

#### Abandoned Pre-Development Costs

During the 2014 period, we decided to abandon two pre-development projects and as a result, we recorded a \$2.4 million charge, representing the cumulative related costs.

#### Depreciation and Amortization

Depreciation and amortization increased \$6.7 million, or 7%, in the 2014 period compared to the 2013 period. The following table sets forth the changes in various components of depreciation and amortization (in thousands):

	2014	2013	Increase/ (Decrease)
Depreciation and amortization from existing properties	\$ 87,071	\$ 88,920	\$ (1,849)
Depreciation and amortization from 2013 acquisitions	15,361	6,826	8,535
	<u>\$ 102,432</u>	<u>\$ 95,746</u>	<u>\$ 6,686</u>

Depreciation and amortization costs decreased at existing properties as certain construction and development related assets, as well as lease related intangibles recorded as part of the acquisition price of acquired properties, which are amortized over shorter lives, became fully depreciated during the reporting periods.

#### Interest Expense

Interest expense increased approximately \$6.3 million, or 12%, in the 2014 period compared to the 2013 period, primarily due to the acquisition of the additional ownership interest in Deer Park in August 2013. With the acquisition of the additional interest in Deer Park, we consolidated the property with all of the property's debt being reflected on our consolidated balance sheet and the associated interest expense being reflected in interest expense on our consolidated operating statements since the acquisition date. In addition, we issued \$250 million in aggregate principal amount of 3.875% senior, unsecured notes during the 4th quarter of 2013. The proceeds from these notes repaid amounts outstanding on our unsecured lines of credit which had an interest rate of approximately 1.2%.

#### Loss on Early Extinguishment of Debt

In November 2014, we completed a \$250 million, 3.75% senior notes offering. The net proceeds were used to redeem our \$250 million, 6.15% senior notes due November 2015. We recorded a charge of approximately \$13.1 million for the make-whole premium related to the early redemption, which was completed in December 2014.

#### Gain on Sale of Real Estate

In December 2014, we completed the sale of our outlet center in Lincoln City. The net proceeds received from the sale of the property were approximately \$39.0 million. We recorded a gain on sale of real estate of approximately \$7.5 million.

#### Gain on Previously Held Interest in Acquired Joint Venture

In August 2013, we acquired an additional one-third ownership interest in the Deer Park property, bringing our total ownership to a two-thirds interest. With the acquisition of a controlling interest, we have consolidated the property for financial reporting purposes since the acquisition date. Using the step acquisition approach, we recorded a gain of approximately \$26.0 million, representing the difference between the carrying value and the fair market value of our original equity interest. The carrying value of our original investment in the property had been reduced over time as a result of recognizing our share of the losses generated by the property under the equity method of accounting. The losses were generally the result of depreciation and amortization expense exceeding earnings before depreciation. In addition, a significant portion of our original investment was returned during the period in which we held the investment due to distributions made to the owners from (1) proceeds received when permanent financing was put in place, (2) proceeds received from the settlement of a lawsuit, and (3) cash on hand immediately prior to our acquisition. Accordingly, a substantial portion of the fair value of our equity interest was recognized as a gain due to the low cost basis of our equity investment balance in the property.

#### Other Nonoperating Income (Expense)

During the first quarter of 2014, we incurred property damage to our West Branch outlet center due to a severe snow storm. Our insurance policy provides us with reimbursement for the replacement cost for the damage done to this property. During fiscal 2014, we recorded a casualty gain of \$486,000 reflecting our expected total replacement insurance proceeds in excess of the total of the net book value written off and demolition costs incurred.