

# LANDandBUILDINGS

## **Land and Buildings Issues Letter to Taubman Centers Shareholders Outlining Next Steps to Improve the Company**

- *Proceeding With Complaint to Enforce Breach of Ownership Limit on the Taubman Family, Which Could Reverse Outcome of 2017 Annual Meeting -*
- *Issues List of Questions Taubman Shareholders Deserve Answers to When Management Meets With Investors This Week -*
- *Proposes Seminar for REIT Active and Passive Investors to Foster Dialogue and Share Perspectives -*
  - *Urges Board to Immediately Provide Specific Details on its Plans to Implement its Eleventh Hour Governance Commitments to Declassify and Refresh the Board –*
- *Notes That if the Board Were Truly Committed to Real Governance Changes Then it Would Immediately Amend its Bylaws to De-Classify Itself and the Recently Elected Directors Would Agree to Stand at the 2018 Annual Meet–*
- *Remains Committed to Ensuring That Taubman Undertakes and Properly Executes Initiatives to Realize the Company's Full Potential –*

**Stamford, CT**, June 6, 2017 – Land & Buildings Investment Management, LLC (together with its affiliates, "Land and Buildings") today issued the following letter to shareholders of Taubman Centers, Inc. (NYSE: TCO) ("Taubman," "Taubman Centers" or the "Company"):

Dear Fellow Taubman Shareholders,

Taubman Centers Chairman and CEO Bobby Taubman will be hosting investor and sell-side analyst meetings at NAREIT's Investor Forum this Tuesday and Wednesday (June 6<sup>th</sup> and June 7<sup>th</sup>). As the Company recently noted, during the recent proxy contest they solicited shareholder feedback regarding the, "(C)ompany's overall performance and business strategy, board structure and director qualification." Given that active common shareholders nearly unanimously voted to express their dissatisfaction with the Board and management at last week's Annual Meeting, a significant disconnect clearly exists between Taubman and its investors.

Further, Taubman noted its, "(C)ommitment to listening and responding to investor viewpoints as a vital element in [their] efforts to deliver superior long term shareholder value." If the Company is truly committed to turning over a new leaf when it comes to communicating with investors, then they should be happy to provide detailed answers to the following questions over the course of NAREIT and moving forward:

- 1) Will Taubman promptly amend its Bylaws to de-stagger the Board without undue delay and will the recently elected directors agree, as they should, to stand for election at the 2018 Annual Meeting together with the directors elected in 2015?
- 2) Will Taubman's "refreshing" of the Board include three long-standing directors being replaced with new highly regarded and truly independent directors by the 2019 Annual Meeting?
- 3) Will Taubman commit to separating the roles of Chairman and CEO, and if so by when?
- 4) Will Taubman commit to a timetable to exit Asia?

- 5) Will Taubman commit to leaving no stone unturned to narrow the 770 basis point EBITDA margin gap compared to its peers by examining all expenses and revenue opportunities?
- 6) Will Taubman commit to a capital allocation policy with specified target returns and to limiting the Company's development exposure to no more than 10% of market capitalization?

### **Land and Buildings Proceeding with Complaint to Reduce Taubman Family's Voting Interest**

As previously announced, Land and Buildings is proceeding with its Complaint asking the Court to enforce the Ownership Limit outlined in Taubman's Charter. This action would reduce the voting interest of the Taubman Family to 8.23%. If this reduced voting interest was enforced prior to the 2017 Annual Meeting and if Taubman Proxy Materials had fairly disclosed the true nature of the Taubman's Family's interest, I believe that Charles Elson and myself would have been elected to the Board, and Chairman and CEO Bobby Taubman and Lead Director Myron Ullman would have been removed.

### **REIT Active and Passive Investor Seminar**

Over the course of the past few days we have heard from a number of long-term active Taubman Centers common shareholders, many of whom we have been engaging with for nearly 25 years. These investors voted nearly unanimously against incumbent board members Chairman and CEO Bobby Taubman and Lead Director Myron Ullman, and have been asking Land and Buildings to help them understand why the passive investors would support these incumbent directors remaining in their roles.

While we do not have all the answers, we suspect one factor could be the relatively shorter time the larger passive investors have been substantial shareholders of Taubman Centers. As such, they have not experienced the history of frustration many of these actives have when it comes to the Company repeatedly disenfranchising shareholders.

Passive investors' corporate governance policies have been evolving the past several years, and at the same time their ownership of REITs has risen to 25%. It would be constructive, in our view, to cross pollinate the views of the passive REIT investors with the long-term active REIT investment community to provide a historic and broader perspective, beyond what they hear from a dissident investor such as Land and Buildings or from a management team during a proxy contest. Mike Kirby, who founded Green Street Advisors, the leading independent REIT research firm, has long been outspoken on corporate governance issues. We would encourage Mike or other research professionals, including Michael Bilerman at Citigroup or Steve Sakwa at Evercore ISI, to host a half day seminar at which both the REIT active and passive investors can share their views with each other on REIT investing.

### **Land and Buildings Committed to Improving Taubman Centers**

Land and Buildings remains focused on ensuring that Taubman undertakes and properly executes initiatives to realize the Company's full potential. We will continue to monitor the Company's progress and take action where necessary in order to ensure that management and the Board act in the best interests of Taubman Center's common shareholders. Should the Board fail to demonstrate an immediate and good-faith commitment to implement its promised de-staggering and refreshment of the Board, we will explore all options for protecting our collective interests, including soliciting our fellow common shareholders to call a special meeting to take the steps to de-stagger the Board ourselves, such that six directors are up for election at the 2018 annual meeting including the class of 2015 and 2017 who were likely only reelected based on a commitment to fully de-stagger.

Sincerely,

Jonathan Litt

Founder & CIO

Land & Buildings Investment Management, LLC

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**About Land and Buildings:**

Land and Buildings is a registered investment manager specializing in publicly traded real estate and real estate related securities. Land and 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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