

# LANDandBUILDINGS

## Land & Buildings Issues Open Letter to Taubman Shareholders

- *Intends to Take Any Action Necessary to Hold Board Accountable – Including Nominating Directors at Next Year’s Annual Meeting –*
- *All Directors, Specifically Bobby Taubman, Will be up for Re-election at 2020 Annual Meeting –*
- *Believes There are Several Actions the Board Can Take to Materially Increase Shareholder Value, Including a Sale or Spin-off of the “Jewel Box” Assets, Likely Worth Double Current Share Price –*

**Stamford, CT** – June 11, 2019 – Land & Buildings Investment Management, LLC (together with its affiliates, "Land & Buildings") today sent the following letter to the shareholders of Taubman Centers, Inc. (NYSE: TCO) ("Taubman," "Taubman Centers" or the "Company"). The letter, along with previously published materials, is available at [www.SaveTaubman2020.com](http://www.SaveTaubman2020.com).

The full text of the letter follows:

June 11, 2019

Dear Fellow Taubman Shareholders:

With the 2019 Annual Meeting of Shareholders (the "2019 Annual Meeting") of Taubman Centers now behind us, we need to focus on the future of our Company. As a recent former member of Taubman's Board of Directors (the "Board"), I have an even deeper understanding of what needs to be done to put this Company on the path towards shareholder value creation.

There are two key points that I took away from my tenure on the Board:

1. Taubman's 11 "Jewel Box"<sup>1</sup> assets are more productive, account for more of the value of the Company (in our view, the substantial majority of TCO) and are generating stronger net operating income (NOI) growth than we could have imagined. As such, we believe these assets are likely worth nearly double the current TCO share price based on property by property cap rates applied by a leading REIT research firm.
2. As I experienced firsthand, one independent shareholder voice in the boardroom was simply not enough to implement the changes necessary to drive shareholder value at Taubman. At next year's Annual Meeting of Shareholders (the "2020 Annual Meeting"), the Board will be fully de-staggered for the first time, which means that all directors will be up for re-election, including Chairman, President and Chief Executive Officer Bobby Taubman. We intend to continue to monitor the Company and take any action that we deem necessary to hold this Board and Bobby Taubman accountable at the 2020 Annual Meeting, including the nomination of director candidates.

All directors and specifically, Bobby Taubman, can be held accountable by shareholders for the Company's atrocious absolute and relative performance for the first time since 2017 at the 2020 Annual Meeting. Their best defense against a proxy contest in 2020 is to drive material outperformance by maximizing value for all shareholders. Actions they can take include:

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<sup>1</sup> This group represents 11 of Taubman's highest-performing mall assets in the United States.

1. **Exit Asia**, which would likely drive nearly 10% accretion to annual earnings, materially reduce debt and eliminate future capital commitments for development. Blackstone's recent purchase of 50% of Taubman's Asia assets confirms both valuation and investor interest in these assets. Indeed, the Asia fully loaded returns were not as solid as disclosed and new projects in Asia will require more capital.
2. **Sell or spin-off (think SITE Centers/Retail Value) the "Jewel Box" assets**, which alone are likely worth nearly double the current share price applying property by property cap rates used by a leading REIT research firm. We believe the "Jewel Box" portfolio would be a must-own given the superior NOI growth, clean balance sheet, and fortress nature of the malls and would likely trade close to net asset value (NAV) (think premium brands like LVMH, Welltower, Federal Realty, Equity Residential, Prologis, etc.). The non-Jewel Box company (remain co) would have substantial cash flow, and material asset value as a standalone company.
3. **Reverse a nearly decade long trend of meaningfully lowering forward consensus estimates** – focus is shifting to beat and raise.

I did not stand for re-election at the 2019 Annual Meeting because it was clear that the Company did not intend to re-nominate me for election to the Board. I decided not to run a proxy contest this year in order to let the Company focus on improvements and because Bobby Taubman, who I believe bears most of the responsibility for Taubman's terrible track record, was not up for election. However, shareholders are clearly disappointed with the actions the Board has taken – including in our view the decision to not re-nominate me – as the shares are down 14% and have underperformed Class A Mall Peers by 7% since the announcement.<sup>2</sup> Accordingly, assuming no meaningful progress in the coming months, we intend to take action to hold this Board accountable at the 2020 Annual Meeting – including by nominating directors

Your one-stop shop to save Taubman from management can be found at [www.SaveTaubman2020.com](http://www.SaveTaubman2020.com).

Sincerely,

Jonathan Litt  
Land & Buildings

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#### **About Land & Buildings:**

Land & Buildings is a registered investment manager specializing in publicly traded real estate and real estate related securities. Land & Buildings seeks to deliver attractive risk adjusted returns by opportunistically investing in securities of global real estate and real estate related companies, leveraging its investment professionals' deep experience, research expertise and industry relationships.

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<sup>2</sup> Class A Mall Peers defined by Land & Buildings as The Macerich Company and Simon Property Group Inc. (collectively, "Class A Mall Peers"), which are the only U.S. publicly traded regional mall companies (in addition to TCO) that primarily own class A, high sales productivity, enclosed regional malls. Total returns from April 30, 2019 to June 7, 2019.