

# LANDandBUILDINGS

## **The Achilles Heel of the Taubman Family's Control Over Taubman Centers**

- *Taubman Family's Ownership of Series B Preferred Stock is likely a violation of Taubman Centers' Charter and the Board should significantly reduce voting power of the Taubman Family –*
- *Taubman's Audit Committee must engage independent advisors to ensure enforcement of Charter Ownership Limits, among other issues –*
- *A hypothetical \$3.5 billion offer by a qualified buyer for Taubman Family's Series B Preferred Stock and \$85 per share for the common stock as outlined below, would result in the Taubman Family's voting power being reduced to approximately 8% –*
- *Taubman Family's dominance in boardroom must end and the Board should move immediately to rectify certain issues we have highlighted –*
- *Hosting Conference Call at 11:00 AM ET Today, Dial in (888) 223-4953 –*

**Stamford, CT**, December 13, 2016 – Land & Buildings Investment Management, LLC ("Land and Buildings") today issued the following letter to shareholders of Taubman Centers, Inc. (NYSE: TCO) ("Taubman Centers" or the "Company") and publicly released a letter sent to the Company's Audit Committee through its Whistleblower Policy. The full text of both letters follow:

Dear Fellow Taubman shareholders:

On December 6, 2016 we sent the attached letter to the members of the Audit Committee of the Board of Taubman Centers, Messrs. Chazen, Tysoe and Ullman, utilizing the Company's Whistleblower Policy. The letter identified several serious issues and demanded the Audit Committee engage their own advisors separate from the Company and the Taubman Family to:

- Ensure the Board enforces the Charter's 8.23% Ownership Limit and reduces the voting control of the Taubman Family accordingly.
- Ensure that one of Taubman Centers most valuable assets, its REIT status, is fiercely defended by enforcing the 8.23% Ownership Limit in the Charter.
- Ensure that the Taubman Family is making the appropriate filings and providing required disclosure under the Exchange Act and the Hart-Scott-Rodino Act.
- Ensure that the Taubman family does not continue to dominate Taubman Centers' Board of Directors to the detriment of common shareholders, as we believe to be the case.

The Taubman's Family's ownership of approximately 25 million shares of Taubman Centers Series B Preferred Stock, which equates to 30% of the voting stock of the Company, is likely in violation of Taubman Centers' Charter, which limits ownership to 8.23% of the Value of the Capital Stock of the Company. Value is based on the market value of the securities that constitute the Capital Stock of the

Company. The market value of the Series B Preferred Stock could be as high as \$4.3 billion<sup>1</sup> using Land and Buildings' estimate of fair value outlined in our presentation titled "Taubman: Unlocking Trapped Value Rooted in Decades of Poor Stewardship" available on [www.SaveTaubman.com](http://www.SaveTaubman.com).

We urge the Audit Committee to consider the following hypothetical scenario which, in our view, would cause an immediate breach of the Ownership Limit contained in the Charter:

A well-capitalized investor could make an offer this year, either publicly or privately, to purchase Taubman Centers consisting of \$3.5 billion for the Series B Preferred Stock and \$85 per share for all the common stock, which represents a 14% premium to the current share price<sup>2</sup>. The only condition of the offer is that prior to the transfer of the Series B Preferred Stock, the owners of the Series B Preferred Stock (principally the Taubman Family) are required to vote their 30% stake in favor of the investor's tender offer for Taubman Centers common stock. A transaction must be approved by two-thirds of the voting stock of the Company, and with one-third coming from the Series B Preferred Stock the transaction would in all likelihood be approved.

### **Implications of Hypothetical Offer – Immediate Breach of Ownership Limit**

1. Whether the Taubman Family or the Taubman Centers Board agreed to accept the offer or not, the offer would establish the value of the Series B Preferred Stock.
2. The Series B Preferred under this scenario would account for 39% of the Value of the Capital Stock of Taubman Centers by our estimate.
3. The Board would be required under the Ownership Limit in the Company's Charter to utilize the Excess Share provision to reduce the Taubman Family's ownership to 8.23% of the Capital Stock.
4. The Excess Shares of Series B Preferred Stock as outlined in the Charter would be given to a Designated Charity, converted to common stock at 14,000 to 1 ratio and immediately liquidated.
5. The Board must ensure the Company maintains its REIT status under the 5/50 test (IRC 542(a)(2)), by reducing the Taubman Family's ownership to 8.23% of the Capital Stock<sup>3</sup>.

Separately, we believe the Taubman Family may have been required and may have failed to make required filings of a Schedule 13D disclosing an aggregate position above 5% of the outstanding shares and to seek antitrust clearance for its acquisition of the Series B Preferred Stock with value in excess of the applicable Hart-Scott-Rodino threshold.

Please [click here](#) and carefully read the letter sent to the Audit Committee of the Board for a detailed discussion of the foregoing.

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<sup>1</sup> The \$4.3 billion hypothetical valuation of the Series B Preferred Stock is based on assigning to that stock the entire value of the discount that Taubman Centers' common stock trades at relative to Land and Buildings Estimate of Taubman Centers fair market value. Assigning the discount to the effective control that the Taubman Family has over the Company through its ownership of the Series B Preferred Stock appears warranted. We are in the process of engaging a highly regarded third party valuation firm to undertake a value of the Series B Preferred Stock.

<sup>2</sup> Stock price based on December 12, 2016. The \$800 million reduction from Land and Buildings fair value estimate of \$4.3 billion incorporates a premium to the common shareholders of 14% over the current share common price.

<sup>3</sup>To maintain REIT status four additional investors could not own in total 11% of the Capital Stock.

**Land and Buildings Hosting Conference Call Today at 11:00 AM ET**

Please join us for a conference call on Tuesday, December 13, 2016, today, at 11:00 AM ET to discuss the achilles heel of the Taubman Family's control over Taubman Centers in greater detail.

To ask a question, please email [SaveTaubman@landandbuildings.com](mailto:SaveTaubman@landandbuildings.com). To avoid delays, please dial in 5-10 minutes before the start of the call. Information for accessing the call is as follows:

**PARTICIPANT ACCESS INFORMATION**

**Domestic:** (888) 223-4953

**International:** +1 303 223 4371

Sincerely,

A handwritten signature in cursive script, appearing to read "Jonathan Litt".

Jonathan Litt

Founder & CIO  
Land and Buildings Investment Management, LLC