October 2001	25.0	6.27	8.55	Monthly	5.82
Through January 2002	52.4	7.12	9.50	Monthly	5.82
Through July 2002	43.4	6.95	6.50	Monthly	5.82
Through September 2002	11.1	7.15(3)	7.00	Monthly	5.82
Total beneficial interest in debt	1,300.2	7.45(1)			

(1) All floating rates are based on the one-month LIBOR rate on December 31, 1999.
(2) Denotes weighted average interest rate.
(3) This cap has an embedded swap with a rate of 5.15% when LIBOR is below 6%.

Sensitivity Analysis

The Company has exposure to interest rate risk on its debt obligations and interest rate instruments. Based on the Operating Partnership's beneficial interest in debt and interest rates in effect at December 31, 1999, a one percent increase in interest rates on floating rate debt would decrease cash flows by approximately $2.9 million and, due to the effect of capitalized interest, annual earnings by approximately $2.2 million. A one percent decrease in interest rates on floating rate debt would increase cash flows and annual earnings by approximately $4.3 million and $3.3 million, respectively. Based on the Company's consolidated debt and interest rates in effect at December 31, 1999, a one percent increase in interest rates would decrease the fair value of debt by approximately $13 million, while a one percent decrease in interest rates would increase the fair value of debt by approximately $32 million.

Covenants and Commitments

Certain loan agreements contain various restrictive covenants including limitations on net worth, minimum debt service and fixed charges coverage ratios, a maximum payout ratio on distributions, and a minimum debt yield ratio, the latter being the most restrictive. The Operating Partnership is in compliance with all of such covenants.

Payment of principal and interest on the Great Lakes Crossing, MacArthur Center, and International Plaza loans is guaranteed by the Operating Partnership. The total amount outstanding on these loans was $285.2 million at December 31, 1999. The new investor in the International Plaza venture has indemnified the Operating Partnership to the extent of approximately 25% of the amounts guaranteed on the International Plaza loan. In addition, the payment of principal and interest on the Arizona Mills' debt is guaranteed by each of the owners of Arizona Mills to the extent of its ownership. The Operating Partnership's guaranty of principal on the Arizona Mills loan was $13.1 million at December 31, 1999. The Operating Partnership has also guaranteed the payment of 50% of principal and interest on the Dolphin Mall loan. The balance on the Dolphin Mall loan was $22.3 million at December 31, 1999. All of the loan agreements provide for a reduction of the amount guaranteed as certain center performance and valuation criteria are met.

Funds from Operations

A principal factor that the Company considers in determining dividends to shareowners is Funds from Operations (FFO), which is defined as income before extraordinary and unusual items, real estate depreciation and amortization, and the allocation to the minority interest in the Operating Partnership, less preferred dividends and distributions.

Funds from Operations does not represent cash flows from operations, as defined by generally accepted accounting principles, and should not be considered to be an alternative to net income as an indicator of operating performance or to cash flows from operations as a measure of liquidity. However, the National Association of Real Estate Investment Trusts suggests that Funds from Operations is a useful supplemental measure of operating performance for REITs.

In October 1999, NAREIT approved certain clarifications of the definition of FFO, including that non-recurring items that are not defined as "extraordinary" under generally accepted accounting principles should be reflected in the calculation of FFO. The clarified definition is effective January 1, 2000 and restatement of all periods presented is recommended. Under the clarified definition, the Company would have included in FFO, for the year ended December 31, 1998, the $10.7 million restructuring charge (Results of Operations - GMPT Exchange and Related Transactions), resulting in an approximate $0.09 decrease to the Company's FFO per share reported for that period. There would have been no change to the amounts reported for 1999.

Reconciliation of Net Income to Funds from Operations

	Year Ended December 31, 1999	Year Ended December 31, 1998
	(in millions of dollars)	
Income before extraordinary items, minority and preferred interests (1)	58.4	70.4
Restructuring loss		10.7
Depreciation and amortization (2)	52.5	57.4
Share of Unconsolidated Joint Ventures depreciation and amortization (3)	20.4	20.7
Other income/expenses, net		0.5
Non-real estate depreciation	(2.7)	(2.3)
Preferred dividends and distributions	(19.0)	(16.6)
Minority interest in consolidated joint ventures	(0.7)	
Funds from Operations	108.9	140.8
Funds from Operations allocable to the Company	68.5	61.1

(1) Includes gains on peripheral land sales of $1.7 million and $6.0 million for the years ended December 31, 1999 and 1998, respectively.
(2) Includes $2.1 million and $2.7 million of mall tenant allowance amortization for the years ended December 31, 1999 and 1998, respectively.
(3) Includes $1.2 million and $1.3 million of mall tenant allowance amortization for the years ended December 31, 1999 and 1998, respectively.
(4) Amounts in the tables may not add due to rounding.

Dividends

The Company pays regular quarterly dividends to its common and Series A preferred shareowners. Dividends to its common shareowners are at the discretion of the Board of Directors and depend on the cash available to the Company, its financial condition, capital and other requirements, and such other factors as the Board of Directors deems relevant. Preferred dividends accrue regardless of whether earnings, cash availability, or contractual obligations were to prohibit the current payment of dividends.

On December 9, 1999, the Company declared a quarterly dividend of $0.245 per common share payable January 20, 2000 to shareowners of record on December 31, 1999. The Board of Directors also declared a quarterly dividend of $0.51875 per share on the Company's 8.3% Series A Preferred Stock, paid December 31, 1999 to shareowners of record on December 21, 1999.

Common dividends declared totaled $0.965 per common share in 1999, of which $0.4534 represented return of capital and $0.5116 represented ordinary income, compared to dividends declared in 1998 of $0.945 per common share, of which $0.854 represented return of capital and $0.091 represented ordinary income. The tax status of total 2000 common dividends declared and to be declared, assuming continuation of a $0.245 per common share quarterly dividend, is estimated to be approximately 40% return of capital, and approximately 60% ordinary income. Series A preferred dividends declared were $2.075 per preferred share in 1999 and 1998, all of which represented ordinary income. The tax status of total 2000 dividends to be paid on Series A Preferred Stock is estimated to be 100% ordinary income. These are forward-looking statements and certain significant factors could cause the actual results to differ materially, including: 1) the amount of dividends declared; 2) changes in the Company's share of anticipated taxable income of the Operating Partnership due to the actual results of the Operating Partnership; 3) changes in the number of the Company's outstanding shares; 4) property acquisitions or dispositions; 5) financing transactions, including refinancing of existing debt; and 6) changes in the Internal Revenue Code or its application.

The annual determination of the Company's common dividends is based on anticipated Funds from Operations available after preferred dividends, as well as financing considerations and other appropriate factors. Further, the Company has decided that the growth in common dividends will be less than the growth in Funds from Operations for the immediate future.

Any inability of the Operating Partnership or its Joint Ventures to secure financing as required to fund maturing debts, capital expenditures and changes in working capital, including development activities and expansions, may require the utilization of cash to satisfy such obligations, thereby possibly reducing distributions to partners of the Operating Partnership and funds available to the Company for the payment of dividends.

Capital Spending

Capital spending for routine maintenance of the shopping centers is generally recovered from tenants. Capital spending not recovered from tenants is summarized in the following tables:

	1999		
	Consolidated Businesses	Unconsolidated Joint Ventures(1)	Beneficial Interest in Consolidated Businesses and Unconsolidated Joint Ventures(1)(2)
	(in millions of dollars)		
Development, renovation, and expansion:			
Existing centers	12.4	24.9	24.8
New centers	124.4 (3)	112.9 (4)	160.5
Pre-construction development activities, net of charge to operations	2.0		2.0
Mall tenant allowances	3.8	6.2	7.0
Corporate office improvements and equipment	3.0		3.0
Other	0.8	2.4	2.2
Total	146.4	146.4	199.5

(1) Costs are net of intercompany profits.
(2) Includes the Operating Partnership's share of construction costs for MacArthur Center (a 70% owned consolidated joint venture), The Mall at Wellington Green (a 90% owned consolidated joint venture), International Plaza (a 26% owned unconsolidated joint venture), and Dolphin Mall (a 50% owned unconsolidated joint venture).
(3) Includes costs related to MacArthur Center, The Shops at Willow Bend and The Mall at Wellington Green.
(4) Includes costs related to Dolphin Mall and International Plaza.

	1998 (1)		
	Consolidated Businesses	Unconsolidated Joint Ventures(2)	Beneficial Interest in Consolidated Businesses and Unconsolidated Joint Ventures(2)(3)
	(in millions of dollars)		
Development, renovation, and expansion:			
Existing centers	27.0	34.5	43.9
New centers	291.6 (4)	4.5	226.9
Pre-construction development activities, net of charge to operations	20.8		20.8
Mall tenant allowances	8.2	7.4	12.3
Corporate office improvements and equipment	3.4		3.4
Other	0.3	2.2	1.3
Total	351.3	48.6	308.6

(1) Includes capital spending on the transferred centers through September 30, 1998.
(2) Costs are net of intercompany profits.
(3) Includes the Operating Partnership's share of construction costs for Great Lakes Crossing (an 80% owned consolidated joint venture), MacArthur Center (a 70% owned consolidated joint venture), The Mall at Wellington Green (a 90% owned consolidated joint venture) and International Plaza (a 50.1% owned consolidated joint venture in 1998).
(4) Includes costs related to Great Lakes Crossing, MacArthur Center, The Shops at Willow Bend and International Plaza.

The Operating Partnership's share of mall tenant allowances per square foot leased during the year, excluding expansion space and new developments, was $12.76 in 1999, and $11.80 in 1998. In addition, the Operating Partnership's share of capitalized leasing costs in 1999, excluding new developments, was $6.2 million, or $10.82 per square foot leased and $7.0 million or $7.95 per square foot leased during the year in 1998. The 1998 amounts exclude costs related to the transferred centers.

The Shops at Willow Bend, a new 1.4 million square foot center under construction in Plano, Texas, will be anchored by Neiman Marcus, Saks Fifth Avenue, Lord & Taylor, Foley's and Dillard's. The center is scheduled to open in August 2001; Saks Fifth Avenue will open in 2004. The Mall at Wellington Green, a 1.3 million square foot center under construction in west Palm Beach County, Florida, will be anchored by Nordstrom, Lord & Taylor, Burdine's, Dillard's and JCPenney. The center, scheduled to open in October 2001, will be owned by a joint venture in which the Operating Partnership has a 90% controlling interest. In September 1999, the Company finalized a partnership agreement with Swerdlow Real Estate Group to jointly develop Dolphin Mall, a 1.4 million square foot value regional center located in Miami, Florida. The center is scheduled to open in March 2001.

Additionally, the Company is developing International Plaza, a new 1.3 million square foot center under construction in Tampa, Florida. The center will be anchored by Nordstrom, Lord & Taylor, Dillard's and Neiman Marcus, and is scheduled to open in September 2001. The Company originally had a controlling 50.1% interest in the partnership (Tampa Westshore) that owns the project. The Company was responsible for providing the funding for project costs in excess of construction financing in exchange for a preferential return. In November 1999, the Company entered into agreements with a new investor, which provided funding for the project and thereby reduced the Company's ownership interest to approximately 26%. It is anticipated that given the preferential return arrangements, the original 49.9% owner in Tampa Westshore will not initially receive cash distributions. The Company expects to be initially allocated approximately 33% of the net operating income of the project, with an additional 7% representing return of capital.

The total cost of these four projects is anticipated to be approximately $1 billion. The Company's beneficial investment in the projects will be approximately $700 million, as three of these projects are joint ventures. While the Company intends to finance approximately 75 percent of each new center with construction debt, the Company has a greater responsibility for the project equity (approximately $230 million). Approximately $215 million of this amount has been funded through the Operating Partnership's preferred equity offerings, contributions from the new joint venture partner in the International Plaza project, and borrowing under the Company's lines of credit. With respect to the construction loan financing, the Company has closed on financing for Dolphin Mall and International Plaza. The financings on the two remaining projects are expected to be completed in 2000.

Additionally, a 21-screen theater will be added at Fairlane, in the Detroit metropolitan area and is anticipated to open in the spring of 2000. At Fair Oaks in the Washington, D.C. area, Hecht's expansion will open in the spring of 2000, and a JCPenney expansion and a newly constructed Macy's store will open in the fall of 2000. The Operating Partnership's share of the cost of these projects is expected to be approximately $9.8 million.

The Operating Partnership and The Mills Corporation have formed an alliance to develop value super-regional projects in major metropolitan markets. The ten-year agreement calls for the two companies to jointly develop and own at least seven of these centers, each representing approximately $200 million of capital investment. A number of locations across the nation are targeted for future initiatives.

The following table summarizes planned capital spending, which is not recovered from tenants and assumes no acquisitions during 2000:

	2000		
	Consolidated Businesses	Unconsolidated Joint Ventures(1)	Beneficial Interest in Consolidated Businesses and Unconsolidated Joint Ventures(1)(2)
	(in millions of dollars)		
Development, renovation, and expansion	186.7 (3)	239.5 (4)	279.7
Mall tenant allowances	7.9	4.8	10.1
Pre-construction development and other	11.9	0.9	12.3
Total	206.5	245.2	302.1

(1) Costs are net of intercompany profits.
(2) Includes the Operating Partnership's share of construction costs for The Mall at Wellington Green (a 90% owned consolidated joint venture), International Plaza (a 26% owned unconsolidated joint venture), and Dolphin Mall (a 50% owned unconsolidated joint venture).
(3) Includes costs related to The Shops at Willow Bend and The Mall at Wellington Green.
(4) Includes costs related to Dolphin Mall and International Plaza.

The Operating Partnership anticipates that its share of costs in 2001 for development projects scheduled to be completed in 2001 will be as much as $220 million. Estimates of future capital spending include only projects approved by the Company's Board of Directors and, consequently, estimates will change as new projects are approved. Estimates regarding capital expenditures presented above are forward-looking statements and certain significant factors could cause the actual results to differ materially, including but not limited to: 1) actual results of negotiations with anchors, tenants and contractors; 2) changes in the scope and number of projects; 3) cost overruns; 4) timing of expenditures; 5) financing considerations; and 6) actual time to complete projects.

Year 2000 Matters

All of the Company's financial, information and operational systems performed and continue to perform satisfactorily with the onset of calendar year 2000. The Company had developed a detailed plan to address the risks posed by the year 2000 issue, as such issue was likely to impact both its own systems and those of third parties with which the Company conducts business. The costs of addressing year 2000 issues were not material to 1998 or 1999 operations.

Cash Tender Agreement

A. Alfred Taubman has the annual right to tender to the Company units of partnership interest in the Operating Partnership (provided that the aggregate value is at least $50 million) and cause the Company to purchase the tendered interests at a purchase price based on a market valuation of the Company on the trading date immediately preceding the date of the tender (the Cash Tender Agreement). At A. Alfred Taubman's election, his family, and Robert C. Larson and his family may participate in tenders. The Company will have the option to pay for these interests from available cash, borrowed funds, or from the proceeds of an offering of the Company's common stock. Generally, the Company expects to finance these purchases through the sale of new shares of its stock. The tendering partner will bear all market risk if the market price at closing is less than the purchase price and will bear the costs of sale. Any proceeds of the offering in excess of the purchase price will be for the sole benefit of the Company.

Based on a market value at December 31, 1999 of $10.75 per common share, the aggregate value of interests in the Operating Partnership that may be tendered under the Cash Tender Agreement was approximately $259 million. The purchase of these interests at December 31, 1999 would have resulted in the Company owning an additional 28% interest in the Operating Partnership.

New Accounting Pronouncements

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" (SAB 101). SAB 101 requires that a lessor defer recognition of percentage rents in quarterly periods until the specified target (typically gross sales in excess of a certain amount) that triggers this type of rental income is achieved. The Company had previously accrued interim contingent rental income as lessees' specified sales targets were met or achievement of the sales targets was probable. The Company adopted the accounting method set forth in SAB 101 during the fourth quarter of 1999. Although the adoption had no impact on annual net income, the Company restated the results of the first three quarters of 1999. The effect of the restatement was to reduce net income by $0.3 million ($0.01 per diluted common share), $1.2 million ($0.02 per diluted common share), and $1.2 million ($0.02 per diluted common share) for the first, second, and third quarters of 1999, respectively, and to increase fourth quarter income and per share amounts by $2.7 million and $0.05 per share, respectively.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 requires companies to record derivatives on the balance sheet as assets and liabilities, measured at fair value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivatives and whether it qualifies for hedge accounting. The Company is still evaluating the impact of SFAS 133 on its consolidated financial statements. SFAS 133 is effective for fiscal years beginning after June 15, 2000.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this Item is included in this report at Item 7 under the caption "Liquidity and Capital Resources".

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Financial Statements of Taubman Centers, Inc. and the Independent Auditors' Report thereon are filed pursuant to this Item 8 and are included in this report at Item 14.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III*

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this item is hereby incorporated by reference to the material appearing in the Company's definitive proxy statement for the annual meeting of shareholders to be held in 2000 (the "Proxy Statement") under the captions "Management--Directors, Nominees and Executive Officers" and "Security Ownership of Certain Beneficial Owners and Management -- Section 16(a) Beneficial Ownership Reporting Compliance."

Item 11. EXECUTIVE COMPENSATION

The information required by this item is hereby incorporated by reference to the material appearing in the Proxy Statement under the captions "Executive Compensation" and "Management -- Compensation of Directors."

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item is hereby incorporated by reference to the table and related footnotes appearing in the Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners and Management."

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is hereby incorporated by reference to the material appearing in the Proxy Statement under the caption "Management--Certain Transactions." and "Executive Compensation-- Certain Employment Arrangements."

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* The Compensation Committee Report on Executive Compensation and the Shareholder Return Performance Graph appearing in the Proxy Statement are not incorporated by reference in this Annual Report on Form 10-K or in any other report, registration statement, or prospectus of the Registrant.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

14(a)(1) The following financial statements of Taubman Centers, Inc. and the Independent Auditors' Report thereon are filed with this report:

14(a)(2) The following is a list of the financial statement schedules required by Item 14(d).

TAUBMAN CENTERS, INC.

14(a)(3)

2 -- Separation and Relative Value Adjustment Agreement between The Taubman Realty Group Limited Partnership and GMPTS Limited Partnership (without exhibits or schedules, which will be supplementally provided to the Securities and Exchange Commission upon its request) (incorporated herein by reference to Exhibit 2 filed with the Registrant's Current Report on Form 8-K dated September 30, 1998).

3(a) -- Restated By-Laws of Taubman Centers, Inc., (incorporated herein by reference to Exhibit 3 (b) filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998).

3(b) -- Composite copy of Articles of Incorporation of Taubman Centers, Inc., including all amendments to date.

4(a) -- Indenture dated as of July 22, 1994 among Beverly Finance Corp., La Cienega Associates, the Borrower, and Morgan Guaranty Trust Company of New York, as Trustee (incorporated herein by reference to Exhibit 4(h) filed with the 1994 Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994 ("1994 Second Quarter Form 10-Q")).

4(b) -- Deed of Trust, with assignment of Rents, Security Agreement and Fixture Filing, dated as of July 22, 1994, from La Cienega Associates, Grantor, to Commonwealth Land Title Company, Trustee, for the benefit of Morgan Guaranty Trust Company of New York, as Trustee, Beneficiary (incorporated herein by reference to Exhibit 4(i) filed with the 1994 Second Quarter Form 10-Q).

4(c) -- Loan Agreement dated as of March 29, 1999 among Taubman Auburn Hills Associates Limited Partnership, as Borrower, Fleet National Bank, as a Bank, PNC Bank, National Association, as a Bank, the other Banks signatory hereto, each as a Bank, and PNC Bank, National Association, as Administrative Agent (incorporated herein by reference to exhibit 4(a) filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999 ("1999 Second Quarter Form 10- Q")).

4(d) -- Mortgage, Assignment of Leases and Rents and Security Agreement from Taubman Auburn Hills Associates Limited Partnership, a Delaware limited partnership ("Mortgagor") to PNC Bank, National Association, as Administrative Agent for the Banks, dated as of March 29, 1999 (incorporated herein by reference to Exhibit 4(b) filed with the 1999 Second Quarter Form 10-Q).

4(e) -- First Amendment to Construction Loan Agreement dated as of April 23, 1999 among Taubman MacArthur Associates Limited Partnership, a Delaware limited partnership, as Borrower, Bayerische Hypo - Und Vereinsbank AG, a New York Branch (successor in interest to Bayerische Hypotheken - Und Weschel - Bank Aktiengesellschaft, New York Branch), the New York branch of a German banking corporation, as administrative agent (incorporated herein by reference to Exhibit 4 (c) filed with the 1999 Second Quarter Form 10-Q).

	4(f) --	Mortgage, Security Agreement and Fixture Filing by Short Hills Associates, as Mortgagor, to Metropolitan Life Insurance Company, as Mortgagee, dated April 15, 1999 (incorporated herein by reference to Exhibit 4(d) filed with the 1999 Second Quarter Form 10-Q).
	4(g) --	Assignment of Leases, Short Hills, Associates (Assignor) and Metropolitan Life Insurance Company (Assignee) dated as of April 15, 1999 (incorporated herein by reference to Exhibit 4(e) filed with the 1999 Second Quarter Form 10-Q).
	4(h) --	Secured Revolving Credit Agreement dated as of June 24, 1999 among the Taubman Realty Group Limited Partnership, as Borrower, The Banks Signatory Hereto, each as a bank and UBS AG, Stamford Branch, as Administrative Agent (incorporated herein by reference to Exhibit 4(f) filed with the 1999 Second Quarter Form 10-Q).
*	10(a) --	The Taubman Realty Group Limited Partnership 1992 Incentive Option Plan, as Amended and Restated Effective as of September 30, 1997 (incorporated herein by reference to Exhibit 10(b) filed with the Registrant's Annual Report on Form 10-K for the year ended December 31, 1997).
	10(b) --	Registration Rights Agreement among Taubman Centers, Inc., General Motors Hourly-Rate Employees Pension Trust, General Motors Retirement Program for Salaried Employees Trust, and State Street Bank & Trust Company, as trustee of the AT&T Master Pension Trust (incorporated herein by reference to Exhibit 10(e) filed with the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992 ("1992 Form 10-K")).
	10(c) --	Master Services Agreement between The Taubman Realty Group Limited Partnership and the Manager (incorporated herein by reference to Exhibit 10(f) filed with the 1992 Form 10-K).
	10(d) --	Cash Tender Agreement among Taubman Centers, Inc., A. Alfred Taubman, acting not individually but as Trustee of The A. Alfred Taubman Restated Revocable Trust, as amended and restated in its entirety by Instrument dated January 10, 1989 (as the same has been and may hereafter be amended from time to time), TRA Partners, and GMPTS Limited Partnership (incorporated herein by reference to Exhibit 10(g) filed with the 1992 Form 10-K).
*	10(e) --	Supplemental Retirement Savings Plan (incorporated herein by reference to Exhibit 10(i) filed with the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994).
*	10(f) --	Employment agreement between The Taubman Company Limited Partnership and Lisa A. Payne (incorporated herein by reference to Exhibit 10 filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).
*	10(g) --	Amended and Restated Continuing Offer, dated as of September 30, 1997 (incorporated herein by reference to Exhibit 10 filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997).
	10(h) --	Consolidated Agreement: Notice of Retirement and Release and Covenant Not to Compete, between Robert C. Larson and The Taubman Company Limited Partnership (incorporated herein by reference to Exhibit 10 filed with the Registrant's 1999 Second Quarter Form 10-Q).

	10(i) --	Second Amendment to the Second Amendment and Restatement of Agreement of Limited Partnership of The Taubman Realty Group Limited Partnership effective as of September 3, 1999 (incorporated herein by reference to Exhibit 10(a) filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999 ("1999 Third Quarter Form 10-Q")).
	10(j) --	Private Placement Purchase Agreement dated as of September 3, 1999 among The Taubman Realty Group Limited Partnership, Taubman Centers, Inc. and Goldman Sachs 1999 Exchange Place Fund, L.P. (incorporated herein by reference to Exhibit 10(b) filed with the Registrant's 1999 Third Quarter Form 10-Q).
	10(k) --	Registration Rights Agreement entered into as of September 3, 1999 by and between Taubman Centers, Inc. and Goldman Sachs 1999 Exchange Place Fund, L.P. (incorporated herein by reference to Exhibit 10(c) filed with the Registrant's 1999 Third Quarter Form 10-Q).
	10(l) --	Private Placement Purchase Agreement dated as of November 24, 1999 among The Taubman Realty Group Limited Partnership, Taubman Centers, Inc. and GS-MSD Select Sponsors, L.P.
	10(m) --	Registration Rights Agreement entered into as of November 24, 1999 by and between Taubman Centers, Inc and GS-MSD Select Sponsors, L.P.
*	10(n) --	Employment agreement between The Taubman Company Limited Partnership and Courtney Lord.
*	10(o) --	The Taubman Company Long-Term Compensation Plan (as amended and restated effective January 1, 1999) (incorporated herein by reference to Exhibit 10 filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31,1999.)
	10(p) --	Annex II to Second Amendment to the Second Amendment and Restatement of Agreement of Limited Partnership of The Taubman Realty Group Limited Partnership.
	12 --	Statement Re: Computation of Taubman Centers, Inc. Ratio of Earnings to Combined Fixed Charges and Preferred Dividends and Distributions.
	21 --	Subsidiaries of Taubman Centers, Inc.
	23 --	Consent of Deloitte & Touche LLP.
	24 --	Powers of Attorney.
	27(a) --	Financial Data Schedule.
	27(b) --	Restated Financial Data Schedule for three months ended March 31, 1999.
	27(c) --	Restated Financial Data Schedule for six months ended June 30, 1999.
	27(d) --	Restated Financial Data Schedule for nine months ended September 30, 1999.

* A management contract or compensatory plan or arrangement required to be filed pursuant to Item 14(c) of Form 10-K.

14(b) Current Reports on Form 8-K.

None

14(c) The list of exhibits filed with this report is set forth in response to Item 14(a)(3). The required exhibit index has been filed with the exhibits.

14(d) The financial statements and the financial statement schedules of the Unconsolidated Joint Ventures of The Taubman Realty Group Limited Partnership listed at Item 14(a)(2) are filed pursuant to this Item 14(d).

TAUBMAN CENTERS, INC.

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1999 AND 1998
AND FOR EACH OF THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

INDEPENDENT AUDITORS' REPORT

Board of Directors and Shareowners
Taubman Centers, Inc.

We have audited the accompanying balance sheets of Taubman Centers, Inc. (the "Company") as of December 31, 1999 and 1998, and the related statements of operations, shareowners' equity, and cash flows for each of the three years in the period ended December 31, 1999. Our audits also included the financial statement schedules listed in the Index at Item 14. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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, such financial statements present fairly, in all material respects, the financial position of Taubman Centers, Inc. as of December 31, 1999 and 1998, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1999 in conformity with generally accepted accounting principles. Also, in our opinion, such financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

DELOITTE & TOUCHE LLP

Detroit, Michigan
February 9, 2000

TAUBMAN CENTERS, INC.

CONSOLIDATED BALANCE SHEET
(in thousands, except share data)

	December 31	
	1999	1998
Assets:		
Properties, net (Note 5)	$ 1,361,497	$ 1,308,642
Investment in Unconsolidated Joint Ventures (Note 4)	125,245	98,350
Cash and cash equivalents	20,557	19,045
Accounts and notes receivable, less allowance for doubtful accounts of $1,549 and $333 in 1999 and 1998	33,021	20,595
Accounts receivable from related parties (Note 9)	7,095	7,092
Deferred charges and other assets (Note 6)	49,496	27,139
	$ 1,596,911	$ 1,480,863
Liabilities:		
Mortgage notes payable (Note 7)	$ 866,742	$ 243,352
Unsecured notes payable (Note 7)	19,819	531,946
Accounts payable and accrued liabilities	118,230	171,669
Dividends payable	13,054	12,719
	$ 1,017,845	$ 959,686
Commitments and Contingencies (Notes 4, 7 and 12)		
Preferred Equity of TRG (Note 11)	$ 97,275	
Partners' Equity of TRG allocable to minority partners (Note 1)		
Shareowners' Equity (Notes 2 and 11):		
Series A Cumulative Redeemable Preferred Stock, $0.01 par value, 8,000,000 shares authorized, $200 million liquidation preference, 8,000,000 shares issued and outstanding at December 31, 1999 and 1998	$ 80	$ 80
Series B Non-Participating Convertible Preferred Stock, $0.001 par and liquidation value, 40,000,000 shares authorized, 31,835,066 and 31,399,913 shares issued and outstanding at December 31, 1999 and 1998	32	28
Series C Cumulative Redeemable Preferred Stock, $0.01 par value, 1,000,000 shares authorized, $75 million liquidation preference, none issued		
Series D Cumulative Redeemable Preferred Stock, $0.01 par value, 250,000 shares authorized, $25 million liquidation preference, none issued		
Common Stock, $0.01 par value, 250,000,000 shares authorized, 53,281,643 and 52,995,904 issued and outstanding at December 31, 1999 and 1998	533	530
Additional paid-in capital	701,045	697,965
Dividends in excess of net income	(219,899)	(177,426)
	$ 481,791	$ 521,177
	$ 1,596,911	$ 1,480,863

See notes to financial statements.

TAUBMAN CENTERS, INC.

STATEMENT OF OPERATIONS
(in thousands, except share data)

	Year Ended December 31		
	1999	1998	1997
	(Consolidated)	(Consolidated)	
Income:			
Minimum rents	$ 141,885	$ 107,657	
Percentage rents	4,881	5,881	
Expense recoveries	81,453	60,650	
Revenues from management, leasing and development services	23,909	12,282	
Other	16,564	17,769	$ 322
Revenues - transferred centers (Note 2)		129,714	
Income before extraordinary item from investment in TRG (Note 3)			29,349
	$ 268,692	$ 333,953	$ 29,671
Operating Expenses:			
Recoverable expenses	$ 73,711	$ 55,351	
Other operating	36,685	33,842	
Management, leasing and development services	17,215	8,025	
General and administrative	18,129	24,616	$ 1,009
Restructuring (Note 2)		10,698	
Expenses other than interest, depreciation and amortization - transferred centers (Note 2)		44,260	
Interest expense	51,327	75,809	
Depreciation and amortization (including $22.8 million in 1998 relating to the transferred centers)	52,475	57,376	
	$ 249,542	$ 309,977	$ 1,009
Income before equity in income before extraordinary items of Unconsolidated Joint Ventures, extraordinary items, and minority and preferred interests	$ 19,150	$ 23,976	$ 28,662
Equity in income before extraordinary items of Unconsolidated Joint Ventures (Note 4)	39,295	46,427	
Income before extraordinary items, minority and preferred interests	$ 58,445	$ 70,403	$ 28,662
Extraordinary items (Notes 2, 4 and 7)	(468)	(50,774)	
Minority interest:			
TRG income allocable to minority partners	(17,600)	(4,230)	
Distributions in excess of earnings allocable to minority partners	(12,431)	(1,779)	
TRG Series C and D preferred distributions (Note 11)	(2,444)		
Net income	$ 25,502	$ 13,620	$ 28,662
Series A preferred dividends (Note 11)	(16,600)	(16,600)	(4,058)
Net income (loss) available to common shareowners	$ 8,902	$ (2,980)	$ 24,604
Basic earnings per common share (Note 13):			
Income before extraordinary items	$ .17	$ .33	$ .48
Net income (loss)	$ .17	$ (.06)	$ .48
Diluted earnings per common share (Note 13):			

Income before extraordinary items	$ .17	$ .32	$ .48
Net income (loss)	$ .16	$ (.06)	$ .48
Cash dividends declared per common share	$ .965	$ .945	$ .925
Weighted average number of common shares outstanding	53,192,364	52,223,399	50,737,333

See notes to financial statements.

TAUBMAN CENTERS, INC.

CONSOLIDATED STATEMENT OF SHAREOWNERS' EQUITY
YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997
(in thousands, except share data)

	Preferred Stock		Common Stock			Dividends in excess of	
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Net Income	Total
Balance, January 1, 1997			50,720,358	$ 507	$ 468,590	$ (102,587)	$ 366,510
Proceeds from preferred stock offering (Note 11)	8,000,000	$ 80			199,920		200,000
Issuance of stock pursuant to Continuing Offer (Note 12)			39,299	1	441		442
Cash dividends declared						(50,996)	(50,996)
Net income						28,662	28,662
Balance, December 31, 1997	8,000,000	$ 80	50,759,657	$ 508	$ 668,951	$ (124,921)	$ 544,618
Proceeds from common stock offering			2,021,611	20	26,640		26,660
Proceeds from preferred stock offering (Note 11)	31,399,913	28					28
Issuance of stock pursuant to Continuing Offer (Note 12)			214,636	2	2,374		2,376
Cash dividends declared						(66,125)	(66,125)
Net income						13,620	13,620
Balance, December 31, 1998	39,399,913	$ 108	52,995,904	$ 530	$ 697,965	$ (177,426)	$ 521,177
Issuance of stock pursuant to acquisition (Note 6)	435,153	4					4
Issuance of stock pursuant to Continuing Offer (Note 12)			285,739	3	3,080		3,083
Cash dividends declared						(67,975)	(67,975)
Net income						25,502	25,502
Balance, December 31, 1999	39,835,066	$ 112	53,281,643	$ 533	$ 701,045	$ (219,899)	$ 481,791

See notes to financial statements.

TAUBMAN CENTERS, INC.

STATEMENT OF CASH FLOWS
(in thousands)

	Year Ended December 31		
	1999	1998	1997
	(Consolidated)	(Consolidated)	
Cash Flows From Operating Activities:			
Income before extraordinary items, minority and preferred interests	$ 58,445	$ 70,403	$ 28,662
Adjustments to reconcile income before extraordinary items, minority and preferred interests to net cash provided by operating activities:			
Depreciation and amortization	52,475	57,376	
Provision for losses on accounts receivable	2,238	1,207	
Amortization of deferred financing costs	4,452	3,318	
Other	359	2,264	
Gains on sales of land	(1,667)	(5,637)	
Increase (decrease) in cash attributable to changes in assets and liabilities:			
Receivables, deferred charges and other assets	(17,183)	(14,632)	
Accounts payable and other liabilities	8,440	31,121	(66)
Net Cash Provided By Operating Activities	$ 107,559	$ 145,420	$ 28,596
Cash Flows From Investing Activities:			
Purchase of additional interests in TRG			$ (200,000)
Additions to properties	$ (208,142)	$ (294,336)	
Proceeds from sales of land	1,834	6,750	
Purchases of equity securities (Note 6)	(18,462)		
Contributions to Unconsolidated Joint Ventures	(36,799)	(33,322)	
Distributions from Unconsolidated Joint Ventures in excess of income before extraordinary items	64,215	50,970	21,714
Net Cash Used In Investing Activities	$ (197,354)	$ (269,938)	$ (178,286)
Cash Flows From Financing Activities:			
Debt proceeds	$ 625,797	$ 1,695,235	
Debt payments	(514,534)	(175,599)	
Early extinguishment of debt		(1,169,769)	
Debt issuance costs	(10,335)	(4,458)	
Issuance of stock	3,087	29,037	$ 200,000
Issuance of TRG Preferred Equity (Note 11)	97,275		
Distributions to minority and preferred interests	(32,474)	(65,914)	
Cash dividends to common shareowners	(51,040)	(48,735)	(46,675)
Cash dividends to Series A preferred shareowners	(16,600)	(16,600)	(4,058)
Redemption of partnership units		(77,698)	
GMPT Exchange	(9,869)	(32,651)	
Other		(1,500)	
Net Cash Provided By Financing Activities	$ 91,307	$ 131,348	$ 149,267
Net Increase (Decrease) In Cash	$ 1,512	$ 6,830	$ (423)
Cash and Cash Equivalents at Beginning of Year	19,045	8,965	9,388
Effect of consolidating TRG in connection with the GMPT Exchange (TRG's cash balance at Beginning of Year) (Note 2)		3,250	
Cash and Cash Equivalents at End of Year	$ 20,557	$ 19,045	$ 8,965

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
Three Years Ended December 31, 1999

Note 1 - Summary of Significant Accounting Policies

Organization and Basis of Presentation

Taubman Centers, Inc. (the Company or TCO), a real estate investment trust, or REIT, is the managing general partner of The Taubman Realty Group Limited Partnership (the Operating Partnership or TRG). The Operating Partnership is an operating subsidiary that engages in the ownership, management, leasing, acquisition, development, and expansion of regional retail shopping centers and interests therein. The Operating Partnership's portfolio as of December 31, 1999 includes 17 urban and suburban shopping centers in seven states. Four additional centers are under construction in Florida and Texas.

On September 30, 1998, the Company obtained a majority and controlling interest in the Operating Partnership as a result of a transaction in which the Operating Partnership exchanged interests in 10 shopping centers, together with $990 million of its debt, for all of the partnership units owned by two General Motors pension trusts (GMPT), representing approximately 37% of the Operating Partnership's equity (the GMPT Exchange) (Note 2).

The consolidated balance sheet of the Company includes all accounts of the Company, the Operating Partnership and its consolidated subsidiaries; all intercompany balances have been eliminated. Investments in joint ventures not unilaterally controlled by ownership or contractual obligation (Unconsolidated Joint Ventures) are accounted for under the equity method. The statements of operations and cash flows for the years ended December 31, 1999 and 1998 include the Operating Partnership as a consolidated subsidiary for the entire year. The statements of operations and cash flows for the year ended December 31, 1997 reflect the financial position and results of operations of the Operating Partnership under the equity method.

Since the Company's interest in the Operating Partnership has been its sole material asset throughout all periods presented, references in the following notes to "the Company" include the Operating Partnership, except where intercompany transactions are discussed or as otherwise noted, even though the Operating Partnership did not become a consolidated subsidiary until September 30, 1998.

Dollar amounts presented in tables within the notes to the financial statements are stated in thousands of dollars, except share data or as otherwise noted.

Income Taxes

Federal income taxes are not provided because the Company operates in such a manner as to qualify as a REIT under the provisions of the Internal Revenue Code; therefore, applicable taxable income is included in the taxable income of its shareowners, to the extent distributed by the Company. As a REIT, the Company must distribute at least 95% of its REIT taxable income to its shareowners and meet certain other requirements. Additionally, no provision for income taxes for consolidated partnerships has been made, as such taxes are the responsibility of the individual partners.

Dividends per common share declared in 1999 were $0.965, of which $0.453 represented return of capital and $0.512 represented ordinary income. Dividends per common share declared in 1998 were $0.945, of which $0.854 represented return of capital and $0.091 represented ordinary income. Dividends per common share declared in 1997 were $0.925, of which $0.324 represented return of capital and $0.601 represented ordinary income. The tax status of the Company's common dividends in 1999, 1998 and 1997 may not be indicative of future periods. Dividends per Series A preferred share declared in both 1999 and 1998 were $2.075, all of which represented ordinary income. The difference between net income for financial reporting purposes and taxable income results primarily from differences in depreciation expense.

Revenue Recognition

Shopping center space is generally leased to specialty retail tenants under short and intermediate term leases which are accounted for as operating leases. Minimum rents are recognized on the straight-line method. Percentage rent is accrued when lessees' specified sales targets have been met (Note 14). Expense recoveries, which include an administrative fee, are recognized as revenue in the period applicable costs are chargeable to tenants. Management, leasing and development revenue is recognized as services are rendered.

Depreciation and Amortization

Buildings, improvements and equipment are depreciated on straight-line or double-declining balance bases over the estimated useful lives of the assets, which range from 3 to 50 years. Tenant allowances and deferred leasing costs are amortized on a straight-line basis over the lives of the related leases.

Capitalization

Costs related to the acquisition, development, construction and improvement of properties are capitalized. Interest costs are capitalized until construction is substantially complete. Assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with a maturity of 90 days or less at the date of purchase.

Deferred Charges

Direct financing and interest rate hedging costs are deferred and amortized over the terms of the related agreements as a component of interest expense. Direct costs related to leasing activities are capitalized and amortized on a straight-line basis over the lives of the related leases. All other deferred charges are amortized on a straight-line basis over the terms of the agreements to which they relate.

Stock-Based Compensation Plans

Stock-based compensation plans are accounted for under APB Opinion 25, "Accounting for Stock Issued to Employees" and related interpretations, as permitted under FAS 123, "Accounting for Stock-Based Compensation."

Interest Rate Hedging Agreements

Premiums paid for interest rate caps are amortized to interest expense over the terms of the cap agreements. Amounts received under the cap agreements are accounted for on an accrual basis, and recognized as a reduction of interest expense.

Partners' Equity of TRG Allocable to Minority Partners

Because the net equity of the partnership unitholders is less than zero, the interest of the noncontrolling unitholders is presented as a zero balance in the balance sheet as of December 31, 1999 and December 31, 1998. Also, for periods subsequent to the GMPT Exchange, the income allocated to the noncontrolling unitholders is equal to their share of distributions. The net equity of the Operating Partnership unitholders is less than zero because of accumulated distributions in excess of net income and not as a result of operating losses. Distributions to partners are usually greater than net income because net income includes non-cash charges for depreciation and amortization.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of financial instruments:

The carrying value of cash and cash equivalents, accounts and notes receivable, and accounts payable approximates fair value due to the short maturity of these instruments.

The fair value of debt is estimated based on quoted market prices if available, or on the current rates available to the Company for debt of similar terms and maturity and the assumption that debt will be prepaid at the earliest possible date.

The fair value of interest rate hedging instruments is the amount that the Company would receive or pay to terminate the agreement at the reporting date, taking into account current interest rates.

Operating Segment

The Company has one reportable operating segment; it owns, develops and manages regional shopping centers. The shopping centers are located in major metropolitan areas, have similar tenants (most of which are national chains), and share common economic characteristics. No single retail company represents 10% or more of the Company's revenues.

Reclassifications

Certain prior year amounts have been reclassified to conform to 1999 classifications.

Note 2 - The GMPT Exchange and Related Transactions

On September 30, 1998, the Company obtained a controlling interest in the Operating Partnership due to the following transaction. The Operating Partnership transferred interests in 10 shopping centers (nine wholly owned (Briarwood, Columbus City Center, The Falls, Hilltop, Lakeforest, Marley Station, Meadowood Mall, Stoneridge, and The Mall at Tuttle Crossing) and one Unconsolidated Joint Venture (Woodfield)), together with $990 million of debt, for all of the partnership units of GMPT (approximately 50 million units with a fair value of $675 million, based on the average stock price of the Company's common shares of $13.50 for the two week period prior to the closing) (the GMPT Exchange). The Operating Partnership continues to manage the transferred centers under agreements with GMPT (Note 10).

As of the date of the GMPT Exchange, the excess of the Company's cost of its investment in the Operating Partnership over the Company's share of the Operating Partnership's accumulated deficit was $390.4 million, of which $176.6 million and $213.8 million were allocated to the Company's bases in the Operating Partnership's properties and investment in Unconsolidated Joint Ventures, respectively.

In September 1998, in anticipation of the GMPT Exchange, the Operating Partnership used the $1.2 billion proceeds from two bridge loans to extinguish approximately $1.1 billion of debt. The remaining proceeds were used primarily to pay prepayment premiums and transaction costs. An extraordinary charge of approximately $49.8 million, consisting primarily of prepayment premiums, was incurred in connection with the extinguishment of the debt.

The balance on the first bridge loan of $902 million was assumed by GMPT in connection with the GMPT Exchange. The second loan had a balance of $340 million as of December 31, 1998 and was refinanced during the first half of 1999 (Note 7).

Concurrently with the GMPT Exchange, the Operating Partnership committed to a restructuring of its operations. A restructuring charge of approximately $10.7 million was incurred, primarily representing the cost of certain involuntary terminations of personnel. Pursuant to the restructuring plan, approximately 40 employees were terminated across various administrative functions. During 1998, termination benefits of $6.1 million were paid. Substantially all remaining benefits were paid by the end of the first quarter of 1999.

Note 3 - Investment in the Operating Partnership

The partnership equity of the Operating Partnership and the Company's ownership therein are shown below.

	TRG Units outstanding at December 31	TRG Units Owned by TCO at December 31	TCO's % Interest in TRG at December 31	TCO's Average Interest in TRG
1999	85,116,709	53,281,643	63%	63%
1998	84,395,817	52,995,904	63%	43%
1997	138,299,310	50,759,657	37%	37%

Net income and distributions of the Operating Partnership are allocable first to the preferred equity interests (Note 11), and the remaining amounts to the general and limited Operating Partnership partners in accordance with their percentage ownership. Prior to 1998, when the Company obtained a controlling interest in the Operating Partnership (Note 2), the Company accounted for its investment in the Operating Partnership under the equity method.

The Company's income from its investment in the Operating Partnership included $4.1 million for the year ended December 31, 1997 from its Series A Preferred Equity interest in the Operating Partnership (Note 11). Additionally, the Company's share of the Operating Partnership's income before extraordinary items available to partnership unitholders for 1997 was $33.5 million, reduced by $8.2 million, representing adjustments arising from the Company's additional basis in the Operating Partnership's net assets.

The Operating Partnership's summarized results of operations information is presented below for 1997, during which the Company accounted for the Operating Partnership under the equity method.

Revenues	$ 313,426
Operating costs other than interest and depreciation and amortization	$ 152,044
Interest expense	73,639
Depreciation and amortization	44,719
	$ 270,402
Equity in net income of Unconsolidated Joint Ventures	52,270
Net income	$ 95,294
Preferred distributions	(4,058)
Net income available to unitholders	$ 91,236
Net income allocable to TCO	$ 37,532
Depreciation of TCO's additional basis	(8,183)
Income from investment in TRG	$ 29,349

Note 4 - Investments in Unconsolidated Joint Ventures

Following are the Company's investments in Unconsolidated Joint Ventures which own regional retail shopping centers. The Operating Partnership is generally the managing general partner of these Unconsolidated Joint Ventures. The Operating Partnership's interest in each Unconsolidated Joint Venture is as follows:

Unconsolidated Joint Venture	Shopping Center	Ownership as of December 31, 1999
Arizona Mills, L.L.C.	Arizona Mills	37%
Dolphin Mall Associates Limited Partnership	Dolphin Mall (under construction)	50
Fairfax Company of Virginia L.L.C.	Fair Oaks	50
Lakeside Mall Limited Partnership	Lakeside	50 (Note 16)
Rich-Taubman Associates	Stamford Town Center	50
Taubman-Cherry Creek Limited Partnership	Cherry Creek	50
Tampa Westshore Associates Limited Partnership	International Plaza (under construction)	26
Twelve Oaks Mall Limited Partnership	Twelve Oaks Mall	50 (Note 16)
West Farms Associates	Westfarms	79
Woodland	Woodland	50

The Company is developing International Plaza, a 1.3 million square foot regional center under construction in Tampa, Florida, which is expected to open September 2001. The Company originally had a controlling 50.1% interest in the partnership (Tampa Westshore) that owns the project. The Company was responsible for providing funding for project costs in excess of the construction financing in exchange for a preferential return. In November 1999, the Operating Partnership entered into agreements with a new investor, which provided funding for the project and thereby reduced the Company's ownership to approximately 26%. Also, in November 1999, Tampa Westshore closed on a $193.5 million, three-year construction financing, with a one-year extension option. The rate on the facility is LIBOR plus 1.90%. The Operating Partnership has guaranteed the payment of 100% of the principal and interest. The new investor in the Tampa venture has indemnified the Operating Partnership to the extent of 25% of the amounts guaranteed. The loan agreement provides for reductions of the rate and the amount guaranteed as certain center performance criteria are met. There was no balance outstanding at December 31, 1999.

In September 1999, the Company entered into a partnership agreement with Swerdlow Real Estate Group to jointly develop Dolphin Mall, a 1.4 million square foot value regional center under construction in Miami, Florida, expected to open March 2001. In October 1999, the joint venture that is developing Dolphin Mall closed on a $200 million, three-year construction facility. The rate on the facility is LIBOR plus 2%, decreasing to LIBOR plus 1.75% when a certain coverage ratio is met. The Operating Partnership has guaranteed the payment of 50% of any outstanding principal balance and 100% of all accrued and unpaid interest. The guaranty will be reduced as certain performance conditions are met. The maturity date on the loan may be extended one year. The balance outstanding was $22.3 million at December 31, 1999.

During 1999, noncash investing activities included a total of $58.7 million contributed to the Unconsolidated Joint Ventures developing International Plaza and Dolphin Mall. This amount primarily consists of project costs expended prior to the creation of the joint ventures.

Arizona Mills, L.L.C. has a construction facility with a maximum availability of $142 million, all of which was outstanding as of December 31, 1999. The payment of principal and interest is guaranteed by each of the owners of Arizona Mills to the extent of their ownership, with reduction in amounts guaranteed being provided as certain center performance and valuation criteria are met. The Operating Partnership's guaranty of principal was $13.1 million at December 31, 1999.

During 1999 and 1998, the Unconsolidated Joint Ventures incurred extraordinary charges related to the extinguishment of debt, primarily consisting of prepayment premiums.

The Company's carrying value of its Investment in Unconsolidated Joint Ventures differs from its share of the deficiency in assets reported in the combined balance sheet of the Unconsolidated Joint Ventures due to (i) the Company's cost of its investment in excess of the historical net book values of the Unconsolidated Joint Ventures and (ii) the Operating Partnership's adjustments to the book basis, including intercompany profits on sales of services that are capitalized by the Unconsolidated Joint Ventures. The Company's additional basis allocated to depreciable assets is recognized on a straight-line basis over 40 years. The Operating Partnership's differences in bases are amortized over the useful lives of the related assets.

Combined balance sheet and results of operations information are presented below (in thousands) for all Unconsolidated Joint Ventures, followed by the Operating Partnership's beneficial interest in the combined information. Beneficial interest is calculated based on the Operating Partnership's ownership interest in each of the Unconsolidated Joint Ventures. The accounts of Woodfield Associates, formerly a 50% Unconsolidated Joint Venture transferred to GMPT (Note 2), are included in these results through September 30, 1998, the date of the GMPT Exchange.

	December 31 1999	December 31 1998
Assets:		
Properties, net	$ 724,846	$ 572,149
Other assets	91,820	73,046
	$ 816,666	$ 645,195
Liabilities and partners' accumulated deficiency in assets:		
Debt	$ 895,163	$ 825,927
Capital lease obligations	3,664	5,187
Other liabilities	53,825	47,622
TRG's accumulated deficiency in assets	(74,749)	(103,545)
Unconsolidated Joint Venture Partners' accumulated deficiency in assets	(61,237)	(129,996)
	$ 816,666	$ 645,195
TRG's accumulated deficiency in assets (above)	$ (74,749)	$ (103,545)
TRG basis adjustments, including elimination of intercompany profit	2,205	(4,846)
TCO's additional basis	197,789	206,741
Investment in Unconsolidated Joint Ventures	$ 125,245	$ 98,350

	Year Ended December 31 1999	Year Ended December 31 1998
Revenues	$ 252,009	$ 286,287
Recoverable and other operating expenses	$ 87,755	$ 101,277
Interest expense	64,152	69,389
Depreciation and amortization	29,983	32,466
Total operating costs	$ 181,890	$ 203,132
Income before extraordinary items	$ 70,119	$ 83,155
Extraordinary items	(333)	(1,913)
Net income	$ 69,786	$ 81,242
Net income allocable to TRG	$ 38,346	$ 42,322
Extraordinary items allocable to TRG	167	957
Realized intercompany profit	5,434	7,205
Depreciation of TCO's additional basis	(4,652)	(4,057)
Equity in income before extraordinary items of Unconsolidated Joint Ventures	$ 39,295	$ 46,427
Beneficial interest in Unconsolidated Joint Ventures' operations:		
Revenues less recoverable and other operating expenses	$ 94,136	$ 104,257
Interest expense	(34,470)	(37,118)
Depreciation and amortization	(20,371)	(20,712)
Income before extraordinary items	$ 39,295	$ 46,427

Note 5 - Properties

Properties at December 31, 1999 and December 31, 1998 are summarized as follows:

	1999	1998
Land	$ 106,268	$ 102,901
Buildings, improvements and equipment	1,308,365	1,142,466
Construction in process	127,168	199,561
Development pre-construction costs	30,484	28,512
	$ 1,572,285	$ 1,473,440
Accumulated depreciation and amortization	(210,788)	(164,798)
	$ 1,361,497	$ 1,308,642

Depreciation expense for 1999 and 1998 was $47.9 million and $50.8 million, respectively. Construction in process includes costs related to the construction of new centers, and expansions and other improvements at various existing centers. The charge to operations in 1999 and 1998 for costs of unsuccessful and potentially unsuccessful pre-development activities was $10.1 million and $7.3 million, respectively. During 1999 and 1998, non-cash additions to properties of $13.6 million and $54.9 million, respectively, were recorded, representing accrued costs of new centers, expansions and development projects.

In December 1999, the Operating Partnership acquired an additional 5% interest in Great Lakes Crossing for $1.2 million in cash, increasing the Operating Partnership's interest in the center to 85%. The acquisition was accounted for as a purchase.

Note 6 - Deferred Charges and Other Assets

Deferred charges and other assets at December 31, 1999 and December 31, 1998 are summarized as follows:

	1999	1998
Leasing	$ 25,223	$ 21,164
Accumulated amortization	(14,050)	(10,349)
	$ 11,173	$ 10,815
Deferred financing costs, net	10,061	10,248
Investments	22,878	2,497
Other, net	5,384	3,579
	$ 49,496	$ 27,139

In April 1999, the Company invested in an e-commerce company that markets, promotes, advertises, and sells fashion apparel and related accessories and products over the Internet. The Company obtained 824,084 convertible preferred shares of Fashionmall.com, Inc., a 9.9% interest in the company, for $7.4 million. In connection with this investment, the Company received an option, exercisable during a 60-day period commencing March 2000, to purchase an additional 924,898 shares of common stock at the initial public offering price of $13.00 per share. The investment in Fashionmall.com, Inc. is accounted for under the cost method.

In September 1999, the Company acquired an approximately 5% interest in Swerdlow Real Estate Group, a privately held real estate investment trust, for approximately $10 million. The investment in Swerdlow is accounted for under the cost method.

In November 1999, the Operating Partnership acquired Lord Associates, a retail leasing firm based in Alexandria, Virginia, for approximately $7.5 million, representing $2.5 million in cash and 435,153 partnership units (and an equal number of the Company's Series B Non-Participating Convertible Preferred Stock.) The units and stock will be released over a five-year period. The owner of the partnership units is not entitled to distributions or income allocations, and an affiliate of the Operating Partnership will have voting rights to the stock, until release of the units. Of the cash purchase price, approximately $1.0 million was paid at closing and $1.5 million will be paid over five years; $1.0 million of the purchase price is contingent upon profits achieved on acquired leasing contracts. The final 65,271 partnership units are collateral if the profit contingency is not met. The acquisition of Lord Associates was accounted for as a purchase (cost amortized over five years), with the results of operations of Lord Associates being included in the income statement of the Company subsequent to the acquisition date.

Note 7 - Debt

Mortgage Notes Payable

Mortgage notes payable at December 31, 1999 and December 31, 1998 consist of the following:

	1999	1998	Interest Rate	Maturity Date	Balance Due on Maturity
Beverly Center	$ 146,000	$ 146,000	8.36%	07/15/04	$146,000
Biltmore	80,000		7.68%	07/10/09	71,391
Great Lakes Crossing	170,000		LIBOR + 1.50%	04/01/02	167,925
MacArthur Center	115,212	94,589	LIBOR + 1.35%	10/27/00	115,212
The Mall at Short Hills	270,000		6.70%	04/01/09	245,301
Line of Credit	63,000		LIBOR + 0.90%	09/21/01	63,000
Other	22,530	2,763	Various	Various	20,000
	$ 866,742	$ 243,352			

Mortgage debt is collateralized by properties with a net book value of $1.2 billion and $289.5 million as of December 31, 1999 and December 31, 1998, respectively.

The Great Lakes Crossing and MacArthur Center loan agreements provide for an option to extend the maturity date one and two years, respectively. Payment of principal and interest are guaranteed by the Operating Partnership. The loan agreements provide for a reduction of the amount guaranteed (the Great Lakes Crossing agreement also provides for a reduction of the interest rate) as certain center performance and valuation criteria are met. The MacArthur Center construction facility has total availability of $120 million.

In June 1999, the Operating Partnership's $200 million line of credit facility was securitized with interests in Fairlane, LaCumbre, Paseo Nuevo, and Regency Square serving as collateral.

The other mortgage notes payable are due at various dates through 2009, and have fixed interest rates between 5.4% and 13%.

The following table presents scheduled principal payments on mortgage debt, as of December 31, 1999.

2000	$ 115,727
2001	65,670
2002	171,292
2003	4,179
2004	150,457
Thereafter	359,417

Unsecured Notes Payable

Unsecured notes payable at December 31, 1999 and December 31, 1998 consist of the following:

	1999	1998
Bridge loan, interest at LIBOR plus 1.30%		$ 340,000
Construction facility, interest at LIBOR plus 0.90%		170,100
Line of credit, maximum borrowing available of $40 million, interest based on a variable bank borrowing rate, 6.75% at December 31, 1999, maturing August 2000 (Note 16)	$ 17,624	15,450
Other	2,195	6,396
	$ 19,819	$ 531,946

Debt Covenants

Certain loan and facility agreements contain various restrictive covenants including limitations on net worth, minimum debt service and fixed charges coverage ratios, a maximum payout ratio on distributions, and a minimum debt yield ratio, the latter being the most restrictive. The Company is in compliance with all covenants.

Interest Expense

Interest paid in 1999 and 1998, net of amounts capitalized of $14.5 million and $18.2 million, respectively, approximated $45.8 million and $76.1 million, respectively.

Extraordinary Items

During the year ended December 31, 1999, extraordinary charges to income of $0.5 million were recognized in connection with the extinguishment of debt. During 1998, extraordinary charges of $50.8 million were recognized related to the extinguishment of debt, primarily in connection with the GMPT Exchange.

Interest Rate Hedging Instruments

The Company enters into interest rate agreements to reduce its exposure to changes in the cost of its floating rate debt. The derivative agreements generally match the notional amounts, reset dates and rate bases of the hedged debt to assure the effectiveness of the derivatives in reducing interest rate risk. As of December 31, 1999, the following interest rate cap agreements were outstanding:

Notional Amount	LIBOR Cap Rate	Frequency of Rate Resets	Term
$100,000	7.0%	Monthly	December 1999 through December 2000
170,000	6.0%	Monthly	September 1999 through August 2000
84,000	6.5%	Monthly	September 1999 through October 2000

The Company is exposed to credit risk in the event of nonperformance by the counterparties to its interest rate cap agreements, but has no off-balance sheet risk of loss. The Company anticipates that its counterparties will fully perform their obligations under the agreements.

Fair Value of Financial Instruments Related to Debt

The estimated fair values of financial instruments at December 31, 1999 and December 31, 1998 are as follows:

	1999		1998	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Mortgage notes payable	$ 866,742	$ 885,741	$ 243,352	$ 254,156
Unsecured notes payable	19,819	19,819	531,946	532,043
Interest rate instruments - in a receivable position	632	410	319	5

Beneficial Interest in Debt and Interest Expense

The Operating Partnership's beneficial interest in the debt, capital lease obligations, capitalized interest, and interest expense of its consolidated subsidiaries and its Unconsolidated Joint Ventures is summarized in the following table. The Operating Partnership's beneficial interest excludes debt and interest relating to the minority interest in Great Lakes Crossing (15% at December 31, 1999-see Note 5) and the 30% minority interest in MacArthur Center.

	Unconsolidated Joint Ventures	Share of Unconsolidated Joint Ventures	Consolidated Subsidiaries	Beneficial Interest
Debt as of:				
December 31, 1999	$ 895,163	$ 473,726	$ 886,561	$ 1,300,224
December 31, 1998	825,927	439,271	775,298	1,186,192
Capital lease obligations:				
December 31, 1999	$ 3,664	$ 2,018	$ 469	$ 2,418
December 31, 1998	5,187	2,858	--	2,858
Capitalized interest:				
Year ended December 31,1999	$ 2,528	$ 1,085	$ 14,489	$ 15,188
Year ended December 31,1998	2,466	1,062	18,192	17,610
Interest expense (Net of capitalized interest):				
Year ended December 31,1999	$ 64,152	$ 34,470	$ 51,327	$ 82,062
Year ended December 31,1998	69,389	37,118	75,809	112,927

Note 8 - Leases

Operating Leases

Shopping center space is leased to tenants and certain anchors pursuant to lease agreements. Tenant leases typically provide for guaranteed minimum rent, percentage rent, and other charges to cover certain operating costs. Future minimum rent under operating leases in effect at December 31, 1999 for operating centers, assuming no new or renegotiated leases or option extensions on anchor agreements, is summarized as follows:

2000	$ 137,065
2001	132,046
2002	125,614
2003	114,567
2004	98,968
Thereafter	349,017

Certain shopping centers, as lessees, have ground leases expiring at various dates through the year 2065. In addition, the Company leases its office facilities. Rental payments under ground and office leases were $7.0 million in 1999 and $8.9 million in 1998. Included in this amount are related party office rental payments of $2.7 million and $2.8 million, respectively.

The following is a schedule of future minimum rental payments required under operating leases.

2000	$ 6,505
2001	6,324
2002	6,262
2003	6,253
2004	6,251
Thereafter	171,861

The table above includes $2.6 million, $2.7 million, $2.8 million, $2.8 million, $2.8 million and $0.9 million of related party amounts in 2000, 2001, 2002, 2003, 2004, and thereafter.

Memorial City Mall Lease

In 1996, the Operating Partnership entered into an agreement to lease Memorial City Mall, a 1.4 million square foot shopping center located in Houston, Texas. The lease was subject to certain provisions that enabled the Operating Partnership to explore significant redevelopment opportunities and terminate the lease obligations in the event such redevelopment opportunities were not deemed to be sufficient. In November 1999, the Operating Partnership exercised its option to terminate the lease. Under the terms of the lease, the Operating Partnership will continue to manage the center until May 2000.

Note 9 - Transactions with Affiliates

The revenue from management, leasing and development services includes $2.5 million and $3.2 million from transactions with affiliates for the years ended December 31, 1999 and 1998, respectively. Accounts receivable from related parties includes amounts related to reimbursement of third-party (non-affiliated) costs.

During 1997, the Operating Partnership acquired an option from a related party to purchase certain real estate on which the Operating Partnership may develop a shopping center. The option agreement requires option payments of $150,000 during each of the first five years, $400,000 in the sixth year, and $500,000 in the seventh year. If the Operating Partnership exercises the option, the purchase price for the property will be between $5 million and $10 million, depending upon the year of purchase. While the optionor will have no interest in the shopping center itself, the optionor may, under certain circumstances, participate in the proceeds from the Operating Partnership's future sales, if any, of the peripheral land contiguous to the shopping center.

Other related party transactions are described in Notes 8 and 10.

Note 10 - The Manager

The Taubman Company Limited Partnership (the Manager), which is 99% beneficially owned by the Operating Partnership, provides property management, leasing, development and other administrative services to the Company, the shopping centers, and Taubman affiliates. In addition, the Manager provides services to centers transferred to GMPT under management agreements. The management agreements are cancelable with 90 days notice.

The Manager has a voluntary retirement saving plan established in 1983 and amended and restated effective January 1, 1994 (the Plan). The Plan is qualified in accordance with Section 401(k) of the Internal Revenue Code (the Code). The Manager contributes an amount equal to 2% of the qualified wages of all qualified employees and matches employee contributions in excess of 2% up to 7% of qualified wages. In addition, the Manager may make discretionary contributions within the limits prescribed by the Plan and imposed in the Code. Costs relating to the Plan were $1.6 million in 1999 and $1.7 million in 1998.

The Operating Partnership has an incentive option plan for employees of the Manager. Currently, options for 7.7 million Operating Partnership units may be issued under the plan, including options outstanding for 7.4 million units. Incentive options generally become exercisable to the extent of one-third of the units on each of the third, fourth, and fifth anniversaries of the date of grant. Options expire ten years from the date of grant. The Operating Partnership's units issued in connection with the incentive option plan are exchangeable for shares of the Company's common stock under the Continuing Offer (Note 12).

A summary of the status of the plan as of December 31, 1999 and 1998 and changes during the years ending on those dates are presented below:

	1999		1998	
Options	Units	Weighted-Average Exercise Price Per Unit	Units	Weighted-Average Exercise Price Per Unit
Outstanding at beginning of year	6,805,018	$11.22	7,023,605	$11.22
Exercised	(285,739)	10.79	(214,636)	11.07
Granted	1,000,000	12.25		
Cancelled	(93,494)	12.90	(3,951)	10.52
Forfeited	(1,976)	9.69		
Outstanding at end of year	7,423,809	11.36	6,805,018	11.22
Options vested at year end	6,601,090	11.32	6,022,730	11.28

Options outstanding at December 31, 1999 have a remaining weighted-average contractual life of 4.2 years and range in exercise price from $9.39 to $13.89. The weighted average fair value per unit of options granted during 1999 was $1.24. The Company used a binomial option pricing model to determine the grant date fair value based on the following assumptions: volatility rate of 20.43%, risk-free rate of return of approximately 5.26%, and dividend yield of approximately 7.8%.

The Company applies APB Opinion 25 and related interpretations in accounting for the plan. The exercise price of all options outstanding granted under the plan was equal to market value on the date of grant. Accordingly, no compensation expense has been recognized for the plan. Had compensation cost for the plan been determined based on the fair value of the options at the grant dates, consistent with the method of FAS Statement 123, the pro forma effect on the Company's earnings and earnings per share would have been approximately $0.7 million, or $0.01 per share in 1999, and approximately $0.1 million, or $0.002 per share, in 1998.

Effective January 1, 1996 and amended January 1, 1999, the Manager adopted The Taubman Company Long-Term Performance Compensation Plan. Annually, eligible employees will be granted notional shares, the ultimate number of which will be based on the employee's performance. These awards, which will vest on the third anniversary of the date of grant, will also accrue dividend equivalents in the form of additional notional shares. The awards will be paid to the employee in cash upon vesting, based on the value of the Company's common shares, unless the employee elects to defer payment as provided in the plan. The cost of this plan was approximately $3.8 million for 1999 and $6.6 million for 1998.

Note 11 - Preferred Stock and Preferred Equity of TRG

In October 1997, the Company used the proceeds from a $200 million public offering of eight million shares of 8.3% Series A Cumulative Redeemable Preferred Stock (Series A Preferred Stock) to acquire a Series A Preferred Equity interest in the Operating Partnership that entitles the Company to income and distributions (in the form of guaranteed payments) in amounts equal to the dividends payable on the Company's Series A Preferred Stock.

The Series A Preferred Stock has no stated maturity, sinking fund or mandatory redemption and is not convertible into any other securities of the Company. The Series A Preferred Stock has a liquidation preference of $200 million ($25 per share). Dividends are cumulative and accrue at an annual rate of 8.3% from the date of the original issuance, October 3, 1997, and are payable in arrears on or before the last day of each calendar quarter. All accrued dividends have been paid. The Series A Preferred Stock can be redeemed by the Company beginning in October 2002 at $25 per share plus any accrued dividends. The redemption price can be paid solely out of the sale of capital stock of the Company.

In connection with the GMPT Exchange, the Company became obligated to issue to the minority interest, upon subscription, one share of Series B Non-Participating Convertible Preferred Stock (Series B Preferred Stock) for each of the Operating Partnership units held by the minority interest. Each share of Series B Preferred Stock entitles the holder to one vote on all matters submitted to the Company's shareholders. The holders of Series B Preferred Stock, voting as a class, have the right to designate up to four nominees for election as directors of the Company. On all other matters, including the election of directors, the holders of Series B Preferred Stock will vote with the holders of common stock. The holders of Series B Preferred Stock are not entitled to dividends or earnings. Under certain circumstances, the Series B Preferred Stock is convertible into common stock at a ratio of 14,000 shares of Series B Preferred Stock for one share of common stock.

In September 1999 and November 1999, the Operating Partnership completed private placements of $75 million 9% Cumulative Redeemable Preferred Partnership Equity (Series C Preferred Equity) and $25 million 9% Cumulative Redeemable Preferred Partnership Equity (Series D Preferred Equity), respectively. Both the Series C and Series D Preferred Equity were purchased by institutional investors, and have a fixed 9% coupon rate, no stated maturity, sinking fund or mandatory redemption requirements.

The holders of Series C Preferred Equity have the right, beginning in 2009, to exchange $75 in liquidation value of such equity for one share of Series C Preferred Stock. The holders of the Series D Preferred Equity have the right, beginning in 2009, to exchange $100 in liquidation value of such equity for one share of Series D Preferred Stock. The terms of the Series C Preferred Stock and Series D Preferred Stock are substantially similar to those of the Series C Preferred Equity and Series D Preferred Equity. Like the Series A Preferred Stock, the Series C Preferred Stock and Series D Preferred Stock are non-voting. In connection with each private placement, the Company covenanted to amend its Restated Articles of Incorporation to increase the total number of authorized shares of Preferred Stock and to increase the total number of shares designated as Series C Preferred Stock and Series D Preferred Stock, to a minimum of 2,000,000 shares and 250,000 shares, respectively. The Company has further covenanted, once additional shares of Series C Preferred Stock and Series D Preferred Stock are available for issuance, to in each case lower the applicable exchange ratio and to issue more shares with each share having a lower liquidation value. The aggregate amount in liquidation value of each of the Series C Preferred Stock and Series D Preferred Stock will remain $75 million and $25 million, respectively.

Note 12 - Commitments and Contingencies

At the time of the Company's initial public offering (IPO) and acquisition of its partnership interest in the Operating Partnership, the Company entered into an agreement with A. Alfred Taubman, who owns an interest in the Operating Partnership, whereby he has the annual right to tender to the Company Operating Partnership units (provided that the aggregate value is at least $50 million) and cause the Company to purchase the tendered interests at a purchase price based on a market valuation of the Company on the trading date immediately preceding the date of the tender (the Cash Tender Agreement). The Company will have the option to pay for these interests from available cash, borrowed funds or from the proceeds of an offering of the Company's common stock. Generally, the Company expects to finance these purchases through the sale of new shares of its stock. The tendering partner will bear all market risk if the market price at closing is less than the purchase price and will bear the costs of sale. Any proceeds of the offering in excess of the purchase price will be for the sole benefit of the Company. At A. Alfred Taubman's election, his family and Robert C. Larson and his family may participate in tenders.

Based on a market value at December 31, 1999 of $10.75 per common share, the aggregate value of interests in the Operating Partnership that may be tendered under the Cash Tender Agreement was approximately $259 million. The purchase of these interests at December 31, 1999 would have resulted in the Company owning an additional 28% interest in the Operating Partnership.

The Company has made a continuing, irrevocable offer to all present holders (other than certain excluded holders, including A. Alfred Taubman), assignees of all present holders, those future holders of partnership interests in the Operating Partnership as the Company may, in its sole discretion, agree to include in the continuing offer, and all existing and future optionees under the Operating Partnership's incentive option plan (Note 10) to exchange shares of common stock for partnership interests in the Operating Partnership (the Continuing Offer). Under the Continuing Offer agreement, one unit of the Operating Partnership interest is exchangeable for one share of the Company's common stock.

Shares of common stock that were acquired by GMPT and the AT&T Master Pension Trust in connection with the IPO may be sold through a registered offering. Pursuant to a registration rights agreement with the Company, the owners of each of these shares have the annual right to cause the Company to register and publicly sell their shares of common stock (provided that the shares have an aggregate value of at least $50 million and subject to certain other restrictions). All expenses of such a registration are to be borne by the Company, other than the underwriting discounts or selling commissions, which will be borne by the exercising party.

The Company is currently involved in certain litigation arising in the ordinary course of business. Management believes that this litigation will not have a material adverse effect on the Company's financial statements.

Note 13 - Earnings Per Share

Basic earnings per common share are calculated by dividing earnings available to common shareowners by the average number of common shares outstanding during each period. For diluted earnings per common share, the Company's ownership interest in the Operating Partnership (and therefore earnings) are adjusted assuming the exercise of all options for units of partnership interest under the Operating Partnership's incentive option plan having exercise prices less than the average market value of the units using the treasury stock method. For the years ended December 31, 1999, 1998 and 1997, options for 0.7 million, 0.3 million and 0.4 million units of partnership interest with average exercise prices of $13.38, $13.81 and $13.58, respectively, were excluded from the computation of diluted earnings per share because the options' exercise prices were greater than the average market price for the period calculated.

	Year Ended December 31		
	1999	1998	1997
	(in thousands, except share data)		
Income before extraordinary items allocable to common shareowners (Numerator):			
Net income (loss) available to common shareowners	$ 8,902	$ (2,980)	$ 24,604
Common shareowners' share of extraordinary items	294	20,066	
Basic income before extraordinary items	$ 9,196	$ 17,086	$ 24,604
Effect of dilutive options	(270)	(256)	(241)
Diluted income before extraordinary items	$ 8,926	$ 16,830	$ 24,363
Shares (Denominator) - basic and diluted	53,192,364	52,223,399	50,737,333
Income before extraordinary items per common share:			
Basic	$ 0.17	$ 0.33	$ 0.48
Diluted	$ 0.17	$ 0.32	$ 0.48
Extraordinary items per common share - basic and diluted	$ (0.01)	$ (0.38)	

Note 14 - New Accounting Pronouncements

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" (SAB 101). SAB 101 requires that a lessor defer recognition of percentage rents in quarterly periods until the specified target (typically gross sales in excess of a certain amount) that triggers this type of rental income is achieved. The Company had previously accrued interim contingent rental income as lessees' specified sales targets were met or achievement of the sales targets was probable. The Company adopted the accounting method set forth in SAB 101 during the fourth quarter of 1999. Although the adoption had no impact on annual net income, the Company has restated the results of the first three quarters of 1999 (Note 15). The effect of the restatement was to reduce net income by $0.3 million ($0.01 per diluted common share), $1.2 million ($0.02 per diluted common share), and $1.2 million ($0.02 per diluted common share) for the first, second, and third quarters of 1999, respectively, and to increase fourth quarter income and per share amounts by $2.7 million and $0.05 per share, respectively. Had SAB 101 been in effect during 1998, 11%, 7%, 10%, and 72% of annual percentage rent would have been recognized in the first, second, third, and fourth quarters of 1998, on a pro forma basis.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 requires companies to record derivatives on the balance sheet as assets and liabilities, measured at fair value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the uses of the derivatives and whether they qualify for hedge accounting. The Company is currently evaluating the impact of SFAS 133 on the Company's consolidated financial statements. SFAS 133 is effective for fiscal years beginning after June 15, 2000.

Note 15 - Quarterly Financial Data (Unaudited)

The following is a summary of quarterly results of operations for 1999 and 1998. Amounts for the first three quarters of 1999 have been restated for the change in accounting method for percentage rent (Note 14).

	1999			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands, except share data)			
Revenues	$ 60,163	$ 68,771	$ 65,995	$ 73,763
Equity in income of Unconsolidated Joint Ventures	9,545	9,767	8,887	11,096
Income before extraordinary items, minority and preferred interests	13,847	12,941	12,623	19,034
Net income	6,340	5,132	4,590	9,440
Net income available to common shareowners	2,190	982	440	5,290
Basic earnings per common share:				
Income before extraordinary items	$ 0.04	$ 0.02	$ 0.01	$ 0.10
Net income	0.04	0.02	0.01	0.10
Diluted earnings per common share:				
Income before extraordinary items	$ 0.04	$ 0.02	$ 0.01	$ 0.10
Net income	0.04	0.02	0.01	0.10

	1998			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands, except share data)			
Revenues	$ 87,202	$ 92,103	$ 90,968	$ 63,680
Equity in income of Unconsolidated Joint Ventures	11,730	10,946	12,836	10,915
Income before extraordinary items, minority and preferred interests	21,087	20,514	11,494	17,308
Net income (loss)	8,900	9,046	(14,126)	9,800
Net income (loss) available to common shareowners	4,750	4,896	(18,276)	5,650
Basic earnings per common share:				
Income before extraordinary items	$ 0.10	$ 0.09	$ 0.03	$ 0.11
Net income (loss)	0.09	0.09	(0.35)	0.11
Diluted earnings per common share:				
Income before extraordinary items	$ 0.10	$ 0.09	$ 0.03	$ 0.10
Net income (loss)	0.09	0.09	(0.34)	0.10

Note 16 - Subsequent Events

In January 2000, the Company agreed to exchange property interests with its current joint venture partner in two Unconsolidated Joint Ventures. Under the terms of the agreement, expected to be completed in the first quarter 2000, the Operating Partnership will assume 100 percent ownership of Twelve Oaks Mall and the current joint venture partner will become 100 percent owner of Lakeside. Both properties will remain subject to the existing mortgage debt ($50 million and $88 million at Twelve Oaks and Lakeside, respectively.) The Operating Partnership will also pay the joint venture partner $30 million in cash. The transaction will be accounted for as a purchase. The Operating Partnership will continue to manage Twelve Oaks, while the joint venture partner will assume management responsibility for Lakeside at closing.

In January 2000, the 50% owned Unconsolidated Joint Venture that owns Stamford Town Center completed a $76 million secured financing. The new financing bears interest at a rate of one-month LIBOR plus 0.8% and matures in 2002 with a two-year extension option. The rate is capped at 8.2% plus credit spread for the term of the loan. The proceeds were used to repay the $54 million participating mortgage, the $18.3 million prepayment premium, and accrued interest and transaction costs.

In January 2000, the Company finalized an agreement that securitized the $40 million bank line of credit and extended its maturity to August 2000.

Schedule II

TAUBMAN CENTERS, INC.
Valuation and Qualifying Accounts

For the years ended December 31, 1999 and 1998

(in thousands)

	Balance at beginning of year	Additions: Charged to costs and expenses	Additions: Charged to other accounts	Write-offs	Transfers, net	Balance at end of year
Year ended December 31, 1999:						
Allowance for doubtful receivables	$333	2,238		(1,022)		$ 1,549
Year ended December 31, 1998:						
Allowance for doubtful receivables		$1,207		(1,221)	347(1)	$ 333

(1) On September 30, 1998, the Company obtained a majority and controlling interest in TRG as a result of the GMPT Exchange. Upon obtaining this controlling interest, the Company consolidated the financial position of TRG. The Company previously accounted for its investment in TRG under the equity method.

TAUBMAN CENTERS, INC. Schedule III
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 1999
(in thousands)

	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period			Accumulated Depreciation (A/D)	Total Cost Net of A/D
	Land	Buildings and Improvements		Land	BI&E	Total		
Shopping Centers:								
Beverly Center, Los Angeles, CA	$ 0	$ 209,348	$ 23,290	$ 0	$ 232,638	$ 232,638	$ 63,040	$ 169,598
Biltmore Fashion Park, Phoenix, AZ	19,097	103,257	15,988	19,097	119,245	138,342	17,348	120,994
Fairlane Town Center, Dearborn, MI	16,830	104,812	11,053	16,830	115,865	132,695	17,642	115,053
Great Lakes Crossing, Auburn Hills, MI	12,798	196,398	7,542	12,798	203,940	216,738	12,346	204,392
La Cumbre Plaza, Santa Barbara, CA	0	27,762	188	0	27,950	27,950	2,841	25,109
MacArthur Center, Norfolk, VA	4,000	144,480	0	4,000	144,480	148,480	4,913	143,567
Paseo Nuevo, Santa Barbara, CA	0	39,086	1,028	0	40,114	40,114	4,666	35,448
Regency Square, Richmond, VA	18,635	103,062	418	18,635	103,480	122,115	9,344	112,771
The Mall at Short Hills, Short Hills, NJ	25,114	171,443	118,041	25,114	289,484	314,598	55,857	258,741
Other:								
Manager's Office Facilities	0	0	30,044	0	30,044	30,044	22,526	7,518
Peripheral Land	9,794	0	5	9,794	5	9,799	0	9,799
Construction in Process and Development Pre-construction Costs	0	151,879	5,773	0	157,652	157,652	0	157,652
Other	0	1,120	0	0	1,120	1,120	265	855
TOTAL	$106,268	$1,252,647	$ 213,370	$ 106,268	$1,466,017	$1,572,285	$ 210,788	$1,361,497

	Encumbrances	Date of Completion of Construction or Acquisition	Depreciable Life
Shopping Centers:			
Beverly Center, Los Angeles, CA	$ 146,000	1982	40 Years
Biltmore Fashion Park, Phoenix, AZ	80,000	1994	40 Years
Fairlane Town Center, Dearborn, MI	Note (1)	1996	40 Years
Great Lakes Crossing, Auburn Hills, MI	170,000	1998	50 Years
La Cumbre Plaza, Santa Barbara, CA	Note (1)	1996	40 Years
MacArthur Center, Norfolk, VA	115,212	1999	50 Years
Paseo Nuevo, Santa Barbara, CA	Note (1)	1996	40 Years
Regency Square, Richmond, VA	Note (1)	1997	40 Years
The Mall at Short Hills, Short Hills, NJ	270,000	1980	40 Years
Other:			
Manager's Office Facilities	0		
Peripheral Land	0		
Construction in Process and Development Pre-construction Costs	0		
Other	22,530		

The changes in total real estate assets and accumulated depreciation for the years ended December 31, 1999 and 1998 are as follows:

	Total Real Estate Assets 1999	Total Real Estate Assets 1998		Accumulated Depreciation 1999	Accumulated Depreciation 1998
Balance, beginning of year	$ 1,473,440	$ 0	Balance, beginning of year	$ (164,798)	$ 0
New development and improvements	160,746	349,234	Depreciation for year	(47,965)	(57,376)
Disposals	(3,181)	(3,527)	Disposals	1,975	1,263
Transfers In/(Out)	(58,720)(2)	1,127,733	Transfers In	0	(108,685)
Balance, end of year	$ 1,572,285	$1,473,440 (3)	Balance, end of year	$ (210,788)	$ (164,798) (3)

(1) These centers are collateral for the Company's line of credit, which had a balance of $63 million at December 31, 1999.
(2) Includes costs transferred relating to International Plaza and Dolphin Mall, which became Unconsolidated Joint Ventures in 1999.
(3) On September 30, 1998, the Company obtained a majority and controlling interest in the Operating Partnership as a result of the GMPT Exchange. Upon obtaining this controlling interest, the Company consolidated the accounts of the Operating Partnership. The Company previously accounted for its investment in the Operating Partnership under the equity method.

UNCONSOLIDATED JOINT VENTURES OF THE TAUBMAN REALTY GROUP LIMITED PARTNERSHIP (a consolidated subsidiary of Taubman Centers, Inc.)

COMBINED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1999 AND 1998 AND
FOR EACH OF THE YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997

INDEPENDENT AUDITORS' REPORT

Board of Directors and Shareowners
Taubman Centers, Inc.

We have audited the accompanying combined balance sheets of Unconsolidated Joint Ventures of The Taubman Realty Group Limited Partnership (the "Partnership") (a consolidated subsidiary of Taubman Centers, Inc.) as of December 31, 1999 and 1998, and the related combined statements of operations, accumulated deficiency in assets, and cash flows for each of the three years in the period ended December 31, 1999. Our audits also included the financial statement schedules listed in the Index at Item 14. These financial statements and financial statement schedules are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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, such combined financial statements present fairly, in all material respects, the combined financial position of Unconsolidated Joint Ventures of The Taubman Realty Group Limited Partnership as of December 31, 1999 and 1998, and the combined results of their operations and their combined cash flows for each of the three years in the period ended December 31, 1999 in conformity with generally accepted accounting principles. Also, in our opinion, such financial statement schedules, when considered in relation to the basic combined financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

DELOITTE & TOUCHE LLP

Detroit, Michigan
February 9, 2000

UNCONSOLIDATED JOINT VENTURES OF THE TAUBMAN REALTY GROUP LIMITED PARTNERSHIP

COMBINED BALANCE SHEET
(in thousands)

	December 31	
	1999	1998
Assets:		
Properties (Notes 2, 4 and 6)	$ 942,248	$ 769,665
Accumulated depreciation and amortization	217,402	197,516
	$ 724,846	$ 572,149
Cash and cash equivalents	36,823	29,828
Accounts and notes receivable, less allowance for doubtful accounts of $1,588 and $255 in 1999 and 1998	9,916	7,521
Note receivable from Joint Venture Partner (Note 6)	607	964
Deferred charges and other assets (Notes 3 and 6)	44,474	34,733
	$ 816,666	$ 645,195
Liabilities:		
Mortgage notes payable (Note 4)	$ 894,505	$ 824,826
Other notes payable (Note 4)	658	1,101
Capital lease obligations (Note 5)	3,664	5,187
Accounts payable to related parties (Note 6)	3,924	2,749
Accounts payable and other liabilities	49,901	44,873
	$ 952,652	$ 878,736
Commitments (Note 5)		
Accumulated deficiency in assets:		
TRG	$ (74,749)	$ (103,545)
Joint Venture Partners	(61,237)	(129,996)
	$ (135,986)	$ (233,541)
	$ 816,666	$ 645,195

See notes to financial statements.

UNCONSOLIDATED JOINT VENTURES OF THE TAUBMAN REALTY GROUP LIMITED PARTNERSHIP

COMBINED STATEMENT OF OPERATIONS

(in thousands)

	Year Ended December 31		
	1999	1998	1997
Revenues:			
Minimum rents	$ 158,126	$ 175,674	$ 155,912
Percentage rents	3,921	4,171	3,057
Expense recoveries	83,557	97,994	89,653
Other	6,405	8,448	10,013
	$ 252,009	$ 286,287	$ 258,635
Operating costs:			
Recoverable expenses (Note 6)	$ 69,367	$ 82,595	$ 76,493
Other operating (Note 6)	18,388	18,682	17,638
Interest expense (Note 4)	64,152	69,389	54,018
Depreciation and amortization	29,983	32,466	24,180
	$ 181,890	$ 203,132	$ 172,329
Income before extraordinary items	$ 70,119	$ 83,155	$ 86,306
Extraordinary items (Note 4)	(333)	(1,913)	
Net income	$ 69,786	$ 81,242	$ 86,306
Allocation of net income:			
Attributable to TRG	$ 38,346	$ 42,322	$ 46,857
Attributable to Joint Venture Partners	31,440	38,920	39,449
	$ 69,786	$ 81,242	$ 86,306

See notes to financial statements.

UNCONSOLIDATED JOINT VENTURES OF THE TAUBMAN REALTY GROUP LIMITED PARTNERSHIP

COMBINED STATEMENT OF ACCUMULATED DEFICIENCY IN ASSETS
(in thousands)

	TRG	Joint Venture Partners	Total
Balance, January 1, 1997	$ (134,986)	$ (124,146)	$ (259,132)
Cash contributions	18,822	9,800	28,622
Cash distributions	(64,373)	(59,711)	(124,084)
Net income	46,857	39,449	86,306
Balance, December 31, 1997	$ (133,680)	$ (134,608)	$ (268,288)
Cash contributions	33,322	4,900	38,222
Cash distributions	(90,263)	(83,934)	(174,197)
Transferred center (Note 1)	44,754	44,726	89,480
Net income	42,322	38,920	81,242
Balance, December 31, 1998	$ (103,545)	$ (129,996)	$ (233,541)
Non-cash contributions (Note 1)	52,110	31,247	83,357
Cash contributions	36,799	34,747	71,546
Cash distributions	(98,459)	(28,675)	(127,134)
Net income	38,346	31,440	69,786
Balance, December 31, 1999	$ (74,749)	$ (61,237)	$ (135,986)

See notes to financial statements.

UNCONSOLIDATED JOINT VENTURES OF THE TAUBMAN REALTY GROUP LIMITED PARTNERSHIP

COMBINED STATEMENT OF CASH FLOWS

(in thousands)

	Year Ended December 31		
	1999	1998	1997
Cash Flows From Operating Activities:			
Income before extraordinary items	$ 70,119	$ 83,155	$ 86,306
Adjustments to reconcile income before extraordinary items to net cash provided by operating activities:			
Depreciation and amortization	29,983	32,466	24,180
Provision for losses on accounts receivable	1,822	1,119	697
Gains on sales of land		(1,090)	(2,748)
Other		3,908	3,806
Increase (decrease) in cash attributable to changes in assets and liabilities:			
Receivables, deferred charges and other assets	(6,413)	(7,109)	(7,760)
Accounts payable and other liabilities	(1,952)	(22,042)	43,110
Net Cash Provided By Operating Activities	$ 93,559	$ 90,407	$ 147,591
Cash Flows From Investing Activities:			
Additions to properties	$ (79,298)	$ (64,455)	$(190,188)
Restricted cash for expansion	(30)	(224)	
Proceeds from sales of land	105	1,590	3,452
Net Cash Used In Investing Activities	$ (79,223)	$ (63,089)	$(186,736)
Cash Flows From Financing Activities:			
Debt proceeds	$ 201,152	$ 164,710	$ 158,255
Debt payments	(3,439)	(4,489)	(8,267)
Extinguishment of debt	(141,459)	(40,741)	
Debt issuance costs	(8,007)	(7,619)	(4,420)
Cash contributions from partners	71,546	38,222	28,622
Cash distributions to partners	(127,134)	(174,197)	(124,084)
Net Cash Provided By (Used In) Financing Activities	$ (7,341)	$ (24,114)	$ 50,106
Net increase in cash	$ 6,995	$ 3,204	$ 10,961
Cash and Cash Equivalents at Beginning of Year	29,828	36,875	25,914
Effect of transferred center in connection with the GMPT Exchange (Note 1)		(10,251)	
Cash and Cash Equivalents at End of Year	$ 36,823	$ 29,828	$ 36,875

See notes to financial statements.

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation

The Taubman Realty Group Limited Partnership (TRG), a consolidated subsidiary of Taubman Centers, Inc., engages in the ownership, management, leasing, acquisition, development and expansion of regional retail shopping centers and interests therein. TRG has engaged the Manager (The Taubman Company Limited Partnership, which is approximately 99% beneficially owned by TRG) to provide property management and leasing services for the shopping centers and to provide corporate, development, and acquisition services. For financial statement reporting purposes, the accounts of shopping centers that are not controlled and that are owned through joint ventures with third parties (Unconsolidated Joint Ventures) have been combined in these financial statements. Generally, net profits and losses of the Unconsolidated Joint Ventures are allocated to TRG and the outside partners (Joint Venture Partners) in accordance with their ownership percentages.

Dollar amounts presented in tables within the notes to the combined financial statements are stated in thousands.

Investments in Unconsolidated Joint Ventures

TRG's interest in each of the Unconsolidated Joint Ventures at December 31, 1999, is as follows:

Unconsolidated Joint Venture	Shopping Center	TRG's % Ownership
Arizona Mills, L.L.C.	Arizona Mills	37%
Dolphin Mall Associates Limited Partnership	Dolphin Mall (under construction)	50
Fairfax Company of Virginia L.L.C.	Fair Oaks	50
Lakeside Mall Limited Partnership	Lakeside	50 (Note 7)
Rich-Taubman Associates	Stamford Town Center	50
Taubman-Cherry Creek Limited Partnership	Cherry Creek	50
Taubman Westshore Associates Limited Partnership	International Plaza (under construction)	26
Twelve Oaks Mall Limited Partnership	Twelve Oaks Mall	50 (Note 7)
West Farms Associates	Westfarms	79
Woodland	Woodland	50

TRG is developing International Plaza, a 1.3 million square foot regional center under construction in Tampa, Florida, expected to open September 2001. TRG originally had a controlling 50.1% interest in the partnership (Tampa Westshore) that owns the project. TRG was responsible for providing funding for project costs in excess of the construction financing in exchange for a preferential return. In November 1999, TRG entered into agreements with a new investor, who contributed funding for the project and thereby reduced TRG's ownership interest in Tampa Westshore to approximately 26%.

In September 1999, TRG entered into a partnership agreement with Swerdlow Real Estate Group to jointly develop Dolphin Mall, a 1.4 million square foot value regional center under construction in Miami, Florida, expected to open March 2001.

During 1999, noncash investing activities included a total of $83.4 million contributed to the Unconsolidated Joint Ventures developing International Plaza and Dolphin Mall. This amount primarily consists of the net book value of project costs expended prior to the creation of the joint ventures.

On September 30, 1998, TRG completed a transaction that included the transfer of interests in nine consolidated shopping centers and one Unconsolidated Joint Venture (the GMPT Exchange). The accounts of Woodfield Associates (Woodfield), a 50% owned Unconsolidated Joint Venture that was transferred, are included in these combined financial statements through September 30, 1998. On the date of the GMPT Exchange, the book values of Woodfield's assets and liabilities were approximately $107.4 million and $196.9 million, respectively.

Revenue Recognition

Shopping center space is generally leased to specialty retail tenants under short and intermediate term leases which are accounted for as operating leases. Minimum rents are recognized on the straight-line method. Percentage rent is accrued when lessees' specified sales targets have been met. Expense recoveries, which include an administrative fee, are recognized as revenue in the period applicable costs are chargeable to tenants.

Depreciation and Amortization

Buildings, improvements and equipment, stated at cost, are depreciated on straight-line or double-declining balance bases over the estimated useful lives of the assets that range from 3 to 55 years. Tenant allowances and deferred leasing costs are amortized on a straight-line basis over the lives of the related leases.

Capitalization

Costs related to the acquisition, development, construction, and improvement of properties are capitalized. Interest costs are capitalized until construction is substantially complete. Properties are reviewed for impairment if events or changes in circumstances indicate that the carrying amounts of the properties may not be recoverable.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with a maturity of 90 days or less at the date of purchase.

Deferred Charges

Direct financing and interest rate hedging costs are deferred and amortized over the terms of the related agreements as a component of interest expense. Direct costs related to leasing activities are capitalized and amortized on a straight-line basis over the lives of the related leases. All other deferred charges are amortized on a straight-line basis over the terms of the agreements to which they relate.

Interest Rate Hedging Agreements

Premiums paid for interest rate cap instruments are amortized to interest expense over the terms of the agreements. Amounts received under the cap agreements are accounted for on an accrual basis, and recognized as a reduction of interest expense. The differential to be paid or received on swap agreements is accounted for on an accrual basis and recognized as an adjustment to interest expense.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of financial instruments:

The carrying value of cash and cash equivalents, accounts and notes receivable, and accounts payable approximates fair value due to the short maturity of these instruments.

The fair value of mortgage notes and other notes payable is estimated based on quoted market prices if available, or on the current rates available to the Unconsolidated Joint Ventures for debt of similar terms and maturity and the assumption that debt will be prepaid at the earliest possible date.

The fair value of interest rate hedging instruments is the amount the Unconsolidated Joint Venture would pay or receive to terminate the agreement at the reporting date, taking into account current interest rates.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncement

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 requires companies to record derivatives on the balance sheet as assets and liabilities, measured at fair value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the uses of the derivatives and whether they qualify for hedge accounting. The impact of SFAS 133 on the financial statements of the Unconsolidated Joint Ventures is currently being evaluated. SFAS 133 is effective for fiscal years beginning after June 15, 2000.

Reclassifications

Certain prior year amounts have been reclassified to conform to 1999 classifications.

Note 2 - Properties

Properties at December 31, 1999 and 1998, are summarized as follows:

	1999	1998
Land	$ 42,339	$ 42,444
Buildings, improvements and equipment	725,182	705,529
Construction in process	174,727	21,692
	$ 942,248	$ 769,665

Depreciation expense for 1999, 1998 and 1997 was $26.0 million, $26.7 million and $18.7 million. Construction in process includes costs related to the construction of Dolphin Mall and International Plaza, as well as expansions and other improvements at various centers. Assets under capital lease of $3.7 million and $5.2 million at December 31, 1999 and 1998, respectively, are included in the table above in buildings, improvements and equipment.

Note 3 - Deferred Charges and Other Assets

Deferred charges and other assets at December 31, 1999 and 1998 are summarized as follows:

	1999	1998
Leasing	$ 35,579	$ 30,248
Accumulated amortization	(14,466)	(12,814)
	$ 21,113	$ 17,434
Deferred financing, net	21,829	15,734
Other, net	1,532	1,565
	$ 44,474	$ 34,733

Note 4 - Debt

Mortgage Notes Payable

Mortgage notes payable at December 31, 1999 and 1998 consists of the following:

Center	1999	1998	Interest Rate	Maturity Date	Balance Due on Maturity
Arizona Mills	$ 142,214	$ 140,984	LIBOR + 1.30%	02/01/02	$ 142,214
Cherry Creek	177,000	0	7.68%	08/11/06	171,933
Cherry Creek	0	130,000	LIBOR + 0.75%	08/01/99	130,000
Dolphin Mall	22,267	0	LIBOR + 2.00%	10/06/02	22,267
Fair Oaks	140,000	140,000	6.60%	04/01/08	140,000
Lakeside	88,000	88,000	6.47%	12/15/00	88,000
Stamford Town Center	54,053	54,887	11.69%	12/01/17	0
Twelve Oaks Mall	49,971	49,955	LIBOR + 0.45%	10/15/01	50,000
Westfarms	100,000	100,000	7.85%	07/01/02	100,000
Westfarms	55,000	55,000	LIBOR + 1.125%	07/01/02	55,000
Woodland	66,000	66,000	8.20%	05/15/04	66,000
	$ 894,505	$ 824,826			

In October 1999, the Unconsolidated Joint Venture that is developing Dolphin Mall (Note 1) closed on a $200 million, three-year construction facility. The rate on the facility is LIBOR plus 2%, decreasing to LIBOR plus 1.75% when a certain coverage ratio is met. The rate on the loan is capped at 7% until maturity, plus credit spread. Under the interest rate agreement, the rate is swapped to a fixed rate of 5.15% when LIBOR is less than 6%. TRG has guaranteed the payment of 50% of any outstanding principal balance and 100% of all accrued and unpaid interest. The guaranty will be reduced as certain performance conditions are met. The maturity date may be extended one year.

In November 1999, the joint venture that is developing International Plaza in Tampa, Florida closed on a $193.5 million, three-year construction financing, with a one-year extension option. The rate on the facility is LIBOR plus 1.90%. TRG has guaranteed the payment of 100% of the principal and interest; however, the new investor in the venture (Note 1) has indemnified TRG to the extent of 25% of the amounts guaranteed. The loan agreement provides for reductions of the rate and the amount guaranteed as certain center performance criteria are met.

The rate on the Arizona Mills loan is capped at 9.5% until maturity, plus credit spread. The payment of principal and interest is guaranteed by each of the owners of Arizona Mills to the extent of their ownership percentage. The loan agreement provides for the reduction of the amount guaranteed as certain center performance and valuation criteria are met. TRG's guaranty of the principal was $13.1 million at December 31, 1999.

The other Unconsolidated Joint Ventures with floating rate debt have entered into interest rate agreements to reduce their exposure to increases in interest rates. The rate on the Twelve Oaks loan is capped at 8.55% until maturity, plus credit spread. The rate on the $55 million Westfarms loan is capped until maturity at 6.5%, plus credit spread.

The Stamford note required payment of additional interest ($1.5 million, $1.5 million, and $1.3 million, in 1999, 1998, and 1997) based on operating results (Note 7).

Scheduled principal payments on mortgage debt are as follows as of December 31, 1999:

2000	$ 88,936
2001	51,052
2002	320,663
2003	1,328
2004	68,485
Thereafter	364,041
Total	$894,505

Other Notes Payable

Other notes payable at December 31, 1999 and 1998 consists of the following:

	1999	1998
Notes payable to banks, line of credit, interest at prime (8.5% at December 31, 1999), maximum borrowings available up to $5.5 million to fund tenant loans, allowances and buyouts and working capital.	$ 623	$ 1,058
Other	35	43
	$ 658	$ 1,101

Interest Expense

Interest paid on mortgages and other notes payable in 1999, 1998 and 1997, net of amounts capitalized of $2.5 million, $2.5 million, and $9.4 million, approximated $59.7 million, $64.0 million, and $48.7 million, respectively.

Extraordinary Items

In 1999 and 1998, joint ventures recognized extraordinary charges related to the extinguishment of debt, primarily consisting of prepayment premiums.

Interest Rate Hedging Instruments

Certain of the Unconsolidated Joint Ventures have entered into interest rate agreements to reduce their exposure to changes in the cost of floating rate debt. The terms of the derivative agreements are generally equivalent to the notional amounts, reset dates and rate bases of the underlying hedged debt to assure the effectiveness of the derivatives in reducing interest rate risk. These Unconsolidated Joint Ventures are exposed to credit risk in the event of nonperformance by their counterparties to the agreements. These Unconsolidated Joint Ventures anticipate that their counterparties will be able to fully perform their obligations under the agreements.

Fair Value of Debt Instruments

The estimated fair values of financial instruments at December 31, 1999 and 1998 are as follows:

	December 31			
	1999		1998	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Mortgage notes payable	$894,505	$928,205	$824,826	$861,141
Other notes payable	658	658	1,101	1,101
Interest rate instruments:				
In a receivable position	4,178	3,134	3,450	288

Note 5 - Leases

Shopping center space is leased to tenants and certain anchors pursuant to lease agreements. Tenant leases typically provide for guaranteed minimum rent, percentage rent, and other charges to cover certain operating costs. Future minimum rent under operating leases in effect at December 31, 1999 for operating centers, assuming no new or renegotiated leases or option extensions on anchor agreements, is summarized as follows:

2000	$ 152,174
2001	144,389
2002	132,771
2003	113,940
2004	100,667
Thereafter	319,045

Revenues derived from the combined operations of The Limited provided approximately 10.1% of total revenues in 1999. Revenues derived from the combined operations of The Limited were approximately 10.5% of total revenues in 1998 and less than 10% in 1997. Amounts due from The Limited at December 31, 1999 were $100 thousand.

One Unconsolidated Joint Venture, as lessee, has a ground lease expiring in 2083 with its Joint Venture Partner. Rental payments under the lease were $2.0 million, $2.0 million and $1.8 million in 1999, 1998 and 1997. TRG is entitled to receive preferential distributions equal to 75% of each payment. Approximately 25% of the ground lease payments over the term of the lease, on a straight-line basis, are recognized as ground rent expense, with 75% of the current payment accounted for as a distribution to the Joint Venture Partner.

The Unconsolidated Joint Venture that owns International Plaza is the lessee under a ground lease agreement that expires in 2080. The lease requires annual payments of approximately $0.1 million and when the center opens will require additional rentals, based on the leasable area of the center as defined in the agreement.

The following is a schedule of future minimum rental payments required under operating leases:

2000	$ 2,111
2001	2,111
2002	2,185
2003	2,408
2004	2,408
Thereafter	663,610

Capital Lease Obligations

Certain Unconsolidated Joint Ventures have entered into lease agreements for property improvements with three to five year terms. As of December 31, 1999, future minimum lease payments for these capital leases are as follows:

2000	$ 2,014
2001	1,878
2002	98
2003	34
2004	3
Total minimum lease payments	$ 4,027
Less amount representing interest	(363)
Capital lease obligations	$ 3,664

Note 6 - Transactions with Affiliates

Charges from the Manager under various written agreements were as follows for the years ended December 31:

	1999	1998	1997
Management and leasing services	$16,721	$17,849	$17,352
Security and maintenance services	7,653	9,481	9,468
Development services	5,935	3,941	4,661
	$30,309	$31,271	$31,481

TRG is one-third owner of an entity providing management, leasing, and development services to Arizona Mills, L.L.C. Charges from this entity were $1.4 million and $2.5 million in 1999 and 1998, respectively. In addition, $2.8 million and $1.8 million were paid in 1999 and 1998, respectively, to one of the Arizona Mills Joint Venture Partners for leasing and development services.

Westfarms previously loaned $2.4 million to one of its Joint Venture Partners to purchase a portion of a deceased Joint Venture Partner's interest. The note bears interest at approximately 7.9% and requires monthly principal payments of $25 thousand, plus accrued interest, with the final payment due in 2001. The balance at December 31, 1999 and 1998 was $0.6 million and $1.0 million, respectively. Interest income related to the loan was approximately $0.1 million in 1999, 1998, and 1997.

Other related party transactions are described in Notes 1 and 5.

Note 7 - Subsequent Events

In January 2000, TRG agreed to exchange property interests with its current joint venture partner in two Unconsolidated Joint Ventures. Under the terms of the agreement, expected to be completed in the first quarter 2000, TRG will assume 100 percent ownership of Twelve Oaks Mall and the current joint venture partner will become 100 percent owner of Lakeside. Both properties will remain subject to the existing mortgage debt ($50 million and $88 million at Twelve Oaks and Lakeside, respectively.) TRG will also pay the joint venture partner $30 million in cash.

In January 2000, the 50% owned Unconsolidated Joint Venture that owns Stamford Town Center completed a $76 million secured financing. The new financing bears interest at a rate of one-month LIBOR plus 0.8% and matures in 2002 with a two-year extension option. The rate is capped at 8.2% plus credit spread for the term of the loan. The proceeds were used to repay the $54 million participating mortgage, the $18.3 million prepayment premium, and accrued interest and transaction costs.

UNCONSOLIDATED JOINT VENTURES OF THE TAUBMAN REALTY GROUP LIMITED PARTNERSHIP

Valuation and Qualifying Accounts

For the years ended December 31, 1998, 1997 and 1996

(in thousands)

		Additions				
	Balance at beginning of year	Charged to costs and expenses	Charged to other accounts	Write-offs	Transfers	Balance at end of year
Year ended December 31, 1997:						
Allowance for doubtful receivables	$ 90	697	0	(473)	0	$ 314
Year ended December 31, 1998:						
Allowance for doubtful receivables	$ 314	1,119	0	(1,148)	(30)(1)	$ 255
Year ended December 31, 1999:						
Allowance for doubtful receivables	$ 255	1,822	0	(489)	0	$ 1,588

(1) Subsequent to September 30, 1998, the date of the GMPT Exchange, the accounts of Woodfield are no longer included in these combined financial statements.

Schedule III

UNCONSOLIDATED JOINT VENTURES OF THE TAUBMAN REALTY GROUP LIMITED PARTNERSHIP
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 1999
(in thousands)

	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period			Accumulated Depreciation (A/D)	Total Cost Net of A/D
	Land	Buildings and Improvements		Land	BI&E	Total		
Taubman Shopping Centers:								
Arizona Mills, Tempe, AZ	$ 22,017	$163,618	$ 6,242	$ 22,017	$ 169,860	$191,877	$ 15,000	$ 176,877
Cherry Creek, Denver, CO	55	100,414	62,760	55	163,174	163,229	42,186	121,043
Fair Oaks, Fairfax, VA	5,167	36,182	11,224	5,167	47,406	52,573	29,968	22,605
Lakeside, Sterling Heights, MI	2,667	21,182	21,887	2,667	43,069	45,736	23,068	22,668
Stamford Town Center, Stamford, CT	1,977	43,176	12,534	1,977	55,710	57,687	29,165	28,522
Twelve Oaks Mall, Novi, MI	803	28,640	22,063	803	50,703	51,506	25,262	26,244
Westfarms, Farmington, CT	5,287	38,638	110,354	5,287	148,992	154,279	33,075	121,204
Woodland, Grand Rapids, MI	2,367	19,078	27,190	2,367	46,268	48,635	19,678	28,957
Other Properties:								
Peripheral land	1,999	0	0	1,999	0	1,999	0	1,999
Construction in Process	64,342	0	110,385	64,342	110,385	174,727	0	174,727
TOTAL	$106,681	$450,928	$384,639	$106,681	$835,567	$942,248	$217,402	$724,846

	Encumbrances	Date of Completion of Construction	Depreciable Life
Taubman Shopping Centers:			
Arizona Mills, Tempe, AZ	$142,214	1997	50 Years
Cherry Creek, Denver, CO	177,000	1990	40 Years
Fair Oaks, Fairfax, VA	140,000	1980	55 Years
Lakeside, Sterling Heights, MI	88,000	1976	40 Years
Stamford Town Center, Stamford, CT	54,053	1982	40 Years
Twelve Oaks Mall, Novi, MI	49,971	1977	50 Years
Westfarms, Farmington, CT	155,000	1974	34 Years
Woodland, Grand Rapids, MI	66,000	1968	33 Years
Other Properties:			
Peripheral land	0		
Construction in Process	22,267		
TOTAL	$894,505		

The changes in total real estate assets for the three years ended December 31, 1999 are as follows:

	1999	1998	1997
Balance, beginning of year	$769,665	$829,640	$638,960
Improvements	79,298	64,455	192,888
Disposals	(6,162)	(2,715)	(2,208)
Transfers In	99,447 (2)		
Transfers Out		(121,715) (1)	
Balance, end of year	$942,248	$769,665	$829,640

The changes in accumulated depreciation and amortization for the three years ended December 31, 1999 are as follows:

	1999	1998	1997
Balance, beginning of year	$(197,516)	$(205,659)	$(188,491)
Depreciation for year	(25,958)	(26,707)	(18,669)

Disposals	6,072	1,685	1,501
Transfers Out		33,165(1)	
Balance, end of year	$(217,402)	$(197,516)	$(205,659)

(1) Subsequent to September 30, 1998, the date of the GMPT Exchange, the accounts of Woodfield are no longer included in these combined financial statements.

(2) Includes costs transferred relating to International Plaza and Dolphin Mall, which became Unconsolidated Joint Ventures in 1999.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TAUBMAN CENTERS, INC.

Date: March 24, 2000 *By:/s/ Robert S. Taubman*
Robert S. Taubman, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
*	Chairman of the Board	March 24, 2000
A. Alfred Taubman		
*	Vice Chairman of the Board	March 24, 2000
Robert C. Larson		
/s/ Robert S. Taubman	*President, Chief Executive Officer, and Director*	*March 24, 2000*
Robert S. Taubman		
/s/ Lisa A. Payne	*Executive Vice President, Chief Financial Officer, and Director*	*March 24, 2000*
Lisa A. Payne		
/s/ Esther R. Blum	*Senior Vice President, Controller and Chief Acconting Officer*	*March 24, 2000*
Esther R. Blum		
*	Director	March 24, 2000
Graham Allison		
*	Director	March 24, 2000
Allan J. Bloostein		
*	Director	March 24, 2000
Jerome A. Chazen		
*	Director	March 24, 2000
S. Parker Gilbert		

*By: /s/ Lisa A. Payne
Lisa A. Payne, as Attorney-in-Fact

EXHIBIT INDEX

Exhibit Number		
2	--	Separation and Relative Value Adjustment Agreement between The Taubman Realty Group Limited Partnership and GMPTS Limited Partnership (without exhibits or schedules, which will be supplementally provided to the Securities and Exchange Commission upon its request) (incorporated herein by reference to Exhibit 2 filed with the Registrant's Current Report on Form 8-K dated September 30, 1998).
3(a)	--	Restated By-Laws of Taubman Centers, Inc., (incorporated herein by reference to Exhibit 3 (b) filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998).
3(b)	--	Composite copy of Articles of Incorporation of Taubman Centers, Inc., including all amendments to date.
4(a)	--	Indenture dated as of July 22, 1994 among Beverly Finance Corp., La Cienega Associates, the Borrower, and Morgan Guaranty Trust Company of New York, as Trustee (incorporated herein by reference to Exhibit 4(h) filed with the 1994 Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994 ("1994 Second Quarter Form 10-Q")).
4(b)	--	Deed of Trust, with assignment of Rents, Security Agreement and Fixture Filing, dated as of July 22, 1994, from La Cienega Associates, Grantor, to Commonwealth Land Title Company, Trustee, for the benefit of Morgan Guaranty Trust Company of New York, as Trustee, Beneficiary (incorporated herein by reference to Exhibit 4(i) filed with the 1994 Second Quarter Form 10-Q).
4(c)	--	Loan Agreement dated as of March 29, 1999 among Taubman Auburn Hills Associates Limited Partnership, as Borrower, Fleet National Bank, as a Bank, PNC Bank, National Association, as a Bank, the other Banks signatory hereto, each as a Bank, and PNC Bank, National Association, as Administrative Agent (incorporated herein by reference to exhibit 4(a) filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999 ("1999 Second Quarter Form 10- Q")).
4(d)	--	Mortgage, Assignment of Leases and Rents and Security Agreement from Taubman Auburn Hills Associates Limited Partnership, a Delaware limited partnership ("Mortgagor") to PNC Bank, National Association, as Administrative Agent for the Banks, dated as of March 29, 1999 (incorporated herein by reference to Exhibit 4(b) filed with the 1999 Second Quarter Form 10-Q).
4(e)	--	First Amendment to Construction Loan Agreement dated as of April 23, 1999 among Taubman MacArthur Associates Limited Partnership, a Delaware limited partnership, as Borrower, Bayerische Hypo - Und Vereinsbank AG, a New York Branch (successor in interest to Bayerische Hypotheken - Und Weschel - Bank Aktiengesellschaft, New York Branch), the New York branch of a German banking corporation, as administrative agent (incorporated herein by reference to Exhibit 4 (c) filed with the 1999 Second Quarter Form 10-Q).

	4(f) --	Mortgage, Security Agreement and Fixture Filing by Short Hills Associates, as Mortgagor, to Metropolitan Life Insurance Company, as Mortgagee, dated April 15, 1999 (incorporated herein by reference to Exhibit 4(d) filed with the 1999 Second Quarter Form 10-Q).
	4(g) --	Assignment of Leases, Short Hills, Associates (Assignor) and Metropolitan Life Insurance Company (Assignee) dated as of April 15, 1999 (incorporated herein by reference to Exhibit 4(e) filed with the 1999 Second Quarter Form 10-Q).
	4(h) --	Secured Revolving Credit Agreement dated as of June 24, 1999 among the Taubman Realty Group Limited Partnership, as Borrower, The Banks Signatory Hereto, each as a bank and UBS AG, Stamford Branch, as Administrative Agent (incorporated herein by reference to Exhibit 4(f) filed with the 1999 Second Quarter Form 10-Q).
*	10(a) --	The Taubman Realty Group Limited Partnership 1992 Incentive Option Plan, as Amended and Restated Effective as of September 30, 1997 (incorporated herein by reference to Exhibit 10(b) filed with the Registrant's Annual Report on Form 10-K for the year ended December 31, 1997).
	10(b) --	Registration Rights Agreement among Taubman Centers, Inc., General Motors Hourly-Rate Employees Pension Trust, General Motors Retirement Program for Salaried Employees Trust, and State Street Bank & Trust Company, as trustee of the AT&T Master Pension Trust (incorporated herein by reference to Exhibit 10(e) filed with the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992 ("1992 Form 10-K")).
	10(c) --	Master Services Agreement between The Taubman Realty Group Limited Partnership and the Manager (incorporated herein by reference to Exhibit 10(f) filed with the 1992 Form 10-K).
	10(d) --	Cash Tender Agreement among Taubman Centers, Inc., A. Alfred Taubman, acting not individually but as Trustee of The A. Alfred Taubman Restated Revocable Trust, as amended and restated in its entirety by Instrument dated January 10, 1989 (as the same has been and may hereafter be amended from time to time), TRA Partners, and GMPTS Limited Partnership (incorporated herein by reference to Exhibit 10(g) filed with the 1992 Form 10-K).
*	10(e) --	Supplemental Retirement Savings Plan (incorporated herein by reference to Exhibit 10(i) filed with the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994).
*	10(f) --	Employment agreement between The Taubman Company Limited Partnership and Lisa A. Payne (incorporated herein by reference to Exhibit 10 filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).
*	10(g) --	Amended and Restated Continuing Offer, dated as of September 30, 1997 (incorporated herein by reference to Exhibit 10 filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997).
	10(h) --	Consolidated Agreement: Notice of Retirement and Release and Covenant Not to Compete, between Robert C. Larson and The Taubman Company Limited Partnership (incorporated herein by reference to Exhibit 10 filed with the Registrant's 1999 Second Quarter Form 10-Q).

	10(i) --	Second Amendment to the Second Amendment and Restatement of Agreement of Limited Partnership of The Taubman Realty Group Limited Partnership effective as of September 3, 1999 (incorporated herein by reference to Exhibit 10(a) filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999 ("1999 Third Quarter Form 10-Q")).
	10(j) --	Private Placement Purchase Agreement dated as of September 3, 1999 among The Taubman Realty Group Limited Partnership, Taubman Centers, Inc. and Goldman Sachs 1999 Exchange Place Fund, L.P. (incorporated herein by reference to Exhibit 10(b) filed with the Registrant's 1999 Third Quarter Form 10-Q).
	10(k) --	Registration Rights Agreement entered into as of September 3, 1999 by and between Taubman Centers, Inc. and Goldman Sachs 1999 Exchange Place Fund, L.P. (incorporated herein by reference to Exhibit 10(c) filed with the Registrant's 1999 Third Quarter Form 10-Q).
	10(l) --	Private Placement Purchase Agreement dated as of November 24, 1999 among The Taubman Realty Group Limited Partnership, Taubman Centers, Inc. and GS-MSD Select Sponsors, L.P.
	10(m) --	Registration Rights Agreement entered into as of November 24, 1999 by and between Taubman Centers, Inc and GS-MSD Select Sponsors, L.P.
*	10(n) --	Employment agreement between The Taubman Company Limited Partnership and Courtney Lord.
*	10(o) --	The Taubman Company Long-Term Compensation Plan (as amended and restated effective January 1, 1999) (incorporated herein by reference to Exhibit 10 filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31,1999.)
	10(p) --	Annex II to Second Amendment to the Second Amendment and Restatement of Agreement of Limited Partnership of The Taubman Realty Group Limited Partnership.
	12 --	Statement Re: Computation of Taubman Centers, Inc. Ratio of Earnings to Combined Fixed Charges and Preferred Dividends and Distributions.
	21 --	Subsidiaries of Taubman Centers, Inc.
	23 --	Consent of Deloitte & Touche LLP.
	24 --	Powers of Attorney.

27(a) -- Financial Data Schedule.

27(b) -- Restated Financial Data Schedule for three months ended March 31, 1999.

27(c) -- Restated Financial Data Schedule for six months ended June 30, 1999.

27(d) -- Restated Financial Data Schedule for nine months ended September 30, 1999

* A management contract or compensatory plan or arrangement required to be filed pursuant to Item 14(c) of Form 10-K.

Composite Copy

RESTATED ARTICLES OF INCORPORATION
OF
TAUBMAN CENTERS, INC.

1. These Restated Articles of Incorporation are executed on behalf of Taubman Centers, Inc. (the "Corporation") pursuant to the provisions of Section 643 of the Michigan Business Corporation Act (the "Act").

2. The present name of the Corporation is: Taubman Centers, Inc.

3. The corporation identification number (CID) assigned by the Bureau is:
011-602.

4. Except for the Corporation's present name, the Corporation has not used any name other than Taubman Realty, Inc.

5. The date of filing the original articles of incorporation was November 21, 1973.

6. These Restated Articles of Incorporation were duly adopted by the Board of Directors of the Corporation in accordance with the provisions of Section 641(4) of the Act.

7. The following Restated Articles of Incorporation only restate and integrate (and do not further amend) the Corporation's Second Amended and Restated Articles of Incorporation, as previously amended. There is no material discrepancy between the provisions of the Corporation's Second Amended and Restated Articles of Incorporation, as amended, and the following Restated Articles of Incorporation (referred to below as "these Amended and Restated Articles of Incorporation").

ARTICLE I
Name

The name of the Corporation is: Taubman Centers, Inc.

ARTICLE II
Purpose

The purpose for which the Corporation is organized is to:

1. own, hold, develop and dispose of and invest in any type of retail real property or mixed use real property having a retail component of significant value in relation to the value of the entire mixed use real property, including any entity whose material assets include such real properties including, but not limited to, partnership interests in The Taubman Realty Group Limited Partnership, a Delaware limited partnership, and any successor thereto ("TRG");

2. act as managing general partner of TRG;

3. at such time, if ever, as TRG distributes its assets to its partners, own, hold, manage, develop and dispose of said assets and in all other respects, carry on the business of TRG;

4. qualify as a REIT (as hereinafter defined); and

5. engage in any other lawful act or activity for which corporations may be organized under the Michigan Business Corporation Act in addition to any of the foregoing purposes, that is consistent with the Corporation's qualification as a REIT.

ARTICLE III
Capital

1. Classes and Number of Shares.

The total number of shares of all classes of stock that the Corporation shall have authority to issue is 300,000,000 shares. The classes and the aggregate number of shares of stock of each class are as follows:

250,000,000 shares of Common Stock, par value $0.01 per share (the "Common Stock"), which shall have the rights and limitations set forth below.

50,000,000 shares of preferred stock (the "Preferred Stock"), which may be issued in one or more series having such relative rights, preferences, priorities, privileges, restrictions, and limitations as the Board of Directors may determine from time to time.

2. Certain Powers, Rights, and Limitations of Capital Stock.

(a) Common Stock. Subject to the rights, preferences, and limitations that the Board of Directors designates with respect to any series of Preferred Stock, a statement of certain powers, rights, and limitations of the shares of the Common Stock is as follows:

(i) Dividend Rights. The holders of shares of the Common Stock shall be entitled to receive such dividends as may be declared by the Board of Directors of the Corporation with respect to the Common Stock, subject to the preferential rights of any series of Preferred Stock designated by the Corporation's Board of Directors.

(ii) Rights Upon Liquidation. Subject to the provisions of Subsection (e) of this Section 2 of this Article III, in the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any distribution of the assets of, the Corporation, each holder of shares of the Common Stock shall be entitled to receive, ratably with each other holder of shares of the Common Stock, that portion of the assets of the Corporation available for distribution to its holders of shares of Common Stock as the number of shares of the Common Stock held by such holder bears to the total number of shares of Common Stock (including shares of Common Stock that have become Excess Stock) then outstanding.

(b) Voting Rights. Subject to the provisions of Subsection (e) of this Section 2 of this Article III, the holders of shares of the Common Stock shall be entitled to vote on all matters (for which a common shareholder shall be entitled to vote thereon) at all meetings of the shareholders of the Corporation, and shall be entitled to one vote for each share of the Common Stock entitled to vote at such meeting. Any action to be taken by the shareholders, other than the election of directors or adjourning a meeting, including, but not limited to, the approval of an amendment to these Amended and Restated Articles of Incorporation (other than an amendment by the Board of Directors to establish the relative rights, preferences, priorities, privileges, restrictions, and limitations of Preferred Stock as provided in Subsection (c) of this Section 2 of this Article III, which amendment by the Board of Directors shall require no action to be taken by the shareholders), shall be authorized if approved by the affirmative vote of two-thirds of the shares of Capital Stock entitled to vote thereon. Directors shall be elected if approved by a plurality of the votes cast at an election.

(c) Preferred Stock. The Preferred Stock shall have such relative rights, preferences, priorities, privileges, restrictions, and limitations as the Board of Directors may determine from time to time by one or more amendments to these Amended and Restated Articles of Incorporation.

(i) Series A Preferred Stock. Subject in all cases to the other provisions of this Section 2 of this Article III, including, without limitation, those provisions restricting the Beneficial Ownership and Constructive Ownership of shares of Capital Stock and those provisions with respect to Excess Stock, the following sets forth the designation, preferences, limitations as to dividends, voting and other rights, and the terms and conditions of redemption of the Series A Preferred Stock (defined below) of the Corporation.

(a) There is hereby established a series of Preferred Stock designated "8.30% Series A Cumulative Redeemable Preferred Stock, par value $0.01 per share" (the "Series A Preferred Stock"),which shall consist of 8,000,000 authorized shares.

(b) All shares of Series A Preferred Stock redeemed, purchased, exchanged, or otherwise acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock.

(c) The Series A Preferred Stock shall, with respect to dividend rights, rights upon liquidation, winding up or dissolution, and redemption rights, rank (i) junior to any other series of Preferred Stock hereafter duly established by the Board of Directors of the Corporation, the terms of which specifically provide that such series shall rank prior to the Series A Preferred Stock as to the payment of dividends and distribution of assets upon liquidation (the "Senior Preferred Stock"), (ii) pari passu with any other series of Preferred Stock hereafter duly established by the Board of Directors of the Corporation, the terms of which specifically provide that such series shall rank pari passu with the Series A Preferred Stock as to the payment of dividends and distribution of assets upon liquidation (the "Parity Preferred Stock"), and (iii) prior to any other class or series of Capital Stock, including, without limitation, the Common Stock of the Corporation, whether now existing or hereafter created (collectively, the "Junior Stock").

(d) (1) Subject to the rights of any Senior Preferred Stock, the holders of the then outstanding shares of Series A Preferred Stock shall be entitled to receive, as and when declared by the Board of Directors, out of funds legally available for the payment of dividends, cumulative preferential cash dividends at the annual rate of 8.30% of the $25.00 per share liquidation preference (i.e., $2.075 per annum per share). Such dividends shall accrue and be cumulative from the date of original issue and shall be payable in equal quarterly amounts in arrears on or before the last day of each March, June, September, and December or, if such day is not a business day, the next succeeding business day (each, a "Dividend Payment Date") (for the purposes of this Subparagraph (1) of this Paragraph (d), a "business day" is any day, other than a Saturday, Sunday, or legal holiday, on which banks in Detroit, Michigan, are open for business). The first dividend, which shall be paid on December 31, 1997, will be for less than a full quarter. All dividends on the Series A Preferred Stock, including any dividend for any partial dividend period, shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends will be payable to holders of record as they appear in the stock records of the Corporation at the close of business on the applicable record date, which shall be the 15th day of the calendar month in which the applicable Dividend Payment Date falls or on such other date designed by the Board of Directors of the Corporation for the payment of dividends that is not more than 30 nor less than ten days prior to such Dividend Payment Date (each, a "Dividend Record Date").

(2) No dividends on the Series A Preferred Stock shall be declared by the Board of Directors or paid or set apart for payment by the Corporation at such time as any agreement of the Corporation, including any agreement relating to its indebtedness, prohibits such declaration, payment, or setting apart for payment or provides that such declaration, payment, or setting apart for payment would constitute a breach of, or a default under, such agreement or if such declaration, payment, or setting aside shall be restricted or prohibited by law.

(3) Dividends on the Series A Preferred Stock shall accrue and be cumulative regardless of whether the Corporation has earnings, regardless of whether there are funds legally available for the payment of such dividends, and regardless of whether such dividends are declared. Accrued but unpaid dividends on the Series A Preferred Stock will accumulate as of the Dividend Payment Date on which they first become payable. Except as set forth below in this Subparagraph
(3), no dividends shall be declared or paid or set apart for payment on any Common Stock or any other series of Preferred Stock ranking, as to dividends, on a parity with or junior to the Series A Preferred Stock (other than a dividend in shares of Junior Stock) for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for such payment on the Series A Preferred Stock for all past dividend periods and the then current dividend period. When dividends are not paid in full (and a sum sufficient for such full payment is not so set apart) upon the Series A Preferred Stock and the shares of any other series of Preferred Stock ranking on a parity as to dividends with the Series A Preferred Stock, all dividends declared upon the Series A Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with the Series A Preferred Stock shall be declared pro rata, so that the amount of dividends declared per share of Series A Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the Series A Preferred Stock and such other series of Preferred Stock (which shall not include any accrual in respect of unpaid dividends for prior dividend periods if such Preferred Stock does not have a cumulative dividend) bear to each other. No interest shall be payable in respect of any dividend payment on the Series A Preferred Stock that may be in arrears. Holders of shares of the Series A Preferred Stock shall not be entitled to any dividend, whether payable in cash, property, or stock, in excess of full cumulative dividends on the Series A Preferred Stock as provided above. Any dividend payment made on shares of the Series A Preferred Stock shall first be credited against the earliest accumulated but unpaid dividend due with respect to such shares that remains payable.

(4) Except as provided in Subparagraph (3) of this Paragraph (d) of this Item (i) of this Subsection (c) of this Section 2 of this Article III, unless full cumulative dividends on the Series A Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment for all past dividend periods and the then current dividend period: (i) no dividends (other than in shares of Junior Stock) shall be declared or paid or set aside for payment nor shall any other distribution be declared or made upon the Common Stock (or any other Preferred Stock ranking junior to or on a parity with the Series A Preferred Stock as to dividends or upon liquidation); and
(ii) no shares of Common Stock (or any other Preferred Stock of the Corporation ranking junior to or on a parity with the Series A Preferred Stock as to dividends or upon liquidation) shall be redeemed, purchased, or otherwise acquired for any consideration (nor shall any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by the Corporation (except by conversion into or exchange for Junior Stock).

(5) If for any taxable year the Corporation elects to designate as "capital gains dividends" (as defined in Section 857 of the Code) any portion (the "Capital Gains Amount") of the dividends paid or made available for the year to holders of all classes of Capital Stock (the "Total Dividends"), then the portion of the Capital Gains Amount that shall be allocable to the holders of Series A Preferred Stock shall be the amount that the total dividends paid or made available to the holders of the Series A Preferred Stock for the year bears to the Total Dividends.

(e) Subject to the rights of any Senior Stock, upon any voluntary or involuntary liquidation, dissolution, or winding up of the affairs of the Corporation, and before any distribution of assets shall be made in respect of any Junior Stock, the holders of the Series A Preferred Stock shall be entitled to be paid out of the assets of the Corporation legally available for distribution to its shareholders a liquidation preference of $25.00 per share in cash (or property having a fair market value as determined by the Board of Directors valued at $25.00 per share), plus an amount equal to any accrued but unpaid dividends to the date of payment. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series A Preferred Stock shall have no right or claims to any of the remaining assets of the Corporation. Neither the consolidation or merger of the Corporation with or into any other corporation, trust, or entity (or of any other corporation with or into the Corporation) nor the sale, lease, or conveyance of all or substantially all of the property or business of the Corporation shall be deemed to constitute a liquidation, dissolution or winding up of the Corporation for the purpose of this Paragraph (e) of this Item (i).

(f) (1) The Series A Preferred Stock is not redeemable prior to October 3, 2002. On and after October 3, 2002, the Corporation, at its option upon not less than 30 nor more than 60 days' written notice, may redeem shares of the Series A Preferred Stock, in whole or in part, at any time and from time to time, for a cash redemption price of $25.00 per share, plus all accrued and unpaid dividends to the date fixed for redemption (except as provided below).

(2) The redemption price of the Series A Preferred Stock (other than the portion thereof consisting of accrued but unpaid dividends) shall be payable solely out of the sale proceeds of other "capital stock" of the Corporation. For purposes of the preceding sentence, the term "capital stock" means any equity securities of the Corporation (including Common Stock and Preferred Stock), shares, interest, participation, or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable for equity securities) or options to purchase any of the foregoing. Holders of Series A Preferred Stock to be redeemed shall surrender such shares at the place designated in the notice of redemption and shall be entitled to the redemption price and any accrued and unpaid dividends payable upon such redemption following such surrender. If notice of redemption has been given and if the Corporation has set aside in trust the funds necessary for the redemption, then from and after the redemption date: (i) dividends shall cease to accrue on such shares of Series A Preferred Stock; (ii) such shares of Series A Preferred Stock shall no longer be deemed outstanding; and (iii) all rights of the holders of such shares shall terminate, except the right to receive the redemption price. If less than all of the outstanding Series A Preferred Stock is to be redeemed, the Series A Preferred Stock to be redeemed shall be selected pro rata (as nearly as may be practicable without creating fractional shares) or by any other equitable method determined by the Corporation.

(3) Unless full cumulative dividends on all shares of Series A Preferred Stock shall have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment, no shares of Series A Preferred Stock shall be redeemed unless all outstanding shares of Series A Preferred Stock are simultaneously redeemed, and the Corporation shall not purchase or otherwise acquire directly or indirectly any shares of Series A Preferred Stock (except by exchange for Junior Stock); however, the foregoing shall not prevent the purchase or acquisition of shares of Series A Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series A Preferred Stock.

(4) Notice of redemption shall be given by publication in a newspaper of general circulation in The City of New York, such publication to be made once a week for two successive weeks commencing not less than 30 nor more than 60 days prior to the redemption date. A similar notice shall be mailed by the Corporation, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series A Preferred Stock to be redeemed at their respective addresses as they appear on the stock transfer records of the Corporation. No failure to give or defect in such notice shall affect the validity of the proceedings for the redemption of any shares of Series A Preferred Stock except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the redemption date; (ii) the redemption price; (iii) the number of shares of Series A Preferred Stock to be redeemed; (iv) the place or places where the Series A Preferred Stock is to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date. If fewer than all shares of the Series A Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of shares of Series A Preferred Stock to be redeemed from such holder.

(5) The holders of Series A Preferred Stock at the close of business on a Dividend Record Date shall be entitled to receive the dividend payable with respect to such Series A Preferred Stock on the corresponding Dividend Payment Date notwithstanding the redemption thereof between such Dividend Record Date and the corresponding Dividend Payment Date or the Corporation's default in the payment of the dividend due. Except as provided above, the Corporation will make no payment or allowance for unpaid dividends, regardless of whether in arrears, on called Series A Preferred Stock.

(6) The Series A Preferred Stock has no stated maturity and shall not be subject to any sinking fund or mandatory redemption. The Series A Preferred Stock is not convertible into any other securities of the Corporation, but is subject to the Excess Stock (and all other) provisions of this Article III.

(g) (1) Except as may be required by law or as otherwise expressly provided in this Item (i) of this Subsection (c) of this Section 2 of this Article III, the holders of Series A Preferred Stock shall not be entitled to vote. On all matters with respect to which the Series A Preferred Stock is entitled to vote, each share of Series A Preferred Stock shall be entitled to one vote.

(2) Whenever dividends on the Series A Preferred Stock are in arrears for six or more quarterly periods, the number of directors then constituting the Board of Directors shall be increased by two, and the holders of Series A Preferred Stock (voting separately as a class with all other series of Preferred Stock upon which like voting rights have been conferred and are exercisable) ("Voting Parity Preferred") shall have the right to elect two directors of the Corporation at a special meeting called by the holders of record of

at least 10% of the Series A Preferred Stock or at least 10% of any other Voting Parity Preferred so in arrears (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the shareholders) or at the next annual meeting of shareholders, and at each subsequent annual meeting, until all dividends accumulated on the Series A Preferred Stock for the past dividend periods and the then current dividend period have been fully paid or declared and a sum sufficient for the payment of such dividends has been set aside for payment. If and when all accumulated dividends and the dividend for the then current dividend period on the Series A Preferred Stock shall have been paid in full or set aside for payment in full, the holders of the Series A Preferred Stock shall be divested of the foregoing voting rights, and if all accumulated dividends and the dividend for the then current period have been paid in full or set aside for payment in full on all series of Voting Parity Preferred, the term of office of each director so elected by the holders of the Series A Preferred Stock and the Voting Parity Preferred shall terminate.

(3) As long as any shares of Series A Preferred Stock remain outstanding, the Corporation shall not, without the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock (voting as a separate class): (i) authorize or create, or increase the authorized or issued amount of, any Capital Stock ranking senior to the Series A Preferred Stock with respect to the payment of dividends or the distribution of assets upon liquidation, dissolution, or winding up or reclassify any authorized Capital Stock of the Corporation into such shares, or create, authorize, or issue any obligation or security convertible into or evidencing the right to purchase any such shares; or (ii) amend, alter, or repeal the provisions of these Amended and Restated Articles of Incorporation, whether by merger, consolidation, or otherwise (an "Event"), so as to materially and adversely affect any right, preference, privilege, or voting power of the Series A Preferred Stock or the holders thereof; however, as long as the Series A Preferred Stock remains outstanding with its terms materially unchanged, taking into account that upon the occurrence of an Event, the Corporation may not be the surviving entity, the occurrence of an Event described in clause (ii) above of this Subparagraph (3) shall not be deemed to materially and adversely affect such rights, preferences, privileges, or voting power of the holders of Series A Preferred Stock, and (x) any increase in the amount of the authorized Preferred Stock or the creation or issuance of any other series of Preferred Stock, or (y) any increase in the amount of authorized shares of the Series A Preferred Stock or any other series of Preferred Stock, in each case ranking on a parity with or junior to the Series A Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution, or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges, or voting powers.

(4) Notwithstanding the foregoing, the Series A Preferred Stock shall not be entitled to vote, and the foregoing voting provisions shall not apply, if at or prior to the time when the act with respect to which such vote would otherwise be required is effected, all outstanding shares of the Series A Preferred Stock have been redeemed or called for redemption, and sufficient funds have been deposited in trust for the benefit of the holders of the Series A Preferred Stock to effect such redemption.

(ii) Series B Preferred Stock. Subject in all cases to the other provisions of this Section 2 of this Article III, including, without limitation, those provisions restricting the Beneficial Ownership and Constructive Ownership of shares of Capital Stock and those provisions with respect to Excess Stock, the following sets forth the designation, preference, limitation as to dividends, voting, and other rights of the Series B Preferred Stock (defined below) of the Corporation. Terms that are used and not otherwise defined in this Item (ii) have the meanings ascribed to them elsewhere

in these Amended and Restated Articles of Incorporation or, if not so defined, their conventional meanings.

(a) There is hereby established a series of Preferred Stock designated "Series B Non-Participating Convertible Preferred Stock," (the "Series B Preferred Stock"), which shall initially consist of 40,000,000 authorized shares, subject to one or more increases in the authorized shares of the series by a further amendment(s) to these Amended and Restated Articles of Incorporation to permit the issuance of additional shares upon the issuance of additional Units (defined below) to Registered Unitholders (defined below) and to accommodate stock dividends or stock splits as provided below.

(b) All shares of Series B Preferred Stock purchased, exchanged, or otherwise acquired by the Corporation or that are converted into Common Stock shall be restored to the status of authorized but unissued shares of Preferred Stock.

(c) Except upon the dissolution, liquidation, or winding up of the Corporation, the Series B Preferred Stock shall have no right to any assets of the Corporation, and (except as expressly set forth in this Item (ii)) shall have no right to cash dividends or distributions (from whatever source), but shall have the preference rights upon dissolution, liquidation, and winding up that are set forth in this Item (ii) of this Section 2. The Series B Preferred Stock ranks (i) junior to the Series A Preferred Stock and junior to any Parity Preferred Stock or Senior Preferred Stock (the Series A Preferred Stock, the Parity Preferred Stock, and the Senior Preferred Stock are collectively referred to as the "Series B Senior Preferred Stock"),
(ii) pari passu with any other series of Preferred Stock hereafter duly established by the Board of Directors of the Corporation, the terms of which specifically provide that such series shall rank pari passu with the Series B Preferred Stock as to the distribution of assets upon liquidation (the "Series B Parity Preferred Stock"), and
(iii) prior to any other class or series of Capital Stock, including, without limitation, the Common Stock of the Corporation, whether now existing or hereafter created (collectively, the "Series B Junior Stock"). If shares of Common Stock or other securities are distributed on the Common Stock or other voting Capital Stock (as a stock dividend or otherwise) (a "Voting Stock Dividend"), then each share of Series B Preferred Stock shall receive a distribution of the number of shares (or warrants or rights to acquire shares, as the case may be) of Series B Preferred Stock that would then be necessary to preserve the relative voting power of the Series B Preferred Stock (i.e., in relation to the voting power of all outstanding shares of voting Capital Stock) that existed prior to the Voting Stock Dividend.

(d) Subject to the rights of the Series B Senior Preferred Stock, upon any voluntary or involuntary dissolution, liquidation, or winding up of the affairs of the Corporation, and before any distribution of assets shall be made in respect of any Series B Junior Stock, the holders of the Series B Preferred Stock shall be entitled to be paid out of the assets of the Corporation legally available for distribution to its shareholders a liquidation preference of $0.001 per share in cash (or property having a fair market value as determined by the Board of Directors valued at $0.001 per share). After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series B Preferred Stock shall have no right or claims to any of the remaining assets of the Corporation.

(e) The Series B Preferred Stock has no stated maturity and shall not be subject to redemption; however, the foregoing shall not be a restriction on the Corporation=s otherwise lawful redemption of shares of Series B Preferred Stock on a consensual basis with each holder of the shares to be redeemed.

(f) (1) The Series B Preferred Stock is convertible, and will be automatically converted under the circumstances described below, into Common Stock at a conversion ratio of 14,000:1; i.e., each 14,000 shares of Series B Preferred Stock may be converted into one share of Common Stock. In lieu of issuing less than a full share (a "fractional share") of Common Stock upon the conversion of fewer than 14,000 shares (or an integral multiple of 14,000 shares) of Series B Preferred Stock, the Corporation shall redeem the shares of Series B Preferred Stock that would otherwise be convertible into a fractional share of Common Stock (the "Scrip Shares"), and from and after the date of the conversion, the Scrip Shares shall cease to be outstanding shares of Series B Preferred Stock, shall not constitute any other class of Capital Stock, and shall entitle the holder only to receive the cash redemption price, as provided below.

(2) The Corporation will initially issue the Series B Preferred Stock to each Person who, on the initial date of issuance, is a Registered Unitholder at the rate of one share for each Unit held by such Registered Unitholder, if such Registered Unitholder subscribes for the shares and pays to the Corporation an amount equal to the product of $0.001 multiplied by the number of shares of Series B Preferred Stock to be issued to him. Shares of Series B Preferred Stock may be issued only in certificated, fully registered form and may be issued only to Registered Unitholders. The Corporation may issue fractional shares of Series B Preferred Stock. Following the initial issuance of the Series B Preferred Stock, each Registered Unitholder acquiring one or more newly issued Units shall be entitled to receive from the Corporation shares of Series B Preferred Stock equal in number to the number of newly issued Units acquired by such Registered Unitholder, provided that the Registered Unitholder subscribes for the shares and pays to the Corporation an amount equal to the product of $0.001 multiplied by the number of shares of Series B Preferred Stock to be issued to him. Except as provided below, a holder of shares of Series B Preferred Stock may freely effect a transfer of the shares to any Person (subject to the Transfer being in compliance with, or (to the satisfaction of the Corporation) exempt from, applicable securities laws and regulations). Upon a Registered Unitholder's Transfer of one or more Units to another Registered Unitholder, then (to the extent of the transferring Registered Unitholder's then ownership of Series B Preferred Stock) the transferring Registered Unitholder shall be deemed to have transferred to the transferee of the Units (i) shares of Series B Preferred Stock equal in number to the number of transferred Units or if, after giving effect to the Unit Transfer, the transferring Registered Unitholder will cease to own any Units, (ii) all of the transferring Registered Unitholder's shares of Series B Preferred Stock. Notwithstanding the foregoing, a Registered Unitholder shall have the right (which shall be exercised by delivering written notice at the time of the Unit Transfer to the Corporation and the transferee of the Units) to negate the deemed simultaneous Transfer of Series B Preferred Stock. A Registered Unitholder desiring to sell (by exchange or otherwise) Units to the Corporation shall be required to surrender to the Corporation for conversion shares of Series B Preferred Stock equal in number to the number of Units being sold (by exchange or otherwise), but only if and to the extent that, after giving effect to the Corporation's proposed purchase of Units, the number of outstanding shares of Series B Preferred Stock will exceed the aggregate number of Units held by all Registered Unitholders. Shares of Series B Preferred Stock surrendered for conversion as provided in the immediately preceding sentence shall be converted into Common Stock, as provided in subparagraph (1) of this Paragraph (f), upon the Corporation's purchase of the Units of the surrendering Registered Unitholder, and the Corporation shall promptly redeem any resulting Scrip Shares for cash, as provided below. Except as provided above in this subparagraph
(f)(2), a holder of Series B Preferred Stock shall have no voluntary conversion rights with respect to the Series B Preferred Stock, but shares of Series B Preferred Stock shall

automatically convert into Common Stock as provided in subparagraph
(3) of this Paragraph (f).

(3) After giving effec to a Transfer of shares of Series B Preferred Stock to a Registered Unitholder, the transferee Registered Unitholder is permitted to own shares of Series B Preferred Stock up to (i) the number of Units then owned by such transferee Registered Unitholder or (ii) 5% of the outstanding shares of Series B Preferred Stock, whichever is greater (any shares in excess of a transferee Registered Unitholder's permitted ownership of Series B Preferred Stock are referred to as the "Disproportionate Shares"). After giving effect to a Transfer of shares of Series B Preferred Stock to any Person who is not a Registered Unitholder, the transferee is permitted to own up to 5% of the outstanding shares of Series B Preferred Stock (any shares held by a transferee of Series B Preferred Stock who is not a Registered Unitholder in excess of such 5% limit are referred to as the "Greater than 5% Shares"). Upon a Transfer of Series B Preferred Stock resulting in the transferee holding Disproportionate Shares or Greater than 5% Shares, as applicable, the Disproportionate Shares or Greater than 5% Shares, as applicable, shall automatically convert into Common Stock as provided in subparagraph (1) of this Paragraph (f) without action on the part of anyone, and the Corporation shall promptly redeem any resulting Scrip Shares for cash, as provided below. Upon any such automatic conversion, each certificate evidencing converted shares of Series B Preferred Stock shall instead represent the whole number of shares of Common Stock into which such shares of Series B Preferred Stock were converted and the right to receive the cash redemption payment for any Scrip Shares evidenced by such certificate until such certificate is surrendered to the Corporation for cancellation in exchange for a Common Stock certificate and the redemption price of the Scrip Shares (if any).

(4) Upon conversion of any shares of Series B Preferred Stock, no payment or adjustment shall be made on account of dividends declared and payable to holders of Common Stock of record on a date prior to the date of conversion.

(5) As soon as practicable on or after the date of conversion of shares of Series B Preferred Stock and the surrender to the Corporation of the certificate(s) evidencing the converted shares, the Corporation will issue and deliver to or at the direction of the converting shareholder a certificate(s) for the whole number of shares of Common Stock issuable upon such conversion. The Corporation shall redeem Scrip Shares resulting from a voluntary or automatic conversion of Series B Preferred Stock for a cash payment equal to the fair value of the fractional share of Common Stock into which the Scrip Shares would otherwise be convertible (the fair value shall be the product of the relevant fraction multiplied by the closing price of the Common Stock on the trading date next preceding the date of conversion on the principal national securities exchange on which the Common Stock is listed (or the average of the high and low prices of the Common Stock on such date on the principal national market system on which the Common Stock is traded) or (if the Common Stock is not so listed or traded) the fair value of the Common Stock on such date as determined by the Corporation's Board of Directors). The Corporation shall be responsible for any stamp or other issuance taxes payable upon the issuance of Common Stock in exchange for surrendered or automatically converted shares of Series B Preferred Stock.

(g) (1) On all matters with respect to which shareholders of the Corporation vote, each share of Series B Preferred Stock shall be entitled to one vote. On all matters with respect to which the Series B Preferred Stock is entitled to vote as a separate class, including the nomination of directors pursuant to subparagraph (2) of this Paragraph (g), the action shall be determined by the vote (which may be by non-unanimous written consent) of a

majority of the outstanding shares of Series B Preferred Stock entitled to vote. On all other matters, including the election of directors, the Series B Preferred Stock will vote as a single class with all other Capital Stock entitled to vote.

(2) With respect to each annual meeting of the Corporation's shareholders, commencing with the annual meeting of the Corporation's shareholders to be held in 1999 (the "1999 Annual Meeting"), the holders of shares of Series B Preferred Stock shall have the right, voting as a separate class, to designate nominees for election as directors of the Corporation and to have such nominees included as such in the Corporation's proxy statement and ballots (or, if none, in a specially prepared proxy statement and ballots) submitted to the shareholders of the Corporation entitled to vote in a timely manner prior to the annual meeting. The Corporation shall use all reasonable efforts, consistent with the Board of Directors' exercise of its fiduciary duties, to cause the election of the nominees designated by the holders of Series B Preferred Stock. With respect to the 1999 Annual Meeting, the holders of Series B Preferred Stock shall have the right to designate four nominees. With respect to each succeeding annual meeting of shareholders, the number of nominees to be designated by the holders of Series B Preferred Stock (the "Base Number of Series B Nominees") shall be equal to the difference between
(i) four and (ii) the number of directors whose terms commenced prior to and will continue after such meeting and who were nominated to serve such terms by the holders of Series B Preferred Stock, voting as a separate class. The Base Number of Series B Nominees calculated as set forth in the immediately preceding sentence shall be reduced (i) by one, if as of the record date for determining the shareholders entitled to vote for the election of directors at the relevant annual meeting (the "Record Date"), the Registered Unitholders collectively own less than 25% (but at least 15%) of the Fully Diluted Common Stock of the Corporation, (ii) by two, if as of the Record Date, the Registered Unitholders collectively own less than 15% (but at least 10%) of the Fully Diluted Common Stock of the Corporation, (iii) by three, if as of the Record Date, the Registered Unitholders collectively own less than 10% (but at least 5%) of the Fully Diluted Common Stock of the Corporation, and (iv) to zero, if as of the Record Date, the Registered Unitholders collectively own less than 5% of the Fully Diluted Common Stock of the Corporation. For purposes of the immediately preceding sentence, (i) "Fully Diluted Common Stock of the Corporation" means all shares of Common Stock issued and outstanding on the relevant Record Date, plus all shares of Common Stock issuable upon the exercise of vested employee stock options to acquire Common Stock and issuable upon the exchange of Units owned by the Registered Unitholders (assuming a 1:1 exchange ratio and calculated without regard to limitations imposed on the ability or rights of certain Registered Unitholders to exchange Units for Common Stock), and (ii) the Registered Unitholders shall be deemed to "collectively own" all shares of Common Stock that they own in fact, that they have the right to acquire upon the exercise of vested employee stock options, and that would be issued upon the exchange (without regard to limitations imposed on the ability or rights of certain Registered Unitholders to exchange Units for Common Stock) of all outstanding Units (and Units issuable upon the exercise of options to acquire Units) held by the Registered Unitholders.

(h) At all times when the holders of Series B Preferred Stock, voting as a separate class, are entitled to designate nominees for election as directors of the Corporation, (i) the Board of Directors shall consist of nine directors (other than during any vacancy caused by the death, resignation, or removal of a director), plus the number of directors that any series of Preferred Stock, voting separately as a class, has the right to elect because of the Corporation's default in the payment of preferential dividends due on such series, and (ii) a majority of the directors shall be "independent" (for these purposes, an individual shall be deemed "independent" if such individual is neither an officer nor an employee of the

Corporation or any of its direct or indirect subsidiaries). At such time as the holders of Series B Preferred Stock no longer have the right to designate any nominees for election as directors of the Corporation, the size of the Board of Directors shall be as determined in accordance with the provisions of the By-Laws of the Corporation.

(i) For purposes of this Item (ii) of this Subsection (c) of this
Section 2 of this Article III, the following terms have the indicated meanings:

(1) "Registered Unitholder" means a Person, other than the Corporation, (i) who at the relevant time is reflected in the records of The Taubman Realty Group Limited Partnership as a partner in such partnership (or who as the result of a Transfer of Units is being admitted as a partner in such partnership) or (ii) who is (or upon completion of the relevant Transfer (including, for these purposes, the exercise of an option to acquire a Unit) will become) a beneficial owner of Units.

(2) "Units" means Units of Partnership Interest in The Taubman Realty Group Limited Partnership (and its successors), and any securities into which such Units of Partnership Interest (as a class) are converted or for which such Units (as a class) are exchanged, whether by merger, reclassification, or otherwise. All references in this Item (ii) of this Subsection (c) of this Section 2 of this Article III to numbers of Units shall be adjusted to reflect any splits, reverse splits, or reclassifications of Units of Partnership Interest.

(j) As long as shares of Series B Preferred Stock remain outstanding, the Corporation shall not, without the affirmative vote or consent of the holders of a majority of the outstanding shares of Series B Preferred Stock (voting as a separate class):

(1) create, authorize, or issue any securities or any obligation or security convertible into or evidencing the right to purchase any such securities, the issuance of which could adversely and (relative to the other outstanding Capital Stock) disparately affect the voting power or voting rights of the Series B Preferred Stock or the holders of Series B Preferred Stock (including the rights under Paragraph (g) of this Item (ii) of this Subsection (c) of this
Section 2 of this Article III, and disregarding, for these purposes, the right of any series of Preferred Stock, voting as a separate class, to elect directors of the Corporation as the result of the Corporation=s default in the payment of a preferential dividend to which the holders of such series of Preferred Stock are entitled);

(2) amend, alter, or repeal the provisions of these Amended and Restated Articles of Incorporation, whether by merger, consolidation, or otherwise, in a manner that could adversely affect the voting power or voting rights of the Series B Preferred Stock or the holders of Series B Preferred Stock (including the rights under Paragraph (g) of this Item (ii) of this Subsection (c) of this Section 2 of this Article III, and disregarding, for these purposes, the right of any series of Preferred Stock, voting as a separate class, to elect directors of the Corporation as the result of the Corporation=s default in the payment of a preferential dividend to which the holders of such series of Preferred Stock are entitled);

(3) be a party to a material transaction (including, without limitation, a merger, consolidation, or share exchange) (a "Series B Transaction") if the Series B Transaction could adversely and (relative to the other outstanding Capital Stock) disparately affect the voting power or voting rights of the Series B Preferred Stock or the holders of Series B Preferred Stock (including the rights under Paragraph (g) of this Item (ii) of this

Subsection (c) of this Section 2 of this Article III, and disregarding, for these purposes, the right of any series of Preferred Stock, voting as a separate class, to elect directors of the Corporation as the result of the Corporation=s default in the payment of a preferential dividend to which the holders of such series of Preferred Stock are entitled). The provisions of this subparagraph (3) shall apply to successive Series B Transactions; or

(4) issue any shares of Series B Preferred Stock to anyone other than a Registered Unitholder as provided in Paragraph (c) or subparagraph (f) (2) of this Item (ii).

(iii) Series C Preferred Stock. Subject in all cases to the other provisions of this Section 2 of this Article III, including, without limitation, those provisions restricting the Beneficial Ownership and Constructive Ownership of shares of Capital Stock and those provisions with respect to Excess Stock, the following sets forth the designation, preferences, limitations as to dividends, voting and other rights, and the terms and conditions of redemption of the Series C Preferred Stock (defined below) of the Corporation.

(a) There is hereby established a series of Preferred Stock designated "9% Series C Cumulative Redeemable Preferred Stock, par value $0.01 per share" (the "Series C Preferred Stock"), which shall consist of 1,000,000 authorized shares.

(b) All shares of Series C Preferred Stock redeemed, purchased, exchanged, or otherwise acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock.

(c) The Series C Preferred Stock shall, with respect to dividend rights, rights upon liquidation, winding up or dissolution, and redemption rights, rank (i) junior to any other series of Preferred Stock hereafter duly established by the Board of Directors of the Corporation, the terms of which specifically provide that such series shall rank prior to the Series C Preferred Stock as to the payment of dividends and distribution of assets upon liquidation (the "Senior Preferred Stock"), (ii) pari passu with the Series A and Series B Preferred Stock and any other series of Preferred Stock hereafter duly established by the Board of Directors of the Corporation, the terms of which specifically provide that such series shall rank pari passu with the Series C Preferred Stock as to the payment of dividends and distribution of assets upon liquidation (the "Parity Preferred Stock"), and (iii) prior to any other class or series of Capital Stock, including, without limitation, the Common Stock of the Corporation, whether now existing or hereafter created (collectively, the "Junior Stock").

(d) (1) Subject to the rights of any Senior Preferred Stock, the holders of the then outstanding shares of Series C Preferred Stock shall be entitled to receive, as and when declared by the Board of Directors, out of funds legally available for the payment of dividends, cumulative preferential cash dividends at the annual rate of 9% of the $75 per share liquidation preference (i.e., $6.75 per annum per share). Such dividends shall accrue and be cumulative from the date of original issue and shall be payable in equal quarterly amounts in arrears on or before the last day of each March, June, September, and December or, if such day is not a business day, the next succeeding business day except that, if such business day is in the next succeeding calendar year, such payment shall be made on the immediately preceding business day, in each case with the same force and effect as if made on such date (each, a "Dividend Payment Date") (for the purposes of this Subparagraph (1) of this Paragraph (d), a "business day" is any day, other than a Saturday, Sunday, or legal holiday, on which banks in Detroit, Michigan, are open for business). The first dividend may be for less than a full quarter. All dividends on the Series C Preferred Stock, including

any dividend for any partial dividend period, shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends will be payable to holders of record as they appear in the stock records of the Corporation at the close of business on the applicable record date, which shall be the 15th day of the calendar month in which the applicable Dividend Payment Date falls or on such other date designed by the Board of Directors of the Corporation for the payment of dividends that is not more than 30 nor less than ten days prior to such Dividend Payment Date (each, a "Dividend Record Date").

(2) No dividends on the Series C Preferred Stock shall be declared by the Board of Directors or paid or set apart for payment by the Corporation at such time as any agreement of the Corporation, including any agreement relating to its indebtedness, prohibits such declaration, payment, or setting apart for payment or provides that such declaration, payment, or setting apart for payment would constitute a breach of, or a default under, such agreement or if such declaration, payment, or setting aside shall be restricted or prohibited by law.

(3) Dividends on the Series C Preferred Stock shall accrue and be cumulative regardless of whether the Corporation has earnings, regardless of whether there are funds legally available for the payment of such dividends, and regardless of whether such dividends are declared. Accrued but unpaid dividends on the Series C Preferred Stock will accumulate as of the Dividend Payment Date on which they first become payable. Except as set forth below in this Subparagraph
(3), no dividends shall be declared or paid or set apart for payment on any Common Stock or any other series of Preferred Stock ranking, as to dividends, on a parity with or junior to the Series C Preferred Stock (other than a dividend in shares of Junior Stock) for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for such payment on the Series C Preferred Stock for all past dividend periods and the then current dividend period. When dividends are not paid in full (and a sum sufficient for such full payment is not so set apart) upon the Series C Preferred Stock and the shares of any other series of Preferred Stock ranking on a parity as to dividends with the Series C Preferred Stock, all dividends declared upon the Series C Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with the Series C Preferred Stock shall be declared pro rata, so that the amount of dividends declared per share of Series C Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the Series C Preferred Stock and such other series of Preferred Stock (which shall not include any accrual in respect of unpaid dividends for prior dividend periods if such Preferred Stock does not have a cumulative dividend) bear to each other. No interest shall be payable in respect of any dividend payment on the Series C Preferred Stock that may be in arrears. Holders of shares of the Series C Preferred Stock shall not be entitled to any dividend, whether payable in cash, property, or stock, in excess of full cumulative dividends on the Series C Preferred Stock as provided above. Any dividend payment made on shares of the Series C Preferred Stock shall first be credited against the earliest accumulated but unpaid dividend due with respect to such shares that remains payable.

(4) Except as provided in Subparagraph (3) of this Paragraph
(d) of this Item (iii) of this Subsection (c) of this Section 2 of this Article III, unless full cumulative dividends on the Series C Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment for all past dividend periods and the then current dividend period: (i) no dividends (other than in shares of Junior Stock) shall be declared or paid or set aside for payment nor shall any other distribution be declared or made upon the Common Stock or the Series B Preferred Stock

(or any other Preferred Stock ranking junior to or on a parity with the Series C Preferred Stock as to dividends or upon liquidation); and (ii) no shares of Common Stock or the Series B Preferred Stock (or any other Preferred Stock of the Corporation ranking junior to or on a parity with the Series C Preferred Stock as to dividends or upon liquidation) shall be redeemed, purchased, or otherwise acquired for any consideration (nor shall any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by the Corporation (except by conversion into or exchange for Junior Stock).

(5) If for any taxable year the Corporation elects to designate as "capital gains dividends" (as defined in Section 857 of the Code) any portion (the "Capital Gains Amount") of the dividends paid or made available for the year to holders of all classes of Capital Stock (the "Total Dividends"), then the portion of the Capital Gains Amount that shall be allocable to the holders of Series C Preferred Stock shall be the amount that the total dividends paid or made available to the holders of the Series C Preferred Stock for the year bears to the Total Dividends.

(6) Notwithstanding anything to the contrary set forth herein, the Corporation may declare and pay a dividend on the Common Stock, without preserving the priority of distributions described in Subparagraphs 3 and 4 of this Paragraph (d) of this Item (iii) of this Subsection (c) of this Section 2 of this Article III, but only to the extent such dividends are required to preserve the Real Estate Investment Trust status of the Corporation and to avoid the imposition of an excise tax on the Corporation.

(e) Subject to the rights of any Senior Stock, upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, and before any distribution of assets shall be made in respect of any Junior Stock, the holders of the Series C Preferred Stock shall be entitled to be paid out of the assets of the Corporation legally available for distribution to its shareholders a liquidation preference of $75 per share in cash (or property having a fair market value as determined by the Board of Directors valued at $75 per share), plus an amount equal to any accrued but unpaid dividends to the date of payment. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series C Preferred Stock shall have no right or claims to any of the remaining assets of the Corporation. Neither the consolidation or merger of the Corporation with or into any other corporation, trust, or entity (or of any other corporation with or into the Corporation) nor the sale, lease, or conveyance of all or substantially all of the property or business of the Corporation shall be deemed to constitute a liquidation, dissolution or winding up of the Corporation for the purpose of this Paragraph (e) of this Item (iii).

(f) (1) The Series C Preferred Stock is not redeemable prior to September 3, 2004. On and after September 3, 2004, the Corporation, at its option upon not less than 30 nor more than 60 days' written notice, may redeem shares of the Series C Preferred Stock, in whole or in part, at any time and from time to time, for a cash redemption price of $75 per share, plus all accrued and unpaid dividends to the date fixed for redemption (except as provided below).

(2) The redemption price of the Series C Preferred Stock (other than the portion thereof consisting of accrued but unpaid dividends) shall be payable solely out of the sale proceeds of other "capital stock" of the Corporation. For purposes of the preceding sentence, the term "capital stock" means any equity securities of the Corporation (including Common Stock and Preferred Stock), shares, interest, participation, or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable for equity securities) or options to purchase any of the foregoing. Holders of

Series C Preferred Stock to be redeemed shall surrender such shares at the place designated in the notice of redemption and shall be entitled to the redemption price and any accrued and unpaid dividends payable upon such redemption following such surrender. If notice of redemption has been given and if the Corporation has set aside in trust the funds necessary for the redemption, then from and after the redemption date: (i) dividends shall cease to accrue on such shares of Series C Preferred Stock; (ii) such shares of Series C Preferred Stock shall no longer be deemed outstanding; and (iii) all rights of the holders of such shares shall terminate, except the right to receive the redemption price. If less than all of the outstanding Series C Preferred Stock is to be redeemed, the Series C Preferred Stock to be redeemed shall be selected pro rata (as nearly as may be practicable without creating fractional shares) or by any other equitable method determined by the Corporation.

(3) Unless full cumulative dividends on all shares of Series C Preferred Stock shall have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment, no shares of Series C Preferred Stock shall be redeemed unless all outstanding shares of Series C Preferred Stock are simultaneously redeemed, and the Corporation shall not purchase or otherwise acquire directly or indirectly any shares of Series C Preferred Stock (except by exchange for Junior Stock); however, the foregoing shall not prevent the purchase or acquisition of shares of Series C Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series C Preferred Stock.

(4) Notice of redemption shall be given by publication in a newspaper of general circulation in The City of New York, such publication to be made once a week for two successive weeks commencing not less than 30 nor more than 60 days prior to the redemption date. A similar notice shall be mailed by the Corporation, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series C Preferred Stock to be redeemed at their respective addresses as they appear on the stock transfer records of the Corporation. No failure to give or defect in such notice shall affect the validity of the proceedings for the redemption of any shares of Series C Preferred Stock except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the redemption date; (ii) the redemption price; (iii) the number of shares of Series C Preferred Stock to be redeemed; (iv) the place or places where the Series C Preferred Stock is to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date. If fewer than all shares of the Series C Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of shares of Series C Preferred Stock to be redeemed from such holder.

(5) The holders of Series C Preferred Stock at the close of business on a Dividend Record Date shall be entitled to receive the dividend payable with respect to such Series C Preferred Stock on the corresponding Dividend Payment Date notwithstanding the redemption thereof between such Dividend Record Date and the corresponding Dividend Payment Date or the Corporation's default in the payment of the dividend due. Except as provided above, the Corporation will make no payment or allowance for unpaid dividends, regardless of whether in arrears, on called Series C Preferred Stock.

(6) The Series C Preferred Stock has no stated maturity and no sinking fund shall be required and shall not be subject to mandatory redemption. The Series C Preferred Stock is not convertible into any other securities of the Corporation, but is subject to the Excess Stock (and all other) provisions of this Article III.

(g) (1) Except as may be required by law or as otherwise expressly provided in this Item (iii) of this Subsection (c) of this Section 2 of this Article III, the holders of Series C Preferred Stock shall not be entitled to vote. On all matters with respect to which the Series C Preferred Stock is entitled to vote, each share of Series C Preferred Stock shall be entitled to one vote.

(2) Whenever dividends on the Series C Preferred Stock are in arrears (which shall, with respect to any quarterly dividend, mean that any such divided has not been paid in full whether or not earned or declared) for six or more quarterly periods (whether consecutive or not), the number of directors then constituting the Board of Directors shall be increased by two, and the holders of Series C Preferred Stock (voting separately as a class with all other series of Voting Parity Preferred) shall have the right to elect two directors of the Corporation at a special meeting called by the holders of record of at least 10% of the Series C Preferred Stock or at least 10% of any other Voting Parity Preferred so in arrears (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the shareholders) or at the next annual meeting of shareholders, and at each subsequent annual meeting, until all dividends accumulated on the Series C Preferred Stock for the past dividend periods and the then current dividend period have been fully paid or declared and a sum sufficient for the payment of such dividends has been set aside for payment. If and when all accumulated dividends and the dividend for the then current dividend period on the Series C Preferred Stock shall have been paid in full or set aside for payment in full, the holders of the Series C Preferred Stock shall be divested of the foregoing voting rights (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends), and if all accumulated dividends and the dividend for the then current period have been paid in full or set aside for payment in full on all series of Voting Parity Preferred, the term of office of each director so elected by the holders of the Series C Preferred Stock and the Voting Parity Preferred shall terminate.

(3) As long as any shares of Series C Preferred Stock remain outstanding, the Corporation shall not, without the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of Series C Preferred Stock (voting as a separate class); (i) authorize or create, or increase the authorized or issued amount of, any Capital Stock ranking senior to the Series C Preferred Stock with respect to the payment of dividends or the distribution of assets upon liquidation, dissolution, or winding up or reclassify any authorized Capital Stock of the Corporation into or exchangeable for such shares, or create, authorize, or issue any obligation or security convertible into or evidencing the right to purchase any such shares; or (ii) amend, alter, or repeal the provisions of these Amended and Restated Articles of Incorporation, whether by merger, consolidation or otherwise (an "Event"), so as to materially and adversely affect any right, preference, privilege, or voting power of the Series C Preferred Stock or the holders thereof; however, as long as the Series C Preferred Stock remains outstanding with its terms materially unchanged, taking into account that upon the occurrence of an Event, the Corporation may not be the surviving entity, the occurrence of an Event described in clause (ii) above of this Subparagraph (3) shall not be deemed to materially and adversely affect such rights, preferences, privileges, or voting power of the holders of Series C Preferred Stock, and (x) any increase in the amount of the authorized Preferred Stock or the creation or issuance of any other series of Preferred Stock, or (y) any increase in the amount of authorized shares of the Series C Preferred Stock or any other series of Preferred Stock, in the case of either (x) or (y) ranking on a parity with or junior to the Series C Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution, or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges, or voting powers.

(4) Notwithstanding the foregoing, the Series C Preferred Stock shall not be entitled to vote, and the foregoing voting provisions shall not apply, if at or prior to the time when the act with respect to which such vote would otherwise be required is effected, all outstanding shares of the Series C Preferred Stock have been redeemed or called for redemption, and sufficient funds have been deposited in trust for the benefit of the holders of the Series C Preferred Stock to effect such redemption.

(iv) Series D Preferred Stock. Subject in all cases to the other provisions of this Section 2 of this Article III, including, without limitation, those provisions restricting the Beneficial Ownership and Constructive Ownership of shares of Capital Stock and those provisions with respect to Excess Stock, the following sets forth the designation, preferences, limitations as to dividends, voting and other rights, and the terms and conditions of redemption of the Series D Preferred Stock (defined below) of the Corporation.

(a) There is hereby established a series of Preferred Stock designated "9% Series D Cumulative Redeemable Preferred Stock, par value $0.01 per share" (the "Series D Preferred Stock"), which shall consist of 250,000 authorized shares.

(b) All shares of Series D Preferred Stock redeemed, purchased, exchanged, or otherwise acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock.

(c) The Series D Preferred Stock shall, with respect to dividend rights, rights upon liquidation, winding up or dissolution, and redemption rights, rank (i) junior to any other series of Preferred Stock hereafter duly established by the Board of Directors of the Corporation, the terms of which specifically provide that such series shall rank prior to the Series D Preferred Stock as to the payment of dividends and distribution of assets upon liquidation (the "Senior Preferred Stock"), (ii) pari passu with the Series A, Series B and Series C Preferred Stock and any other series of Preferred Stock hereafter duly established by the Board of Directors of the Corporation, the terms of which specifically provide that such series shall rank pari passu with the Series D Preferred Stock as to the payment of dividends and distribution of assets upon liquidation (the "Parity Preferred Stock"), and (iii) prior to any other class or series of Capital Stock, including, without limitation, the Common Stock of the Corporation, whether now existing or hereafter created (collectively, the "Junior Stock").

(d) (1) Subject to the rights of any Senior Preferred Stock, the holders of the then outstanding shares of Series D Preferred Stock shall be entitled to receive, as and when declared by the Board of Directors, out of funds legally available for the payment of dividends, cumulative preferential cash dividends at the annual rate of 9% of the $100 per share liquidation preference (i.e., $9.00 per annum per share). Such dividends shall accrue and be cumulative from the date of original issue and shall be payable in equal quarterly amounts in arrears on or before the last day of each March, June, September, and December or, if such day is not a business day, the next succeeding business day except that, if such business day is in the next succeeding calendar year, such payment shall be made on the immediately preceding business day, in each case with the same force and effect as if made on such date (each, a "Dividend Payment Date") (for the purposes of this Subparagraph (1) of this Paragraph (d), a "business day" is any day, other than a Saturday, Sunday, or legal holiday, on which banks in Detroit, Michigan, are open for business). The first dividend may be for less than a full quarter. All dividends on the Series D Preferred Stock, including any dividend for any partial dividend period, shall be computed on the basis of a 360-day

year consisting of twelve 30-day months. Dividends will be payable to holders of record as they appear in the stock records of the Corporation at the close of business on the applicable record date, which shall be the 15th day of the calendar month in which the applicable Dividend Payment Date falls or on such other date designed by the Board of Directors of the Corporation for the payment of dividends that is not more than 30 nor less than ten days prior to such Dividend Payment Date (each, a "Dividend Record Date").

(2) No dividends on the Series D Preferred Stock shall be declared by the Board of Directors or paid or set apart for payment by the Corporation at such time as any agreement of the Corporation, including any agreement relating to its indebtedness, prohibits such declaration, payment, or setting apart for payment or provides that such declaration, payment, or setting apart for payment would constitute a breach of, or a default under, such agreement or if such declaration, payment, or setting aside shall be restricted or prohibited by law.

(3) Dividends on the Series D Preferred Stock shall accrue and be cumulative regardless of whether the Corporation has earnings, regardless of whether there are funds legally available for the payment of such dividends, and regardless of whether such dividends are declared. Accrued but unpaid dividends on the Series D Preferred Stock will accumulate as of the Dividend Payment Date on which they first become payable. Except as set forth below in this Subparagraph
(3), no dividends shall be declared or paid or set apart for payment on any Common Stock or any other series of Preferred Stock ranking, as to dividends, on a parity with or junior to the Series D Preferred Stock (other than a dividend in shares of Junior Stock) for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for such payment on the Series D Preferred Stock for all past dividend periods and the then current dividend period. When dividends are not paid in full (and a sum sufficient for such full payment is not so set apart) upon the Series D Preferred Stock and the shares of any other series of Preferred Stock ranking on a parity as to dividends with the Series D Preferred Stock, all dividends declared upon the Series D Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with the Series D Preferred Stock shall be declared pro rata, so that the amount of dividends declared per share of Series D Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the Series D Preferred Stock and such other series of Preferred Stock (which shall not include any accrual in respect of unpaid dividends for prior dividend periods if such Preferred Stock does not have a cumulative dividend) bear to each other. No interest shall be payable in respect of any dividend payment on the Series D Preferred Stock that may be in arrears. Holders of shares of the Series D Preferred Stock shall not be entitled to any dividend, whether payable in cash, property, or stock, in excess of full cumulative dividends on the Series D Preferred Stock as provided above. Any dividend payment made on shares of the Series D Preferred Stock shall first be credited against the earliest accumulated but unpaid dividend due with respect to such shares that remains payable.

(4) Except as provided in Subparagraph (3) of this Paragraph
(d) of this Item (iv) of this Subsection (c) of this Section 2 of this Article III, unless full cumulative dividends on the Series D Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment for all past dividend periods and the then current dividend period: (i) no dividends (other than in shares of Junior Stock) shall be declared or paid or set aside for payment nor shall any other distribution be declared or made upon the Common Stock, or the Series B Preferred Stock (or any other Preferred Stock ranking junior to or on a parity with the Series D Preferred

Stock as to dividends or upon liquidation); and (ii) no shares of Common Stock or the Series B Preferred Stock (or any other Preferred Stock of the Corporation ranking junior to or on a parity with the Series D Preferred Stock as to dividends or upon liquidation) shall be redeemed, purchased, or otherwise acquired for any consideration (nor shall any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by the Corporation (except by conversion into or exchange for Junior Stock).

(5) If for any taxable year the Corporation elects to designate as "capital gains dividends" (as defined in Section 857 of the Code) any portion (the "Capital Gains Amount") of the dividends paid or made available for the year to holders of all classes of Capital Stock (the "Total Dividends"), then the portion of the Capital Gains Amount that shall be allocable to the holders of Series D Preferred Stock shall be the amount that the total dividends paid or made available to the holders of the Series D Preferred Stock for the year bears to the Total Dividends.

(6) Notwithstanding anything to the contrary set forth herein, the Corporation may declare and pay a dividend on the Common Stock, without preserving the priority of distributions described in Subparagraphs 3 and 4 of this Paragraph (d) of this Item (iii) of this Subsection (c) of this Section 2 of this Article III, but only to the extent such dividends are required to preserve the Real Estate Investment Trust status of the Corporation and to avoid the imposition of an excise tax on the Corporation.

(e) Subject to the rights of any Senior Stock, upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, and before any distribution of assets shall be made in respect of any Junior Stock, the holders of the Series D Preferred Stock shall be entitled to be paid out of the assets of the Corporation legally available for distribution to its shareholders a liquidation preference of $100 per share in cash (or property having a fair market value as determined by the Board of Directors valued at $100 per share), plus an amount equal to any accrued but unpaid dividends to the date of payment. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series D Preferred Stock shall have no right or claims to any of the remaining assets of the Corporation. Neither the consolidation or merger of the Corporation with or into any other corporation, trust, or entity (or of any other corporation with or into the Corporation) nor the sale, lease, or conveyance of all or substantially all of the property or business of the Corporation shall be deemed to constitute a liquidation, dissolution or winding up of the Corporation for the purpose of this Paragraph (e) of this Item (iv).

(f) (1) The Series D Preferred Stock is not redeemable prior to November 24, 2004. On and after November 24, 2004, the Corporation, at its option upon not less than 30 nor more than 60 days' written notice, may redeem shares of the Series D Preferred Stock, in whole or in part, at any time and from time to time, for a cash redemption price of $100 per share, plus all accrued and unpaid dividends to the date fixed for redemption (except as provided below).

(2) The redemption price of the Series D Preferred Stock (other than the portion thereof consisting of accrued but unpaid dividends) shall be payable solely out of the sale proceeds of other "capital stock" of the Corporation. For purposes of the preceding sentence, the term "capital stock" means any equity securities of the Corporation (including Common Stock and Preferred Stock), shares, interest, participation, or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable for equity securities) or options to purchase any of the foregoing. Holders of Series D Preferred Stock to be redeemed shall surrender such shares

at the place designated in the notice of redemption and shall be entitled to the redemption price and any accrued and unpaid dividends payable upon such redemption following such surrender. If notice of redemption has been given and if the Corporation has set aside in trust the funds necessary for the redemption, then from and after the redemption date: (i) dividends shall cease to accrue on such shares of Series D Preferred Stock; (ii) such shares of Series D Preferred Stock shall no longer be deemed outstanding; and (iii) all rights of the holders of such shares shall terminate, except the right to receive the redemption price. If less than all of the outstanding Series D Preferred Stock is to be redeemed, the Series D Preferred Stock to be redeemed shall be selected pro rata (as nearly as may be practicable without creating fractional shares) or by any other equitable method determined by the Corporation.

(3) Unless full cumulative dividends on all shares of Series D Preferred Stock shall have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment, no shares of Series D Preferred Stock shall be redeemed unless all outstanding shares of Series D Preferred Stock are simultaneously redeemed, and the Corporation shall not purchase or otherwise acquire directly or indirectly any shares of Series D Preferred Stock (except by exchange for Junior Stock); however, the foregoing shall not prevent the purchase or acquisition of shares of Series D Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series D Preferred Stock.

(4) Notice of redemption shall be given by publication in a newspaper of general circulation in The City of New York, such publication to be made once a week for two successive weeks commencing not less than 30 nor more than 60 days prior to the redemption date. A similar notice shall be mailed by the Corporation, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series D Preferred Stock to be redeemed at their respective addresses as they appear on the stock transfer records of the Corporation. No failure to give or defect in such notice shall affect the validity of the proceedings for the redemption of any shares of Series D Preferred Stock except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the redemption date; (ii) the redemption price; (iii) the number of shares of Series D Preferred Stock to be redeemed; (iv) the place or places where the Series D Preferred Stock is to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date. If fewer than all shares of the Series D Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of shares of Series D Preferred Stock to be redeemed from such holder.

(5) The holders of Series D Preferred Stock at the close of business on a Dividend Record Date shall be entitled to receive the dividend payable with respect to such Series D Preferred Stock on the corresponding Dividend Payment Date notwithstanding the redemption thereof between such Dividend Record Date and the corresponding Dividend Payment Date or the Corporation's default in the payment of the dividend due. Except as provided above, the Corporation will make no payment or allowance for unpaid dividends, regardless of whether in arrears, on called Series D Preferred Stock.

(6) The Series D Preferred Stock has no stated maturity and no sinking fund shall be required and shall not be subject to mandatory redemption. The Series D Preferred Stock is not convertible into any other securities of the Corporation, but is subject to the Excess Stock (and all other) provisions of this Article III.

(g) (1) Except as may be required by law or as otherwise expressly provided in this Item (iv) of this Subsection (c) of this Section 2 of this Article III, the holders of Series D Preferred Stock shall not be entitled to vote. On all matters with respect to which the Series D Preferred Stock is entitled to vote, each share of Series D Preferred Stock shall be entitled to one vote.

(2) Whenever dividends on the Series D Preferred Stock are in arrears (which shall, with respect to any quarterly dividend, mean that any such divided has not been paid in full whether or not earned or declared) for six or more quarterly periods (whether consecutive or not), the number of directors then constituting the Board of Directors shall be increased by two, and the holders of Series D Preferred Stock (voting separately as a class with all other series of Voting Parity Preferred) shall have the right to elect two directors of the Corporation at a special meeting called by the holders of record of at least 10% of the Series D Preferred Stock or at least 10% of any other Voting Parity Preferred so in arrears (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the shareholders) or at the next annual meeting of shareholders, and at each subsequent annual meeting, until all dividends accumulated on the Series D Preferred Stock for the past dividend periods and the then current dividend period have been fully paid or declared and a sum sufficient for the payment of such dividends has been set aside for payment. If and when all accumulated dividends and the dividend for the then current dividend period on the Series D Preferred Stock shall have been paid in full or set aside for payment in full, the holders of the Series D Preferred Stock shall be divested of the foregoing voting rights (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends), and if all accumulated dividends and the dividend for the then current period have been paid in full or set aside for payment in full on all series of Voting Parity Preferred, the term of office of each director so elected by the holders of the Series D Preferred Stock and the Voting Parity Preferred shall terminate.

(3) As long as any shares of Series D Preferred Stock remain outstanding, the Corporation shall not, without the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of Series D Preferred Stock (voting as a separate class); (i) authorize or create, or increase the authorized or issued amount of, any Capital Stock ranking senior to the Series D Preferred Stock with respect to the payment of dividends or the distribution of assets upon liquidation, dissolution, or winding up or reclassify any authorized Capital Stock of the Corporation into or exchangeable for such shares, or create, authorize, or issue any obligation or security convertible into or evidencing the right to purchase any such shares; or (ii) amend, alter, or repeal the provisions of these Amended and Restated Articles of Incorporation, whether by merger, consolidation or otherwise (an "Event"), so as to materially and adversely affect any right, preference, privilege, or voting power of the Series D Preferred Stock or the holders thereof; however, as long as the Series D Preferred Stock remains outstanding with its terms materially unchanged, taking into account that upon the occurrence of an Event, the Corporation may not be the surviving entity, the occurrence of an Event described in clause (ii) above of this Subparagraph (3) shall not be deemed to materially and adversely affect such rights, preferences, privileges, or voting power of the holders of Series D Preferred Stock, and (x) any increase in the amount of the authorized Preferred Stock or the creation or issuance of any other series of Preferred Stock, or (y) any increase in the amount of authorized shares of the Series D Preferred Stock or any other series of Preferred Stock, in the case of either (x) or (y) ranking on a parity with or junior to the Series D Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution, or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges, or voting powers.

(4) Notwithstanding the foregoing, the Series D Preferred Stock shall not be entitled to vote, and the foregoing voting provisions shall not apply, if at or prior to the time when the act with respect to which such vote would otherwise be required is effected, all outstanding shares of the Series D Preferred Stock have been redeemed or called for redemption, and sufficient funds have been deposited in trust for the benefit of the holders of the Series D Preferred Stock to effect such redemption.

(d) Restrictions on Transfer.

(i) Definitions. The following terms shall have the following meanings for purposes of these Amended and Restated Articles of Incorporation:

"Affiliate" and "Affiliates" mean, (i) with respect to any individual, any member of such individual's Immediate Family, a Family Trust with respect to such individual, and any Person (other than an individual) in which such individual and/or his Affiliate(s) owns, directly or indirectly, more than 50% of any class of Equity Security or of the aggregate Beneficial Interest of all beneficial owners, or in which such individual or his Affiliate is the sole general partner, or is the sole managing general partner, or which is controlled by such individual and/or his Affiliates; and (ii) with respect to any Person (other than an individual), any Person (other than an individual) which controls, is controlled by, or is under common control with, such Person, and any individual who is the sole general partner or the sole managing general partner in, or who controls, such Person. The terms "Affiliated" and "Affiliated with" shall have the correlative meanings.

"Beneficial Interest" means an interest, whether as partner, joint venturer, cestui que trust, or otherwise, a contract right, or a legal or equitable position under or by which the possessor participates in the economic or other results of the Person (other than an individual) to which such interest, contract right, or position relates.

"Beneficial Ownership" means ownership of shares of Capital Stock (including Capital Stock that may be acquired upon conversion of Debentures) (i) by a Person who owns such shares of Capital Stock in his own name or is treated as an owner of such shares of Capital Stock constructively through the application of Section 544 of the Code, as modified by Sections 856(h)(1)(B) and 856(h)(3)(A) of the Code; or (ii) by a person who falls within the definition of "Beneficial Owner" under
Section 776(4) of the Act. The terms "Beneficial Owner", "Beneficially Owns" and "Beneficially Owned" shall have the correlative meanings.

"Capital Stock" means the Common Stock and the Preferred Stock, including shares of Common Stock and Preferred Stock that have become Excess Stock.

"Charitable Proceeds" means the amounts due from time to time to the Designated Charity, consisting of (i) dividends or other distributions, including capital gain distributions (but not including liquidating distributions not otherwise within the definition of Excess Liquidation Proceeds), paid with respect to Excess Stock, (ii) in the case of a sale of Excess Stock, the excess, if any, of the Net Sales Proceeds over the amount due to the Purported Transferee as determined under Item (iii)(b) of Subsection (e) of this Section 2 of this Article III, and (iii) in the case of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the Excess Liquidation Proceeds.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Constructive Ownership" means ownership of shares of Capital Stock (including

Capital Stock that may be acquired upon conversion of Debentures) by a Person who owns such shares of Capital Stock in his own name or would be treated as an owner of such shares of Capital Stock constructively through the application of Section 318 of the Code, as modified by Section 856
(d)(5) of the Code. The terms "Constructive Owner", "Constructively Owns" and "Constructively Owned" shall have the correlative meanings.

"Control(s)" (and its correlative terms "Controlled By" and "Under Common Control With") means, with respect to any Person (other than an individual), possession by the applicable Person or Persons of the power, acting alone (or solely among such applicable Person or Persons, acting together), to designate and direct or cause the designation and direction of the management and policies thereof, whether through the ownership of voting securities, by contract, or otherwise.

"Debentures" means any convertible debentures or other convertible debt securities issued by the Corporation from time to time.

"Demand" means the written notice to the Purported Transferee demanding delivery to the Designated Agent of (i) all certificates or other evidence of ownership of shares of Excess Stock and (ii) Excess Share Distributions. Any reference to "the date of the Demand" means the date upon which the Demand is mailed or otherwise transmitted by the Corporation.

"Designated Agent" means the agent designated by the Board of Directors, from time to time, to act as attorney-in-fact for the Designated Charity and to take delivery of certificates or other evidence of ownership of shares of Excess Stock and Excess Share Distributions from a Purported Transferee.

"Designated Charity" means any one or more organizations described in Sections 501(c)(3) and 170(c) of the Code, as may be designated by the Board of Directors from time to time to receive any Charitable Proceeds.

"Equity Security" has the meaning ascribed to it in the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations thereunder (and any successor laws, rules and regulations of similar import).

"Excess Liquidation Proceeds" means, with respect to shares of Excess Stock, the excess, if any, of (i) the amount which would have been due to the Purported Transferee pursuant to Subsection (a)(ii) of this Section 2 of this Article III with respect to such stock in the case of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation if the Transfer had been valid under Item (ii) of this Subsection (d) of this
Section 2 of this Article III, over (ii) the amount due to the Purported Transferee as determined under Item (iii)(b)(2) of Subsection (e) of this Section 2 of this Article III.

"Excess Share Distributions" means dividends or other distributions, including, without limitation, capital gain distributions and liquidating distributions, paid with respect to shares of Excess Stock.

"Excess Stock" means shares of Common Stock and shares of Preferred Stock that have been automatically converted to Excess Stock pursuant to the provisions of Item (iii) of this Subsection (d) of this Section 2 of this Article III, and which are subject to the provisions of Subsection (e) of this Section 2 of this Article III.

"Existing Holder" means (i) the General Motors Hourly-Rate Employes Pension

Trust, (ii) the General Motors Salaried Employes Pension Trust (such trusts referred to in (i) or (ii) are hereinafter referred to as "GMPTS"), (iii) the AT&T Master Pension Trust, (iv) any nominee of the foregoing, and (v) any Person to whom an Existing Holder transfers Beneficial Interest of Regular Capital Stock if (x) the result of such transfer would be to cause the transferee to Beneficially Own shares of Regular Capital Stock in excess of the greater of the Ownership Limit or any pre-existing Existing Holder Limit with respect to such transferee (such excess being herein referred to as the "Excess Amount") and (y) the transferor Existing Holder, by notice to the Corporation in connection with such transfer, designates such transferee as a successor Existing Holder (it being understood that, upon any such transfer, the Existing Holder Limit for the transferor Existing Holder shall be reduced by the Excess Amount and the then applicable Ownership Limit or Existing Holder Limit for the transferee Existing Holder shall be increased by such Excess Amount).

"Existing Holder Limit" (i) for any Existing Holder who is an Existing Holder by virtue of Clauses (i) and (ii) of the definition thereof means the greater of (x) 9.9% of the outstanding Capital Stock, reduced (but not below the Ownership Limit) by any Excess Amount transferred in accordance with clause (v) of the definition of Existing Holder and (y) 4,365,713 shares of Regular Capital Stock (as adjusted to reflect any increase in the number of outstanding shares as the result of a stock dividend or any increase or decrease in the number of outstanding shares resulting from a stock split or reverse stock split), reduced (but not below the Ownership Limit) by any Excess Amount transferred in accordance with clause (v) of the definition of Existing Holder, (ii) for any Existing Holder who is an Existing Holder by virtue of Clause (iii) of the definition thereof means the greater of (x) 13.74% of the outstanding Capital Stock, reduced (but not below the Ownership Limit) by any Excess Amount transferred in accordance with clause (v) of the definition of Existing Holder and (y) 6,059,080 shares of Regular Capital Stock (as adjusted to reflect any increase in the number of outstanding shares as the result of a stock dividend or any increase or decrease in the number of outstanding shares resulting from a stock split or reverse stock split), reduced (but not below the Ownership Limit) by any Excess Amount transferred in accordance with Clause (v) of the definition of Existing Holder, (iii) for any Existing Holder who is an Existing Holder by virtue of Clause (iv) of the definition thereof means the percentage of the outstanding Capital Stock or the number of shares of the outstanding Regular Capital Stock that the Beneficial Owner for whom the Existing Holder is acting as nominee is permitted to own under this definition, and (iv) for any Existing Holder who is an Existing Holder by virtue of Clause (v) of the definition thereof means the greater of (x) a percentage of the outstanding Capital Stock equal to the Ownership Limit or pre-existing Existing Holder Limit applicable to such Person plus the Excess Amount transferred to such Person pursuant to clause (v) of the definition of Existing Holder and (y) the number of shares of outstanding Regular Capital Stock equal to the Ownership Limit or pre-existing Existing Holder Limit applicable to such Person plus the Excess Amount transferred to such Person pursuant to clause
(v) of the definition of Existing Holder.

"Family Trust" means, with respect to an individual, a trust for the benefit of such individual or for the benefit of any member or members of such individual's Immediate Family or for the benefit of such individual and any member or members of such individual's Immediate Family (for the purpose of determining whether or not a trust is a Family Trust, the fact that one or more of the beneficiaries (but not the sole beneficiary) of the trust includes a Person or Persons, other than a member of such individual's Immediate Family, entitled to a distribution after the death of the settlor if he, she, it, or they shall have survived the settlor of such trust and/or includes an organization or organizations exempt from federal income taxes pursuant to the provisions of Section 501(a) of the Code and described in Section 501(c)(3) of the Code, shall be disregarded); provided, however, that in respect of transfers by way of testamentary or inter vivos trust, the trustee or trustees shall be solely such individual, a member or members of such individual's Immediate Family, a responsible financial institution and/or an attorney that is a member of the bar of any state in the United States.

"Immediate Family" means, with respect to a Person, (i) such Person's spouse (former or then current), (ii) such Person's parents and grandparents, and (iii) ascendants and descendants (natural or adoptive, of the whole or half blood) of such Person's parents or of the parents of such Person's spouse (former or then current).

"Look Through Entity" means any Person that (i) is not an individual or an organization described in Sections 401(a), 501(c)(17), or 509(a) of the Code or a portion of a trust permanently set aside or to be used exclusively for the purposes described in Section 642(c) of the Code or a corresponding provision of a prior income tax law, and (ii) provides the Corporation with (a) a written affirmation and undertaking, subject only to such exceptions as are acceptable to the Corporation in its sole discretion, that (x) it is not an organization described in Sections 401(a), 501(c)(17) or 509(a) of the Code or a portion of a trust permanently set aside or to be used exclusively for the purposes described in Section 642(c) of the Code or a corresponding provision of a prior income tax law, (y) after the application of the rules for determining stock ownership, as set forth in Section 544(a) of the Code, as modified by Sections 856(h)(1)(B) and 856(h)(3)(A) of the Code, no "individual" would own, Beneficially or Constructively, more than the then-applicable Ownership Limit, taking into account solely for the purpose of determining such "individual's" ownership for the purposes of this clause (y) (but not for determining whether such "individual" is in compliance with the Ownership Limit for any other purpose) only such "individual's" Beneficial and Constructive Ownership derived solely from such Person and (z) it does not Constructively Own 10% or more of the equity of any tenant with respect to real property from which the Corporation or TRG receives or accrues any rent from real property, and (b) such other information regarding the Person that is relevant to the Corporation's qualifications to be taxed as a REIT as the Corporation may reasonably request.

"Market Price" means, with respect to any class or series of shares of Regular Capital Stock, the last reported sales price of such class or series of shares reported on the New York Stock Exchange on the trading day immediately preceding the relevant date, or if such class or series of shares of Regular Capital Stock is not then traded on the New York Stock Exchange, the last reported sales price of such class or series of shares on the trading day immediately preceding the relevant date as reported on any exchange or quotation system over which such class or series of shares may be traded, or if such class or series of shares of Regular Capital Stock is not then traded over any exchange or quotation system, then the market price of such class or series of shares on the relevant date as determined in good faith by the Board of Directors of the Corporation.

"Net Sales Proceeds" means the gross proceeds received by the Designated Agent upon a sale of Regular Capital Stock that has become Excess Stock, reduced by (i) all expenses (including, without limitation, any legal expenses or fees) incurred by the Designated Agent in obtaining possession of (x) the certificates or other evidence of ownership of the Regular Capital Stock that had become Excess Stock and (y) any Excess Share Distributions, and (ii) any expenses incurred in selling or transferring such shares (including, without limitation, any brokerage fees, commissions, stock transfer taxes or other transfer fees or expenses).

"Ownership Limit" means 8.23% of the value of the outstanding Capital Stock of the Corporation.

"Person" means (a) an individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity and (b) also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations thereunder (and any successor laws, rules and regulations of similar import).

"Purported Transferee" means, with respect to any purported Transfer which results in Excess Stock, the purported beneficial transferee for whom the shares of Regular Capital Stock would have been acquired if such Transfer had been valid under Item (ii) of this Subsection (d) of this
Section 2 of this Article III.

"Regular Capital Stock" means shares of Common Stock and Preferred Stock that are not Excess Stock.

"REIT" means a Real Estate Investment Trust defined in Section 856 of the Code.

"Transfer" means any sale, transfer, gift, assignment, devise or other disposition of Capital Stock, (including (i) the granting of any option or entering into any agreement for the sale, transfer or other disposition of Capital Stock or (ii) the sale, transfer, assignment or other disposition of any securities or rights convertible into or for Capital Stock), whether voluntary or involuntary, whether of record or beneficial ownership, and whether by operation of law or otherwise.

(ii) Restriction on Transfers.

(a) Except as provided in Item (viii) of this Subsection (d) of this Section 2 of this Article III, no Person (other than an Existing Holder) shall Beneficially Own or Constructively Own shares of Capital Stock having an aggregate value in excess of the Ownership Limit, and No Existing Holder shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Existing Holder Limit for such Existing Holder.

(b) Except as provided in Item (viii) of this Subsection (d) of this Section 2 of this Article III, any Transfer that, if effective, would result in any Person (other than an Existing Holder) Beneficially Owning or Constructively Owning shares of Regular Capital Stock having an aggregate value in excess of the Ownership Limit shall be void ab initio as to the Transfer of such shares which would be otherwise Beneficially Owned or Constructively Owned by such Person in excess of the Ownership Limit, and the intended transferee shall acquire no rights in such shares.

(c) Except as provided in Item (viii) of this Subsection (d) of this Section 2 of this Article III, any Transfer that, if effective, would result in any Existing Holder Beneficially Owning or Constructively Owning shares of Regular Capital Stock in excess of the applicable Existing Holder Limit shall be void ab initio as to the Transfer of such shares which would be otherwise Beneficially Owned or Constructively Owned by such Existing Holder in excess of the applicable Existing Holder Limit, and such Existing Holder shall acquire no rights in such shares.

(d) Except as provided in Item (viii) of this Subsection (d) of this Section 2 of this Article III, any Transfer that, if effective, would result in the Capital Stock being beneficially owned by fewer than 100 Persons (determined without reference to any rules of attribution) shall be void ab initio as to the Transfer of such shares which would be

otherwise beneficially owned by the transferee, and the intended transferee shall acquire no rights in such shares.

(e) Any Transfer that, if effective, would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code shall be void ab initio as to the Transfer of the shares of Regular Capital Stock which would cause the Corporation to be "closely held" within the meaning of Section 856(h) of the Code, and the intended transferee shall acquire no rights in such shares.

(f) In determining the shares which any Person Beneficially Owns (or would Beneficially Own following a purported Transfer) or Constructively Owns (or would Constructively Own following a purported Transfer) for purposes of applying the limitations contained in Paragraphs (a), (b), (c), (d) and (e) of this Item (ii) of this Subsection (d) of this Article III:

(1) shares of Capital Stock that may be acquired upon conversion of Debentures Beneficially Owned or Constructively Owned by such Person, but not shares of Capital Stock issuable upon conversion of Debentures held by others, are deemed to be outstanding.

(2) a pension trust shall be treated as owning all shares of Capital Stock (including Capital Stock that may be acquired upon conversion of Debentures) as are (x) owned in its own name or with respect to which it is treated as an owner constructively through the application of Section 544 of the Code as modified by Section 856(h)(1)(B) of the Code but not by Section 856(h)(3)(A) of the Code and (y) owned by, or treated as owned by, constructively through the application of Section 544 of the Code as modified by Section 856(h)(1)(B) of the Code but not by Section 856(h)(3)(A) of the Code, all pension trusts sponsored by the same employer as such pension trust or sponsored by any of such employer's Affiliates. Notwithstanding the foregoing, (y) above shall not apply in the case of either Motors Insurance Corporation and its subsidiaries (collectively, "MIC") or any pension trusts sponsored by the General Motors Corporation, a Delaware corporation ("GMC"), or the American Telephone and Telegraph Company, a New York corporation ("AT&T"), or by any of their respective Affiliates, provided that with respect to MIC and each such pension trust sponsored by GMC, AT&T or any of their respective Affiliates, other than the Existing Holders described in
(i) through (iii) in the definition thereof, all of the following conditions are met: (i) each such pension trust is administered, and will continue to be administered, by persons who do not serve in an administrative or other capacity to any other such pension trust sponsored by GMC or any Affiliate of GMC or AT&T or any Affiliate of AT&T, as applicable, including the Existing Holders described in (i) through (iv) in the definition thereof, (it being understood that the fact that any two such pension trusts may have in common one or more, but less than a majority, of the persons having ultimate investment authority for such pension trusts shall not cause such trusts to be treated as one Person, provided that they are otherwise separately administered as hereinbefore described), (ii) day to day investment decisions with respect to MIC are made by a person or persons different than the person or persons who make such decisions for the pension trusts sponsored by GMC or its affiliates, including the Existing Holders described in (i), (ii) and, in respect of (i) and
(ii), item (iv) in the definition thereof, (although MIC and the pension trusts sponsored by GMC may have in common the person or persons with ultimate investment authority for such entities), and the investment of MIC in the Corporation does not exceed 2% of the value of the outstanding Capital Stock of the Corporation, (iii) neither MIC nor any such pension trust acts or will act, in concert with MIC, any other pension trust sponsored by GMC or any Affiliate of GMC or AT&T or any

Affiliate of AT&T, as applicable, including the Existing Holders described in (i) through (iv) in the definition thereof, with respect to its investment in the Corporation, and (iv) as from time to time requested by the Corporation, MIC and each pension trust shall provide the Corporation with a representation and undertaking in writing to the foregoing effect.

(3) If there are two or more classes of stock then outstanding, the total value of the outstanding Capital Stock shall be allocated among the different classes and series according to the relative value of each class or series, as determined by reference to the Market Price per share of each such class or series, using the date on which the Transfer occurs as the relevant date, or the effective date of the change in capital structure as the relevant date, as appropriate.

(g) If any shares are transferred resulting in a violation of the Ownership Limit or Paragraphs (b), (c), (d) or (e) of this Item (ii) of this Subsection (d) of this Section 2 of this Article III, such Transfer shall be valid only with respect to such amount of shares transferred as does not result in a violation of such limitations, and such Transfer otherwise shall be null and void ab initio.

(iii) Conversion to Excess Stock.

(a) If, notwithstanding the other provisions contained in this Article III, at any time there is a purported Transfer or other change in the capital structure of the Corporation such that any Person (other than an Existing Holder) would Beneficially Own or any Person (other than an Existing Holder) would Constructively Own shares of Regular Capital Stock in excess of the Ownership Limit, or that any Person who is an Existing Holder would Beneficially Own or any Person who is an Existing Holder would Constructively Own shares of Regular Capital Stock in excess of the Existing Holder Limit, then, except as otherwise provided in Item (viii) of this Subsection (d) of this Section 2 of this Article III, such shares of Common Stock or Preferred Stock, or both, in excess of the Ownership Limit or Existing Holder Limit, as the case may be, (rounded up to the nearest whole share) shall automatically become Excess Stock. Such conversion shall be effective as of the close of business on the business day prior to the date of the Transfer or change in capital structure.

(b) If, notwithstanding the other provisions contained in this Article III, at any time, there is a purported Transfer or other change in the capital structure of the Corporation which, if effective, would cause the Corporation to become "closely held" within the meaning of Section 856(h) of the Code then the shares of Common Stock or Preferred Stock, or both, being Transferred which would cause the Corporation to be "closely held" within the meaning of Section 856(h) of the Code or held by a Person in excess of that Person's Ownership Limit or Existing Holder Limit, as applicable (rounded up to the nearest whole share) shall automatically become Excess Stock. Such conversion shall be effective as of the close of business on the business day prior to the date of the Transfer or change in capital structure.

(c) Shares of Excess Stock shall be issued and outstanding stock of the Corporation. The Purported Transferee shall have no rights in such shares of Excess Stock except as provided in Subsection (e) of this Section 2 of this Article III.

(iv) Notice of Restricted Transfer. Any Person who acquires or attempts to acquire shares in violation of Item (ii) of this Subsection (d) of this Section 2 of this Article III, or any Person who is a transferee such that Excess Stock results under Item (iii) of this Subsection (d) of this Section 2 of this Article III, shall immediately give written notice to the Corporation of such event

and shall provide to the Corporation such other information as the Corporation may request regarding such Person's ownership of Capital Stock.

(v) Owners Required to Provide Information.

(a) Every Beneficial Owner of more than 5% (or such other percentage, as provided in the applicable regulations adopted under Sections 856 through 859 of the Code) of the outstanding shares of the Capital Stock of the Corporation shall, within 30 days after January 1 of each year, give written notice to the Corporation stating the name and address of such Beneficial Owner, the number of shares Beneficially Owned and Constructively Owned, and a full description of how such shares are held. Every Beneficial Owner shall, upon demand by the Corporation, disclose to the Corporation in writing such additional information with respect to the Beneficial Ownership and Constructive Ownership of the Capital Stock as the Board of Directors deems appropriate or necessary (i) to comply with the provisions of the Code, regarding the qualification of the Corporation as a REIT under the Code, and (ii) to ensure compliance with the Ownership Limit or the Existing Holder Limit.

(b) Any Person who is a Beneficial Owner or Constructive Owner of shares of Capital Stock and any Person (including the shareholder of record) who is holding Capital Stock for a Beneficial Owner or Constructive Owner, and any proposed transferee of shares, upon the determination by the Board of Directors to be reasonably necessary to protect the status of the Corporation as a REIT under the Code, shall provide a statement or affidavit to the Corporation, setting forth the number of shares of Capital Stock already Beneficially Owned or Constructively Owned by such shareholder or proposed transferee and any related person specified, which statement or affidavit shall be in the form prescribed by the Corporation for that purpose.

(vi) Remedies Not Limited. Subject to Subsection (h) of this Section 2 of this Article III, nothing contained in this Article III shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable (i) to protect the Corporation and the interests of its shareholders in the preservation of the Corporation's status as a REIT, and (ii) to insure compliance with the Ownership Limit and the Existing Holder Limit.

(vii) Determination. Any question regarding the application of any of the provisions of this Subsection (d) of this Section 2 of this Article III, including any definition contained in Item (i) of this Subsection (d) of this Section 2 of this Article III, shall be determined or resolved by the Board of Directors and any such determination or resolution shall be final and binding on the Corporation, its shareholders, and all parties in interest.

(viii) Exceptions. The Board of Directors, upon advice from, or an opinion from, Counsel, may exempt a Person from the Ownership Limit if such Person is a Look Through Entity, provided, however, in no event may any such exception cause such Person's ownership, direct or indirect (without taking into account such Person's ownership of interests in TRG), to exceed 9.9% of the value of the outstanding Capital Stock.

For a period of 90 days following the purchase of Regular Capital Stock by an underwriter that (i) is a Look Through Entity and (ii) participates in a public offering of the Regular Capital Stock, such underwriter shall not be subject to the Ownership Limit with respect to the Regular Capital Stock purchased by it as a part of such public offering.

(e) Excess Stock.

(i) Surrender of Excess Stock to Designated Agent. Within thirty business days of the date upon which the Corporation determines that shares have become Excess Stock, the Corporation, by written notice to the Purported Transferee, shall demand that any certificate or other evidence of ownership of the shares of Excess Stock be immediately surrendered to the Designated Agent (the "Demand").

(ii) Excess Share Distributions. The Designated Agent shall be entitled to receive all Excess Share Distributions. The Purported Transferee of Regular Capital Stock that has become Excess Stock shall not be entitled to any dividends or other distributions, including, without limitation, capital gain distributions, with respect to the Excess Stock. Any Excess Share Distributions paid to a Purported Transferee shall be remitted to the Designated Agent within thirty business days after the date of the Demand.

(iii) Restrictions on Transfer; Sale of Excess Stock.

(a) Excess Stock shall be transferable by the Designated Agent as attorney-in-fact for the Designated Charity. Excess Stock shall not be transferable by the Purported Transferee.

(b) Upon delivery of the certificates or other evidence of ownership of the shares of Excess Stock to the Designated Agent, the Designated Agent shall immediately sell such shares in an arms-length transaction (over the New York Stock Exchange or such other exchange over which the shares of the applicable class or series of Regular Capital Stock may then be traded, if practicable), and the Purported Transferee shall receive from the Net Sales Proceeds, the lesser of:

(1) the Net Sales Proceeds; or

(2) the price per share that such Purported Transferee paid for the Regular Capital Stock in the purported Transfer that resulted in the Excess Stock, or if the Purported Transferee did not give value for such shares (because the Transfer was, for example, through a gift, devise or other transaction), a price per share equal to the Market Price determined using the date of the purported Transfer that resulted in the Excess Stock as the relevant date.

(c) If some or all of the shares of Excess Stock have been sold prior to receiving the Demand, such sale shall be deemed to been made for the benefit of and as the agent for the Designated Charity. The Purported Transferee shall pay to the Designated Agent, within thirty business days of the date of the Demand, the entire gross proceeds realized upon such sale. Notwithstanding the preceding sentence, the Designated Agent may grant written permission to the Purported Transferee to retain an amount from the gross proceeds equal to the amount the Purported Transferee would have been entitled to receive had the Designated Agent sold the shares as provided in Item (iii)(b) of this Subsection (e) of this Section 2 of this Article III.

(d) The Designated Agent shall promptly pay to the Designated Charity any Excess Share Distributions recovered by the Designated Agent and the excess, if any, of the Net Sales Proceeds over the amount due to the Purported Transferee as provided in Item (iii)(b) of this Subsection (e) of this Section 2 of this Article III.

(iv) Voting Rights. The Designated Agent shall have the exclusive right to vote all

shares of Excess Stock as the attorney-in-fact for the Designated Charity. The Purported Transferee shall not be entitled to vote such shares (except as required by applicable law). Notwithstanding the foregoing, votes erroneously cast by a Prohibited Transferee shall not be invalidated in the event that the Corporation has already taken irreversible corporate action to effect a reorganization, merger, sale or dissolution of the Corporation.

(v) Rights Upon Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any distribution of the assets of the Corporation, a Purported Transferee shall be entitled to receive the lesser of (i) that amount which would have been due to such Purported Transferee had the Designated Agent sold the shares of Excess Stock as provided in Item (iii)(b) of this Subsection (e) of this Section 2 of this Article III and (ii) that amount which would have been due to the Purported Transferee if the Transfer had been valid under Item (ii) of Subsection (d) of this Section 2 of this Article III, determined (A) in the case of Common Stock, pursuant to Subsection (a)(ii) of this Section 2 of this Article III, and (B) in the case of Preferred Stock, pursuant to the provisions of these Amended and Restated Articles of Incorporation, amended as authorized by Section 1 of this Article III, which sets forth the liquidation rights of such class or series of Preferred Stock. With respect to shares of Excess Stock, a Purported Transferee shall not have any rights to share in the assets of the Corporation upon the liquidation, dissolution or winding up of the Corporation other than the right to receive the amount determined in the preceding sentence and shall not be entitled to any preference or priority (as a creditor of the Corporation) over the holders of the shares of Regular Capital Stock. Any Excess Liquidation Proceeds shall be paid to the Designated Charity.

(vi) Action by Corporation to Enforce Transfer Restrictions. If the Purported Transferee fails to deliver the certificates or other evidence of ownership and all Excess Share Distributions to the Designated Agent within thirty business days of the date of Demand, the Corporation shall take such legal action to enforce the provisions of this Article III as may be permitted under applicable law.

(f) Legend. Each certificate for Capital Stock shall bear the following legend:

"The Amended and Restated Articles of Incorporation, as the same may be amended (the "Articles"), impose certain restrictions on the transfer and ownership of the shares represented by this Certificate based upon the percentage of the outstanding shares owned by the shareholder. At no charge, any shareholder may receive a written statement of the restrictions on transfer and ownership that are imposed by the Articles."

(g) Severability. If any provision of this Article III or any application of any such provision is determined to be invalid by any Federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

(h) New York Stock Exchange Settlement. Nothing contained in these Amended and Restated Articles of Incorporation shall preclude the settlement of any transaction entered into through the facilities of the New York Stock Exchange or of any other stock exchange on which shares of the Common Stock or class or series of Preferred Stock may be listed, or of the Nasdaq National Market (if the shares are quoted on such Market) and which has conditioned such listing or quotation on the inclusion in the Corporation's Amended and Restated Articles of Incorporation of a provision such as this Subsection (h). The fact that the settlement of any transaction is permitted shall not negate the effect of any other provision of this Article III and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Article III.

ARTICLE IV
Registered Office and Registered Agent

1. Registered Office.

The address and mailing address of the registered office of the Corporation is 500 North Woodward Avenue, Suite 100, Bloomfield Hills, Michigan 48304.

2. Resident Agent.

The resident agent for service of process on the Corporation at the registered office is Jeffrey H. Miro.

ARTICLE V
Plan of Compromise or Reorganization

When a compromise or arrangement or a plan of reorganization of the Corporation is proposed between the Corporation and its creditors or any class of them or between the Corporation and its shareholders or any class of them, a court of equity jurisdiction within the State of Michigan, on application of the Corporation or of a creditor or shareholder thereof, or on application of a receiver appointed for the Corporation, may order a meeting of the creditors or class of creditors or of the shareholders or class of shareholders to be affected by the proposed compromise or arrangement or reorganization, to be summoned in such manner as the court directs. If a majority in number representing 75% in value of the creditors or class of creditors, or of the shareholders or class of shareholders to be affected by the proposed compromise or arrangement or a reorganization, agree to a compromise or arrangement or a reorganization of the Corporation as a consequence of the compromise or arrangement, the compromise or arrangement and the reorganization, if sanctioned by the court to which the application has been made, shall be binding on all the creditors or class of creditors, or on all the shareholders or class of shareholders and also on the Corporation.

ARTICLE VI
Directors

For so long as the Corporation has the right to designate, pursuant to The Amended and Restated Agreement of Limited Partnership of TRG (as the same may be amended, the Partnership Agreement"), members of the committee of TRG that have the power to approve or propose all actions, decisions, determinations, designations, delegations, directions, appointments, consents, approvals, selections, and the like to be taken, made or given, with respect to TRG, its business and its properties as well as the management of all affairs of TRG (the "Partnership Committee"), the Board of Directors shall consist of, except during the period of any vacancy between annual meetings of the shareholders, that number of members as are set forth in the By-Laws of the Corporation of which, except during the period of any vacancy between annual meetings of the shareholders, not less than 40% (rounded up to the next whole number) of the members shall be Independent Directors (as hereinafter defined), and, thereafter, the Board of Directors shall consist of, except during the period of any vacancy between annual meetings of the shareholders, that number of members as are set forth in the By-Laws of the Corporation. For purposes of this Article VI, "Independent Director" shall mean an individual who is neither one of the following named persons nor an employee, beneficiary, principal, director, officer or agent of, or a general partner in, or limited partner (owning in excess of 5% of the Beneficial Interest) or shareholder (owning in excess of 5% of the Beneficial Interest) in, any such named Person: (i) for so long as TG Partners Limited Partnership, a Delaware limited partnership, has the right to appoint one or more Partnership Committee members, A. Alfred Taubman and any Affiliate of A. Alfred Taubman or any member of his Immediate Family, (ii) for so long as Taub-Co Management, Inc., a Michigan corporation (formerly The Taubman Company, Inc. ("T-Co")) has the right

to appoint one or more Partnership Committee members, T-Co or an Affiliate of T-Co, (iii) for so long as a Taubman Transferee (as hereinafter defined) has the right to appoint one or more Partnership Committee members, a Taubman Transferee, or an Affiliate of such Taubman Transferee, (iv) for so long as GMPTS has the right to appoint one or more Partnership Committee members, GMPTS, General Motors Corporation, or an Affiliate of GMPTS or of General Motors Corporation, and (v) for so long as a GMPTS Transferee (as hereinafter defined) has the right to appoint one or more Partnership Committee members, a GMPTS Transferee or an Affiliate of such GMPTS Transferee. "Taubman Transferee" means a single Person that acquires, pursuant to Section 8.1(b) or Section 8.3(a) of The Partnership Agreement, or upon the foreclosure or like action in respect of a pledge of a partnership interest in TRG, the then (i.e., at the time of such acquisition) entire partnership interest in TRG (excluding, in the case of an acquisition pursuant to Section 8.3(a) of the Partnership Agreement or pursuant to a foreclosure or like action in respect of a pledge of a partnership interest in TRG, the ability of such Person to act as a substitute partner) of A. Alfred Taubman, and any Affiliate of A. Alfred Taubman or any member of his Immediate Family, from one or more such persons or from any Taubman Transferee; provided that the percentage interest in TRG being transferred exceeds 7.7%. "GMPTS Transferee" means a single Person that acquires, pursuant to Section 8.1(b) or
Section 8.3(a) of the Partnership Agreement, or upon the foreclosure or like action in respect of a pledge of a partnership interest in TRG, the then (i.e., at the time of such acquisition) entire such partnership interest in TRG (excluding, in the case of an acquisition pursuant to Section 8.3(a) of the Partnership Agreement or pursuant to a foreclosure or like action in respect of a pledge of partnership interests in TRG, the ability of such Person to act as a substitute partner) of GMPTS or of any GMPTS Transferee; provided that the percentage interest in TRG being transferred exceeds 7.7%.

For so long as the Corporation has the right to designate, pursuant to the Partnership Agreement, any members of the Partnership Committee, the affirmative vote of both a majority of the Independent Directors who do not have a beneficial financial interest in the action before the Board of Directors and a majority of all members of the Board of Directors who do not have a beneficial financial interest in the action before the Board of Directors is required for the approval of all actions to be taken by the Board of Directors; provided, however, the Corporation may not appoint to the Partnership Committee as a Corporation appointee an individual who does not satisfy the definition of Independent Director in one or more respects without the affirmative vote of all of the Independent Directors then in office. Thereafter, the affirmative vote of a majority of all members of the Board of Directors who do not have a beneficial financial interest in the action before the Board of Directors is required for the approval of all actions to be taken by the Board of Directors. The establishment of reasonable compensation of Directors for services to the Corporation as Directors or officers shall not constitute action in which any Director has a beneficial financial interest.

Subject to the foregoing, a Director shall be deemed and considered in all respects and for all purposes to be a Director of the Corporation, including, without limitation, having the authority to vote or act on all matters, including, without limitation, matters submitted to a vote at any meeting of the Board of Directors or at any meeting of a committee of the Board of Directors, and the application to such Director of Articles VII and VIII of these Amended and Restated Articles of Incorporation, notwithstanding a Purported Transferee's unauthorized exercise of voting rights with respect to such Director's election.

ARTICLE VII
Limited Liability of Directors

No director of the Corporation shall be liable to the Corporation or its shareholders for monetary damages for a breach of the director's fiduciary duty; provided, however, the foregoing provision shall not be deemed to limit a director's liability to the Corporation or its shareholders resulting from:

(i) a breach of the director's duty of loyalty to the Corporation or its shareholders;

(ii) acts or omissions of the director not in good faith or which involve intentional misconduct or knowing violation of law;

(iii)a violation of Section 551(1) of the Act or;

(iv) a transaction from which the director derived an improper personal benefit.

ARTICLE VIII
Indemnification of Officers, Directors, Etc.

1. Indemnification of Directors.

The Corporation shall and does hereby indemnify a person (including the heirs, executors, and administrators of such person) who is or was a party to, or who is threatened to be made a party to, a threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, including, without limitation, an action by or in the right of the Corporation, by reason of the fact that he or she is or was a director of the Corporation, or is or was serving at the request of the Corporation as a director (or in a similar capacity, including serving as a member of the Partnership Committee and of any other committee of TRG) or in any other representative capacity of another foreign or domestic corporation or of or with respect to any other entity (including TRG), whether for profit or not, against expenses, attorneys' fees, judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit, or proceeding. This Section 1 of this Article VIII is intended to grant the persons herein described with the fullest protection not prohibited by existing law in effect as of the date of filing this Amended and Restated Articles of Incorporation or such greater protection as may be permitted or not prohibited under succeeding provisions of law.

2. Indemnification of Officers, Etc.

The Corporation has the power to indemnify a person (including the heirs, executors, and administrators of such person) who is or was a party to, or who is threatened to be made a party to, a threatened, pending, or contemplated action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, including an action by or in the right of the Corporation, by reason of the fact that he or she is or was an officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as an officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership (including TRG), joint venture, trust or other enterprise, whether for profit or not, against expenses, including attorneys' fees, judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit, or proceeding, if the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation or its shareholders, and with respect to a criminal action or proceeding, if the person had no reasonable cause to believe his or her conduct was unlawful. Unless ordered by a court, an indemnification under this Section 2 of this Article VIII shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the officer, employee, or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in this Section 2 of this Article VIII.

3. Advancement of Expenses.

The Corporation shall pay the expenses incurred by a person described in Section 1 of this Article VIII in defending a civil or criminal action, suit, or proceeding described in such Section 1 in advance of the final disposition of the action, suit, or proceeding. The Corporation shall pay the expenses incurred by a person described in Section 2 of this Article VIII in defending a civil or criminal action, suit, or proceeding described in such Section 2 in advance of the final disposition of the action, suit, or proceeding upon receipt

of an undertaking by or on behalf of such person to repay the expenses if it is ultimately determined that the person is not entitled to be indemnified by the Corporation. Such undertaking shall be by unlimited general obligation of the person on whose behalf advances are made but need not be secured.

Signed and certified as a true and complete composite as of the 24th day of March, 2000.

/s/ ROBERT S. TAUBMAN

Robert S. Taubman
President and Chief Executive Officer

PRIVATE PLACEMENT PURCHASE AGREEMENT

GS-MSD Select Sponsors, L.P.
c/o Goldman, Sachs & Co.
One New York Plaza
New York, New York 10004

Attention:

Ladies and Gentlemen:

1. Certain Representations; Opinions of Counsel

(a) The Taubman Realty Group Limited Partnership (the "Company") and Taubman Centers, Inc., the managing general partner of the Company ("TCO"), represent and warrant to the undersigned ("Subscriber") as follows:

(i) TCO has made with the Securities Exchange Commission ("SEC") all filings required to be made by it (the "SEC Reports"). Since September 30, 1998, the Company has not been, and is not, required to file any reports with the SEC. The SEC Reports were prepared and filed in compliance with the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or the Securities Act of 1933, as amended (the "Securities Act"), as applicable, and the rules and regulations promulgated by the SEC thereunder, and did not, as of their respective dates, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. The financial statements and the interim financial statements of TCO included in the SEC Reports were prepared in accordance with generally accepted accounting principles (except as may be indicated in the notes thereto) and fairly presented the financial condition and results of operations of TCO and its subsidiaries as at the dates thereof and for the periods then ended, subject, in the case of the interim financial statements, to normal year-end adjustments and any other adjustments described therein;

(ii) there has been no material adverse change in or affecting the business, assets or financial condition of the Company since the most recent such filing;

(iii)the Company and TCO have all requisite corporate and limited partnership authority and power to execute and deliver this Private Placement Purchase Agreement, the Registration Agreement (as hereinafter defined), the Certificate with Respect to Tax Matters of even date herewith executed

and delivered by the Company, and the Designation, Distribution, Redemption, Exchange, and Consent Provisions with Respect to the 9% Series D Cumulative Redeemable Preferred Equity of the Company (collectively, the "Transaction Documents") and to consummate the transactions contemplated thereby. The execution and delivery of the Transaction Documents and the consummation of the transactions contemplated thereby have been duly and validly authorized by all requisite corporate or limited partnership action on the part of the Company and TCO, and no other proceedings on the part of the Company or TCO are necessary to authorize the Transaction Documents or to consummate the transactions contemplated hereby. The Transaction Documents have been duly and validly executed and delivered by the Company and TCO. The Transaction Documents constitute valid and binding obligations of the Company and TCO, enforceable in accordance with their terms;

(iv) neither the execution, delivery nor performance of the Transaction Documents by the Company or TCO will conflict with, result in a default, right to accelerate or loss of rights under, or result in the creation of any lien, charge or encumbrance pursuant to, any provision of the Company's or TCO's organizational documents or any franchise, mortgage, deed of trust, lease, license, agreement, understanding, law, rule or regulation or any order, judgement or decree to which the Company or TCO is a party or by which the Company or TCO may be bound or affected;

(v) the 1998 financial statements of the Company and TCO, including the notes thereto, and supporting schedules have been prepared in conformity with GAAP applied on a consistent basis (except as otherwise noted therein) and present fairly the financial position of the Company and TCO as of the dates indicated and the results of its operations for the periods shown;

(vi) there is no action, suit, proceeding or investigation pending or, to the Company's or TCO's knowledge, currently threatened against the Company or TCO that questions the validity of any of the Transaction Documents or the issuance of Parity Preferred Equity (as defined below), or the right of the Company or TCO to enter into any of the Transaction Documents or to consummate the transactions contemplated thereby or that could reasonably be expected to interfere with the ability of the Company or TCO to perform their obligations thereunder;

(vii)the Equity (as defined below) when issued, sold and delivered by the Company, shall be duly and validly issued and outstanding, fully paid, and non-assessable and will be free of any liens, claims, security interests, encumbrances, restrictions or rights of third parties of any kind

(collectively, "Encumbrances"). The Shares (as defined below)
when issued in redemption of the Equity, shall be duly and valued issued and outstanding, fully paid, and non-assessable and will be free of any Encumbrances;

(viii) a true and complete copy of the Company's Partnership Agreement is set forth as Exhibit A hereto. There are no interests in the Company authorized, issued or outstanding that rank senior to, or on a parity with, the Equity with respect to liquidation, winding up, dividends or distributions other than the Series A Preferred Equity and Series C Preferred Equity. There are no equity interests in TCO authorized, issued or outstanding that rank senior to, or on a parity with, the Shares with respect to liquidation, winding up, dividends or distributions other than the Series A Preferred Stock of TCO, the Series B Preferred Stock of TCO and the Series C Preferred Stock of TCO, and TCO will not authorize, create or issue any such senior equity interests without the prior written consent of Subscriber; and

(ix) the foregoing representations and warranties will continue to be true and correct on the Closing Date (as defined below).

(b) The Company will make the tax and securities representations set forth on Exhibit B on the Closing Date.

(c) Counsel to the Company and TCO is concurrently herewith rendering an opinion to Subscriber attached hereto as Exhibit C.

2. Sale of Equity

(a) The Company hereby agrees to sell to Subscriber, and Subscriber hereby agrees to purchase from the Company, $25,000,000 of Series D Preferred Equity of the Company (the "Equity"). The purchase price of the Equity is $25,000,000, and is payable in cash at the Closing (as defined below).

(b) The sale and purchase of the Equity (the "Closing") shall take place at the offices of Subscriber on November 24, 1999 (the "Closing Date").

(c) On the Closing Date, Subscriber shall, if the condition set forth in
Section 2(d) below is satisfied on the Closing Date, pay to the Company by wire transfer of immediately available funds the purchase price of the Equity purchased by such Subscriber, against delivery to the Subscriber of each of the documents set forth on Schedule A attached hereto.

(d) It shall be a condition to the Closing that the Company's and TCO's representations and warranties hereunder then continue to be true and correct.

3. Registration

(a) TCO will file a registration statement with respect to the Series D Preferred Stock to be issued to the Company upon exchange of the Equity (the "Shares"), into such shares, in accordance with the Registration Rights Agreement attached hereto as Exhibit D (the "Registration Agreement") which is being executed and delivered simultaneously herewith.

4. Covenants of the Company and TCO

(a) No later than June 30, 2000, TCO shall amend its Restated Articles of Incorporation so that TCO will have the authority to issue additional shares of preferred stock. Simultaneously therewith, TCO shall amend its series designation creating the Series D Preferred Stock to increase the number of shares of Series D Preferred Stock constituting the series to an amount not less than 250,000 shares. Thereafter, subject to the Second Amendment and Restatement of Agreement of Limited Partnership of the Company, as amended, including the Designation, Redemption, Exchange, and Voting Provisions with Respect to the Series D Preferred Equity (the "Partnership Agreement"), the holders of the Equity will be able to convert $100 in liquidation value of the Equity for one share of Series D Preferred Stock, it being understood that the aggregate amount in liquidation value of the equity shall remain $25,000,000.

5. Subscriber's Representations.

(a) Subscriber represents and warrants that it is purchasing the Equity solely for investment solely for its own account and not with a view to or for the resale or distribution thereof except as permitted under the Registration Agreement or as otherwise permitted under applicable law, including the Securities Act of 1933, as amended (the "Securities Act").

(b) Subscriber understands that it may sell or otherwise transfer the Equity or the shares issuable on conversion of the Equity only if such transaction is duly registered under the Securities Act, or if Subscriber shall have received the favorable opinion of counsel to Subscriber, which opinion shall be reasonably satisfactory to counsel to the Company, to the effect that such sale or other transfer may be made in the absence of registration under the Securities Act, and registration or qualification in every applicable state. Subscriber realizes that the Equity is not a liquid investment. Subscriber has the knowledge and experience to evaluate the Company and the risks and merits relating thereto.

(c) Subscriber represents and warrants that Subscriber is an "accredited investor" as such term is defined in Rule 501 of the Regulation D promulgated pursuant to the Securities Act, and shall be such on the date any Equity is issued to Subscriber;

Subscriber acknowledges that Subscriber is able to bear the economic risk of losing Subscriber's entire investment in the Equity and understands that an investment in the Company involves substantial risks; Subscriber has the power and authority to enter into this Agreement, and the execution and delivery of, and performance under this Agreement, shall not conflict with any rule, regulation, judgement or agreement applicable to Subscriber. Subscriber has had the opportunity to discuss the Company's affairs with the Company's officers.

(d) Subscriber represents and warrants that it was not formed with a principal purpose of permitting the Company to satisfy the 100 partner limitation of Treas. Reg. ss. 1.7704.1(h)(1)(ii).

6. Execution of Partnership Agreement

By executing this Private Placement Purchase Agreement, Subscriber agrees to be bound by and subject to the terms of the Partnership Agreement as if a signatory thereto.

7. Miscellaneous

This Agreement may not be changed or terminated except by written agreement of both parties. It shall be binding on the parties and on their permitted assigns. It sets forth all agreements of the parties, and may be signed in counterparts.

This Agreement shall be governed by, and construed in accordance with, the laws of New York without regard to conflicts of law principles thereof. The federal and state courts sitting in New York, New York shall have exclusive jurisdiction over all matters relating to this Agreement.

All notices, requests, service of process, consents, and other communications under this Agreement shall be in writing and shall be deemed to have been delivered (i) on the date personally delivered or (ii) one day after properly sent by recognized overnight courier, addressed to the respective parties at their address set forth in this Agreement or (iii) on the day transmitted by facsimile so long as a confirmation copy is simultaneously forwarded by recognized overnight courier, in each case addressed to the respective parties at their address set forth in this Agreement. Either party hereto may designate a different address by providing written notice of such new address to the other party hereto as provided above.

Dated: November 24, 1999

THE TAUBMAN REALTY GROUP
LIMITED PARTNERSHIP

By: /s/ Robert S. Taubman
Name: Robert S. Taubman
Title: Authorized Signatory

TAUBMAN CENTERS, INC.

By: /s/ Robert S. Taubman
Name: Robert S. Taubman
Title: President and
Chief Executive Officer

SUBSCRIBER

GS-MSD Select Sponsors, L.P.

By: GS-MSD 1999 exchange Advisors, l.L.C.

By: /s/ Elizabeth Groves

Elizabeth Groves
Authorized Person

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of November 24, 1999 by and between Taubman Centers, Inc., a Michigan corporation (the "Company"), and GS-MSD Select Sponsors, L.P., a Delaware limited partnership ("Holder").

WHEREAS, Holder is receiving on the date hereof Series D Preferred Equity (the "Equity") in The Taubman Realty Group Limited Partnership, a Delaware limited partnership (the "Partnership");

WHEREAS, in connection therewith, the Company has agreed to grant to Holder the Registration Rights (as defined in Section 1 hereof);

NOW, THEREFORE, the parties hereto, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth, hereby agree as follows:

SECTION 1. REGISTRATION RIGHTS

If Holder receives 9% Series D Cumulative Redeemable Preferred Stock of the Company (the "Preferred Stock") upon exchange of the Equity (the "Exchange Shares") pursuant to the terms of the Amended and Restated Agreement of Limited Partnership of the Partnership, as the same has been and may be amended from time to time (the "Partnership Agreement"), then unless such Exchange Shares are issued to Holder pursuant to an Issuer Registration Statement as provided in
Section 2 below, Holder shall be entitled to offer for sale pursuant to a shelf registration statement, the Exchange Shares, subject to the terms and conditions set forth in Section 3 hereof (the "Registration Rights").

SECTION 2. ISSUER REGISTRATION STATEMENT

Anything contained herein to the contrary notwithstanding, in the event that the Exchange Shares are issued by the Company to Holder pursuant to an effective registration statement (an "Issuer Registration Statement") filed with the Securities and Exchange Commission (the "Commission"), the Company shall be deemed to have satisfied all of its registration obligations under this Agreement.

SECTION 3. DEMAND REGISTRATION RIGHTS

3.1 (a) Registration Procedure. Unless such Exchange Shares are issued pursuant to an Issuer Registration Statement as provided in Section 2 hereof, then subject to Sections 3.1(c) and 3.2 hereof, if Holder desires to exercise its Registration Rights with respect to the Exchange Shares, Holder shall deliver to the Company a written notice (a "Registration Notice") informing the Company of such exercise and specifying the number of shares to be offered by such Holder (such shares to be offered being referred to herein as the "Registrable Securities"). Such notice may be given at any time on or after the date a notice of exchange is delivered by Holder to the Partnership pursuant to the Partnership Agreement, but must be given at least fifteen (15) Business Days prior to the anticipated consummation of the sale of Registrable Securities, which consummation shall in any event

be subject to an effective Shelf Registration Statement (as hereinafter defined) or an effective New Registration Statement (as hereinafter defined). As used in this Agreement, a "Business Day" is any Monday, Tuesday, Wednesday, Thursday or Friday other than a day on which banks and other financial institutions are authorized or required to be closed for business in the State of New York or Michigan. Upon receipt of the Registration Notice, the Company, if it has not already caused the Registrable Securities to be included as part of an existing shelf registration statement (prior to the filing of which the Company shall have given ten (10) Business Days notice to Holder) and related prospectus that the Company than has on file with the Commission (the "Shelf Registration Statement") (in which event the Company shall be deemed to have satisfied its registration obligation under this Section 3), will cause to be filed with the Commission as soon as reasonably practicable after receiving the Registration Notice a new registration statement and related prospectus (a "New Registration Statement") that complies as to form in all material respects with applicable Commission rules providing for the sale by Holder of the Registrable Securities, and agrees (subject to Section 3.2 hereof) to use its best efforts to cause such New Registration Statement to be declared effective by the Commission as soon as practicable. (As used herein, "Registration Statement" and "Prospectus" refer to the Shelf Registration Statement and related prospectus (including any preliminary prospectus) or the New Registration Statement and related prospectus (including any preliminary prospectus), whichever is utilized by the Company to satisfy Holder's Registration Rights pursuant to this Section 3, including in each case any documents incorporated therein by reference.) Holder agrees to provide in a timely manner information regarding the proposed distribution by Holder of the Registrable Securities and such other information reasonably requested by the Company in connection with the preparation of and for inclusion in the Registration Statement. The Company agrees (subject to Section 3.2 hereof) to use its best efforts to keep the Registration Statement effective (including the preparation and filing of any amendments and supplements necessary for that purpose) until the earlier of (i) the date on which Holder consummates the sale of all of the Registrable Securities registered under the Registration Statement, or (ii) the date on which all of the Registrable Securities are eligible for sale pursuant to Rule 144(k) (or any successor provision) or in a single transaction pursuant to Rule 144(e) (or any successor provision) under the Securities Act of 1933, as amended (the "Act"), provided, that except with respect to any Shelf Registration, such period need to extend beyond nine months after the effective date of the Registration Statement; and provided further, that with respect to any Shelf Registration, such period need not extend beyond the time period provided in this Section 3.1(a), and which periods, in any event, shall terminate when all the Exchange Shares covered by such Registration Statement have been sold (but not before the expiration of the time period provided in Section 4(3) of the Act and Rule 174 thereunder, if applicable). The Company agrees to provide to Holder a reasonable number of copies of the final Prospectus and any amendments or supplements thereto. Notwithstanding the foregoing, the Company may at any time, in its sole discretion and prior to receiving any Registration Notice from Holder, include all of Holder's Exchange Shares or any portion thereof in any Shelf Registration Statement. In connection with any Registration Statement utilized by the Company to satisfy Holder Registration Rights pursuant to this Section 3, Holder agrees that it will respond within ten (10) Business Days to any request by the Company to provide or verify information regarding Holder or Holder's Registrable Securities as may be required to be included in such Registration Statement pursuant to the rules and regulations of the Commission.

(b) Offers and Sales. All offers and sales by Holder under the Registration Statement referred to in this Section 3 shall be completed within the period during which the Registration Statement is required to remain effective pursuant to Section 3.1(a) of this Section 3, and upon expiration of such period Holder will not offer or sell any Registrable Securities under the Registration Statement. If directed by the Company, Holder will return all undistributed copies of the Prospectus in its possession upon the expiration of such period.

(c) Limitations on Registration Rights. Each exercise of a Registration Right shall be with respect to a minimum of the lesser of (i) one hundred twenty five thousand (125,000) shares of Preferred Stock or (ii) the total number of Exchange Shares held by Holder at such time plus the number of Exchange Shares that may be issued upon exchange of the Equity by Holder. The right of Holder to deliver a Registration Notice commences upon the first date Holder is permitted to exchange the Equity pursuant to the Partnership Agreement and Holder's acceptance of Partnership Agreement pursuant to that certain Private Placement Purchase Agreement of even date herewith between Holder and the Partnership. The right of Holder to deliver a Registration Notice shall expire on the date on which all of the Exchange Shares held by Holder or issuable upon exchange of the Equity held by Holder are eligible for sale pursuant to Rule 144(k) (or any successor provision) under the Act. The Registration Rights granted pursuant to this Section 3.1 may be exercised in connection with an underwritten public offering provided that the Company shall have the right to select the Underwriter or Underwriters in connection with such public offering, which shall be subject to the reasonable approval of Holder.

3.2 Suspension of Offering. Upon any notice by the Company, either before or after Holder has delivered a Registration Notice, that a negotiation or consummation of a transaction by the Company or any of its subsidiaries is pending or an event has occurred, which negotiation, consummation or event would require additional disclosure by the Company in a Registration Statement of material information which the Company has a bona fide business purpose for keeping confidential and the nondisclosure of which in the Registration Statement might cause the Registration Statement to fail to comply with applicable disclosure requirements (a "Materiality Notice"), Holder agrees that it will immediately discontinue offers and sales of the Registrable Securities under the Registration Statement until Holder receives copies of a supplemental or amended Prospectus that corrects the misstatement(s) or omission(s) referred to above and receives notice that any post-effective amendment has become effective; provided, that the Company may delay, suspend or withdraw the Registration Statement for such reason for no more than sixty (60) days after delivery of the Materiality Notice at any one time but may not do so more than two times in any twelve month period. If so directed by the Company, Holder will deliver to the Company all copies of the Prospectus covering the Registrable Securities current at the time of receipt of any Materiality Notice.

3.3 Qualification. The Company agrees to use its best efforts to register or qualify the Registrable Securities by the time the applicable Registration Statement is declared effective by the Commission under all applicable state securities or "blue sky" laws of such jurisdictions as Holder shall reasonably request in writing, to keep each such registration or qualification effective during the period such Registration Statement is required to be kept effective or during the period offers or sales are being made by Holder after delivery of a Registration Notice to the Company, whichever is shorter, and to do any

and all other acts and things which may be reasonably necessary or advisable to enable Holder to consummate the disposition in each such jurisdiction of the Registrable Securities owned by Holder; provided, however, that the Company shall not be required to (x) qualify generally to do business in any jurisdiction or to register as a broker or dealer in such jurisdiction where it would not otherwise be required to qualify but for this Section 3.3, (y) subject itself to taxation in any such jurisdiction, or (z) submit to the general service of process in any such jurisdiction.

3. 4 Whenever the Company is required to effect the registration of Exchange Shares under the Securities Act pursuant to Section 3.1 of this Agreement, subject to Section 3.2 hereof, the Company shall:

(a) prepare and file with the Commission (as soon as reasonably practical after receiving the Registration Notice, and in any event within 60 days after receipt of such Registration Notice) the requisite Registration Statement to effect such registration, which Registration Statement shall comply as to form in all material respects with the requirements of the applicable form and include all financial statements required by the Commission to be filed therewith, and the Company shall use its reasonable best efforts to cause such Registration Statement to become effective; provided, however, that before filing a Registration Statement or Prospectus or any amendments or supplements thereto, or comparable statements under securities or blue sky laws of any jurisdiction, the Company shall (i) provide Holder with an adequate and appropriate opportunity to participate in the preparation of such Registration Statement and each Prospectus included therein (and each amendment or supplement thereto or comparable statement) to be filed with the Commission and (ii) not file any such Registration Statement or Prospectus (or amendment or supplement thereto or comparable statement) with the Commission to which Holder's counsel or any underwriter designated by the Holder and approved by the Company, which approval shall not be unreasonably withheld (the "Underwriter"), shall have reasonably objected on the grounds that such filing does not comply in all material respects with the requirements of the Act or of the rules or regulations thereunder;

(b) prepare and file with the Commission such amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be necessary (i) to keep such Registration Statement effective and (ii) to comply with the provisions of the Act with respect to the disposition of the Redemption Shares covered by such Registration Statement, in each case until such time as all of such Redemption Shares have been disposed of in accordance with the intended methods of disposition by the seller(s) thereof set forth in such Registration Statement; provided, that except with respect to any Shelf Registration, such period need not extend beyond nine months after the effective date of the Registration Statement; and provided further, that with respect to any Shelf Registration, such period need not extend beyond the time period provided in Section 3.1(a), and which periods, in any event, shall terminate when all the Redemption Shares covered by such Registration Statement have been sold (but not before the expiration of the time period referred to in
Section 4(3) of the Act and Rule 174 thereunder, if applicable);

(c) furnish, without charge, to the Holder and each Underwriter, if any, of the securities covered by such Registration Statement, such number of copies of such Registration Statement, each amendment and supplement thereto (in each case including

all exhibits), and the Prospectus included in such Registration Statement (including each preliminary Prospectus) in conformity with the requirements of the Act, and other documents, as the Holder and such Underwriter may reasonably request in order to facilitate the public sale or other disposition of the Redemption Shares owned by the Holder;

(d) prior to any public offering of Redemption Shares, use its reasonable best efforts to register or qualify the Redemption Shares covered by such Registration Statement under such other securities or blue sky laws of such jurisdictions as the Holder or the sole or lead managing Underwriter, if any, may reasonably request to enable the Holder to consummate the disposition in such jurisdictions of the Redemption Shares owned by the Holder and to continue such registration or qualification in effect in each such jurisdiction for as long as such Registration Statement remains in effect (including through new filings or amendments or renewals), and do any and all other acts and things which may be necessary or advisable to enable the Holder to consummate the disposition in such jurisdictions of the Redemption Shares owned by it, provided, however, that the Company shall not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section, (ii) subject itself to taxation in any such jurisdiction or (iii) consent to general service of process in any such jurisdiction;

(e) promptly notify Holder and the sole or lead managing Underwriter, if any: (i) when the Registration Statement, any pre-effective amendment, the Prospectus or any prospectus supplement related thereto or post-effective amendment to the Registration Statement has been filed, and, with respect to the Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any request by the Commission or any state securities or blue sky authority for amendments or supplements to the Registration Statement or the Prospectus related thereto or for additional information, (iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration or the initiation or threat of any proceedings for that purpose,
(iv) of the receipt by the Company of any notification with respect to the suspension of qualification of any Exchange Shares for sale under the securities or blue sky laws of any jurisdiction or the initiation of any proceeding for such purpose, (v) of the existence of any fact of which the Company becomes aware or the happening of any event which results in (A) the Registration Statement containing an untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make any statements therein not misleading, or (B) the Prospectus included in such Registration Statement containing an untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make any statements therein, in the light of the circumstances under which they were made, not misleading, and (vi) of the Company's reasonable determination that a post-effective amendment to a Registration Statement would be appropriate or that there exists circumstances not yet disclosed to the public which make further sales under such Registration Statement inadvisable pending such disclosure and post-effective amendment; and, if the notification relates to an event described in any of the clauses (v) or (vi) of this Section, subject to
Section 3.2, the Company shall promptly prepare a supplement or post-effective amendment to such Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document, so that
(1) such Registration Statement shall not contain any untrue statement of a material fact or omit to state a material fact required

to be stated therein or necessary to make the statements therein not misleading, and (2) as thereafter delivered to the purchasers of the Exchange Shares being sold thereunder, such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein in the light of the circumstances under which they were made not misleading (and shall furnish to Holder and each Underwriter, if any, a reasonable number of copies of such Prospectus so supplemented or amended); and if the notification relates to an event described in clauses (ii) through (iv) of this Section, the Company shall use its reasonable best efforts to remedy such matters;

(f) make reasonably available for inspection by Holder, any sole or lead managing Underwriter participating in any disposition pursuant to such Registration Statement, Holder's counsel and any attorney, accountant or other agent retained by any such seller or any Underwriter material financial and other relevant information concerning the business and operations of the Company and the properties of the Company and any subsidiaries thereof as may be in existence at such time as shall be necessary, in the reasonable opinion of such Holder's and such Underwriters' respective counsel, to enable them to conduct a reasonable investigation within the meaning of the Securities Act, and cause the Company's and any subsidiaries' officers, directors and employees, and the independent public accountants of the Company, to supply such information as may be reasonably requested by any such parties in connection with such Registration Statement;

(g) obtain an opinion from the Company's counsel and a "cold comfort" letter from the Company's independent public accountants who have certified the Company's financial statements included or incorporated by reference in such Registration Statement in customary form and covering such matters as are customarily covered by such opinions and "cold comfort" letters delivered to Underwriters in underwritten public offerings, which opinion and letter shall be reasonably satisfactory to the sole or lead managing Underwriter, if any, and to Holder, and furnish to Holder participating in the offering and to each Underwriter, if any, a copy of such opinion and letter addressed to Holder (in the case of the opinion) and Underwriter (in the case of the opinion and the "cold comfort" letter);

(h) in the case of an underwritten offering, make generally available to its security-holders as soon as practicable, but in any event not later than eighteen months after the effective date of the Registration Statement (as defined in Rule 158(c)), an earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(i) use its reasonable best efforts to cause all such Exchange Shares to be listed (i) on the national securities exchange on which the Company's common shares are then listed or (ii) if common shares of the Company are not at the time listed on any national securities exchange (or if the listing of Exchange Shares is not permitted under the rules of such national securities exchange on which the Company's common shares are then listed), on another national securities exchange;

(j) furnish to Holder and the sole or lead managing Underwriter, if any, without charge, at least one manually signed copy of the Registration Statement and any post-effective amendments thereto, including financial statements and schedules, all documents

incorporated therein by reference and all exhibits (including those deemed to be incorporated by reference);

(k) if requested by the sole or lead managing Underwriter or Holder of Exchange Shares, incorporate in a prospectus supplement or post-effective amendment such information concerning Holder, the Underwriters or the intended method of distribution as the sole or lead managing Underwriter or Holder reasonably requests to be included therein and as is appropriate in the reasonable judgment of the Company, including, without limitation, information with respect to the number of Exchange Shares being sold to the Underwriters, the purchase price being paid therefor by such Underwriters and with respect to any other terms of the underwritten offering of the Exchange Shares to be sold in such offering; and

(l) use its reasonable best efforts to take all other steps necessary to expedite or facilitate the registration and disposition of the Exchange Shares contemplated hereby, including obtaining necessary governmental approvals and effecting required filings; entering into customary agreements (including customary underwriting agreements, if the public offering is underwritten); cooperating with Holder and any Underwriters in connection with any filings required by the NASD; providing appropriate certificates not bearing restrictive legends representing the Exchange Shares; and providing a CUSIP number and maintaining a transfer agent and registrar for the Exchange Shares.

3.5 Indemnification by the Company. The Company agrees to indemnify and hold harmless Holder and each person, if any, who controls Holder within the meaning of Section 15 of the Act or Section 20 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment thereto) pursuant to which the Registrable Securities were registered under the Act, including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (or any amendment or supplement thereto), including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including reasonable fees and disbursements of counsel), reasonably incurred in investigating,

preparing or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, in each case whether or not a party, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that the indemnity provided pursuant to this Section 3.4 does not apply with respect to any loss, liability, claim, damage or expense to the extent arising out of (A) any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by Holder expressly for use in the Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto), or (B) Holder's failure to deliver an amended or supplemental Prospectus provided to the Holder by the Company if such loss, liability, claim, damage or expense would not have arisen had such delivery occurred.

3.6 Indemnification by Holder. Holder (and each permitted assignee of Holder, on a several basis) agrees to indemnify and hold harmless the Company, and each of its directors and officers (including each director and officer of the Company who signed a Registration Statement), and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment thereto) pursuant to which the Registrable Securities were registered under the act, including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (or any amendment or supplement thereto), including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of Holder; and

(iii) against any and all expense whatsoever, as incurred (including reasonable fees and disbursements of counsel), reasonably incurred in investigating, preparing or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, in each case whether or not a party, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that the indemnity provided pursuant to this Section 3.5 shall only apply with respect to any loss, liability, claim, damage or expense to the extent arising out of (A) any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by Holder expressly for use in the Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto), or (B) Holder's failure to deliver an amended or supplemental Prospectus provided to Holder by the Company if such loss, liability, claim, damage or expense would not have arisen had such delivery occurred. Notwithstanding the provisions of this Section 3.6, Holder and any permitted assignee shall not be required to indemnify the Company, its officers, directors or control persons with respect to any amount in excess of the amount of the total proceeds to Holder or such permitted assignee, as the case may be, from sales of the Registrable Securities of Holder under the Registration Statement.

3.7 Conduct of Indemnification Proceedings. An indemnified party hereunder shall give reasonably prompt notice to the indemnifying party of any action or proceeding commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify the indemnifying party (i) shall not relieve it from any liability which it may have under the indemnity agreement provided in Section 3.5 or 3.6 above, unless and to the extent it did not otherwise learn of such action and the lack of notice by the indemnified party results in the forfeiture by the indemnifying party of substantial rights and defenses, and (ii) shall not, in any event, relieve the indemnifying party from any obligations to the indemnified party other than the indemnification obligation provided under Section 3.5 or 3.6 above. If the indemnifying party so elects within a reasonable time after receipt of such notice, the indemnifying party may assume the defense of such action or proceeding at such indemnifying party's own expense with counsel chosen by the indemnifying party and approved by the indemnified party, which approval shall not be unreasonably withheld; provided, however, that the indemnifying party will not settle any such action or proceeding without the written consent of the indemnified party unless, as a condition to such settlement, the indemnifying party secures the unconditional release of the indemnified party; and provided further, that if the indemnified party reasonably determines that a conflict of interest exists where it is advisable for the indemnified party to be represented by separate counsel or that, upon advice of counsel, there may be legal defenses available to it which are different from or in addition to those available to the indemnifying party, then the indemnifying party shall not be entitled to assume such defense and the indemnified party shall be entitled to separate counsel at the indemnifying party's expense. If the indemnifying party is not entitled to assume the defense of such action or proceeding as a result of the second proviso to the preceding sentence, the indemnifying party's counsel shall be entitled to conduct the indemnifying party's defense and counsel for the indemnified party shall be entitled to conduct the defense of the indemnified party, it being understood that both such counsel will cooperate with each other to conduct the defense of such action or proceeding as efficiently as possible. If the indemnifying party is not so entitled to assume the defense of such action or does not assume such defense, after having received the notice referred to in the first sentence of this paragraph, the indemnifying party will pay the reasonable fees and expenses of counsel for the indemnified party. In such event, however, the indemnifying party will not be liable for any settlement effected without the written consent of the indemnifying party. If an indemnifying party is entitled to assume, and assumes, the defense of such action or proceeding in accordance with this paragraph, the indemnifying party shall not be liable for

any fees and expenses of counsel for the indemnified party incurred thereafter in connection with such action or proceeding.

3.8 Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in Sections 3.5 and 3.6 above is for any reason held to be unenforceable by the indemnified party although applicable in accordance with its terms, the Company and Holder shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by such indemnity agreement incurred by the Company and Holder, (i) in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and Holder on the other, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative fault of but also the relative benefits to the Company on the one hand and Holder on the other, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative benefits to the indemnifying party and indemnified party shall be determined by reference to, among other things, the total proceeds received by the indemnifying party and indemnified party in connection with the offering to which such losses, claims, damages, liabilities or expenses relate. The relative fault of the indemnifying party and indemnified party shall be determined by reference to, among other things, whether the action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, the indemnifying party or the indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action.

The parties hereto agree that it would not be just or equitable if contribution pursuant to this Section 3.8 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 3.8, Holder shall not be required to contribute any amount in excess of the amount of the total proceeds to Holder from sales of the Registrable Securities of Holder under the Registration Statement.

Notwithstanding the foregoing, no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 3.8, each person, if any, who controls Holder within the meaning of Section 15 of the Act shall have the same rights to contribution as Holder, and each director of the Company, each officer of the Company who signed a Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Act shall have the same rights to contribution as the Company.

SECTION 4. EXPENSES

The Company shall pay all expenses incident to the performance by the Company of

the Company's registration obligations under Sections 2 and 3, including (i) all stock exchange, Commission and state securities registration, listing and filing fees, (ii) all expenses incurred in connection with the preparation, printing and distributing of any Issuer Registration Statement or Registration Statement and Prospectus, and (iii) fees and disbursements of counsel for the Company and of the independent public accountants of the Company. Holder shall be responsible for the payment of any brokerage and sales commissions, fees and disbursements of Holder's counsel, accountants and other advisors, and any transfer taxes relating to the sale or disposition of the Registrable Securities by Holder pursuant to Section 3 or otherwise.

SECTION 5. RULE 144 COMPLIANCE

The Company covenants that it will use its best efforts to timely file the reports required to be filed by the Company under the Act and the Exchange Act so as to enable Holder to sell Registrable Securities pursuant to Rule 144 under the Act. In connection with any sale, transfer or other disposition by Holder of any Registrable Securities pursuant to Rule 144 under the Act, the Company shall cooperate with Holder to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any Act legend, and enable certificates for such Registrable Securities to be for such number of shares and registered in such names as Holder may reasonably request at least ten (10) Business Days prior to any sale of Registrable Securities hereunder.

SECTION 6. MISCELLANEOUS

6.1 Integration; Amendment. This Agreement constitutes the entire agreement between the parties hereto with respect to the matters set forth herein and supersedes and renders of no force and effect all prior oral or written agreements, commitments and understandings among the parties with respect to the matters set forth herein. Except as otherwise expressly provided in this Agreement, no amendment, modification or discharge of this Agreement shall be valid or binding unless set forth in writing and duly executed by the Company and Holder.

6.2 Waivers. No waiver by a party hereto shall be effective unless made in a written instrument duly executed by the party against whom such waiver is sought to be enforced, and only to the extent set forth in such instrument. Neither the waiver by any of the parties hereto of a breach or a default under any of the provisions of this Agreement, nor the failure of any of the parties, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as a waiver of any such provisions, rights or privileges hereunder.

6.3 Assignment; Successors and Assigns. This Agreement and the rights granted hereunder may not be assigned by Holder without the written consent of the Company, provided, however, that Holder may assign its rights and obligations hereunder, following at least ten (10) days' prior written notice to the Company, to the direct equity owners (e.g., partners or members) or beneficiaries, if, such persons agree in writing to be bound by all of the provisions hereof. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of all of the parties hereto.

6.4 Notices. All notices called for under this Agreement shall be in writing and shall be deemed given upon receipt if delivered personally or by facsimile transmission and followed promptly by mail, or mailed by registered or certified mail (return receipt requested), postage prepaid, to the parties at the addresses set forth below their names in the signature page hereto, or to any other address or addressee as any party entitled to receive notice under this Agreement shall designate, from time to time, to others in the manner provided in this Section 6.4 for the service of notices; provided, however, that notice of a change of address shall be effective only upon receipt thereof. Any notice delivered to the party hereto to whom it is addressed shall be deemed to have been given and received on the day it was received; provided, however, that if such day is not a Business Day then the notice shall be deemed to have been given and received on the Business Day next following such day and if any party rejects delivery of any notice attempted to be given hereunder, delivery shall be deemed given on the date of such rejection. Any notice sent by facsimile transmission shall be deemed to have been given and received on the Business Day next following the transmission.

6.5 Specific Performance. The Parties hereto acknowledge that the obligations undertaken by them hereunder are unique and that there would be no adequate remedy at law if either party fails to perform any of its obligations hereunder, and accordingly agree that each party, in addition to any other remedy to which it may be entitled at law or in equity, shall be entitled to (i) compel specific performance of the obligations, covenants and agreements of the other party under this Agreement in accordance with the terms and conditions of this Agreement and (ii) obtain preliminary injunctive relief to secure specific performance and to prevent a breach or contemplated breach of this Agreement in any court of the United States or any State thereof having jurisdiction.

6.6 Governing Law. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the State of Michigan, but not including the choice of law rules thereof.

6.7 Headings. Section and subsection headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

6.8 Pronouns. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or entity may require.

6.9 Execution in Counterparts. To facilitate execution, this Agreement may be executed in as many counterparts as may be required. It shall not be necessary that the signature of or on behalf of each party appears on each counterpart, but it shall be sufficient that the signature of or on behalf of each party appears on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in any proof of this Agreement to produce or account for more than a number of counterparts containing the respective signatures of or on behalf of both of the parties.

6.10 Severability. If fulfillment of any provision of this Agreement, at the time such fulfillment shall be due, shall transcend the limit of validity prescribed by law, then the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clause or provision contained in this Agreement operates or would operate to invalidate this Agreement, in whole or in part, then such clause or provision only shall be held ineffective, as though not herein contained, and the remainder of this Agreement shall remain operative and in full force and effect.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed on its behalf as of the date first herein above set forth.

TAUBMAN CENTERS, INC.

```
By:/s/   Robert S. Taubman
   ------------------------
Name:    Robert S. Taubman
Title:   President and
         Chief Executive Officer
Address: 200 East Long Lake Road
         Suite 300
         Bloomfield Hills, MI 48304
```

GS-MSD Select Sponsors,L.P.

By: GS-MSD 1999 Exchange Advisors, L.L.C.

```
By:/s/   Elizabeth Groves
   ----------------------
         Elizabeth Groves
         Authorized Person
```

Address: c/o Goldman Sachs & Co.

One New York Plaza
New York, New York 10004
Attn:

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is made as of November 4, 1999 by and between The Taubman Company Limited Partnership, a Delaware limited partnership (the "Company"), and Courtney Lord ("Lord").

RECITALS

WHEREAS, the Company wishes to employ Lord as Senior Vice President, and Lord desires to work for the Company in such capacity upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, the parties agree as follows:

1. Employment.

The Company shall employ Lord on a full-time basis as a Senior Vice President. Effective January 1, 2000, Lord's employment title shall change to Senior Vice President-Managing Director of Leasing. Lord shall also perform such other leasing management and/or administrative duties consistent with the office of Senior Vice President as from time to time may be assigned to him by the President of the Company. Lord shall devote his full time and attention to, and exert his best efforts in, the performance of his duties hereunder, so as to promote the business of the Company.

2. Term of Employment.

Lord's term of employment shall commence as of a date mutually acceptable to the Company and Lord, which shall not be later than November 5, 1999, and continue through January 1, 2005, unless terminated earlier pursuant to paragraph 5 below (the "Term of Employment").

3. Compensation.

(a) Base Salary. The Company shall pay or cause to be paid to Lord during the Term of Employment a base salary of not less than $270,000 per annum, payable in accordance with the Company's payroll practices. The base salary shall be reviewed each year and subject to normal increases (2% - 3%) commencing with the March 2001 salary review.

(b) SSTI Bonus. Lord shall participate in the Company's Senior Short-Term Incentive Plan ("SSTI") and shall have a guaranteed bonus equal to $195,000 for the years beginning January 1, 2000 and January 1, 2001. Other than the bonus amount specified in the preceding statement, the SSTI payment shall be determined in accordance with the terms and conditions of the SSTI.

(c) Long-Term Incentive Compensation. Effective January 1, 2000, Lord shall receive a Participation Grant equal to 10,000 Notional Shares under The Taubman

Company Long-Term Performance Compensation Plan (the "LTPC") and a Performance Grant under the LTPC in an amount, which amount may be zero, determined by the Company in its discretion. Grants are subject to all of the terms and conditions (including the vesting schedule) of the LTPC.

(d) Other Benefits. During the Term of Employment, Lord shall be entitled to participate in any retirement plan or other benefit program of the Company now existing or established hereafter by the Company, to the extent that he is eligible under the general provisions thereof. Lord shall also be entitled to participate in any group insurance, hospitalization, medical, health and accident, disability, or similar plan or program of the Company now existing or established hereafter to the extent that he is eligible under the general provisions thereof.

4. Relocation Expenses.

Lord and the Company agree that Lord shall relocate his primary family residence to the Detroit metropolitan area no later than September 1, 2000. The Company shall pay the following expenses in connection with Lord's relocation:

(a) $50,000 lump sum payment within 30 days of Lord's employment commencement date.

(b) Monthly rental of $2,550 for Lord's rental apartment from November 1, 1999 through March 31, 2000.

(c) Roundtrip airfare between Detroit and Aspen for Lord for three weekends per month from November 1, 1999, until Lord's family relocates to Detroit, but no later than July 1, 2000.

(d) Roundtrip airfare between Detroit and Aspen for Lord's family for four separate visits between Lord's employment commencement date and July 1, 2000.

(e) Cost of moving van to move Lord's household goods from Aspen to Detroit.

All eligible relocation expenses shall either be paid directly by the Company, or the Company shall reimburse Lord upon Lord's furnishing the Company with receipts or such other documentation as the Company requests.

5. Termination of Employment.

(a) Voluntary Termination of Employment by Lord. In the event Lord terminates his employment with the Company for reasons other than his death, Disability or a Termination with Good Reason (as such terms are defined below), such termination shall be deemed a Voluntary Termination. In the event of a Voluntary Termination by Lord prior to January 1, 2005, the Company shall have no further obligation to Lord other than the Company's obligation to pay any amounts that have accrued through the employment termination date. Upon a Voluntary Termination, the Company shall have the right to

purchase any Additional Units (as defined below) and an equal number of Series B Preferred Stock (as defined below) issued to Lord and the capital account allocated to the Additional Units for a cash lump sum payment of $50,000. The Taubman Realty Group Limited Partnership ("TRG") acknowledges that the Company has the right to purchase the Additional Units and the capital account allocated to the Additional Units. Additional Units means Units of Partnership Interest in TRG which have no right to receive distributions (except upon liquidation of TRG) or allocation of partnership income or loss (or items thereto). The number of Additional Units which the Company has the right to purchase pursuant to paragraph 5(a), (c), or (e) corresponds to the number of Additional Units on Lord's employment termination date as listed on the schedule attached hereto as Exhibit A. Series B Preferred Stock means the Series B Non-Participating Convertible Preferred Stock of Taubman Centers, Inc.

For purposes of this Agreement, a Termination with Good Reason shall mean a termination of employment by Lord because of any of the following:

(i) a material reduction in base salary and SSTI bonus (other than for Cause), or

(ii) a substantial diminution of duties or responsibilities.

(b) Death or Disability of Lord. In the event Lord's employment is terminated by reason of his death or disability (as that term is defined in the LTPC), he shall receive accrued but unpaid base salary through the employment termination date. Lord shall also receive any benefits otherwise provided under the Company's plans or programs in accordance with the terms of such plans or such programs.

(c) Termination by the Company Without Cause on or Prior to January 31, 2001. If Lord's employment is terminated by the Company without Cause (as defined below) on or prior to January 31, 2001, Lord shall be entitled to receive, and the Company shall be obligated to pay 50% of the amounts that would have been payable to Lord as Base Salary and SSTI Bonus had Lord remained employed for the duration of the Term of Employment. The Company also shall have the right to purchase 50% of Lord's Additional Units, an equal number of Series B Preferred Stock and the capital account allocated to the Additional Units for a cash lump sum payment of $50,000. TRG acknowledges that the Company has the right to purchase the Additional Units and the capital account allocated to the Additional Units. The Base Salary and SSTI Bonus amounts shall be payable as follows: The Company shall pay Lord 100% of his Base Salary and SSTI Bonus in accordance with the Company's normal payroll practice during the first twelve months after Lord's employment termination date. Thereafter, the balance due (i.e. 50% of Base Salary and SSTI Bonus from employment termination date through January 1, 2005 minus Base Salary and SSTI already paid pursuant to preceding sentence) will be payable in a lump sum payment within 30 days after the first anniversary of Lord's employment termination date.

(d) Termination by the Company Without Cause After January 31, 2001. If Lord's employment is terminated by the Company for any reason other than cause after January 31, 2001 but prior to January 1, 2005, Lord shall be entitled to receive and the

Company shall be obligated to pay the balance of the amounts that would have been payable to Lord as Base Salary and SSTI Bonus had Lord remained employed for the duration of the Term of Employment.

(e) Termination by the Company for Cause. The Company may terminate Lord's employment and this Agreement effective immediately for Cause (as defined below). If the Company terminates Lord's employment for Cause prior to January 1, 2005, the Company shall have no further obligation to Lord other than its obligation to pay any amounts that have accrued through the employment termination date. In the event Lord's employment is terminated for Cause, the Company shall have the right to purchase Lord's Additional Units, an equal number of Series B Preferred Stock and the capital account allocated to the Additional Units for a cash lump sum payment of $50,000. TRG acknowledges that the Company has the right to purchase the Additional Units and the capital account allocated to the Additional Units.

(f) Definitions. For purposes of this Agreement, "Cause" means the willful and continual failure to perform Lord's duties with the Company and to perform such duties on a full-time basis or Lord's engagement in conduct (including but not limited to fraud or theft) which has a material adverse effect on the business affairs of the Company, monetarily or otherwise; provided, that cause shall have occurred only if it shall have been preceded by a notice specifying the facts and circumstances claimed to provide a basis for Cause and Lord shall have been given 30 days from the date of such notice to cure. For purposes of this Agreement, no act or failure to act on Lord's part shall be considered "willful" unless done, or omitted to be done, by Lord not in good faith and without reasonable belief that his action or omission was in the best interests of the Company.

6. Covenant Not to Compete.

Lord agrees that during the Employment Term he will apply all of his skill and experience to the business and affairs of the Company. Lord further agrees that during the Employment Term and for a period of (a) one (1) year after his employment termination date if he is terminated by the Company without Cause on or prior to January 31, 2001; (b) two (2) years after his employment termination date if he is terminated for any reason after January 31, 2001, but prior to January 1, 2005 (provided, however, if the employment termination date is after January 1, 2004, but before January 1, 2005, Lord's agreement not to compete will expire on January 31, 2005); and (c) one (1) year after his employment termination date if his employment is terminated for any reason on or after January 1, 2005, he shall not, without the prior written approval of the Company, directly or indirectly hold or acquire an ownership interest in, or perform any services as a shareholder, director, partner, member, employee, agent, adviser or consultant or otherwise for any person or entity, or any affiliate or subsidiary thereof, wherever located, that is engaged in the business of consulting, brokering or in any manner leasing or negotiating occupancy, whether by sale, lease or otherwise, in connection with any traditional regional mall or value regional mall. Such restriction includes, but is not limited to, employment by a developer and/or owner acting independently. Lord further agrees that during the Employment Term and for a period of two (2) years after the later of (a) the date his employment with the Company terminates for any reason, or (b) the last date

Lord receives any payment under this Agreement, he shall not, without the prior written consent of the Company, directly or indirectly contact or solicit employees of the Company other than on behalf of the Company.

7. Confidentiality Covenant.

During the Term of Employment and at all times thereafter, Lord shall keep secret and retain in strictest confidence, and shall not use for his own benefit or the benefit of others except in connection with the business and affairs of the Company, all Confidential Information and all other confidential matter relating to the business of the Company learned by him, and shall not disclose such Confidential Information and other confidential matter to anyone outside of the Company, either during or after employment, nor may Lord exploit for his own benefit or the benefit of others any personal relationships with tenants, employees or contacts of the Company formed heretofore or hereafter.

For purposes of this Agreement "Confidential Information" shall mean all information that would normally be deemed to be proprietary including trade secrets and all information relating to the Company's (or its affiliate's) research, development, accounting, tenants and tenant lists, business connections, consultants, advisors and employees, programming and formatting information, operational methods, marketing plans or strategies, business acquisition plans, new personnel acquisition plans, designs and design projects, and all other information of any kind or nature whatsoever, which may pertain to or be derived from the business operations and affairs of the Company, now or hereafter existing. Notwithstanding anything herein to the contrary, the obligations under this paragraph do not apply to any portion of the Confidential Information which (1) is or becomes public knowledge through no fault of Lord, (2) is in lawful possession of Lord prior to engagement by Company, or (3) is disclosed pursuant to the lawful requirement or formal request of a government agency.

8. Company's Remedies Upon Breach.

In the event Lord breaches the non-compete or confidentiality covenants, Lord acknowledges that he shall forfeit all rights to any amounts payable under this Agreement, and that the Company shall have the right to purchase his Additional Units and capital account allocated to the Additional Units for $50,000. Lord further acknowledges that the Company shall be entitled to injunctive relief in addition to any other remedy it may have. Lord further acknowledges that the Company's remedies upon breach by him of the provisions of paragraph 6 and 7 hereof will be inadequate. Accordingly, in the event of the breach or threatened breach by Lord of paragraphs 6 or 7 hereof, the Company shall be entitled to injunctive relief in addition to any other remedy it may have.

9. Notices.

All notices required or contemplated under this Agreement shall be delivered (a) personally, (b) by next day courier service, or (c) by certified or registered mail, return receipt requested, addressed as follows (or to such other address as any party may provide in writing to the other):

If to the Company:

The Taubman Company Limited Partnership
200 East Long Lake Road
Suite 200
Bloomfield Hills, Michigan 48304

Attention: Mr. Robert S. Taubman

with a copy to:

Miro Weiner & Kramer, P.C.
500 North Woodward Avenue
Suite 100
Bloomfield Hills, Michigan 48304

Attention: Ernest J. Weiner, Esq.

If to Lord:

Courtney Lord
517 West North Street
Aspen, Colorado 81611

with a copy to:

Shulman, Rogers, Gandal,
Pordy & Ecker, P.A.
11921 Rockville Pike, Suite 300
Rockville, Maryland 20852-2743

Attention: Lawrence A. Shulman, Esq.

All notices under this Agreement shall be deemed received when personally delivered, on the first business day after depositing with a next day courier service, or on the third day after mailing, as the case may be.

10. Prior Agreements.

This Agreement supersedes and replaces all prior agreements between the parties and may not be modified orally.

11. Waiver.

The waiver by the Company of a breach by Lord of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by Lord. The waiver by Lord of a breach by the Company of any provisions of this Agreement shall not operate or be construed as a waiver of any subsequent breach by the Company.

12. Assigns and Successors.

The rights and obligations of the Company under this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the Company.

13. Construction and Governing Law.

This Agreement shall be construed under the laws of the State of Michigan (excluding the choice of law rules thereof). Paragraph headings are for convenience only and shall not be considered a part of the terms and provisions of the Agreement.

14. Severability.

If any provision of this Agreement as applied to either party or to any circumstance shall be adjudged by a court of competent jurisdiction to be void or unenforceable, the same shall in no way affect any other provision of this Agreement or the validity or enforceability of this Agreement.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, and Lord has hereunto set his hand, all as of the day and year first above written.

WITNESS:	*THE TAUBMAN COMPANY LIMITED PARTNERSHIP,* *a Delaware limited partnership*
	By: /s/ Robert Taubman *----------
/s/ Christopher C. Maeso *----------*	
	Its: Authorized Signatory
/s/ Ernest J. Weiner *----------*	
/s/ Christopher C. Maeso *----------*	*/s/ Courtney Lord* *----------* *Courtney Lord*
/s/ Ernest J. Weiner *----------*	

With respect to paragraphs 5(a), (c) and (e) only:

WITNESS:	*THE TAUBMAN COMPANY REALTY GROUP LIMITED PARTNERSHIP, a Delaware limited partnership*
	By: /s/ Robert Taubman
/s/ Christopher C. Maeso	*Its: Authorized Signatory*
/s/ Ernest J. Weiner	

EXHIBIT A

ADDITIONAL UNITS SCHEDULE

EMPLOYMENT TERMINATION DATE	ADDITIONAL OUTSTANDING UNITS
Prior to January 1, 2000	435,148
After January 1, 2000 but prior to January 1, 2001	348,118
After January 1, 2001 but prior to January 1, 2002	261,088
After January 1, 2002 but prior to January 1, 2003	174,058
After January 1, 2003 but prior to January 1, 2004	87,028
After January 1, 2004 but prior to January 1, 2005	43,514
After January 1, 2005	-0-

ANNEX II TO SECOND AMENDMENT TO THE SECOND AMENDMENT AND RESTATEMENT OF AGREEMENT OF LIMITED PARTNERSHIP OF THE TAUBMAN REALTY GROUP LIMITED PARTNERSHIP

Designation, Distribution, Redemption, Exchange, and Consent Provisions with Respect to the 9% Series D Cumulative Redeemable Preferred Equity

THIS ANNEX II (this "Annex II") TO THE SECOND AMENDMENT (the "Second Amendment") TO THE SECOND AMENDMENT AND RESTATEMENT OF AGREEMENT OF LIMITED PARTNERSHIP OF THE TAUBMAN REALTY GROUP LIMITED PARTNERSHIP (as amended through the date hereof, the "Partnership Agreement"), entered into effective November 24, 1999, serves as a further amendment to the Partnership Agreement entered into pursuant to Section 4.1(c) of the Partnership Agreement, and is made by, between, and among TAUBMAN CENTERS, INC., a Michigan corporation ("TCO"), TG PARTNERS LIMITED PARTNERSHIP, a Delaware limited partnership ("TG"), and TAUB-CO MANAGEMENT, INC., a Michigan corporation ("Taub-Co"), who, as the Appointing Persons, pursuant to Section 13.11 of the Partnership Agreement, have the full power and authority to amend the Partnership Agreement on behalf of all of the Partners of The Taubman Realty Group Limited Partnership, a Delaware limited partnership (the "Partnership"), with respect to the matters herein provided. (Capitalized terms used herein that are not herein defined, shall have the meanings ascribed to them in the Partnership Agreement.)

A. On September 3, 1999, TCO, TG, and Taub-Co entered into the Second Amendment to provide for the contribution of preferred capital to the Partnership in exchange for a preferred equity interest, and for certain other purposes.
B. On September 3, 1999, TCO, TG, and Taub-Co also entered into the Annex to the Partnership Agreement entitled "Designation, Distribution, Redemption, Exchange, and Consent Provisions with Respect to the 9% Series C Cumulative Redeemable Preferred Equity."
C. Pursuant to Section 4.1(c) of the Partnership Agreement and as authorized by Section 13.11 of the Partnership Agreement, the parties hereto wish to enter into this Annex II to provide for the designation, distribution, redemption, exchange, and consent provisions with respect to that certain series of Parity Preferred Equity herein designated as "9% Series D Cumulative Redeemable Preferred Equity." NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:
(i) Designation: There is hereby established a series of Parity Preferred Equity designated "9% Series D Cumulative Redeemable Preferred Equity" (the "Series D Preferred Equity"). The Parity Preferred Rate with respect to the Series D Preferred Equity is hereby designated as nine percent (9%) per annum. The Parity Preferred Return in respect of the Series D Preferred Equity is hereinafter referred to as the "Series D Return." The holder of the Series D Preferred Equity is hereinafter referred to as the "Series D Preferred Partner." The Parity Preferred Equity Balance of the Series D Preferred Partner is hereinafter referred to as the "Series D Preferred Equity Balance." The Unpaid Parity Preferred Return of the Series D Preferred Partner is hereinafter referred to as the "Unpaid Series D Preferred Return."

(ii) Payment of Distributions/Allocations: The Series D Preferred Partner shall be entitled to receive cumulative cash distributions equal to the Series D Preferred Return. Such distributions shall accrue from the date of the contribution to the Partnership of the Series D Preferred Equity, and shall be payable when, as and if determined by the Managing General Partner, on or before the last Day of each March, June, September, and December of each Partnership Fiscal Year (a "Distribution Date") and on a priority basis as against all distributions other than those required to be made under the Partnership Agreement and other than distributions required by any series of Preferred Equity existing as of the date hereof or any other series of Parity Preferred Equity. The amount of the distribution payable for any period shall be computed on the basis of a 360-Day year of twelve 30-Day months and for any period shorter than a full quarterly period for which distributions are computed, the amount of the distribution payable shall be computed on the basis of the actual number of days elapsed in such a 30-Day month. If any date on which distributions are to be made on the Series D Preferred Equity is not a Business Day, then payment of the distribution to be made on such date shall be made on the next succeeding Day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day is in the next succeeding Partnership Fiscal Year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. Notwithstanding the foregoing, no distribution shall be made to the Series D Preferred Partner which would reduce its Adjusted Capital Account Balance below zero. Distributions on the Series D Preferred Equity shall be made to the Series D Preferred Partner of record on the fifteenth (15th) Day of the calendar month in which the applicable Distribution Date falls or such other date established by the Managing General Partner for

determining the holders of record of the Series D Preferred Equity for such distribution (the "Distribution Record Date"), which date shall not be more than thirty (30) Days nor less than ten (10) Days prior to such Distribution Date. In the event of the issuance of Series D Preferred Stock (as defined below), the Distribution Record Date for the Series D Preferred Equity shall be the Dividend Record Date (as defined in the Restated Articles of Incorporation of TCO, as amended) for the Series D Preferred Stock. Unpaid Series D Preferred Return will not compound. The Series D Preferred Equity Balance distributed to the Series D Preferred Partner pursuant to Section 11.1(a)(5) of the Partnership Agreement shall be computed after giving effect to a "book-up" of all Partnership assets to their respective fair market values and allocations under the Partnership Agreement of Profits and Losses resulting therefrom.

In no event shall Profits for any Partnership Fiscal Year allocated to the Series D Preferred Partner exceed nineteen and 95/100ths percent (19.95%) of the Profits of the Partnership for such Partnership Fiscal Year (the "19.95% Profits Allocation Limit"), provided however, that the 19.95% Profits Allocation Limit will not apply to TCO. Further, in applying Section 704(c) of the Code with respect to the Series D Preferred Partner, the Partnership shall, consistent with the requirements of the applicable Regulations, utilize a reasonable method of allocation, provided that such method shall not have the effect of allocating to the Series D Preferred Partner a greater amount of taxable income for any Partnership Fiscal Year than the amount of Profits allocated to the Series D Preferred Partner for such Partnership Fiscal Year.

(iii) Optional Redemption:

(A) Partnership's Redemption Right: The Series D Preferred Equity is not redeemable prior to November 24, 2004. On or after November 24, 2004, the Partnership, at its option, upon not less than thirty (30) nor more than sixty
(60) Days'

written notice, may redeem the Series D Preferred Equity, in whole or in part, at any time and from time to time, at a redemption price (the "Redemption Price"), payable in cash equal in amount to the amount of contributed capital plus Unpaid Series D Preferred Return, in each case, with respect to that portion of the Series D Preferred Equity Balance being redeemed. Immediately prior to such redemption, the Capital Accounts of the Partnership shall be adjusted to give effect to a "book-up" of all Partnership assets to their respective fair market values and allocations under the Partnership Agreement of Profits and Losses resulting therefrom. If less than all of the Series D Preferred Equity is redeemed, the Capital Account of the holder of the Series D Preferred Equity shall, as a result of the redemption, be reduced by only the portion of such Capital Account attributable to the interest redeemed.

(B) Limitations on Redemption: Unless the accrued Series D Return has been distributed in full for all quarterly distribution periods terminating on or prior to the date of redemption, the Partnership may not redeem less than the entire outstanding amount of the Series D Preferred Equity. Further, the Redemption Price (other than the portion thereof consisting of Unpaid Series D Preferred Return) shall be payable solely out of the sale proceeds of other "partnership interests" of the Partnership, or "capital stock" of TCO. For purposes of the preceding sentence, the terms "partnership interests" and "capital stock" mean any equity securities of the Partnership and/or TCO, respectively (including "Units of Partnership Interests," "preferred equity interests," "common stock" and "preferred stock"), shares, interest, participation, or other ownership interests (however designated), and any rights (other than debt securities convertible into or exchangeable for equity securities) or options to purchase any of the foregoing.

(C) Procedure for Redemption: Notice of redemption shall be (i) faxed and
(ii) mailed by the Partnership, by certified mail, postage prepaid, not less than thirty (30) nor more than sixty (60) Days prior to the Redemption Date (as defined below), addressed to the Series D Preferred Partner at its address as it appears on the records of the Partnership. In addition to any information required by law, each such notice shall state: (a) the redemption date (the "Redemption Date"), (b) the Redemption Price, (c) the percentage of the Series D Preferred Equity to be redeemed, and (d) the place where a Certificate of Withdrawal in the form of Exhibit 1 hereto, is to be delivered in exchange for payment of the Redemption Price. If the Partnership gives a notice of redemption in respect of the Series D Preferred Equity or any portion thereof (which notice shall be irrevocable) then, by 12:00 noon, New York City time, on the Redemption Date, the Partnership shall deposit irrevocably in trust for the benefit of the Series D Preferred Partner funds sufficient to pay the Redemption Price and shall give irrevocable instructions and authority to pay such Redemption Price to the Series D Preferred Partner upon delivery of a Certificate of Withdrawal at the place designated in the notice of redemption. If any date fixed for redemption of the Series D Preferred Equity is not a Business Day, then payment of the Redemption Price shall be made on the next succeeding Business Day (without any interest or any payment in respect of any such delay) except that if such Business Day falls in the next calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on the Redemption Date. If payment of the Redemption Price is improperly withheld or refused and not paid by the Partnership, the Series D Return on the portion of the Series D Preferred Equity to be redeemed shall continue to accrue from the Redemption Date to the date of payment, in which case the

actual payment date will be considered the date fixed for redemption in the redemption notice for purposes of calculating the applicable Redemption Price.

(iv) Exchange Rights:

(A) Right to Exchange:

(1) The Series D Preferred Equity shall be exchangeable in whole but not in part unless expressly otherwise provided herein at any time on or after November 24, 2009 for Series D Preferred Stock of TCO (the "Series D Preferred Stock") at an exchange rate (the "Exchange Rate") of One Hundred Dollars ($100) of Series D Preferred Equity Balance (as computed after giving effect to a "book-up" of all Partnership assets to their respective fair market values and allocations under the Partnership Agreement of Profits and Losses resulting therefrom but in no event shall such Series D Preferred Equity Balance (as so computed) exceed an amount equal to the capital contribution plus any Unpaid Series D Preferred Return) for one (1) share of Series D Preferred Stock to be delivered by TCO, subject to adjustment as described below. In the event of an exchange, the Unallocated Series D Preferred Return shall be reduced to zero. At such time as TCO receives approval to amend its Restated Articles of Incorporation, as amended, to increase the number of authorized shares of Preferred Stock (as defined therein), and further amends such Restated Articles of Incorporation, as amended, by increasing the number of shares of Series D Preferred Stock, which amendments TCO has undertaken to use its commercially reasonable efforts to cause to be made, the Exchange Rate will be reduced proportionately. The terms of the Series D Preferred Stock shall be as set forth on Schedule A attached hereto. Notwithstanding the foregoing, the Series D Preferred Equity shall become exchangeable at any time, in whole but not in part unless expressly provided otherwise herein, for Series D Preferred Stock if (x) at any time the accrued Series D

Return shall not have been distributed in full to the Series D Preferred Partner with respect to six (6) prior quarterly distribution periods, whether or not consecutive, provided, however, a distribution of the Series D Return shall be considered timely if made within two (2) Business Days after the Distribution Date for the Series D Return if at the time of such late payment there shall not be any prior quarterly distribution periods in respect of which the full amount of the accrued Series D Return was not timely made or (y) upon receipt by the Series D Preferred Partner of (a) notice from the Managing General Partner that the Partnership has taken the position that the Partnership is, or upon the consummation of an identified event in the immediate future will be taxable as a corporation and (b) an opinion rendered by independent counsel familiar with such matters addressed to the Series D Preferred Partner that the Partnership is or likely is, or upon the occurrence of an identified event in the immediate future will be or likely will be, taxable as a corporation. The Series D Preferred Equity may be exchanged, in whole but not in part, for Series D Preferred Stock if the Series D Preferred Partner concludes at any time that there exists in the reasonable judgment of the Series D Preferred Partner (as confirmed by its independent accountants) an imminent and substantial risk that the Series D Preferred Partner's interest in the Partnership represents or will represent more than nineteen and 95/100ths percent (19.95%) of the capital or profits of the Partnership determined in accordance with Regulations Section 1.731-2(e)(4). In addition, if the Partnership sells in one (1) or more taxable transactions two (2) or more of (x) the properties on Schedule E to the Partnership Agreement or (y) the properties, if any, exchanged for any of the properties on Schedule E in a transaction pursuant to Section 1031 of the Code or pursuant to any other Code section providing for non-recognition treatment, and after giving effect to such sales (and related tax distributions by the Partnership) it is reasonably expected that the

net income of the Partnership as computed on the basis of tax depreciation and not book depreciation will be below Eleven Million Two Hundred Fifty Thousand Dollars ($11,250,000) for the taxable year of the sale or the next succeeding taxable year, then the Series D Preferred Equity shall be exchangeable, in whole, but not in part, at the exchange rate set forth above. Further, the Series D Preferred Equity shall be exchangeable, in whole but not in part at the exchange rate set forth above, if the Series D Preferred Partner, in its reasonable judgment (as confirmed by its independent accountants), determines that less than ninety percent (90%) of the gross income of the Partnership for the taxable year of the exchange will or will likely constitute "qualifying income" within the meaning of Section 7704(d) of the Code.

(2) Notwithstanding anything to the contrary set forth in Paragraph (iv)(A)(1) above, if an Exchange Notice (as defined below) has been delivered to TCO, then TCO may, at its option, within thirty (30) Business Days after receipt of the Exchange Notice, purchase directly or elect to cause the Partnership to redeem, all or a portion of the outstanding Series D Preferred Equity by redeeming or, as applicable, purchasing, the corresponding portion of the Series D Preferred Equity Balance (in each case, as computed after giving effect to a "book-up" of all Partnership assets to their respective fair market values and allocations under the Partnership Agreement of Profits and Losses resulting therefrom) for cash in an amount equal to the Series D Preferred Equity Balance or portion thereof being redeemed.

(3) In the event an exchange of the Series D Preferred Equity would violate the provisions on ownership limitation of TCO as set forth in the Restated Articles of Incorporation of TCO, as amended, the Series D Preferred Partner shall be entitled to exchange, pursuant to the provisions of Paragraph (iv)(A)(1) hereof, a percentage of the

Series D Preferred Equity Balance that would comply with the provisions on ownership limitation of TCO and any portion of the Series D Preferred Equity Balance not so exchanged (the "Excess Preferred Equity") shall be redeemed by the Partnership for cash in an amount equal to the Series D Preferred Equity Balance allocable to the Excess Preferred Equity, subject to any restriction thereon contained in any debt instrument or agreement of the Partnership and provided that such redemption would not adversely impact the rating of any outstanding debt of the Partnership.

(B) Procedure for Exchange and/or Redemption of Series D Preferred Equity:

(1) Any exchange shall be exercised pursuant to a notice of exchange (the "Exchange Notice") delivered to TCO by the Series D Preferred Partner by
(a) fax and (b) by certified mail, postage prepaid. TCO may effect any exchange of the Series D Preferred Equity or exercise its option to cause the Partnership to redeem any portion of the Series D Preferred Equity for cash pursuant to Paragraph (iv)(A)(2) above or redeem Excess Preferred Equity pursuant to Paragraph (iv)(A)(3) above by delivering to the Preferred Equity Partner, within thirty (30) Business Days after receipt of the Exchange Notice, (a) if TCO elects to acquire any of the Series D Preferred Equity then outstanding, (1) a written notice stating (A) the date of the exchange, which may be the date of such written notice or any other date which is not later than sixty (60) Days after the receipt of the Exchange Notice, and (B) the place where the Certificate of Withdrawal is to be delivered and (2) certificates representing the Series D Preferred Stock being issued in exchange for the Series D Preferred Equity and corresponding Series D Preferred Equity Balance being exchanged, or
(b) if TCO elects to cause the Partnership to redeem all of the Series D Preferred Equity then outstanding in exchange for cash or elects to cause the Partnership to redeem any Excess Preferred Equity for cash, a written notice stating (1) the

redemption date, which may be the date of such written notice or any other date which is not later than sixty (60) Days after the receipt of the Exchange Notice, (2) the redemption price, and (3) the place where the Certificate of Withdrawal is to be delivered. The Series D Preferred Equity shall be deemed canceled simultaneously with the delivery of the Certificate of Withdrawal (with respect to the Series D Preferred Equity Balance exchanged) or simultaneously with the redemption date (with respect to Series D Preferred Equity Balance redeemed). Notwithstanding anything to the contrary contained herein, any and all Series D Preferred Equity to be exchanged for Series D Preferred Stock pursuant to this Paragraph (iv) shall be so exchanged in a single transaction at one (1) time. As a condition to exchange, TCO may require the Series D Preferred Partner to make such representations and warranties including, without limitation, warranties as to ownership and absence of restrictions, liens, and encumbrances and representations as may be reasonably necessary for TCO to establish that the issuance of Series D Preferred Stock pursuant to the exchange shall not be required to be registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws. Any Series D Preferred Stock issued pursuant to this Paragraph (iv) shall be delivered as shares which are duly authorized, validly issued, fully paid, and nonassessable, free of any pledge, lien, encumbrance or restriction other than those provided in the Restated Articles of Incorporation, as amended, the Restated By-Laws of TCO, the Securities Act, and relevant state securities or blue sky laws. The certificates representing the Series D Preferred Stock issued upon exchange of the Series D Preferred Equity shall contain the following legend:

THE AMENDED AND RESTATED ARTICLES OF INCORPORATION, AS THE SAME MAY BE AMENDED (THE "ARTICLES"), IMPOSE CERTAIN RESTRICTIONS ON THE

TRANSFER AND OWNERSHIP OF THE SHARES REPRESENTED BY THIS CERTIFICATE BASED UPON THE PERCENTAGE OF THE OUTSTANDING SHARES OWNED BY THE SHAREHOLDER. AT NO CHARGE, ANY SHAREHOLDER MAY RECEIVE A WRITTEN STATEMENT OF THE RESTRICTIONS ON TRANSFER AND OWNERSHIP THAT ARE IMPOSED BY THE ARTICLES. THE SHARES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED, OR OTHERWISE DISPOSED OF EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT), OR (B) IF THE CORPORATION HAS BEEN FURNISHED WITH A SATISFACTORY OPINION OF COUNSEL FOR THE HOLDER OF THE SHARES REPRESENTED HEREBY, OR OTHER EVIDENCE SATISFACTORY TO THE CORPORATION, THAT SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION, OR OTHER DISPOSITION IS EXEMPT FROM THE PROVISIONS OF
SECTION 5 OF THE ACT AND THE RULES AND REGULATIONS THEREUNDER.

(2) In the event of an exchange of the Series D Preferred Equity for Series D Preferred Stock, fractional Series D Preferred Stock of TCO is not to be issued upon the exchange but, in lieu thereof, TCO shall pay a cash adjustment based on the fair market value of the Series D Preferred Stock on the Day prior to the exchange date as determined in good faith by the Board of Directors of TCO.

(3) Adjustment of Exchange Price. In the event that TCO shall be a party to any transaction (including, without limitation, a merger, consolidation, statutory share exchange, tender offer for all or substantially all of TCO's capital stock, or sale of all or substantially all of TCO's assets), in each case as a result of which the Series D Preferred Stock will be converted into the right to receive shares of capital stock, other securities or

other property (including cash or any combination thereof), the Series D Preferred Equity Balance will thereafter be exchangeable into the kind and amount of shares of capital stock and other securities and property receivable (including cash or any combination thereof) upon the consummation of such transaction by a holder of that number of Series D Preferred Stock of TCO or fraction thereof into which the Series D Preferred Equity Balance was exchangeable immediately prior to such transaction. TCO may not become a party to any such transaction unless the terms thereof are consistent with the foregoing.

(v) No Other Conversion Rights. Subject to TCO's right to convert the Series D Preferred Equity Balance to an Additional Interest pursuant to Section 8.1(c) of the Partnership Agreement, the Series D Preferred Partner shall not have any right to convert the Series D Preferred Equity Balance or any portion thereof into any other securities of, or interest in, the Partnership.

(vi) No Sinking Fund: No sinking fund shall be required for the retirement or redemption of the Series D Preferred Equity Balance.

(vii) Certain Voting Rights: The Series D Preferred Partner shall not have any voting rights or rights to consent to any Partnership matter requiring the consent or approval of Partners, except as set forth below. So long as any Series D Preferred Equity Balance remains outstanding, the Partnership shall not, without the affirmative vote of Series D Preferred Partners holding at least two-thirds (2/3rds) of the Series D Preferred Equity Balance at the time, (x) authorize or create, or increase the authorized or issued amount of, any class or series of Partnership Interests ranking senior to the Series D Preferred Equity with respect to payment of distributions or rights upon liquidation, dissolution, or winding up (including, without limitation, any future issuances of Preferred Equity), or reclassify any Partnership Interests

of the Partnership into any such Partnership Interest, or create, authorize or issue any obligations or security convertible into or exchangeable for or evidencing the right to purchase any such Partnership Interests, (y) consolidate, merge into or with, or convey, transfer or lease its assets substantially as an entirety to, any corporation or other entity, or amend or alter Sections 1.2, 1.3, 1.4, 5.1, 5.2(a)(i), 5.5, 5.7(a), 6.10, 8.1(a), 8.1 (c), or 11.1(a)(5) of the Partnership Agreement or any other sections of the Partnership Agreement which would affect such sections, or the rights or obligations of the Series D Preferred Partner under the Partnership Agreement, or this Annex, whether by merger, consolidation, amendment or otherwise, in each such case in a manner that would materially and adversely affect the rights of the Series D Preferred Equity or the Series D Preferred Partner; provided, however, that with respect to the occurrence of any event set forth in clause
(y) above, so long as (1) the Partnership is the surviving entity and the Series D Preferred Equity remains outstanding with the terms thereof unchanged, or (2) the resulting, surviving or transferee entity is a partnership, limited liability company, or other pass-through entity organized under the laws of any state and substitutes for the Series D Preferred Equity other interests in such entity having substantially the same terms and rights as the Series D Preferred Equity, including with respect to distributions, redemptions, transfers, voting rights, and rights upon liquidation, then the occurrence of any such event shall not be deemed to materially and adversely affect such rights of the Series D Preferred Partner; and provided further, that any increase or issuance in the amount of Partnership Interests or the creation or issuance of any other class or series of Partnership Interests, in each case ranking (a) junior to the Series D Preferred Equity with respect to payment of distributions or the distribution of assets upon liquidation, or (b) on a parity to the Series D

Preferred Equity with respect to payment of distributions or the distribution of assets upon liquidation shall not be deemed to materially and adversely affect such rights.

Notwithstanding anything to the contrary contained herein or in the Partnership Agreement, in determining what is a class or series ranking senior, or on parity to the Series D Preferred Equity, the 19.95% Profits Allocation Limit shall be disregarded.

IN WITNESS WHEREOF, the undersigned Appointing Persons, in accordance with
Section 13.11 of the Partnership Agreement, on behalf of all of the Partners have entered into this Annex as of the date first above written.

TAUBMAN CENTERS, INC., a Michigan corporation

By: /s/ Robert S. Taubman

Robert S. Taubman
Its: President and Chief Executive Officer

TG PARTNERS LIMITED PARTNERSHIP, a
Delaware limited partnership

By: TG Michigan, Inc., a Michigan Corporation, Managing General Partner

By: /s/ Robert S. Taubman

Robert S. Taubman
Its: President and

Chief Executive Officer

TAUB-CO MANAGEMENT, INC.,
a Michigan corporation

By: /s/ Robert S. Taubman

Robert S. Taubman
Its: President and Chief Executive Officer

SCHEDULE A

Attachment to the Certificate of Amendment to the Articles of Incorporation of Taubman Centers, Inc.

EXHIBIT 1

Certificate of Withdrawal

The undersigned hereby confirms that effective on the date hereof, the undersigned has withdrawn from The Taubman Realty Group Limited Partnership (the "Partnership"), a Delaware limited partnership, and effective as of the date hereof the undersigned is no longer a partner in the Partnership and has no right or interest in or to the Partnership, its property, and business and has no authority to represent or bind the Partnership.

By: _____

Dated: _____, _____ Its: _____

Exhibit 12 Taubman Centers, Inc.

Computation of Ratios of Earnings to Combined Fixed Charges and Preferred

Dividends and Distributions
(in thousands, except ratios)

	Year Ended December 31	
	1999	1998
Net Earnings from Continuing Operations	$ 58,445	$ 70,403
Add back:		
Fixed charges	105,741	139,556
Amortization of previously capitalized interest (1)	2,167	2,335
Deduct:		
Capitalized interest (1)	(15,574)	(19,254)
Earnings Available for Fixed Charges and Preferred Dividends and Distributions	$ 150,779	$ 193,040
Fixed Charges		
Interest expense	$ 51,327	$ 75,809
Capitalized interest	14,489	18,192
Interest portion of rent expense	4,122	6,383
Proportionate share of Unconsolidated Joint Ventures' fixed charges	35,803	39,172
Total Fixed Charges	$ 105,741	$ 139,556
Preferred Dividends and Distributions	19,044	16,600
Total Fixed Charges and Preferred Dividends and Distributions	$ 124,785	$ 156,156
Ratio of Earnings to Fixed Charges and Preferred Dividends and Distributions	1.2	1.2

(1) Amounts include TRG's pro rata share of capitalized interest and amortization of previously capitalized interest of the Unconsolidated Joint Ventures.

Exhibit 21

TAUBMAN CENTERS, INC.

LIST OF SUBSIDIARIES

NAME	JURISDICTION OF FORMATION	DOING BUSINESS AS
Biltmore Shopping Centers Partners	Arizona	Biltmore Fashion Park
Fairlane Town Center	Michigan	Fairlane Town Center
Katy-Gessner Associates Limited Partnership	Delaware	Memorial City Mall (leased)
La Cienega Associates	California	Beverly Center
La Cumbre Shopping Center Associates	California	La Cumbre Plaza
Paseo Nuevo Associates	California	Paseo Nuevo
Short Hills Associates	New Jersey	The Mall at Short Hills
Taubman Auburn Hills Associates Limited Partnership	Delaware	Great Lakes Crossing
Taubman MacArthur Associates Limited Partnership	Delaware	MacArthur Center
The Taubman Company Limited Partnership	Delaware	The Taubman Company
The Taubman Realty Group Limited Partnership	Delaware	N/A
TJ Palm Beach Associates	Delaware	The Mall at Wellington Green (under construction)
TRG - Regency Square Associates	Virginia	Regency Square
Willow Bend Associates Limited Partnership	Delaware	The Shops at Willow Bend (under construction)

Exhibit 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Amendment No. 1 to Form S-11 on Form S-8 Registration Statement No. 33-65934 of Taubman Centers, Inc., in Amendment No. 2 to Form S-3 Registration Statement No. 33-73038 of Taubman Centers, Inc., in Amendment No. 1 to Form S-3 Registration Statement No. 33-99636 of Taubman Centers, Inc., in Amendment No. 3 to Form S-3 Registration Statement No. 333-19503 of Taubman Centers, Inc., in Form S-3 Registration Statement No. 333-16781 of Taubman Centers, Inc., and in Amendment No. 1 to Form S-3 Registration Statement No. 333-35433 of Taubman Centers, Inc., of our reports dated February 9, 2000 on the financial statements and the financial statement schedules of Taubman Centers, Inc., and the combined financial statements and the financial statement schedules of Unconsolidated Joint Ventures of The Taubman Realty Group Limited Partnership appearing in this Annual Report on Form 10-K of Taubman Centers, Inc. for the year ended December 31, 1999.

Deloitte & Touche LLP
Detroit, Michigan
March 23, 2000

POWER OF ATTORNEY

The undersigned, a Director of Taubman Centers, Inc., a Michigan corporation (the "Company"), does hereby constitute and appoint Robert S. Taubman and Lisa A. Payne and each of them, with full power of substitution, as his true and lawful attorney and agent to execute in his name and on his behalf, as a Director of the Company, the Company's Annual Report and Form 10-K for the year ended December 31, 1999, and any and all amendments thereto, to be filed with the Securities and Exchange Act of 1934, as amended (the "Act"), and any and all instruments that such attorneys and agents, or either of them, may deem necessary or advisable to enable the Company to comply with the Act and the rules, regulations, and requirements of the Commission in respect thereof, and the undersigned does hereby ratify and confirm as his own act and deed all that such attorneys and agents, and each of them, shall do or cause to be done by virtue hereof. Each such attorney or agent shall have, and may exercise, all of the powers hereby conferred.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed his signature this 24th day of March, 2000.

/S/ A. ALFRED TAUBMAN

A. Alfred Taubman

POWER OF ATTORNEY

The undersigned, a Director of Taubman Centers, Inc., a Michigan corporation (the "Company"), does hereby constitute and appoint Robert S. Taubman and Lisa A. Payne and each of them, with full power of substitution, as his true and lawful attorney and agent to execute in his name and on his behalf, as a Director of the Company, the Company's Annual Report and Form 10-K for the year ended December 31, 1999, and any and all amendments thereto, to be filed with the Securities and Exchange Act of 1934, as amended (the "Act"), and any and all instruments that such attorneys and agents, or either of them, may deem necessary or advisable to enable the Company to comply with the Act and the rules, regulations, and requirements of the Commission in respect thereof, and the undersigned does hereby ratify and confirm as his own act and deed all that such attorneys and agents, and each of them, shall do or cause to be done by virtue hereof. Each such attorney or agent shall have, and may exercise, all of the powers hereby conferred.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed his signature this 24th day of March, 2000.

/S/ GRAHAM ALLISON

Graham Allison

POWER OF ATTORNEY

The undersigned, a Director of Taubman Centers, Inc., a Michigan corporation (the "Company"), does hereby constitute and appoint Robert S. Taubman and Lisa A. Payne and each of them, with full power of substitution, as his true and lawful attorney and agent to execute in his name and on his behalf, as a Director of the Company, the Company's Annual Report and Form 10-K for the year ended December 31, 1999, and any and all amendments thereto, to be filed with the Securities and Exchange Act of 1934, as amended (the "Act"), and any and all instruments that such attorneys and agents, or either of them, may deem necessary or advisable to enable the Company to comply with the Act and the rules, regulations, and requirements of the Commission in respect thereof, and the undersigned does hereby ratify and confirm as his own act and deed all that such attorneys and agents, and each of them, shall do or cause to be done by virtue hereof. Each such attorney or agent shall have, and may exercise, all of the powers hereby conferred.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed his signature this 24th day of March, 2000.

/S/ S. PARKER GILBERT

S. Parker Gilbert

POWER OF ATTORNEY

The undersigned, a Director of Taubman Centers, Inc., a Michigan corporation (the "Company"), does hereby constitute and appoint Robert S. Taubman and Lisa A. Payne and each of them, with full power of substitution, as his true and lawful attorney and agent to execute in his name and on his behalf, as a Director of the Company, the Company's Annual Report and Form 10-K for the year ended December 31, 1999, and any and all amendments thereto, to be filed with the Securities and Exchange Act of 1934, as amended (the "Act"), and any and all instruments that such attorneys and agents, or either of them, may deem necessary or advisable to enable the Company to comply with the Act and the rules, regulations, and requirements of the Commission in respect thereof, and the undersigned does hereby ratify and confirm as his own act and deed all that such attorneys and agents, and each of them, shall do or cause to be done by virtue hereof. Each such attorney or agent shall have, and may exercise, all of the powers hereby conferred.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed his signature this 24th day of March, 2000.

/S/ JEROME A. CHAZEN

Jerome A. Chazen

POWER OF ATTORNEY

The undersigned, a Director of Taubman Centers, Inc., a Michigan corporation (the "Company"), does hereby constitute and appoint Robert S. Taubman and Lisa A. Payne and each of them, with full power of substitution, as his true and lawful attorney and agent to execute in his name and on his behalf, as a Director of the Company, the Company's Annual Report and Form 10-K for the year ended December 31, 1999, and any and all amendments thereto, to be filed with the Securities and Exchange Act of 1934, as amended (the "Act"), and any and all instruments that such attorneys and agents, or either of them, may deem necessary or advisable to enable the Company to comply with the Act and the rules, regulations, and requirements of the Commission in respect thereof, and the undersigned does hereby ratify and confirm as his own act and deed all that such attorneys and agents, and each of them, shall do or cause to be done by virtue hereof. Each such attorney or agent shall have, and may exercise, all of the powers hereby conferred.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed his signature this 24th day of March, 2000.

/S/ ALLAN J. BLOOSTEIN

Allan J. Bloostein

POWER OF ATTORNEY

The undersigned, a Director of Taubman Centers, Inc., a Michigan corporation (the "Company"), does hereby constitute and appoint Robert S. Taubman and Lisa A. Payne and each of them, with full power of substitution, as his true and lawful attorney and agent to execute in his name and on his behalf, as a Director of the Company, the Company's Annual Report and Form 10-K for the year ended December 31, 1999, and any and all amendments thereto, to be filed with the Securities and Exchange Act of 1934, as amended (the "Act"), and any and all instruments that such attorneys and agents, or either of them, may deem necessary or advisable to enable the Company to comply with the Act and the rules, regulations, and requirements of the Commission in respect thereof, and the undersigned does hereby ratify and confirm as his own act and deed all that such attorneys and agents, and each of them, shall do or cause to be done by virtue hereof. Each such attorney or agent shall have, and may exercise, all of the powers hereby conferred.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed his signature this 24th day of March, 2000.

/S/ ROBERT C. LARSON

Robert C. Larson

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE TAUBMAN CENTERS, INC. (TCO) CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 1999 AND THE TAUBMAN CENTERS, INC. STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

CIK: 0000890319

NAME: TAUBMAN CENTERS, INC.

MULTIPLIER: 1,000 [1]

CURRENCY: U.S. DOLLARS

PERIOD TYPE	YEAR	
FISCAL YEAR END	DEC 31 1999	
PERIOD START	JAN 01 1999	
PERIOD END	DEC 31 1999	
EXCHANGE RATE	1	
CASH	20,557	
SECURITIES	0	
RECEIVABLES	41,665	
ALLOWANCES	1,549	
INVENTORY	0	
CURRENT ASSETS	0	[2]
PP&E	1,572,285	
DEPRECIATION	210,788	
TOTAL ASSETS	1,596,911	
CURRENT LIABILITIES	0	[2]
BONDS	886,561	
PREFERRED MANDATORY	0	
PREFERRED	112	
COMMON	533	
OTHER SE	481,146	
TOTAL LIABILITY AND EQUITY	1,596,911	
SALES	0	
TOTAL REVENUES	268,692	
CGS	0	
TOTAL COSTS	180,086	
OTHER EXPENSES	0	
LOSS PROVISION	0	
INTEREST EXPENSE	51,327	
INCOME PRETAX	58,445	[3]
INCOME TAX	0	
INCOME CONTINUING	58,445	[3]
DISCONTINUED	0	
EXTRAORDINARY	(468)	
CHANGES	0	
NET INCOME	25,502	
EPS BASIC	.17	
EPS DILUTED	.16	

[1] EXCEPT FOR PER SHARE DATA

[2] TCO HAS AN UNCLASSIFIED BALANCE SHEET

[3] REPRESENTS INCOME BEFORE EXTRAORDINARY ITEM AND MINORITY AND PREFERRED INTERESTS. THE DEDUCTION FOR MINORITY AND PREFERRED INTERESTS WAS $32.475 MILLION.

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE TAUBMAN CENTERS, INC. (TCO) CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 1999 AND THE TAUBMAN CENTERS, INC. STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS. THIS SCHEDULE HAS BEEN RESTATED FROM A PREVIOUSLY FILED VERSION TO REFLECT A CHANGE IN ACCOUNTING POLICY FOR PERCENTAGE RENT, AS DESCRIBED IN THE FINANCIAL STATEMENTS INCLUDED IN THE FILING ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 1999.

CIK: 0000890319

NAME: TAUBMAN CENTERS, INC.

MULTIPLIER: 1,000 [1]

CURRENCY: U.S. DOLLARS

PERIOD TYPE	3 MOS	
FISCAL YEAR END	DEC 31 1999	
PERIOD START	JAN 01 1999	
PERIOD END	MAR 31 1999	
EXCHANGE RATE	1	
CASH	12,527	
SECURITIES	0	
RECEIVABLES	25,884	
ALLOWANCES	1,027	
INVENTORY	0	
CURRENT ASSETS	0	[2]
PP&E	1,543,349	
DEPRECIATION	175,575	
TOTAL ASSETS	1,536,243	
CURRENT LIABILITIES	0	[2]
BONDS	864,549	
PREFERRED MANDATORY	0	
PREFERRED	111	
COMMON	531	
OTHER SE	511,116	
TOTAL LIABILITY AND EQUITY	1,536,243	
SALES	0	
TOTAL REVENUES	60,163	
CGS	0	
TOTAL COSTS	40,268	
OTHER EXPENSES	0	
LOSS PROVISION	0	
INTEREST EXPENSE	10,865	
INCOME PRETAX	13,847	[3]
INCOME TAX	0	
INCOME CONTINUING	13,847	[3]
DISCONTINUED	0	
EXTRAORDINARY	0	
CHANGES	0	
NET INCOME	6,340	
EPS BASIC	.04	
EPS DILUTED	.04	

[1] EXCEPT FOR PER SHARE DATA

[2] TCO HAS AN UNCLASSIFIED BALANCE SHEET

[3] REPRESENTS INCOME BEFORE EXTRAORDINARY ITEMS AND MINORITY INTEREST. THE MINORITY INTEREST'S SHARE OF INCOME WAS $7.507 MILLION.

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE TAUBMAN CENTERS, INC. (TCO) CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 1999 AND THE TAUBMAN CENTERS, INC. STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS. THIS SCHEDULE HAS BEEN RESTATED FROM A PREVIOUSLY FILED VERSION TO REFLECT A CHANGE IN ACCOUNTING POLICY FOR PERCENTAGE RENT, AS DESCRIBED IN THE FINANCIAL STATEMENTS INCLUDED IN THE FILING ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 1999.

CIK: 0000890319

NAME: TAUBMAN CENTERS, INC.

MULTIPLIER: 1,000 [1]

CURRENCY: U.S. DOLLARS

PERIOD TYPE	6 MOS	
FISCAL YEAR END	DEC 31 1999	
PERIOD START	JAN 01 1999	
PERIOD END	JUN 30 1999	
EXCHANGE RATE	1	
CASH	15,706	
SECURITIES	0	
RECEIVABLES	32,681	
ALLOWANCES	1,192	
INVENTORY	0	
CURRENT ASSETS	0	[2]
PP&E	1,552,081	
DEPRECIATION	186,685	
TOTAL ASSETS	1,554,531	
CURRENT LIABILITIES	0	[2]
BONDS	932,352	
PREFERRED MANDATORY	0	
PREFERRED	111	
COMMON	533	
OTHER SE	502,752	
TOTAL LIABILITY AND EQUITY	1,554,531	
SALES	0	
TOTAL REVENUES	128,934	
CGS	0	
TOTAL COSTS	87,621	
OTHER EXPENSES	0	
LOSS PROVISION	0	
INTEREST EXPENSE	24,688	
INCOME PRETAX	26,788	[3]
INCOME TAX	0	
INCOME CONTINUING	26,788	[3]
DISCONTINUED	0	
EXTRAORDINARY	(301)	
CHANGES	0	
NET INCOME	11,472	
EPS BASIC	.06	
EPS DILUTED	.06	

[1] EXCEPT FOR PER SHARE DATA

[2] TCO HAS AN UNCLASSIFIED BALANCE SHEET

[3] REPRESENTS INCOME BEFORE EXTRAORDINARY ITEMS AND MINORITY INTEREST. THE MINORITY INTEREST'S SHARE OF INCOME WAS $15.015 MILLION.

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE TAUBMAN CENTERS, INC. (TCO) CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 1999 AND THE TAUBMAN CENTERS, INC. STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS. THIS SCHEDULE HAS BEEN RESTATED FROM A PREVIOUSLY FILED VERSION TO REFLECT A CHANGE IN ACCOUNTING POLICY FOR PERCENTAGE RENT, AS DESCRIBED IN THE FINANCIAL STATEMENTS INCLUDED IN THE FILING ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 1999.

CIK: 0000890319

NAME: TAUBMAN CENTERS, INC.

MULTIPLIER: 1,000 [1]

CURRENCY: U.S. DOLLARS

PERIOD TYPE	9 MOS	
FISCAL YEAR END	DEC 31 1999	
PERIOD START	JAN 01 1999	
PERIOD END	SEP 30 1999	
EXCHANGE RATE	1	
CASH	14,795	
SECURITIES	0	
RECEIVABLES	31,665	
ALLOWANCES	1,557	
INVENTORY	0	
CURRENT ASSETS	0	[2]
PP&E	1,571,917	
DEPRECIATION	198,557	
TOTAL ASSETS	1,554,412	
CURRENT LIABILITIES	0	[2]
BONDS	868,120	
PREFERRED MANDATORY	0	
PREFERRED	111	
COMMON	533	
OTHER SE	491,603	
TOTAL LIABILITY AND EQUITY	1,554,412	
SALES	0	
TOTAL REVENUES	194,929	
CGS	0	
TOTAL COSTS	131,926	
OTHER EXPENSES	0	
LOSS PROVISION	0	
INTEREST EXPENSE	38,231	
INCOME PRETAX	39,411	[3]
INCOME TAX	0	
INCOME CONTINUING	39,411	[3]
DISCONTINUED	0	
EXTRAORDINARY	(301)	
CHANGES	0	
NET INCOME	16,062	
EPS BASIC	.07	
EPS DILUTED	.07	

[1] EXCEPT FOR PER SHARE DATA

[2] TCO HAS AN UNCLASSIFIED BALANCE SHEET

[3] REPRESENTS INCOME BEFORE EXTRAORDINARY ITEMS AND MINORITY AND PREFERRED INTERESTS. THE DEDUCTION FOR MINORITY ABD PREFERRED INTERESTS WAS $23.048 MILLION.