

LANDandBUILDINGS

Land and Buildings Issues Open Letter to the Independent Directors of the Board of Taubman Centers

- *Implores the Independent Directors to Fulfill Their Fiduciary Duty to Shareholders and Take Immediate Action to Remedy the Dismal Performance of Our Company and Unlock its Substantial Trapped Value -*
- *Believes Root Causes of Underperformance Are an Inferior Margin Profile, Lack of Capital Allocation Discipline, Bloated Cost Structure and Abysmal Corporate Governance -*
- *Releases Detailed Investor Presentation Highlighting Path to Unlock at Least 50% Upside at Taubman Rooted in Decades of Poor Stewardship -*
- *Launches Website www.SaveTaubman.com Devoted to Highlighting the Numerous Issues at the Company -*
- *Hosting Conference Call at 11:00 AM ET Today -*

Stamford, CT, October 19, 2016 – Land & Buildings Investment Management, LLC ("Land and Buildings") today issued an open letter to the independent directors of the Board of Directors of Taubman Centers, Inc. (NYSE: TCO) ("Taubman" or the "Company") imploring them to hold the Taubman family accountable for the Company's dramatic discount to NAV, the Company's inferior operating performance and management's disastrous capital allocation decisions.

Land and Buildings believes that if management takes the necessary steps to build credibility with investors, Taubman's stock can surpass the Company's current NAV of \$106 per share and approach the Company's fair value of \$144 per share.¹

Land and Buildings today also released an investor presentation providing a detailed discussion of the opportunity at Taubman and announced the launch of a website devoted to highlighting the numerous issues at the Company: www.SaveTaubman.com.

Land and Buildings announced that they will be hosting a conference call today, Wednesday, October 19th at 11:00 AM Eastern Time, to discuss the presentation.

The presentation is available at www.SaveTaubman.com and the information for the conference call is below:

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

Please join us for a conference call on Wednesday, October 19, 2016, today, at 11:00 AM ET to discuss the opportunity at Taubman in greater detail.

To ask a question, please email 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: 800-684-9134

International: +1 303-223-4373

The full text of the letter follows:

October 19, 2016

VIA ELECTRONIC MAIL

Taubman Centers, Inc.
200 E. Long Lake Road, Suite 300
Bloomfield Hills, MI 48304-2324
Attn: Independent Members of the Board of Directors

Dear Messrs. Allison, Chazen, Hatkoff, Karmanos, Tysoe and Ullman:

By way of introduction, I am Jonathan Litt, the Founder and CIO of Land & Buildings Investment Management, LLC ("Land and Buildings"), a shareholder of Taubman Centers, Inc. ("Taubman" or the "Company"). We at Land and Buildings have known the Taubman family going back to the Company's IPO roadshow in 1992. We covered the Company as research analysts and held countless discussions with management over the years regarding the grave concerns highlighted in this letter, including Taubman's drastic discount to NAV, inferior margins, poor capital allocation and horrible corporate governance practices. These discussions with management continued after we founded Land and Buildings and began investing in the Company. After decades of voicing our concerns to management we are done listening to excuses from the Taubman family for the Company's undervaluation and inferior operating performance.

We implore you, as independent directors, to exercise your fiduciary duty to all shareholders and take immediate action to remedy the dismal performance of our Company and unlock the substantial trapped value. Despite Taubman owning the most productive class A malls available to the investing public – those properties most sought after by institutional investors and retailers alike – the Company's shares trade at one of the largest discounts to NAV in the entire REIT sector.²

There is a tremendous opportunity to reverse decades of poor stewardship, which could allow the stock to reach its net asset value of \$106 per share, or approximately 50% upside from current levels. We estimate fair value is closer to \$144 per share, or approximately 100% upside from current levels, which is achievable through improved operations and margins, superior capital allocation and shareholder-friendly corporate governance enhancements.

You, our independent directors, gave the Taubman management team a chance to prove themselves in 2003 when you rejected the offer from Simon Property Group Inc. ("Simon Property Group") to purchase the Company. Shares of Taubman have since underperformed Simon Property Group by 145%.³ Further, in the past 1, 3, and 5 years Taubman has underperformed its high quality class A mall REIT peers by 4%, 29%, and 57%, respectively.⁴

We have prepared a comprehensive report outlining each of the following points, and many others, in far greater detail. Please visit www.SaveTaubman.com to view our complete presentation.

We believe the root causes of the underperformance are clear and straightforward:

- The Company has a bloated cost structure and is not capitalizing on all available revenue opportunities. This has resulted in operating margins 670 basis points below peers, potentially due to a culture of lavish spending at the corporate level.⁵ Management appears to have run roughshod over the Board on the issue of the Company's inferior operating margins and it is time management is held accountable.
- The Company's capital allocation policy has delivered disastrous returns on many new developments, persistently and consistently. Management's missteps have forced shareholders

and this Board to endure repeated impairments in the hundreds of millions of dollars, cost overruns, lower than expected yields and decades of uncertainty related to an overly ambitious development program.

- Management, under the stewardship of this Board, has incurred exorbitant corporate expenses which are difficult to fathom, given the leaner and more efficient peers who have demonstrated operational excellence at a substantially lower cost. Taubman's overhead costs were 4x higher than its peers and, disturbingly, are set to rise further.⁶
- Taubman has earned the dubious distinction of owning the worst corporate governance score among all REITs from the preeminent REIT research firm Green Street Advisors. Considering that the REIT industry is known for egregious corporate governance practices broadly, so for Taubman to be the industry leader in poor governance is truly a feat. These poor governance practices include a classified board with unusually long tenure, questionable director independence and substantial ability to block an acquisition of the Company without an intervention from a truly independent Board, no matter how compelling the offer is to shareholders. Furthermore, many of the largest dedicated REIT investors likely do not own Taubman shares due to the Company's horrible corporate governance.

Each of you has spent an entire career to build your reputations, and you have each served in important roles at iconic organizations:

- Mr. Chazen - Trustee of Columbia University
- Mr. Hatkoff - Co-Founder of the Tribeca Film Festival
- Mr. Ullman - Former Chairman of the Board of the Federal Reserve Bank of Dallas
- Mr. Allison - Former Dean of the Kennedy School of Government at Harvard University
- Mr. Karmanos - Owner of the Carolina Hurricanes Hockey Club
- Mr. Tysoe - Director of the Cincinnati Zoo

We find it hard to believe that each of you would be willing to potentially sully your existing reputation, and that of the fine organizations which you each associate with, by being a member of a board that is perceived to have corporate governance practices this egregious. You can shift that perception by changing the course of Taubman's Board. As Warren Buffet has been known to say:

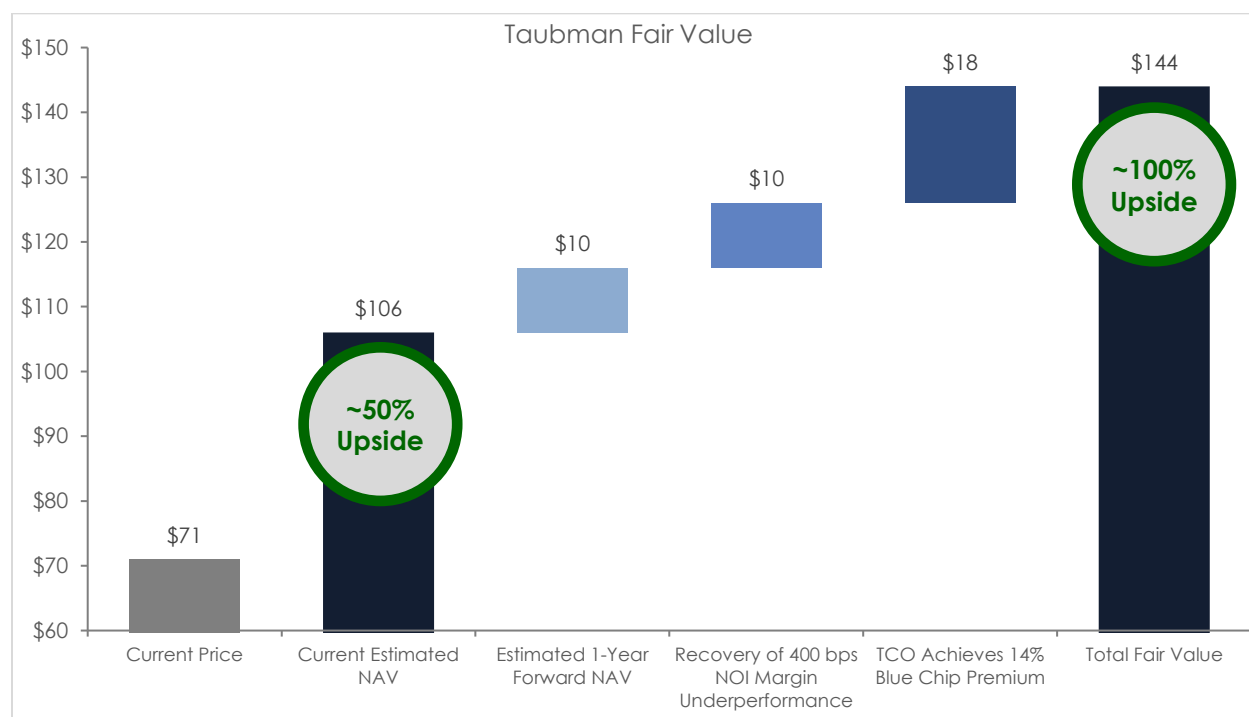
"It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently."

It is time for you, our independent directors, to exercise your fiduciary duty to all shareholders, not just the Taubman family – a family whose economic interest has fallen to just 20% after recently pledging a portion of their operating partnership units and common stock – to hold management accountable for their poor performance and to seek ways to maximize value for all Taubman shareholders.

Path to Unlocking \$106 Per Share NAV and \$144 Per Share Fair Value

There is a tremendous opportunity available to unlock substantial value for all shareholders, allowing for the Company's stock to potentially reach, at a minimum, its NAV of approximately \$106 per share, approximately 50% above current levels. Holding management accountable to improve on its inferior track record and running the Company to maximize value for all shareholders could see the shares reach a fair value of approximately \$144 per share.

Figure 1: Taubman Valuation Build-Up: 50% Upside to Current NAV, 100% Upside to Fair Value



Source: Land and Buildings, Company reports, Bloomberg, Wall Street research

To achieve this you, our independent directors, should immediately:

Modernize Corporate Governance

- De-stagger the Board so that all directors stand for re-election at the 2017 Annual Meeting and permanently state that the Board will not be re-staggered;
- Set a majority standard for the election of directors in ordinary elections and a plurality standard in contested elections;
- Replace the recently resigned director, who is accused of sexually harassing a former employee, with a highly regarded industry leader, such as Scot Sellers (celebrated former CEO of Apartment REIT Archstone-Smith), Dana Hamilton (Board Member of FelCor Lodging Trust) or Jon Fosheim (Co-Founder of Green Street Advisors);
- Commit to immediately reducing the tenure of the Board from 14 years to below seven years;
- Separate Chairman and CEO roles;
- Put Series B Preferred Stock voting rights to shareholder vote; and
- Immediately appoint a Lead Independent Director.

Improve Operations

- A culture of operational excellence should be enacted with proper incentives to maximize NOI;

- Increase NOI margins by at least 400 basis points, to a level closer to peers, by significantly reducing bloated expenses and capitalizing on missed revenue opportunities; and
- The Company should re-visit all expense categories to reduce the bloated overhead costs, which are 4x peer levels, so that they are in line with peers.

Figure 2: Taubman's Inferior Margins Demonstrate Near Disregard for Cost Control, in Our View

G&A as a % of Revenue					
	2012	2013	2014	2015	1H 2016
TCO	4.8%	5.6%	5.9%	6.4%	5.9%
High Quality Peer Avg.	1.4%	1.6%	1.6%	1.6%	1.6%
TCO Bloated G&A	3.3%	4.1%	4.3%	4.8%	4.3%

NOI Margin					
	2012	2013	2014	2015	1H 2016
TCO	64.2%	64.3%	64.1%	67.9%	63.6%
High Quality Peer Avg.	70.4%	71.2%	71.8%	72.8%	71.6%
TCO Inferior Operating Margins	-6.2%	-6.9%	-7.7%	-4.9%	-8.0%

EBITDA Margin					
	2012	2013	2014	2015	1H 2016
TCO	57.0%	58.1%	52.6%	59.2%	60.1%
High Quality Peer Avg.	65.0%	65.2%	65.8%	67.2%	66.1%
TCO Poor EBITDA Margin	-8.0%	-7.1%	-13.2%	-8.0%	-6.0%

Source: Land and Buildings, Company reports, Bloomberg

Improve Capital Allocation

- Cease all new major external growth initiatives given the abysmal development track record;
- Sell assets and buy back Taubman stock, which we believe undeniably represents the highest return on capital of any of the opportunities the Company is evaluating;
- Monetize the Asia business through a joint venture, spin-off or outright sale, re-focusing management's attention on the core portfolio and reducing excessive overhead costs; and
- Sell Beverly Center, as there is no need to throw good money after bad (we believe management unwittingly allowed competitors to dominate this property's market area while they were focused on other ill-fated ventures, which we believe clearly illustrates the need for more intensive Board oversight).

Strategic Alternatives

- Maximizing sustained "shareholder value" should always be a top priority and we believe hindsight clearly illustrates the stay independent strategy of 2003 has not maximized value;
- Whether it is a management-led privatization or a sale of the Company to a third party, all options should be evaluated, as any board exercising its fiduciary duty would do; and

- Taubman's increased tax basis following the unfortunate passing of Alfred Taubman should mean potential family tax obligations are no longer an impediment to a potential sale or other value maximizing alternatives.

At Land and Buildings, we are focused on long-term solutions that maximize value for all shareholders. In 1992, I attended the Taubman IPO roadshow at the Plaza Hotel in New York, and my prior firm acquired shares at the IPO. For 14 years I published investment opinions on Taubman, often times documenting the numerous missteps of this management team. For the past eight years, since I founded Land and Buildings, we have continued to meet with management and analyze the investment opportunity at Taubman. For the past five months, I have had an active engagement with Taubman Chairman and CEO Bobby Taubman and implored him to take action to address the deplorable state we find the Company in today.

You, the Taubman independent directors, in order to exercise your fiduciary duty to all shareholders, must hold management accountable for the poor track record we outlined above and take action to maximize value for all shareholders.

Sincerely,



Jonathan Litt

Founder & CIO

Land and Buildings Investment Management, LLC

¹ See Figure 1 for additional details. Blue chip premium based on average premium to NAV blue chip REITs (BXP, ESS, FRT, PLD, PSA, SPG, VTR, DLR) have traded at over the last 5 years as of October 14, 2016.

² Source: Green Street Advisors, as of October 14, 2016

³ Reflects total returns since October 7, 2003 when Simon pulled its offer after the Michigan Governor refused to veto the new legislation which allowed the Taubman family to vote their Series B Preferred Stock through October 14, 2016.

⁴ Reflects total returns for the trailing 1, 3 and 5 year periods through October 14, 2016. Class A mall peers utilized throughout report are General Growth Properties (NYSE: GGP), The Macerich Company (NYSE: MAC) and Simon Property Group (NYSE: SPG).

⁵ Based on average of financial results from 2012 and first half of 2016 for TCO and its peers based on estimated net operating income margins reflecting pro rata ownership of assets; Land and Buildings estimates used where the company does not disclose each metric.

⁶ Based on average of financial results from 2012 and first half of 2016 for TCO and its peers based on expensed general and administrative costs as a percent of revenues reflecting pro rata ownership of assets; Land and Buildings estimates used where the company does not disclose each metric.