Taubman

Unlocking Trapped Value Rooted in Decades of Poor Stewardship

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LANDandBUILDINGS

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LAND and BUILDINGS

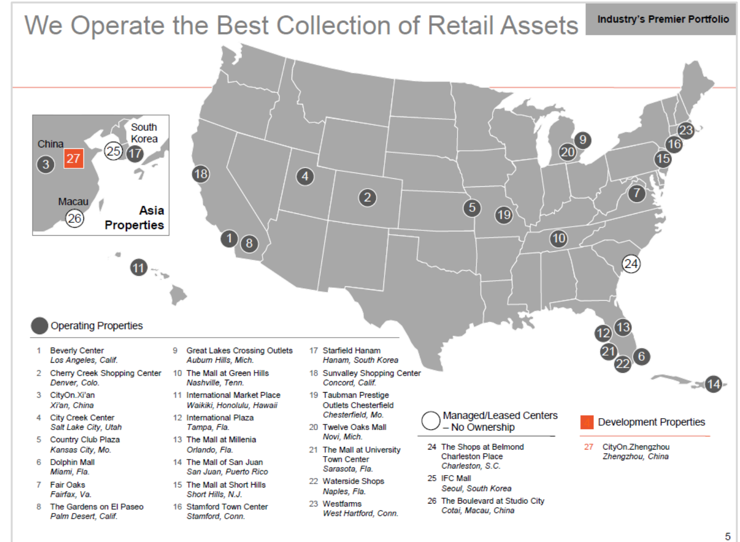
1. Executive Summary

Overview of Land and Buildings

- Firm Background
  - Land & Buildings Investment Management, LLC ("Land and Buildings") is an SEC-registered investment advisor founded in 2008 and located in Stamford, Connecticut
  - Invests in the publicly traded shares of global REITs and real estate related companies
- Investment Strategy
  - Long-term investment horizon
  - Invest primarily in companies with discounted valuations and high growth that is likely to come in above expectations
    - In addition, invest in select value opportunities with catalysts for change
  - Aim to maintain and nurture constructive relationships with portfolio companies
- Investment Team
  - **Jonathan Litt** is the Founder and CIO of Land and Buildings. Prior to Land and Buildings, Jonathan Litt was Managing Director and Senior Property Analyst at Citigroup where he was responsible for Global Property Investment Strategy from 2000 to March 2008. Jonathan Litt led the #1 Institutional Investor All American Real Estate Research Team for 8 years and was top ranked for 13 years while at Citigroup, PaineWebber and Salomon Brothers. Columbia BA, NYU MBA.
  - **Craig Melcher**, Co-Founder and Principal at Land and Buildings, was a key member of the top-ranked Citigroup REIT research team and has worked together with Jonathan Litt for 14 years. Wharton BS, NYU MBA.
  - **Corey Lorinsky** is Senior Analyst and Principal at Land and Buildings. Wharton BS.

The Taubman Story

- Taubman Centers, Inc. (“Taubman”, “TCO” or the “Company”) was founded by A. Alfred Taubman in 1950 and grew from a collection of strip shopping centers[(1)] to become the most productive mall portfolio in the public markets
  - Despite having the best portfolio of assets, Taubman trades at the largest discount to NAV among High Quality Peers[(2)] and trades at one of the largest discounts among <u>all</u> REITs[(3)]
- Taubman had its IPO in 1992 and six years later, in 1998, the Taubman family became infamous for <u>garnering near absolute control</u> over the matters of the Company for a mere $38,400[(4)]
- With this control, the Taubman family – with Alfred’s sons, Bobby and Billy, serving as executives and directors – appear to operate the Company like a private business where shareholders are a mere afterthought



Source: Taubman Investor Presentation (September 2016)

> We believe Taubman shareholders have been the object of a self-interested management team, and we believe <u>it is time for the independent directors of Taubman to exercise their fiduciary duty to all shareholders</u> and take immediate action to remedy the dismal performance of our Company and unlock the substantial trapped value

(1) *Source: Robert McFadden, “A. Alfred Taubman, 91, Dies; Developer, Sotheby’s Owner and Focus of Scandal”, The New York Times, April 18, 2015*
(2) *Note: “High Quality Peers” defined as General Growth Partners, Inc. (“GGP” or “General Growth”), The Macerich Company (“MAC” or “Macerich”), Simon Property Group Inc. (“SPG” or “Simon Property Group”)*
(3) *Source: Wall Street research*
(4) *Source: Andrew Ross Sorkin, “Big Mall Owner Rejected in Bid for Taubman”, The New York Times, November 14, 2002*

Situation Overview

- We have known the Taubman family since the IPO roadshow of the Company in 1992
- We covered the Company for decades both as research analysts and investors, and held countless discussions with management over the years regarding the grave concerns highlighted in this presentation, including Taubman's:
  - **Drastic discount to NAV**,
  - **Inferior margin profile**,
  - **Poor capital allocation decisions**, and
  - **Horrible corporate governance practices**
- These discussions with management have continued after we founded Land and Buildings in 2008
- For the past five months, we 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
- 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
- It is time for the independent members of the Board of Directors of Taubman (the "Board") to hold management accountable for their failings
- The vast majority of shareholders are not members of the Taubman family[1] and the Board has a fiduciary duty to act in the best interests of all shareholders

It is time for the independent directors to exercise their fiduciary duty to all shareholders or resign from the Board

(1) Source: Taubman Form DEF 14A filed April 12, 2016

Taubman's Timeline of Governance Failures and Capital Allocation Misadventures

1992
- Taubman IPO's as the first publicly traded UPREIT[1] setting the stage for Taubman family infamy

1994
- Taubman begins plans to develop The Mall at Oyster Bay in Long Island, New York[5] which would go on to become a colossal failure as they failed to gain approval to develop and wrote off $116 million in 2008[6]

1998
- Creation of Series B Preferred Stock without shareholder approval netting the Taubman family approximately 30% of the vote of the Company for a mere $38,400[2]

2002
- A. Alfred Taubman sentenced to prison for price fixing while Chairman of Sotheby's[3] demonstrating the need for new oversight at the Company, in our view

2002-2003
- Simon Property Group and Westfield America, Inc. ("Westfield") acquisition attempt blocked by the Taubman family by utilizing political influence to get Michigan law changed to allow them to vote preferred shares[7]

2005
- Taubman opened Asia office to develop real estate[4], which we believe has served as a significant distraction to the Company's core portfolio in the US

2008-2009
- The Company reduces earnings guidance as overhead costs from the development platform increase[8]
- Taubman records nearly $300 million in impairment charges from four poorly executed investments[5]

The Taubman shareholder experience has been nearly 25 years of abysmal corporate governance practices and repeated capital allocation mishaps

(1) *Source: Taubman Investor Presentation (September 2016)*
(2) *Source: Andrew Ross Sorkin, "Big Mall Owner Rejected in Bid for Taubman", The New York Times, November 14, 2002*
(3) *Source: Robert McFadden, "A. Alfred Taubman, 91, Dies; Developer, Sotheby's Owner and Focus of Scandal", The New York Times, April 18, 2015*
(4) *Source: Taubman Form 8-K filed April 20, 2016*
(5) *Source: Linda Saslow, "Battle Lines Harden Over Syosset Mall", The New York Times, September 3, 2000*
(6) *Source: Taubman Form 10-K filed February 24, 2009*
(7) *Source: Sherri Day and Andrew Ross Sorkin, "Simon Group Gives Up Hostile Bid for Taubman Centers", The New York Times, October 9, 2003*
(8) *Source: Capital IQ*
(9) *Source: Taubman Form 8-K filed January 5, 2012*
(10) *Source: Taubman Form 8-K filed November 14, 2011*

Taubman's Timeline of Governance Failures and Capital Allocation Misadventures (cont.)

2011
- The Pier Shops at Caesars (The Pier Shops") forecloses[9]
- Acquired China retail consultant TCBL Consulting Limited for $24 million further increasing Asia overhead

2012

Construction begins on The Mall of San Juan[1] ultimately delivered at a higher cost and lower than expected yield

2013
- Investor Day held which, we believe, focused overly on development pipeline with nearly no attention to core portfolio
- Prestige Outlets Chesterfield opens for business in Missouri with an undisclosed "modest" yield[2]

2014
- Sale of seven assets to Starwood Retail Partners, LLC ("Starwood") highlighting inferior returns on developments
- The Mall at University Town Center in Sarasota, Florida opens for business after years of delays

2015
- Significantly missed consensus estimates of initial earnings guidance due to poor capital allocation, disclosure and lack of transparency
- Taubman family slashes economic interest by pledging over 1/3 of their shares and OP units yet still maintain 30% voting control
- The Mall of San Juan opens for business, misses guidance and Taubman increases its ownership in the development project
- Abandons effort to build the Miami Worldcenter and records an $11.8 million impairment charge

2016
- Announced $500 million capital project on Beverly Center[3] with little to no expected returns[4]
- International Market Place opens for business in Hawaii[5] at higher than expected cost
- CityOn.Xi'an opens for business in China and CityOn.Zhengzhou opening delayed in China[6]
- William Parfet resigns from the Board[7] after being sued for allegedly sexually harassing a former employee and fathering two of her children[8]

It is time for the Board to hold management accountable for nearly 25 years of inferior operating performance and repeated capital allocation mishaps

(1) Source: Taubman press release issued May 17, 2012
(2) Source: Taubman Q2 2013 earnings supplemental filed July 26, 2013
(3) Source: Taubman Form 8-K filed March 8, 2016
(4) Source: Wall Street research
(5) Source: Taubman press release issued August 25, 2016
(6) Source: Taubman press releases issued April 28, 2016 and July 28, 2016
(7) Source: Taubman Form 8-K filed September 30, 2016
(8) Source: John Tunison, "Upjohn heir sued by former employee, claiming he fathered two of her children", Mlive Media Group, August 6, 2016
(9) Source: Taubman Form 8-K filed November 14, 2011

Root Causes of Taubman Underperformance

- Despite owning the best publicly traded US mall portfolio, Taubman suffers from a distressingly cheap valuation which we believe is the result of:

1. Inferior Margin Profile
2. Lack of Capital Allocation Discipline
3. Bloated Cost Structure
4. Abysmal Corporate Governance

The independent directors of Taubman must compel management to address the issues that have plagued the Company's performance for years

Taubman Management Must Be Held Accountable by the Independent Directors of the Company

- When we began our most recent engagement we anticipated working with management and the Board to implement the straightforward changes we believe the Company should undertake to unlock shareholder value
- Distressingly, we have found a culture at the Taubman organization where the Company is run for the benefit of the Taubman family and not for the benefit of Taubman public shareholders who own nearly 100% of the common shares, in our view; examples include:

☒ **Creation of Series B Preferred Stock in 1998**

- The Board authorized the creation of Series B Preferred Stock **without shareholder approval**
- These preferred shares have the same voting rights as common stock
- The Taubman family acquired nearly 30% control of votes for $38,400

☒ **Rebuffed Acquisition Offer From Simon Property Group in 2003**

- The Taubman family failed to so much as entertain the offer made by Simon Property Group and then used their political influence to get the Michigan legislature to change the law to allow their Series B Preferred Stock to be voted to block the tender offer
- Simon Property Group's total shareholder return has outperformed by approximately 145% since that time(1)

☒ **Poor Development Oversight**

- The independent directors of the Company must hold management accountable for a multitude of poor capital allocation decisions that have destroyed shareholder value

☒ **Dominance of Taubman Family**

- The Taubman family slashed ownership by 1/3 in 2015 when they pledged shares and OP units as collateral for loans, yet the family still has 30% of the shareholder vote!

(1) Source: Bloomberg; Note: As of October 14, 2016

The Taubman Opportunity

Taubman

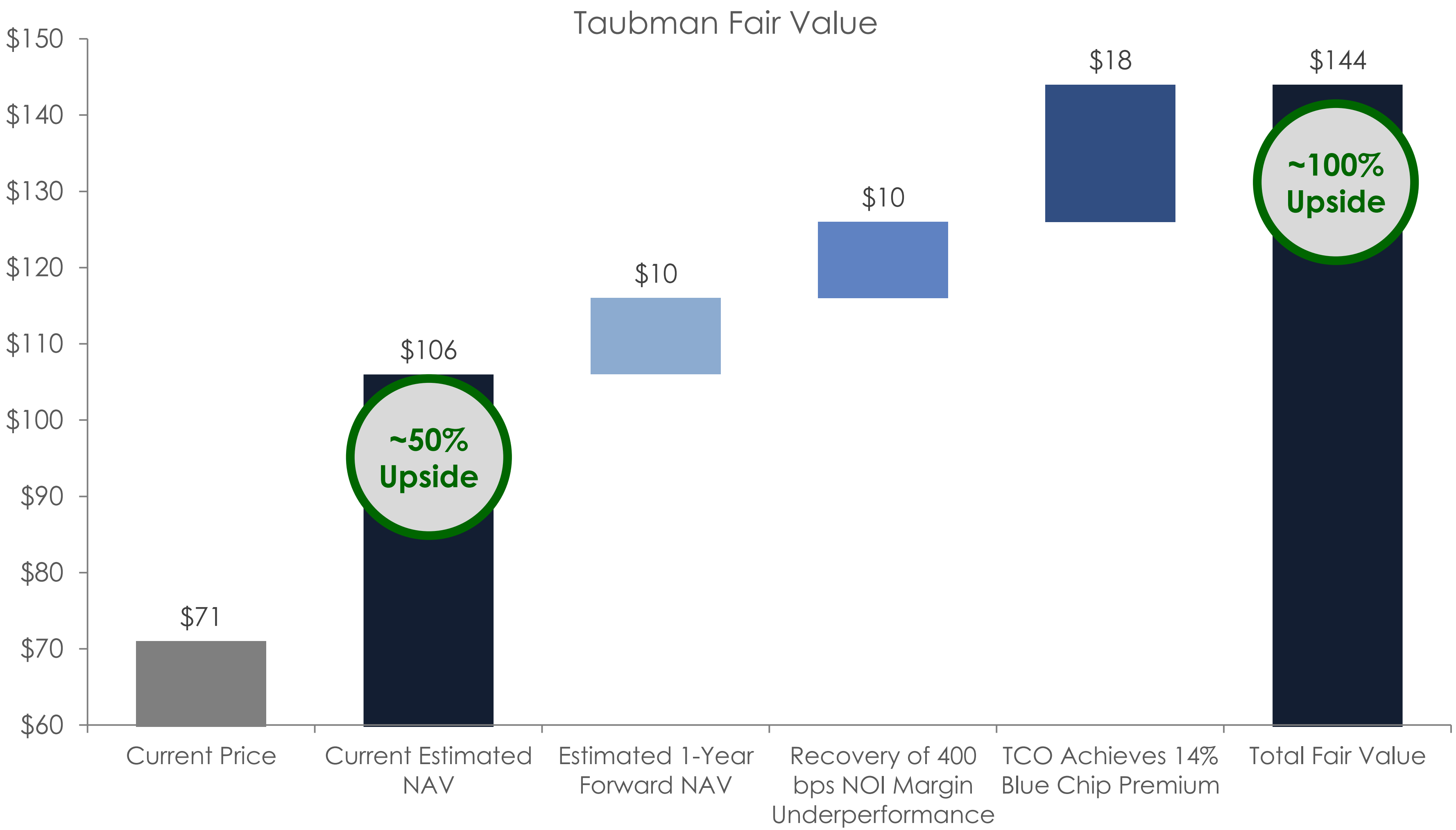
Fair Value	$144/share
Current NAV	$106/share
Current Price	$71/share
Upside to Fair Value	103%
Upside to Current NAV	49%

The Mall at Millenia
Orlando, FL

- **Grossly Undervalued as Management Has Prioritized Itself Over Shareholders**
  - Taubman trades at one of the largest discounts to NAV in the REIT universe despite owning some of the best assets
  - The Company has persistently traded at a substantial discount due to operational underperformance, poor capital allocation decisions, bloated cost structure and abysmal corporate governance
  - Taubman's total shareholder return has materially underperformed its High Quality Peers
  - Taubman's fortress portfolio of class A malls, combined with embedded NOI upside from operational improvements and development openings, has the potential to generate outsized NOI and earnings growth for several years
- **Opportunity to Repair Decades of Self-inflicted Value Destruction**
  - We believe this value can be unlocked through strategic changes
  - Our strategic plan to unlock value is straightforward and can be immediately implemented

Source: Land and Buildings, Bloomberg, Company reports, Wall Street research
Notes: Taubman share price as of end of day October 14, 2016 on this slide and all other slides unless otherwise noted

We Believe Taubman's Stock Could Double If Management Makes Needed Changes



Summary of the Taubman Opportunity – Value Creation Strategies

- After years of mismanagement and limited oversight, we believe Taubman's independent directors must compel the Taubman family to explore the numerous available paths to create sustainable shareholder value
- These paths include:

Current Price
$71

NAV
$106

Fair Value
$144

Modernized Corporate Governance
- De-stagger the Board
- Improve voting standard
- Reduce board tenure
- Separate Chairman and CEO
- Shareholder vote on preferred stock voting
- Appoint Lead Independent Director

Improved Operations
- Adjust corporate culture
- Margin improvement
- Lower overhead

Improved Capital Allocation
- Cease all new major external growth initiatives
- Sell assets and buy back stock
- Monetize Asia business
- Sell Beverly Center

Strategic Alternatives
- Focus on maximizing shareholder value
- Explore management-led privatization or a sale of the Company to a third party
- With tax basis step-up after the unfortunate passing of Albert Taubman, tax obligations are likely no longer an impediment to a potential sale or other value maximizing alternatives

Management implementing these value creating steps is necessary for Taubman's stock price to reach Fair Value, in our view

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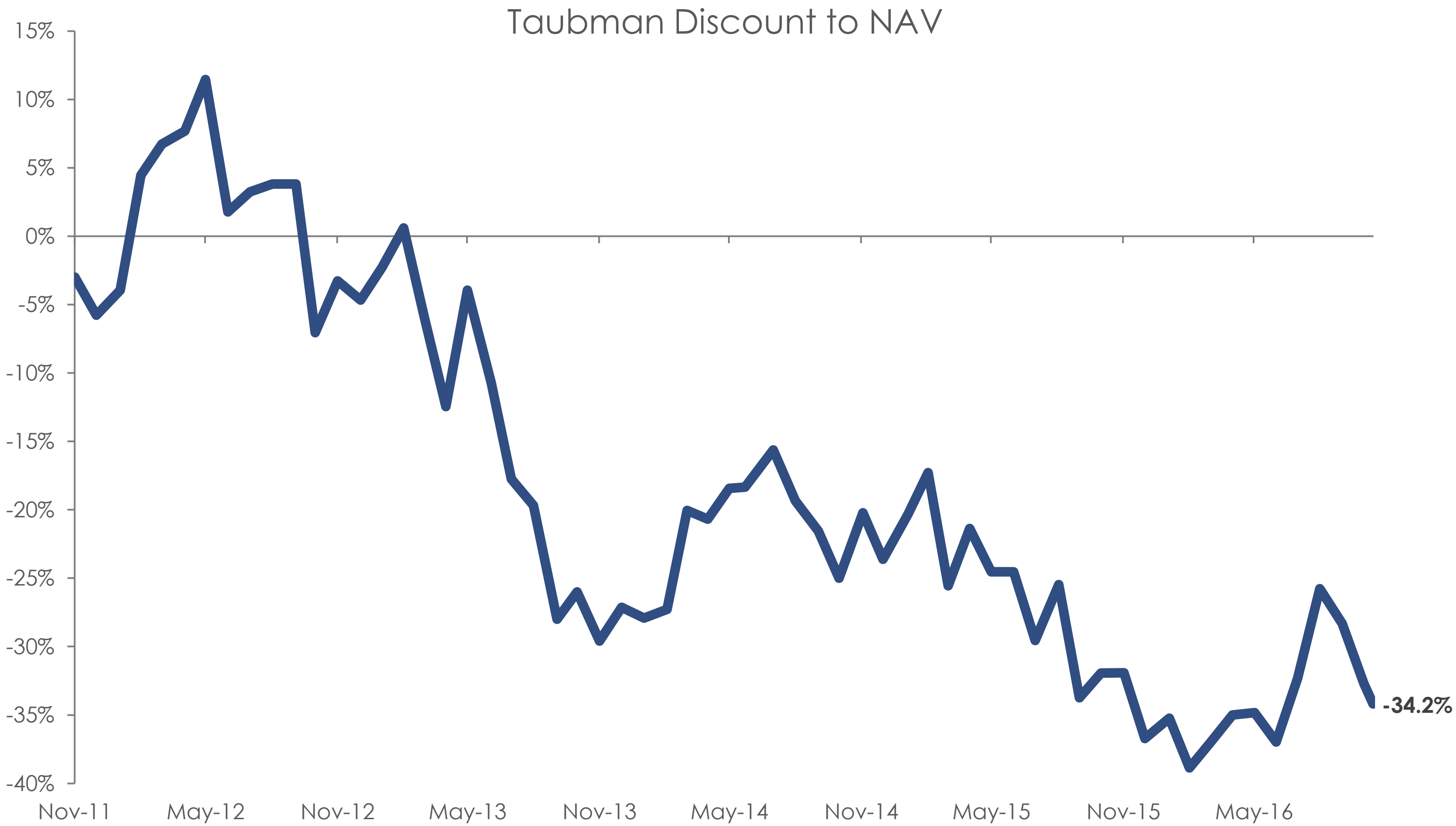
2. Taubman Is Grossly Undervalued With Inferior Operating Performance

Taubman's Discount to NAV Has Grown; It Is Time for the Independent Directors to Hold Management Accountable



Is the Board aware that the Company consistently trades at a significant discount to NAV?

Source: Green Street Advisors

We Believe Taubman Has the Best Mall Portfolio, yet Has a Distressingly Cheap Valuation

- Taubman has the #1 mall portfolio among public REITs, in our view, yet has an abysmal valuation
- Taubman's mall portfolio has the:
  - Highest average sales per square foot
  - Highest average household income in its trade area
  - Greatest percentage of top 100 US malls as defined by Green Street Advisors
  - Best projected annual releasing spreads over the next three years
  - Longest average remaining lease term

	Quality Grade	Sales PSF	Avg. Household Income	% Top 100 Malls	Releasing Spreads	Avg. Remaining Lease Term
TCO	**A+/A**	**$789**	**$68,561**	**67%**	**19%**	**7.0 years**
High Quality Peers						
GGP	A/A-	$583	$59,273	41%	11%	6.2 years
MAC	A	626	62,965	47%	13%	5.1 years
SPG	A	607	64,375	57%	13%	4.8 years
High Quality Peer Avg.	**A**	**$605**	**$62,204**	**48%**	**12%**	**5.4 years**
TCO Advantage	**+**	**+30.3%**	**+10.2%**	**+18.7%**	**+6.6%**	**+1.6 years**

The independent directors must no longer tolerate Taubman trading at a significant discount to NAV despite having the clear #1 mall portfolio

Source: Land and Buildings, Company reports, Green Street Advisors
Note: Quality Grade is Green Street estimate; Avg. Remaining Lease Term is in years

We Believe Management's Lack of Credibility is Why the Street Believes the Stock Should Trade at a Discount to NAV

Wall Street Published NAVs

	Estimated NAV	Target Price	Warranted Discount
Citigroup	$93.31	$79.00	-15%
Credit Suisse	91.00	85.00	-7%
Evercore ISI	86.67	82.00	-5%
Green Street Advisors	108.54	78.15	-28%
JP Morgan	97.68	83.00	-15%
KeyBanc	91.84	92.00	0%
Mizuho	103.00	89.00	-14%
Morgan Stanley	103.00	81.00	-21%
UBS	97.96	80.00	-18%
Average	**$97.00**	**$83.24**	**-14%**
TCO Share Price	$71.00	$71.00	
% Upside to Avg. Street NAV and Target Price	**37%**	**17%**	

Sell-side equity research analysts see high value in Taubman's real estate, but are unwilling to set target prices that reflect the significant upside

Wall Street target prices are based on a 14% warranted discount to NAV

Why does the analyst community believe such a discount to NAV is warranted?

We believe that Wall Street does not appear to believe that management has the credibility to warrant a full valuation

Source: Wall Street research
Notes: Wall Street NAV estimates as of October 14, 2016 and is not an exhaustive list of sell-side NAVs

"Our… target is based on a 20% discount (for risk of ground-up pipeline and rising leverage) to spot NAV…."

Citigroup
July 28, 2016

Taubman's "Bobby Discount" Is Not Surprising to Us Given the Company's Numerous Issues

- Taubman's total shareholder return has materially lagged its High Quality Peers

Total Shareholder Return

	1-Year	3-Year	5-Year
TCO	**-1%**	**20%**	**65%**
High Quality Peer Avg.	3%	49%	122%
TCO Underperformance	**-4%**	**-29%**	**-57%**

- We believe there are at least four reasons for Taubman's inferior total shareholder return

Inferior Margin Profile

Lack of Capital Allocation Discipline

Bloated Cost Structure

Abysmal Corporate Governance

Management cannot chalk up the "Bobby discount" to the Company's best in class properties

Source: Bloomberg
Note: Based on returns through October 14, 2016

Many of the Top REIT Investors Have Voted With Their Feet and Avoided TCO

- The Top 10 REIT active money managers own a mere 15% of Taubman shares, which is **half** of the level they own on average of the Company's High Quality Peers
- In fact, Taubman is not owned at all by four of the top 10 active REIT money managers and appears to be an underweight position by an additional two of the top 10 active REIT money managers

Taubman's Top 10 Shareholders[1]

		% TCO S/O
1.	Vanguard	14.9%
2.	BlackRock	9.3%
3.	**APG Asset Management**	**6.3%**
4.	Long Pond Capital	5.9%
5.	LaSalle Investment Management	5.7%
6.	State Street	4.4%
7.	Citigroup	3.4%
8.	Prudential Financial	2.9%
9.	Goldman Sachs	2.6%
10.	**Invesco**	**2.5%**

Top 10 REIT Active Money Managers[2]

		% TCO S/O
1.	**Cohen & Steers**	**0.0%**
2.	**FMR LLC**	**1.2%**
3.	Invesco	2.5%
4.	**Daiwa Securities Group**	**0.0%**
5.	APG Asset Management	6.3%
6.	T. Rowe Price	1.6%
7.	**CBRE Group**	**0.0%**
8.	**Brookfield Asset Management**	**0.0%**
9.	Shinko Asset Management	2.3%
10.	**JP Morgan Chase**	**0.6%**

Top REIT money managers appear to be avoiding Taubman shares given the "Bobby discount"

(1) Source: Bloomberg (as of October 14, 2016)
(2) Note: Top active money managers determined by Land and Buildings analysis of Citi Investment Research REIT ownership report published on September 16, 2016

One of the reasons for Taubman's shockingly poor valuation is its inferior operating performance

Taubman's Inferior Margin Profile Demonstrates Near Disregard For Keeping Costs Under Control, In Our View

Taubman is an industry leader in bloated G&A expense!

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%**

Taubman's lackluster NOI margin is symptomatic of a management team that is unwilling to capitalize on all revenue and cost opportunities, in our view

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%**

Taubman's lagging EBITDA margin indicates that the Company's corporate and property level costs are bloated and that potential revenue is being left on the table, in our view

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%**

- We believe the independent directors are out of excuses for failing to address Taubman's inferior margin profile, given that peers Macerich and General Growth have instituted successful plans to improve NOI
  - **The independent directors of Taubman must hold management accountable for failing to pursue similar plans**

Source: Land and Buildings, Company reports, Bloomberg
Note: Figures reflect pro rata ownership of assets; Land and Buildings estimates used where the Company does not disclose each metric

Macerich, After Years of Mismanagement Like Taubman, Was Able to Reverse Course and Has Begun To Improve Margins

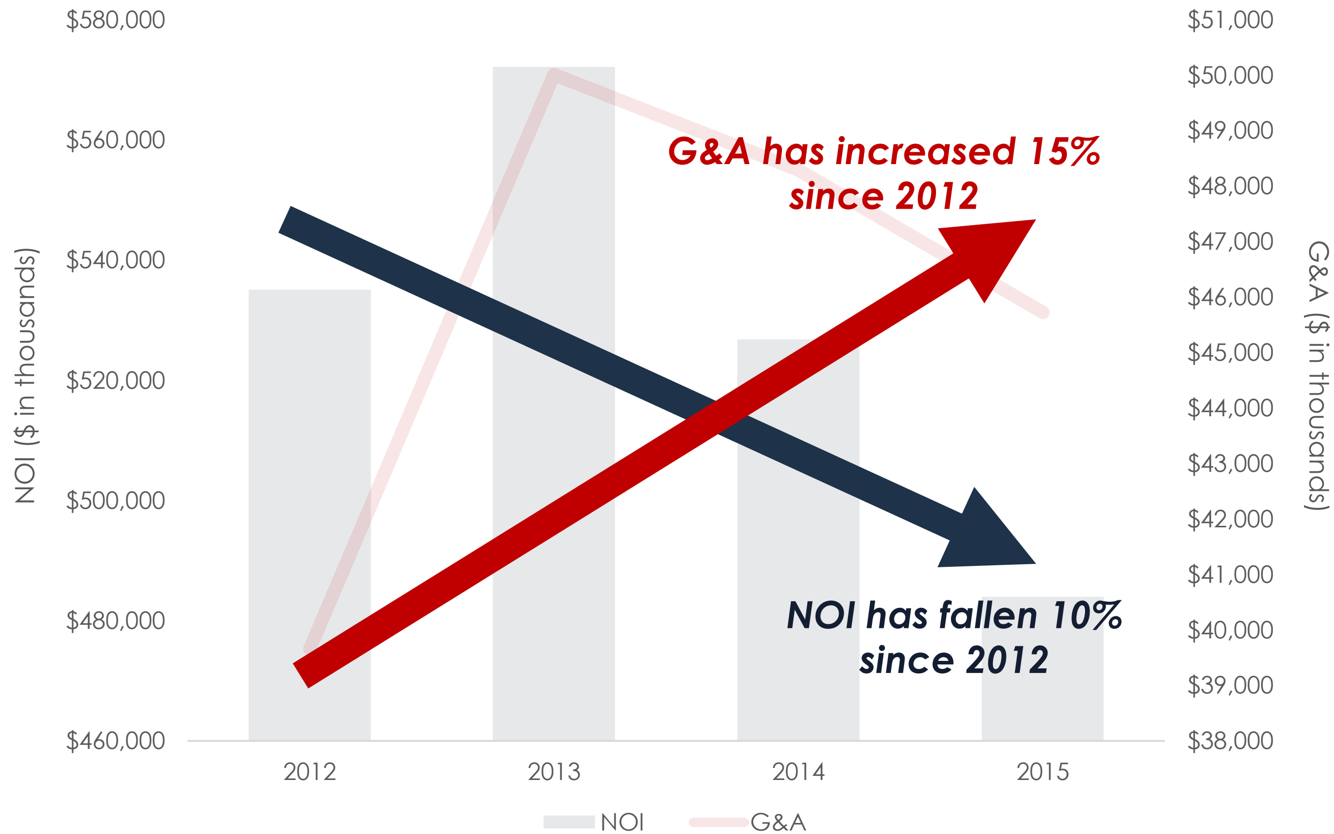
- Macerich had a "wake up call" in November 2014 and came to the realization that they must improve margins
- Macerich management stated in May 2015 that they thought they could increase margins by 400 bps over the next 24 months
- MAC grew margins by 250 bps in full year 2015 and is up another ~125 bps in 1H 2016(1)
- We believe pressure from Simon Property Group, ourselves and shareholders have led to margin improvement

> "[W]e had a wake-up call, obviously, in November when this topic was first brought to the conversation…. And we did a big soul-searching and said, are there ways that we can improve our margins? [W]e did come to the conclusion that we could, in fact, through a combination of initiatives… that add up to getting to the ability to increase our margins by 400 basis points. Some of them are cost-saving initiatives, some of them are revenue-generating initiatives in a multitude of different areas."
>
> Arthur Coppola, Chairman & CEO of Macerich
>
> Macerich Q1 2015 Earnings Call, April 30, 2015 (emphasis added)

Pressure from the independent directors on management to take necessary action is needed to spur similar margin improvements as Macerich has had, in our view

(1) Note: Averaging the Q1 2016 and Q2 2016 y/y growth

Management Has Somehow Managed to Grow G&A as NOI Has Fallen



The independent directors of Taubman must hold management accountable for rising corporate costs and declining net operating income

Source: Land and Buildings, Company reports

Management's Culture of Bloated Overhead and Poor Capital Allocation Has Led to Lackluster FFO Growth

Taubman's FFO growth is inferior to peers which we believe is due to bloated corporate overhead and poor capital allocation

Core FFO Per Share Growth

	Trailing 3 Years	Trailing 5 Years
TCO	**-2%**	**17%**
High Quality Peer Avg.	23%	53%
TCO Slower Earnings Growth	**-25%**	**-36%**

Taubman's dividend growth has trailed its peers

Dividend Per Share Growth

	Trailing 3 Years	Trailing 5 Years
TCO	**19%**	**35%**
High Quality Peer Avg.	36%	75%
TCO Slower Dividend Growth	**-17%**	**-40%**

Despite owning the highest quality portfolio, Taubman's same store NOI growth has trailed its peers

Cumulative Same Store NOI Growth

	Trailing 3 Years	Trailing 5 Years
TCO	**12%**	**25%**
High Quality Peer Avg.	15%	26%
TCO Slower NOI Growth	**-3%**	**-1%**

The independent directors must hold management's feet to the fire for their spendthrift ways in the C-Suite

Source: Land and Buildings, Company reports, Bloomberg
Note: Trailing 3 years defined as 2014-2016E and trailing 5 years defined as 2012-2016E; core FFO per share growth based on midpoint of 2016 guidance and actual results from prior years adjusted for known one-time items; dividend per share growth based on estimated 2016 dividend and actual dividends in prior years; cumulative same store NOI growth based on quarterly average of same store NOI by year

LAND and BUILDINGS

3. Taubman's History of Abysmal Capital Allocation

In the nearly 25 years that Taubman has been a publicly traded company, management has made frequent capital allocation blunders which have been destructive to shareholder value

Development Execution Has Been A Problem at Taubman

- Taubman prides itself on being a developer of retail assets,[(1)] however, there have been no shortage of development disappointments which have been destructive to shareholder value, in our view
  - **Cost Overruns**: Management has failed to properly forecast total costs for several development projects and has overspent repeatedly
    - Examples include International Market Place[(2)] and The Mall of San Juan[(3)]
  - **Disappointing Development Returns**: Management has grossly overestimated the initial yield of many of its developments
    - Examples include International Market Place,[(4)] The Mall of San Juan,[(4)] Chesterfield Outlets[(5)] and numerous other developments dating back 15 years, in our view
  - **High Overhead**: The G&A required to maintain the Company's overly ambitious development platform, which has delivered disastrous returns on many of its projects, has resulted in dramatically increased overhead costs, in our view
    - An example is the Company's expansion into Asia[(6)]
  - **Abandoned Developments**: Abandoned developments have resulted in significant shareholder losses amplified by management's refusal to cut losses earlier and in some cases doubling down
    - Examples include The Mall of Oyster Bay, The Pier Shops and Miami World Center[(7)]

> "**[W]e'd be more constructive [on Taubman] if development execution wasn't an issue**…."
>
> UBS
>
> September 21, 2015 (emphasis added)

(1) *Source: Taubman Q1 2010 Earnings Call, April 23, 2010*
(2) *Source: Taubman Q2 2016 Earnings Call, July 29, 2016*
(3) *Source: Taubman Q3 2013 Earnings Call, October 25, 2013*
(4) *Source: Taubman Q4 2014 Earnings Call, February 13, 2015*
(5) *Source: Taubman Q2 2013 earnings supplemental filed July 25, 2013*
(6) *Source: Taubman Q4 2009 Earnings Call, February 10, 2010*
(7) *Source: Company reports*

"The stock trades at a discounted valuation relative to NAV and Class A mall peers largely **due to stumbles on the development front** and **the company's foray into Asia/China**."

UBS
September 28, 2016 (emphasis added)

"TCO is building malls in China and South Korea…. **Expected yields are skinny given the risks**. The projects and future growth in the region haven't been well received by investors – with the potential for additional investment or projects abroad causing further concern."

Green Street Advisors
September 7, 2016 (emphasis added)

The Company's Venture Into Asia Has Failed to Serve as Anything but a Distraction to Management

- Taubman opened its Asia office in 2005 with high hopes,[(1)] however, 11 years later, the Company's experiment in Asia has been underwhelming
  - The ~$700 million Taubman has invested in China and South Korea developments[(2)] are only expected to reach a ~7% yield in roughly 4 years from opening,[(3)] with significant uncertainty given variable rents and new supply
    - Returns would be even lower after considering the significant overhead costs for the Asia platform, which we estimate at more than $100 million over 11 years
  - Despite the significant uncertainty surrounding the China developments, the Company has doubled down increasing its investment, eerily similar to its additional investment in The Pier Shops in Atlantic City which was subsequently foreclosed on
    - In July 2016, Taubman increased its investment by $60 million in CityOn.Zhengzhou in China increasing its stake to 49%[(3)]
      - Troublingly, this was announced in conjunction with a delay in the opening by approximately 6 months[(3)]
    - In April 2016, Taubman increased its investment by $75 million in CityOn.Xi'an in China to 50%[(3)] at the same time of the project opening despite a lack of clarity around sales and net operating income
  - Taubman's Asian developments are largely outside of the Company's core competency of luxury malls given a more middle-market focus

> "Risk to our [rating and price target] for TCO include… TCO [continuing] its investment in Asia at subpar returns and limiting investor appetite for the stock relative to pure-play Mall REITs…."
>
> Credit Suisse, July 29, 2016

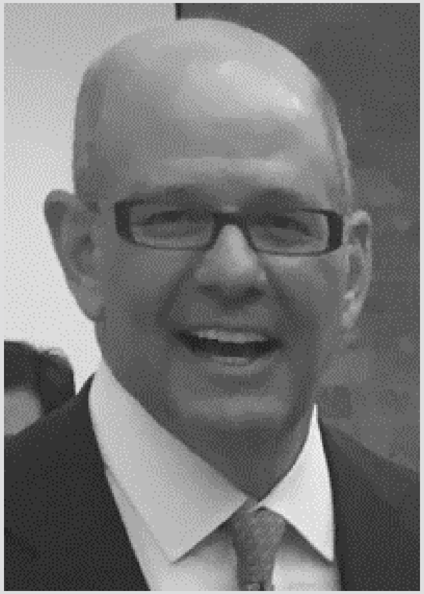
> "There are some lingering questions if Asia is diverting the Company's focus."
>
> Morgan Stanley, August 11, 2016

Investors buy TCO stock to own the best US mall portfolio, not to own Asia assets

(1) Source: Taubman press release issued April 11, 2005
(2) Note: Based on Taubman's share of total expected investment
(3) Source: Company reports

Bobby Taubman's Comments On Expanding Into Asia

Ross Nussbaum, UBS: "The broader related question, I guess, with Asia development, particularly your comments around potentially starting something else in Korea late next year. Your stock is, obviously, trading well below where most of us have your NAV in the $100 ballpark. And I think **it's pretty well-known that there's been some grave market concerns over the expansion strategy into Asia**. I guess my question is knowing those two realities, why not wait a little longer to prove to the world that the Asia projects are stabilizing, they're producing the yields you thought before putting more capital into Asia?"



Robert S. Taubman, Chairman & CEO: "Well, **we've always believed that the best capital that we can spend is in new development**. And clearly, we're selling at a significant NAV discount. Certainly, the street believes that. We, as management, also believe that. We, as shareholders, the largest shareholders, believe that.... Yes, you're right. **We would know more in 2 years, in 3 years, but the markets don't sit like that**. When you make good decisions and people can see them, over time, they want to be part of that. And with the number of inquiries that we have as a result of what we're doing over there is very, very high. So we believe that the right time to consider our next project is in the second half '17. That's what we're focused on. It is likely going to be in Korea. **We'll know a lot more a year from now when we actually have to put our shovel in the ground**. And assuming all systems continue to look go, especially with that year under our belt, we'll feel very comfortable about moving forward with the next project."

Taubman Q1 2016 Earnings Call, May 3, 2016 (emphasis added)

Taubman Has Recorded More Than $300 Million in Impairment Charges for Five Poorly Executed Investments

<u>Since 2008, Taubman has recorded more than $300 million in impairment charges</u>

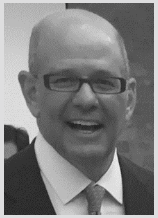
- *"[W]e recognized impairment charges of **$117.9 million** and **$8.3 million** related to our **Oyster Bay** and **Sarasota projects**, respectively…."*
- *"[W]e recognized impairment charges of **$107.7 million** and **$59.0 million** related to **The Pier Shops** and **Regency Square**, respectively."*
- *"In 2015, we made a decision not to move forward with an enclosed regional mall that was intended to be part of the **Miami Worldcenter**…. As a result of this decision, an impairment charge of **$11.8 million** was recognized in the fourth quarter of 2015…."*

Management continues to repeat the same mistakes and must be held accountable by the independent directors of the Company

Source: Company reports (emphasis added)

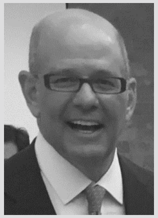
Past Management Development Debacles: The Pier Shops

- The Pier Shops is a luxury shopping mall located in Atlantic City, New Jersey across the Boardwalk from Caesars
- In 2005, the Company agreed to purchase a 30% interest in the development, which was spearheaded by Gordon Group Holdings LLC
- The Pier Shops opened for business in 2006 with original NOI projections being ratcheted back significantly
- **Despite the lowered expectations, in 2007, Taubman increased its ownership stake to a 77.5% controlling interest, increasing its total investment to $133 million**



"When this asset stabilizes, we will have created significant NAV…. We'd be very surprised as we look back several years from now if this asset isn't one of our very strongest centers."

Robert S. Taubman, Chairman & CEO of Taubman
Taubman Q1 2007 Earnings Call, April 2007



"The property is clearly on track for being in the top third of our portfolio in sales per square foot for 2007."

Robert S. Taubman, Chairman & CEO of Taubman
Taubman Q2 2007 Earnings Call, July 2007

- Taubman took a $108 million impairment in 2009 and discontinued financial support of The Pier Shops
- In 2011, the asset was foreclosed on and was later sold for pennies on the dollar by creditors

Source: Company reports

By increasing the Company's ownership stake in its joint ventures in Asia, is management repeating the same mistakes they've made in the past?

Assets Sold to Starwood Highlight Further Development Missteps

- In 2014, Taubman sold seven malls that it had developed for $1.4 billion to Starwood
- Taubman shareholders earned a pathetic 10% appreciation above the total undepreciated cost basis despite significant cap rate compression that had occurred between the time of development and sale

> "Additionally, at $1.405 bn the 7 malls are being valued only ~10% above the undepreciated cost basis of $1.27 bn, **highlighting past development missteps in how little value has been created in these assets collectively over time** (notably, all 7 were either developed or redeveloped between 1999 and 2007). Some have been winners, some not. That is why development is risky."
>
> Michael Bilerman, Citi
>
> June 18, 2014 (emphasis added)

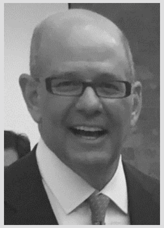
As will be demonstrated in the following slide, a 10% return is a colossal failure on the part of management

Source: Company reports

Development Returns on Malls Sold to Starwood – Not Something to Be "Proud" Of

- **We believe the Starwood sale portfolio clearly illustrates Taubman's mixed track record of development value creation**
- A mere 10% gross return on costs for these developments (during a spectacular 10-year period for mall NOI growth), cap rate compression and asset appreciation is startling
- Land and Buildings estimates these mall developments should have returned ~75% given the market-level NOI growth and cap rate compression that occurred during this time
  - NOI growth alone should have grown asset values 45%
  - Cap rate compression alone should have grown asset values 20%
  - The cumulative effect of NOI growth and cap rate compression should have grown assets nearly 75%

$ in thousands	Undepreciated Cost Basis[(1)]	Historical Market Cap Rates[(2)]	Initial NOI Est. Given Historical Cap Rates	Potential NOI Given Historical Class A Market NOI Growth[(3)]	Actual Sale Cap Rate[(4)]	Est. Potential Market Value
Starwood Sale Portfolio	$1,268,598	7.9%	$100,000	$145,000	6.6%	$2,200,000
Potential Value Creation				***45%***	***20%***	***74%***



"[W]e're very proud of the returns that we've achieved on the… assets that we are selling to Starwood."

Robert S. Taubman, Chairman & CEO of Taubman
M&A Call, June 18, 2014 (emphasis added)

(1) *Source: Taubman Form 10-K filed February 26, 2014*
(2) *Note: Estimated market cap rates of class A malls at time of development, weighted by cost basis*
(3) *Source: Estimated NOI growth of class A malls over time period using actual same store NOI growth of GGP, MAC, SPG and TCO, weighted by cost basis*
(4) *Source: Company reports*

The Starwood example highlights that there needs to be more scrutiny about the capital allocation decisions of management by the independent directors of Taubman

We Have Been Highlighting Taubman's Capital Allocation Issues for Over 20 Years

November 1992
Taubman IPO

March 1994
"For the near term, **Taubman is handicapped by structural issues**."
Jonathan Litt, Salomon Brothers, March 31, 1994

March 1995
"We are downgrading the shares of Taubman Centers, Inc. to Hold from Buy based upon… a recent announcement… that the company is planning to develop a superregional value retail mall in Tempe, Arizona. **We believe this represents a change in strategy which throws into question management's decision making process** especially given the public market's tenuous perception of the company…. We are concerned about management's decisions to embark on a number of these new projects when the company has yet to demonstrate that it can successfully address existing challenges."
Jonathan Litt, Salomon Brothers, March 21, 1995

November 2000
"Overall, we were disappointed to hear that Taubman is having problems with two of its development projects. A **high degree of development risk** versus its peers was one of the drivers behind our Neutral rating. Unfortunately, **it appears as though our concerns came to fruition** this quarter."
Jonathan Litt, Salomon Smith Barney, Nov. 10, 2000

February 2001
"[W]e believe that **Taubman bit off more than it could chew trying to juggle four major mall developments in the same year**. Initial yield expectations for the projects scheduled to open in 2001 have fallen by roughly 100 basis points…."
Jonathan Litt, Salomon Smith Barney, February 15, 2001

February 2002
"On today's conference call, management provided a disappointing update on its four new developments…. **Once again TCO lowered their yield forecast for the development pipeline**."
Jonathan Litt, Salomon Smith Barney, February 13, 2002

November 2002
"[S]everal of Taubman's recently completed developments have produced disappointing returns. **These assets could continue to impair results going forward**."
Jonathan Litt, Salomon Smith Barney, November 5, 2002

November 2003
"**Investors should… be worried about the planed Oyster Bay, Long Island development**…. The bulk of the company's $33 million in predevelopment costs has been spent of this property."
Jonathan Litt, Citigroup, November 3, 2003

February 2007
"Taubman continues to clip a $10-$11 million (10-13c) per share predevelopment expense each year for projects the company is pursuing in the US and Asia. **Taubman's development pipeline continues to grow; however, costs and yield expectations for a few of the new projects are not yet known**."
Jonathan Litt, Citigroup, February 7, 2007

Land and Buildings founded in 2008; discussions with Taubman management have continued in private

Note: Emphasis added to all quotes

Beverly Center – An Example of Why Disclosure Is Inadequate and Management Is Not Trusted

- On March 8, 2016, Taubman announced a $500 million investment in Beverly Center in Los Angeles was necessary with little to no return expected
- The investment community howled in protest given significant unanswered questions

"Yet Another Low Development Yield at Beverly Center"
UBS
March 8, 2016

"Yield and IRR Forecasts Paint A Foggy Picture"
UBS
March 8, 2016

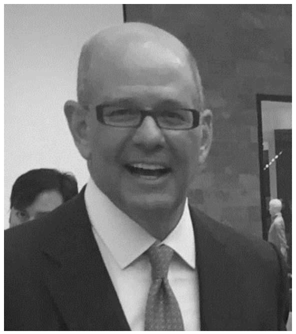
"Based on conversations with investors, we think the market believes that TCO is spending $500M, or 100% of the total expected investment in Beverly Center, to merely preserve 2015 NOI when the project stabilizes in 2020."
KeyBanc
March 11, 2016

"What's most puzzling is why the company did not address the capex/redevelopment needs of the asset earlier knowing that Century City went through a prior redevelopment in 2007 that led to a gradual market share loss for Beverly Center…."
Evercore ISI
March 10, 2016

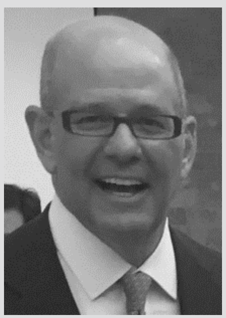
- The Company has:
  - Not disclosed the current level of net operating income of the asset
  - Not disclosed the expected 2017 and beyond expected loss in net operating income
  - Not disclosed the targeted level of net operating income at stabilization
- In the subsequent seven trading days following the announcement, Taubman's stock declined by 6% and underperformed the REIT index by approximately 800 bps
  - Investors, in our view, clearly voted on their disappointment with management

Source: Company reports

Did Management Consider Options Other Than Sinking $500 Million Into Beverly Center?



- Why didn't they sell Beverly Center?
- Why not sell Beverly Center now?
- Is it because management does not want to admit a mistake?



Robert S. Taubman, Chairman & CEO: "We call it a **reimagination**."

Craig Schmidt, Bank of America Merrill Lynch: "Reimagination, okay."

Bank of America Merrill Lynch 2016 Global Real Estate Conference, September 14, 2016 (emphasis added)

Management cannot be trusted to make decisions that are in the best interests of shareholders, in our view

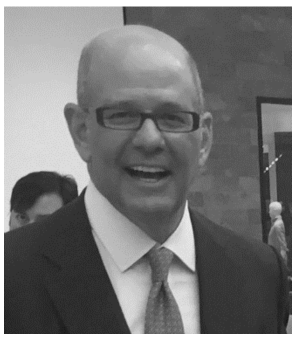
LAND and BUILDINGS

4. Taubman's Egregious Corporate Governance Practices

Green Street Advisors Gives Taubman the Lowest Governance Rating Among All REITs

Green Street Governance Rating: Overall Score

Taubman	**14/100**
Mall REIT Average	53/100
REIT Average	56/100



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

"Companies with good governance should and do trade at valuation premiums relative to companies with poor governance."

Green Street Advisors

We believe poor corporate governance is a key factor in the Company's "Bobby discount"

Source: Green Street Advisors

There Are Numerous Factors for Taubman Being the "Industry Leader" in Poor Governance Practices

- In the following slides we highlight several factors in Taubman's "industry leading" poor corporate governance practices, including:
  - ☒ Classified board structure
  - ☒ Long tenured board
  - ☒ Questionable independence from the Taubman family
  - ☒ Non-independent Chairman
  - ☒ Limited investment among independent directors
  - ☒ Poor proxy access for shareholders
  - ☒ Substantial ability for the board to block an acquisition
  - ☒ Onerous anti-takeover provisions
  - ☒ Allowing Taubman shares to be pledged as collateral
- Additionally, we note that William Parfet, after being sued for sexual harassment by a former employee, resigned from the Board nearly a month after resigning from the boards of Stryker Corporation ("Stryker") and Monsanto Company ("Monsanto")
- Finally, we highlight the "Simon Saga" where the Taubman family stonewalled Simon Property Group's acquisition attempt by using their political influence to change Michigan law to allow them to block Simon Property Group's tender offer

We find it hard to believe that each independent director would willingly associate themselves with a board that is perceived to have such egregious corporate governance practices

Classified Board Structure Prevents Shareholders From Holding the Board Accountable, In Our View

"**Boards should have an annual, not staggered, election of all directors.** Investors are more comfortable giving boards considerable power if they have a way of reigning in or firing boards that abuse those powers. Accountability is so important that this is the most important variable (30 of 100 points) in our rating system."

Green Street Advisors

Green Street Governance Score: Non-Staggered Board

Taubman	**0/30**
Mall REIT Average	22/30
REIT Average	16/30

We believe the Board's classified structure serves as a major obstacle to shareholders being able to hold the Board accountable

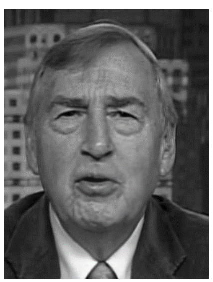
The Board needs to immediately de-stagger so that all directors stand for re-election at the 2017 Annual Meeting and permanently state that the Board will not be re-staggered

Source: Green Street Advisors

The Board Is Long-Tenured, Stale and Lacks Diversity

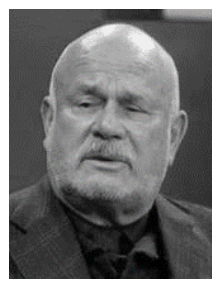
- The average age of the Board is nearly 70 years old
- Only two directors have a board tenure of less than a decade
  - The Board's "newest" appointee, Myron Ullman III, is actually doing his <u>second stint</u> on the Board
- The Board lacks diversity and has so many interconnections that we have to question the Board's ability to hold management accountable

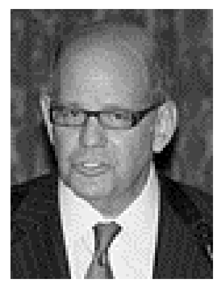
Director	Age	Tenure (years)
Robert S. Taubman	62	14.8
Jerome A. Chazen	89	24.9
Graham T. Allison, Jr.	76	19.8
William S. Taubman	57	16.5
Peter Karmanos, Jr.	73	16.5
Craig M. Hatkoff	62	12.9
Ronald W. Tysoe	62	8.8
Myron E. Ullman III	69	0.6
Average	**69**	**14**

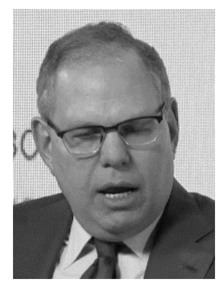

Graham T. Allison


Jerome A. Chazen


Craig M. Hatkoff


Peter Karmanos, Jr.


Robert S. Taubman


William S. Taubman

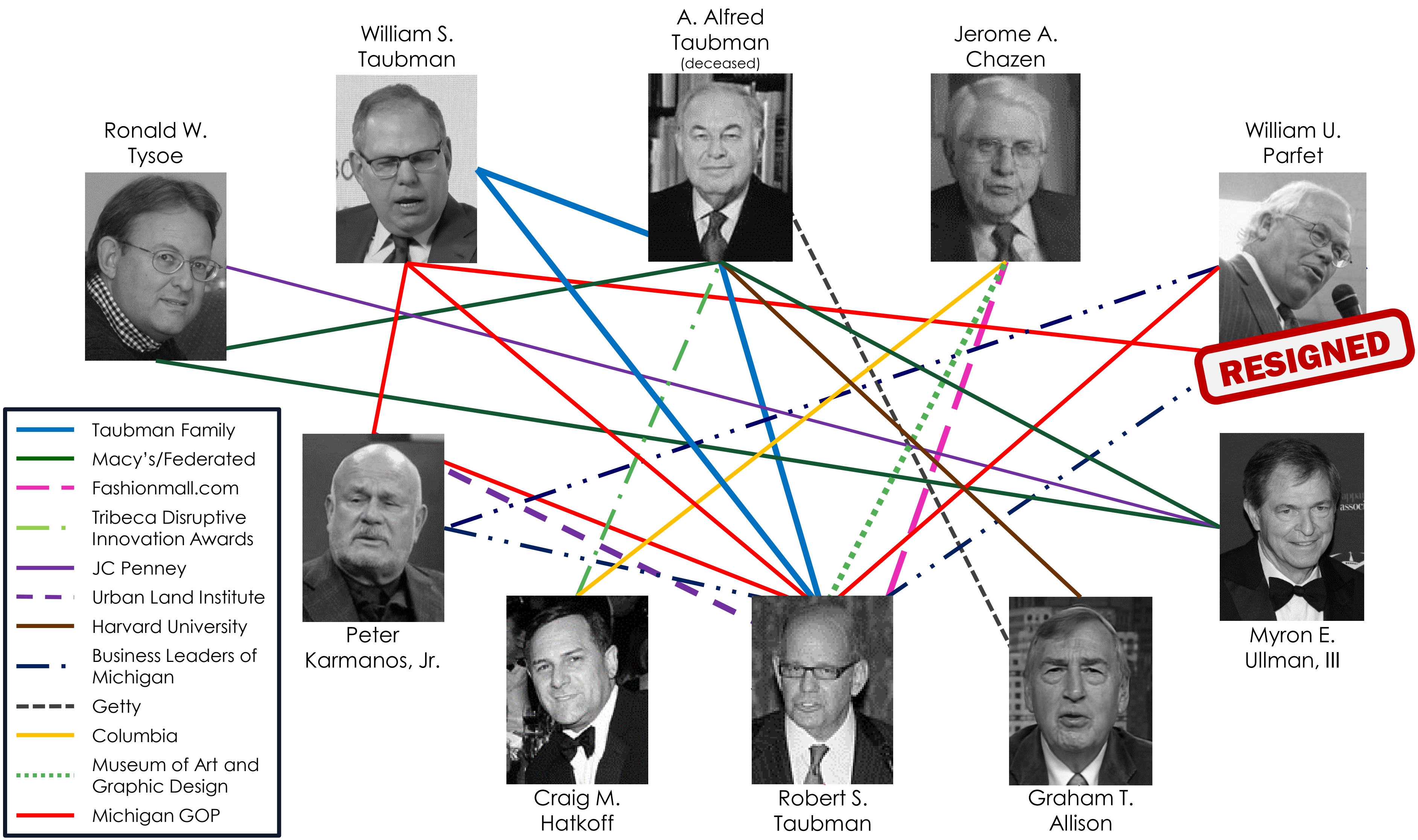

Ronald W. Tysoe


Myron E. Ullman, III

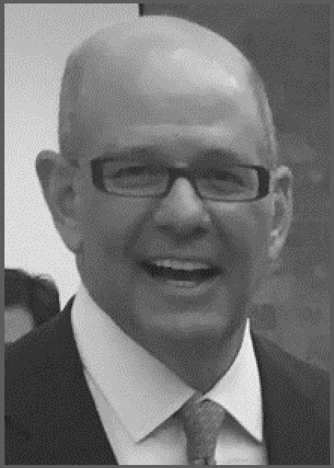
The Board should commit to immediately reducing the tenure of the Board from 14 years to below seven years

Source: Land and Buildings, Company reports, Bloomberg

Interconnected Board



Source: Company reports; OpenSecrets.org



“[W]e have a **terrific** board….”

Robert S. Taubman, Chairman & CEO of Taubman

Taubman Q3 2015 Earnings Call, October 27, 2015 (emphasis added)

Resignation of William Parfet From the Board

William U. Parfet

- On August 1, 2016, William Parfet was sued by a former employee for a number of complaints, including sexual harassment, and accused him of fathering two of her children(1)
- On August 31, 2016, Mr. Parfet resigned from the boards of Stryker(2) and Monsanto(3)
- It was not until September 27, 2016 that Mr. Parfet resigned from the Taubman board(4)
  - **Why did it take nearly two months for Mr. Parfet to resign from the Taubman board?**

MLIVE

Upjohn heir sued by former employee, claiming he fathered two of her children

MLIVE

Businessman William Parfet resigns from Stryker Corp. Board of Directors

ST. LOUIS POST-DISPATCH

Parfet resigns from Monsanto's board of directors

(1) Source: John Tunison, "Upjohn heir sued by former employee, claiming he fathered two of her children", Mlive Media Group, August 6, 2016
(2) Source: Al Jones, "Businessman William Parfet resigns from Stryker Corp. Board of Directors", Mlive Media Group, September 2, 2016
(3) Source: Staff, "Parfet resigns from Monsanto's board of directors", St. Louis Post-Dispatch, August 31, 2016
(4) Source: Taubman Form 8-K filed September 30, 2016

Mr. Parfet resigned from the boards of Monsanto and Stryker nearly a full month before he resigned from the Taubman board

Did Mr. Parfet's apparent **connections to the Taubman family** embolden him to refrain from immediately resigning from the Taubman board?

Qualifications for Potential Directors To Replace Mr. Parfet

William U. Parfet

- With the recent resignation of Mr. Parfet there is currently an open seat on the Board
- We believe there are several criteria that should be taken into account when selecting a new director to fill the vacancy:
  - **Industry Experience**
  - **Independent from the Taubman Family**
  - **Diversity**
- We do not know if these individuals are interested in being a director on the Taubman board, but the following people check several boxes:
  - **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)

The independent directors need to be truly independent of the Taubman family in order for the Board to have the credibility to end the “Bobby discount,” in our view

Lack of Investment by Independent Directors

"Multiple board members, including insiders and independents, should hold sizable investments in the company."

Green Street Advisors

Independent Director Share Ownership

Director	% S/O Owned
Jerome Chazen	0.099%
Graham Allison, Jr.	0.006%
Peter Karmanos, Jr.	0.083%
Craig Hatkoff	0.012%
Ronald Tysoe	-
Myron Ullman III	0.004%
Total	**0.204%**

Despite most independent directors being long-tenured, there is very little "skin in the game" on the part of the independent directors

Source: Green Street Advisors; Taubman Form DEF 14A filed April 12, 2016; Taubman Form 4 filed October 3, 2016
Note: Reflects the number of shares owned directly or indirectly by each individual

The Board Has a Reputation Within the Investment Community of Poor Conduct

"**Reputation matters.** This variable is subjective, but it is very important. Some boards have been stress tested on change-of-control questions, many have dealt with issues where shareholder and managerial interests diverge, and all have dealt with executive pay questions. Our annual review of executive pay can significantly influence this variable."

Green Street Advisors

Green Street Governance Score: Conduct

Taubman	**0/20**
Mall REIT Average	7/20
REIT Average	11/20

Are the independent directors at all concerned that the Board's reputation is so poor within the investment community?

Source: Green Street Advisors

The Taubman Family Has Near Total Power to Block an Acquisition Without the Intervention of a Truly Independent Board

"Companies where insiders control a large stake can, for all practical purposes, only be taken over if management agrees. And in many instances, management will never agree. Our scoring system penalizes companies where insider blocking power is present."

Green Street Advisors

Green Street Governance Score:
Insider Blocking Power

Taubman	**0/8**
Mall REIT Average	6/8
REIT Average	7/8

We believe the Taubman family gaining approximately 30% of the shareholder vote for $38,400 <u>without shareholder approval</u> definitely warrants a zero from Green Street Advisors, in our view

Source: Green Street Advisors

Taubman Has Onerous Anti-Takeover Provisions

"It is fair to assume that boards that avail themselves of more potential anti-takeover devices are **more likely to use them in a manner adverse to the interests of outside shareholders**."

Green Street Advisors (emphasis added)

Green Street Governance Score: Anti-Takeover Provisions

Taubman	**5/30**
Mall REIT Average	14/30
REIT Average	17/30

Are the independent directors prepared to remove the Company's burdensome anti-takeover provisions?

Source: Green Street Advisors

The Board Has a Non-Independent Chairman Which Places Too Much Power In the Hands of Management

"The Company has neither appointed an independent chairman nor an independent lead or presiding director. We view an independent chairman as better able to oversee the executives of the Company and set a pro-shareholder agenda without management and, consequently, without conflicts that an executive insider or affiliated director might face. This, in turn, leads to a more proactive and effective board of directors in our view. **When the position of chairman of the board is held by either an insider or affiliate, we believe that it is the responsibility of the nominating and corporate governance committee to appoint an independent lead or presiding director to ensure proper oversight**."

Glass Lewis

Glass Lewis Proxy Paper on Taubman, May 18, 2016 (emphasis added)

Nominating and Corporate Governance Committee Members

Graham T. Allison

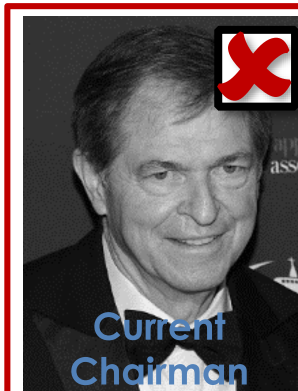
20 year board tenure

Craig M. Hatkoff

13 year board tenure

William U. Parfet

RESIGNED



Myron E. Ullman, III

Up for election in 2017

Source: Taubman Form DEF 14A filed April 12, 2016; Taubman Form 8-K filed September 30, 2016

The Taubman Family Slashed Their Economic Interest but Not Their Vote

- A total of 975,513 shares of common stock, 8,338,496 shares of Series B Preferred Stock and 8,338,496 units of TRG are pledged as collateral for several loans with various financial institutions(1)
  - In 2015, Taubman effectively reduced their economic ownership in the Company by more than one third by pledging both shares and OP units as collateral for loans
    - Despite this, the Taubman family continues to have voting control of 30%
  - Taubman does not disclose a plan to unwind the number of pledged shares(2)

"Notwithstanding the material risk to shareholders presented by a pledge of this magnitude, **the company does not provide any rationale for the pledging activity, or any indication that it will be limited in duration**. The company discloses that it currently has a trading policy that prohibits pledging of company shares except in situations and on conditions preapproved by the company's general counsel. However, **the concern remains that an increase in pledging activity may pose a significant risk to shareholders**."

Institutional Shareholder Services

Proxy Research Report on Taubman, May 24, 2016 (emphasis added)

How can the independent directors oversee the pledging of these securities, and allow the Taubman family to retain approximately 30% voting control?

(1) Source: Taubman Form DEF 14A filed April 12, 2016

(2) Source: Institutional Shareholder Services Proxy Research Report on Taubman, May 24, 2016

Audit Committee Members Should Not Allow Taubman Shares to Be Pledged

"**WITHHOLD votes are warranted for audit committee members**… due to the board's failure to establish a policy to mitigate or prevent the risks caused by share pledging."

Institutional Shareholder Services
Proxy Research Report on Taubman, May 24, 2016 (emphasis added)

Audit Committee Members

Jerome A. Chazen

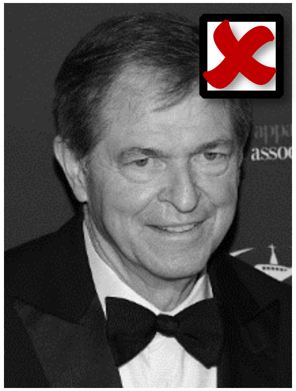
25 year board tenure

Ronald W. Tysoe

9 year board tenure

William U. Parfet

RESIGNED



Myron E. Ullman, III

Up for election in 2017

For an example of Taubman's egregious corporate governance one needs to look no further than the actions the Board took when Simon Property Group attempted to acquire the Company during 2002 through 2003

Creation of Series B Preferred Stock

- In 1998, **without shareholder approval**, the Board authorized the creation of Series B Preferred Stock for partners of Taubman Realty Group[1]
  - Series B Preferred Stock entitles its holders to one vote per share on all matters submitted to the Company's shareholders and votes together with the common stock on all matters as a single class
  - The Taubman family owned less than 1% of common shares outstanding at the time of the creation of Series B Preferred Stock
  - The Taubman family paid $38,400 for their approximately 25 million shares of Series B Preferred Stock which currently nets them approximately 30% of a shareholder vote
- **Disclosure of the voting rights of Series B Preferred Stock was not made until nearly two months after the creation of these shares**[2]
  - Once disclosed, the voting rights of Series B Preferred Stock was buried in verbiage within the filing

Disclosure of Series B Preferred Stock[2]

Item 1. Changes in Control of Registrant

The information required by this item is given in response to Item 2.

Item 2. Acquisition or Disposition of Assets

Taubman Centers, Inc. (TCO) is the managing general partner of The Taubman Realty Group Limited Partnership (TRG). On September 30, 1998, TCO obtained a majority and controlling interest in TRG as a result of a transaction in which TRG exchanged interests in 10 shopping centers, together with $990 million of its debt, for all of the partnership units owned by General Motors Pension Trusts (GMPT), representing approximately 37% of TRG's equity (the GMPT Exchange). The approximately 50 million GMPT partnership units had a fair value of approximately $675 million based on the average share price of TCO common stock for the two week period prior to the closing of the transaction. As a result of the GMPT Exchange, TCO's ownership of TRG increased to 62.7%.

TRG no longer has a Partnership Committee overseeing its operations and the GMPT-affiliated members of TCO's Board of Directors resigned, resulting in TCO having a nine-member board with a majority of independent directors. Additionally, TCO became obligated to issue to the partners in TRG other than TCO (Minority Partners), upon subscription, one share of Series B Non-Participating Convertible Preferred Stock (Series B Preferred Stock) for each TRG unit held by the Minority Partners. Each of the Minority Partners is entitled to subscribe for one share of Series B Preferred Stock for each TRG unit of partnership interest that the Minority Partner holds. The subscription price is equal to the per share liquidation preference of 1/10th of one cent. TCO expects to have completed the initial issuance of Series B Preferred Stock to the Minority Partners before the end of 1998. If TRG issues additional units to one or more Minority Partners (including new partners in TRG), each new Unit will carry the right to subscribe for one share of series B Preferred Stock for 1/10th of one cent per share. TCO may not issue additional shares of Series B Preferred Stock except as described above, other than to reflect stock dividends, splits, or similar matters that would otherwise adversely affect the relative voting power of the Series B Preferred Stock. Each share of Series B Preferred Stock entitles the holder to one vote on all matters submitted to TCO's shareholders. The holders of Series B Preferred Stock, voting as a class, have the right to designate up to four nominees for election as directors of TCO. On all other matters, including the election of directors, the holders of Series B Preferred Stock will vote with the holders of common stock. The holders of Series B Preferred Stock are not entitled to dividends or earnings. Under certain circumstances, the Series B Preferred Stock is convertible into common stock (at a ratio of 14,000 shares of Series B Preferred Stock for one share of common stock), but TCO will redeem for cash any fractional shares of common stock resulting from a conversion.

(1) Source: Daniel Gross, "Mall Rats", Slate, February 25, 2003

(2) Source: Taubman Form 8-K filed October 15, 1998

"Frankly, I have yet to know of a shareholder that truly understands what happened here."

David Simon, Chairman & CEO of Simon Property Group

Andrew Ross Sorkin, "Two Families, Two Empires and One Big Brawl at the Mall", The New York Times, December 1, 2002

Simon Property Group Makes Offer to Acquire Taubman

- In late 2002, Simon Property Group made an unsolicited offer to acquire Taubman at an 18% premium(1)
- Without engaging with Simon Property Group, the Board stated that "the Company has no interest whatsoever in pursuing a sale transaction....“(2)

THE WALL STREET JOURNAL.

Simon Property Group Offers To Purchase Taubman Centers

- Simon Property Group, now joined by Westfield, subsequently made a tender offer which resulted in approximately 85% of shares being tendered(3)
- Despite 85% of common shareholders tendering their shares,(3) the Taubman family effectively blocked the sale of the Company with their Series B Preferred Shares, which they received <u>without shareholder approval</u>
- Simon Property Group filed suit stating that TRG’s votes were improperly obtained and should not be counted(4)

(1) Source: Dean Starkman, “Simon Property Group Offers To Purchase Taubman Centers”, The Wall Street Journal, November 14, 2002
(2) Source: Simon Property Group press release issued November 13, 2002
(3) Source: Westfield press release issued February 17, 2013
(4) Source: Simon press release issued December 5, 2002

"The value of TCO stock could be permanently impaired in the eyes of the public if a fair offer was made and turned down."

Jonathan Litt

Andrew Ross Sorkin, "Two Families, Two Empires and One Big Brawl at the Mall", The New York Times, December 1, 2002

Taubman Lobbies Michigan Legislature to Change Law to Allow the Taubman Family to Block the Acquisition

- After a US District Court judge ruled that the Taubman's would not be allowed to vote their Series B Preferred Stock, the Taubman family lobbied the Michigan legislature to retroactively codify acceptance of such a voting arrangement[1]

THE WALL STREET JOURNAL.

Taubmans Take Law Into Their Own Hands

Michigan State Senate to Hear Testimony On Bill to Shield Mall Giant From Takeover

Rep. Bill Huizenga (R)

Michigan Representative Bill Huizenga (R) sponsored legislation, which directly benefits the Taubman family, which was passed in the Michigan House[1]

"They'll try to put a policy face on [this legislation]. They'll try it, but **this is nothing more than a Taubman bailout**."

Rep. Joe Rivet

Dean Starkman, "Taubmans Take Law Into Their Own Hands", The Wall Street Journal, June 17, 2003 (emphasis added)

(1) *Source: Brent Snavely, "Simon, Westfield drop takeover bid for Taubman Centers", Crain's, October 8, 2003*

Legislation Becomes Law and Simon Property Group Abandons Takeover Attempt

- In September 2003, the Michigan Senate passed the legislation which allowed the Taubman family to vote their Series B Preferred Stock[(1)]

The New York Times

Michigan Senate Approves Change in Takeover Laws

"This is a great day for Michigan shareholders… and hundreds of thousands of employees in Michigan."

Rep. Bill Huizenga (Legislation's Sponsor)

Andrew Ross Sorkin, "Michigan Senate Approves Change in Takeover Laws", The New York Times, September 19, 2003

The New York Times pointed out that Taubman "only has a small number of employees in Michigan" *(1)*

Gov. Jennifer Granholm (D)

- Simon Property Group and Westfield abandoned their takeover bid in October 2003 after the Michigan Governor Jennifer Granholm (D) refused to veto the new legislation[(2)]

How does Taubman have so much political influence in Michigan?

(1) Source: Andrew Ross Sorkin, "Michigan Senate Approves Change in Takeover Laws", The New York Times, September 19, 2003
(2) Source: Sherri Day and Andrew Ross Sorkin, "Simon Group Gives Up Hostile Bid for Taubman Centers", The New York Times, October 9, 2003

"**[F]ew companies seeking State House help have the heft of the Taubman name in Michigan**. The Taubman family has contributed more than $100,000 in political donations since 1998, most to Republican candidates or causes, according to Federal Election Commission records. Mr. Taubman also is a leading donor to the Detroit Institute for the Arts, the University of Michigan and other causes. **At the House hearing, Taubman representatives displayed a map of metropolitan Detroit with dots showing area institutions that received Taubman Centers philanthropy**."

The Wall Street Journal

Dean Starkman, "Taubmans Take Law Into Their Own Hands", The Wall Street Journal, June 17, 2003 (emphasis added)

Taubman Contributions to Michigan Politicians

The Holland Sentinel

U.S. Rep. Huizenga clearing up campaign discrepancies - from 2008

"Contributions from… Robert Taubman ($5,000)… were not noted or not noted in full."

TAUBMAN, WILLIAM S BLOOMFIELD HILLS, MI 48303	THE TAUBMAN COMPANY	6/25/12	$1,000	Dingell, John D (D)
TAUBMAN, WILLIAM S BLOOMFIELD HILLS, MI 48303	THE TAUBMAN COMPANY	2/18/04	$2,000	Dingell, John D (D)

TAUBMAN, WILLIAM S BLOOMFIELD HILLS, MI 48304	TAUBMAN DEVELOPMENT	5/11/10	$2,400	Huizenga, Bill (R)

CHAZEN, JEROME UPPER NYACK, NY 10960	CHAZEN CAPITAL PARTNERS LLC	7/30/02	$250	Levin, Carl (D)

TAUBMAN, ROBERT S BLOOMFIELD, MI 48304	TAUBMAN COMPANY	5/22/07	$2,300	Levin, Carl (D)
TAUBMAN, WILLIAM S BLOOMFIELD HILLS, MI 48304	THE TAUBMAN COMPANY	11/29/07	$2,300	Levin, Carl (D)

KARMANOS, PETER ORCHARD LAKE,MI 48324	CAROLINA HURRICANES	12/30/2015	$2,700	Huizenga, Bill
KARMANOS, PETER ORCHARD LAKE,MI 48324	CAROLINA HURRICANES	12/30/2015	$2,700	Huizenga, Bill

Source: OpenSecrets.org; Andrea Goodell, "U.S. Rep. Huizenga clearing up campaign discrepancies - from 2008", Holland Sentinel, March 29, 2015

"The legislation could hardly be more anti-shareholder. How do you price expropriation risk?"

Jim Corl, Cohen & Steers

Dean Starkman, "Taubmans Take Law Into Their Own Hands", The Wall Street Journal, June 17, 2003 (emphasis added)

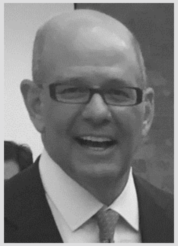
Cohen & Steers Disposes Entire Stake In Reaction to Taubman Stonewalling Simon Property Group Tender Offer

- Cohen & Steers, the largest institutional investor in REITs, had been a long-time owner of Taubman shares(1)
- As of November 2002, the firm owned a 9.9% stake in common stock(2)
- After the legislation was introduced in the Michigan Legislature, Portfolio Manager, Jim Corl, testified before a House committee(2)
- After the legislation passed, Cohen & Steers sold its entire stake in Taubman(1)

"Bobby basically didn't give us anything more than, 'It's not time to sell.' But we really didn't have any information that could lead us to a significantly higher share price."

Martin Cohen, President of Cohen & Steers

Dean Starkman, "Taubman Rejects Sweetened Bid By Rivals Simon and Westfield", The Wall Street Journal, January 22, 2003



"[Bobby Taubman] said the 'emotion that some suggest exists' among investors is overstated and doesn't take into account the economic prospects of the company. 'You wouldn't be investing people's money long if you ended up being emotional,' [Bobby Taubman] said."

Dean Starkman, "Taubman Rejects Sweetened Bid By Rivals Simon and Westfield", The Wall Street Journal, January 22, 2003

(1) *Source: Bloomberg*
(2) *Source: Dean Starkman, "Taubmans Take Law Into Their Own Hands", The Wall Street Journal, June 17, 2003*

Where Was the Board During This Fiasco?

"**Effective corporate governance depends upon the board being accountable to shareholders**. Although the tender offer received the clear mandate of a majority of company's shares, the board did not act on the offer in accordance with the desires of shareholders. Such failure or unwillingness to respond to the desires of shareholders warrants withholding votes from directors.

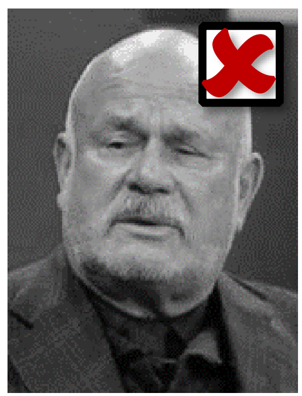
"**We recommend withholding votes from all of the nominees**… for failure to act on a tender offer that received a clear mandate of a majority of the company's outstanding shares."

Institutional Shareholder Services
December 2003 (emphasis added)

- In the end, the Board could have acted in the best interests of shareholders rather than act at the whim of the Taubman family, but they failed to do so, in our view
- Six out of eight current directors were on the Board at the time of the Simon Property Group takeover attempt[1] and they have yet to be held accountable:

Graham T. Allison

Jerome A. Chazen



Peter Karmanos, Jr.

Robert S. Taubman

William S. Taubman

Myron E. Ullman, III

(1) Source: Taubman Form DEF 14A filed November 19, 2003

Taubman Needs New Oversight

The New York Times

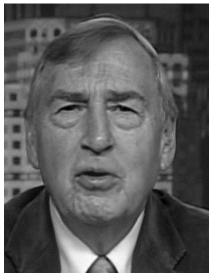
Ex-Chairman Of Sotheby's Gets Jail Time

- During Simon Property Group's acquisition attempt, Alfred Taubman was known as Inmate 50444-054 at the Federal Medical Center in Rochester, Minnesota[(1)]
- On April 23, 2002, Alfred Taubman was sentenced to serve 1 year and 1 day in prison for his part in leading a six-year price-fixing scheme while Chairman of Sotheby's[(2)]
  - The United States Probation Office made a surprise recommendation asking that Mr. Taubman be spared incarceration
  - Additionally, Mr. Taubman presented 90 letters written on his behalf by dignitaries such as the Queen of Jordan, a former Secretary of State, and a former US President
  - **Was Mr. Taubman attempting to use his influence to escape justice?**

We believe Mr. Taubman's actions as Chairman of Sotheby's is an example of the Taubman family not always doing what is in the best interests of shareholders and is an example of why the Company needs new oversight

(1) Source: Robert McFadden, "A. Alfred Taubman, 91, Dies; Developer, Sotheby's Owner and Focus of Scandal", The New York Times, April 18, 2015
(2) Source: Carol Vogel and Ralph Blumenthal, "Ex-Chairman Of Sotheby's Gets Jail Time", The New York Times, April 23, 2002

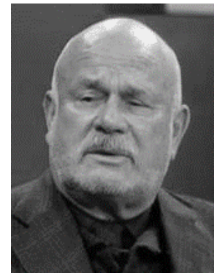
Where Have the Independent Directors Been?



Graham T. Allison

Jerome A. Chazen

Craig M. Hatkoff



Peter Karmanos, Jr.

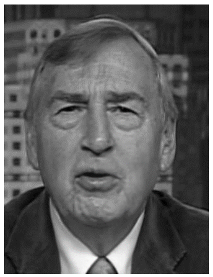
Ronald W. Tysoe

Myron E. Ullman, III

- Why has the Board continued to have a classified board structure?
- Why has the Board failed to add new directors who bring fresh perspectives?
- Why does the Board continue to have questionable independence from the Taubman family?
- Why has the Board failed to appoint a lead independent director?
- Why does the Board continue to have little "skin in the game"?
- Why does the Board continue to offer limited proxy access to shareholder?
- Why does the Board continue to grant the Taubman family the ability to control nearly all decisions despite the family's reduced economic interest in the Company?
- Why does the Board continue to approve onerous anti-takeover provisions?
- Why has the Board allowed the Taubman family to pledge their common and preferred shares as collateral?

Why Do the Independent Directors Appear to Tolerate Such Poor Corporate Governance Practices?

Each independent director has spent an entire career to build their existing reputation and have each served in important roles at iconic organizations



Graham T. Allison

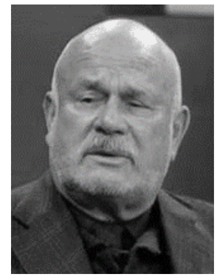
Former Dean of the Kennedy School of Government at Harvard University

Jerome A. Chazen

Trustee of Columbia University

Craig M. Hatkoff

Co-Founder of the Tribeca Film Festival



Peter Karmanos, Jr.

Owner of the Carolina Hurricanes Hockey Club

Ronald W. Tysoe

Director of the Cincinnati Zoo

Myron E. Ullman, III

Former Chairman of the Board of the Federal Reserve Bank of Dallas

We find it hard to believe that each independent director would be willing to potentially sully their existing reputation, and that of the fine organizations which they each associate with, by being a member of a board that is perceived to have such egregious corporate governance practices

> "It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently."
>
> Warren Buffet, Chairman of Berkshire Hathaway

Source: Taubman Form DEF 14A filed April 12, 2016

It is **time for the independent directors** to exercise their 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 **hold management accountable** for the their poor performance and seek ways to maximize value for all Taubman shareholders

LAND and BUILDINGS

5. The Taubman Opportunity to Unlock Value

The Taubman Opportunity

Taubman

Fair Value	**$144/share**
Current NAV	**$106/share**
Current Price	$71/share
Upside to Fair Value	**103%**
Upside to Current NAV	**49%**

The Mall at Millenia
Orlando, FL

- **Grossly Undervalued as Management Has Prioritized Itself Over Shareholders**
  - Taubman trades at one of the largest discounts to NAV in the REIT universe despite owning some of the best assets
  - The Company has persistently traded at a substantial discount due to operational underperformance, poor capital allocation decisions, bloated cost structure and abysmal corporate governance
  - Taubman's total shareholder return has materially underperformed its High Quality Peers
  - Taubman's fortress portfolio of class A malls, combined with embedded NOI upside from operational improvements and development openings, has the potential to generate outsized NOI and earnings growth for several years
- **Opportunity to Repair Decades of Self-inflicted Value Destruction**
  - We believe this value can be unlocked through strategic changes
  - Our strategic plan to unlock value is straightforward and can be immediately implemented

Source: Land and Buildings, Bloomberg, Company reports, Wall Street research
Notes: Taubman share price as of end of day October 14, 2016

Our analysis highlights a variety of distressing areas of concern that we believe, <u>if fixed</u>, can begin to remedy the lack of trust investors have in management

Summary of the Taubman Opportunity – Value Creation Strategies

- After years of mismanagement and limited oversight, we believe Taubman's independent directors must compel the Taubman family to explore the numerous available paths to create sustainable shareholder value
- These paths include:

Current Price
$71

NAV
$106

Fair Value
$144

Modernized Corporate Governance

- De-stagger the Board
- Improve voting standard
- Reduce board tenure
- Separate Chairman and CEO
- Shareholder vote on preferred stock voting
- Appoint Lead Independent Director

Improved Operations

- Adjust corporate culture
- Margin improvement
- Lower overhead

Improved Capital Allocation

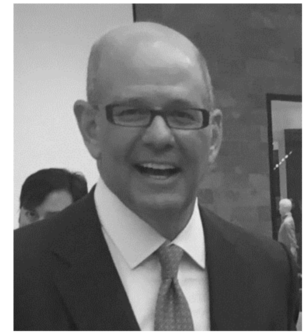
- Cease all new major external growth initiatives
- Sell assets and buy back stock
- Monetize Asia business
- Sell Beverly Center

Strategic Alternatives

- Focus on maximizing shareholder value
- Explore management-led privatization or a sale of the Company to a third party
- With tax basis step-up after the unfortunate passing of Albert Taubman, tax obligations are likely no longer an impediment to a potential sale or other value maximizing alternatives

Value Creation Strategies: **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)



Green Street Governance Rating: Overall Score

Taubman	**14/100**
Mall REIT Average	53/100
REIT Average	56/100

- ☑ 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
- ☑ Immediately appoint a Lead Independent Director

"Companies with good governance should and do trade at valuation premiums relative to companies with poor governance."

Green Street Advisors

Source: Green Street Advisors

Value Creation Strategies: **Improved Operations**

- ☑ A culture of operational excellence should be enacted with proper incentives to maximize NOI
- ☑ Increase NOI margins by at least 400 bps to a level closer to peers, by significantly reducing bloated expenses and capitalizing on missed revenue opportunities
- ☑ The Company should revisit all expense categories to reduce the bloated overhead costs, which are 4x peer levels,[1] so that they are in line with peers

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

(1) Note: 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

Value Creation Strategies: **Improved 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 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
- ☑ 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

> "The stock trades at a discounted valuation relative to NAV and Class A mall peers largely **due to stumbles on the development front** and **the company's foray into Asia/China**."
>
> UBS
>
> September 28, 2016 (emphasis added)

Value Creation Strategies: **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
- ☑ 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

Wall Street Published NAVs

	Estimated NAV	Target Price	Warranted Discount
Citigroup	$93.31	$79.00	-15%
Credit Suisse	91.00	85.00	-7%
Evercore ISI	86.67	82.00	-5%
Green Street Advisors	108.54	78.15	-28%
JP Morgan	97.68	83.00	-15%
KeyBanc	91.84	92.00	0%
Mizuho	103.00	89.00	-14%
Morgan Stanley	103.00	81.00	-21%
UBS	97.96	80.00	-18%
Average	**$97.00**	**$83.24**	**-14%**
TCO Share Price	$71.00	$71.00	
% Upside to Avg. Street NAV and Target Price	**37%**	**17%**	

"The value of TCO stock could be permanently impaired in the eyes of the public if a fair offer was made and turned down."

Jonathan Litt

Andrew Ross Sorkin, "Two Families, Two Empires and One Big Brawl at the Mall", The New York Times, December 1, 2002

Source: Wall Street research
Notes: Wall Street NAV estimates as of October 14, 2016 and is not an exhaustive list of sell-side NAVs

Management implementing these steps is necessary for Taubman's stock price to reach Fair Value, in our view

Taubman Has An Opportunity to Create Shareholder Value By Taking Steps to Close Its Discount to NAV

- The decades of poor management at Taubman has created a real opportunity to significantly enhance sustained value for Taubman shareholders
- $106 NAV at 3.9% cap rate
  - We conducted an asset by asset valuation analysis
  - Private market mall transactions corroborate our estimated NAV
  - Green Street Advisors, an industry leader in real estate and REIT research, calculates that Taubman trades at one of the largest discounts to NAV in the public REIT universe[1]
  - Taubman's discount to NAV is not only large, but has been persistent over time, averaging 29.5% the past two years and 18.4% over the past 5 years according to our analysis of Green Street Advisors data

($ in thousands, except per share)

Annualized NOI	$	473,449
Cap Rate Assumption		3.9%
Gross Real Estate Value	$	12,249,586
Development In Progress	$	1,476,644
Development Value Loss		(347,570)
Cash and Other Assets		438,087
Total Assets	**$**	**13,816,746**
Debt and Other Liabilities	$	(4,389,050)
Preferred Stock		(362,500)
Total Liabilities	**$**	**(4,751,550)**
Net Asset Value	**$**	**9,065,196**
Common Shares Outstanding ('000)		85,861
L&B Estimated NAV	**$**	**106.00**
Current Upside to NAV		48%

Source: Land and Buildings, Company reports
Notes: Income statement and balance sheet data as of second quarter 2016 and pro-rata based on TCO ownership; NAV/share rounded to nearest dollar; development in progress includes construction in progress and projects open but not stabilized
(1) Note: As defined by Green Street Advisors' coverage universe

We Believe Taubman's Fair Value Exceeds Its Current NAV

- We estimate shares could achieve a Fair Value of $144 per share, or approximately 100% upside from current levels.
- Key drivers for shares to reach Fair Value are:

Estimated 1-Year Forward NAV

$10 per share upside

- 5% same store net operating income growth, consistent with 2016 growth expectations
- Free cash flow prior to dividends of approximately $250 million to be generated over the next 12 months

NOI Margin Improvement

$10 per share upside

- 400 basis points of net operating income margin expansion appear readily achievable as NOI margins would still be below Taubman's High Quality Peers in 2015
  - Following Macerich's "wake up call" in November 2014, Macerich has improved margins by approximately 375 bps subsequently
  - General Growth implemented a plan to enhance revenues by converting temporary to permanent occupancy with success, increasing permanent occupancy by 500 bps in a two year period
  - There are likely opportunities to both reduce bloated expenses given Taubman's apparent culture of lavish spending as has the potential to capitalize on missed revenue opportunities

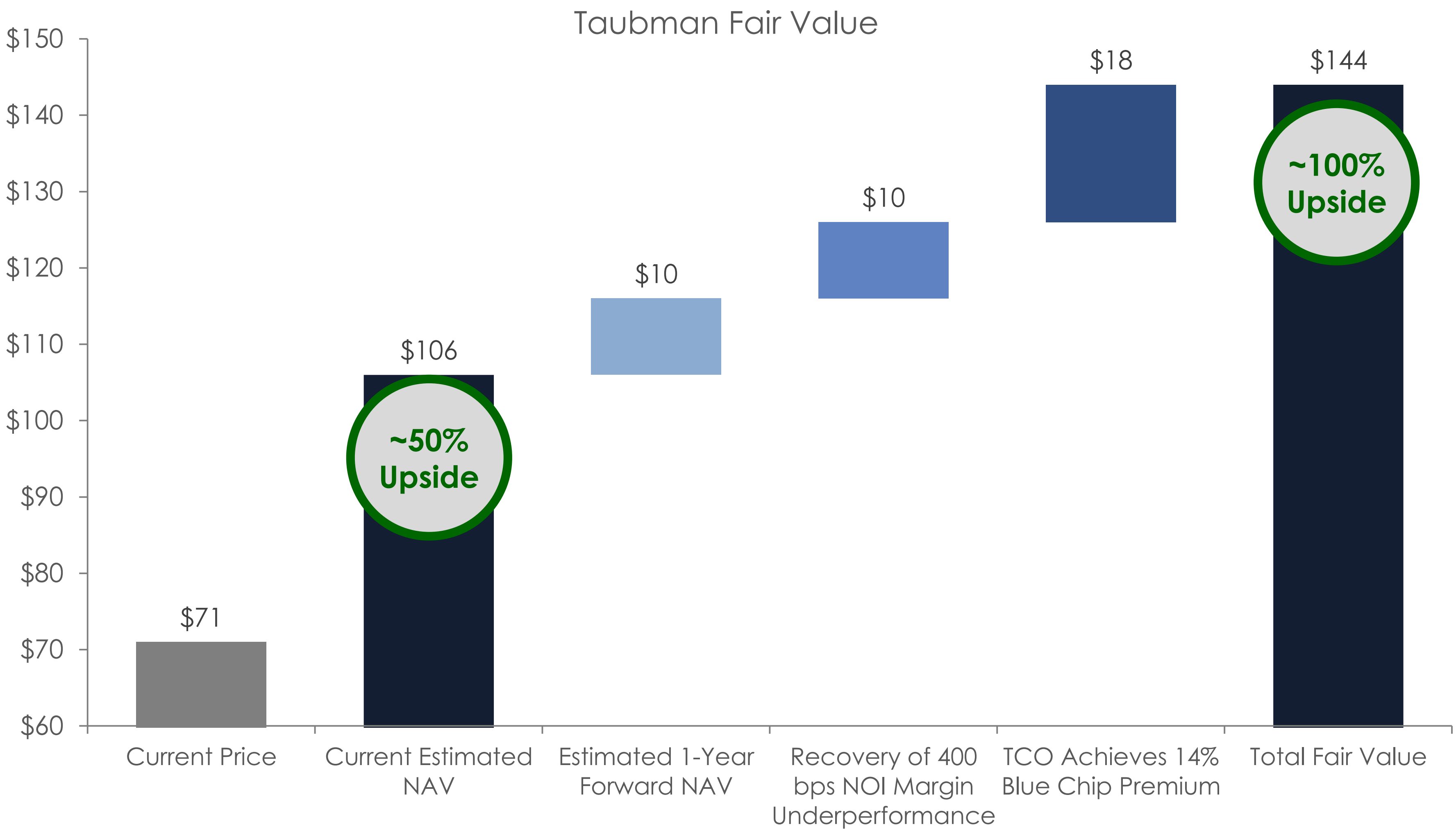
Achieve Blue Chip Premium

$18 per share upside

- Blue chip REITs, which Taubman has the potential to become, have traded at an average premium to net asset value of 14% over the past five years[1]
- Blue chip REITs tend to own high quality assets and have best in class management teams, boards, operating platforms and capital allocation policies

(1) Note: Based on Green Street data for BXP, ESS, FRT, PLD, PSA, SPG, VTR, DLR; data as of October 14, 2016

We Believe Taubman's Stock Could Double If Management Makes Needed Changes



The Value of the Taubman Portfolio Is Focused In Its Top-Tier Assets

- We conducted asset by asset valuation analysis of Taubman's malls

Nearly 60% of the value of the Company resides in Taubman's six most productive malls

Category	Number of Malls	Estimated NOI	Estimated Value	L&B Cap Rate	% of NOI	% of Value
Sales Productivity Greater than $900 PSF	6	$ 257,332	$ 7,177,009	3.6%	54%	**59%**
Sales Productivity $800-$900 PSF	3	60,607	1,605,588	3.8%	13%	13%
Sales Productivity $550-$800 PSF	8	139,049	3,190,223	4.4%	29%	26%
Sales Productivity Less Than $550 PSF	2	16,462	276,766	5.9%	3%	2%
Total Portfolio	**19**	**$ 473,449**	**$ 12,249,586**	**3.9%**	**100%**	**100%**

The independent directors should compel management to focus on properties with the highest productivity and dispose of properties that serve as a distraction while generating little value

Note: Excludes non-US assets and development pipeline; PSF is per square foot

The path to maximizing shareholder value starts with the independent directors holding management accountable

LAND and BUILDINGS

6. Class A Malls Are Not Dead or Dying and Taubman's Malls Should Thrive

Class A Malls Are Not Dead or Dying

- We've heard this story before
  - In April 1994, Land and Buildings CIO, Jonathan Litt, published a comparative analysis of public regional mall owners titled, "The Mall is Dead? Not!"
    - Since publication, Mall REITs are up ~1,490% on a total return basis,[1] outperforming an Equity REIT total return of ~920%[2]
- High demand by investors given scarcity of trophy malls
  - Cap rates of 3-4% in recent transactions
  - Mall asset values have continued to increase, outpacing overall real estate
- Strong retailer demand and limited new supply supporting fundamentals
  - Same store NOI growth has averaged 4.2% for class A malls during the last 5 years and is expected to continue
  - Existing and new retailers continue to open new stores in top malls
  - Class A mall occupancy has continued to rise

Image: nreionline.com/development/return-mall
Source: Land and Buildings, Company reports, Salomon Brothers
(1) Note: FTSE NAREIT Equity Regional Malls Total Return Index through September 2016
(2) Note: FTSE NAREIT Equity REITs Total Return Index through September 2016

Taubman Owns the Best Publically Traded US Mall Portfolio

- **Taubman's mall portfolio has the:**
  - ☑ Highest average sales per square foot
  - ☑ Highest average household income in its trade area
  - ☑ Greatest percentage of top 100 US malls as defined by Green Street Advisors
  - ☑ Best projected annual releasing spreads over the next three years
  - ☑ Longest average remaining lease term

Private market transactions support the contention that Taubman is extremely undervalued

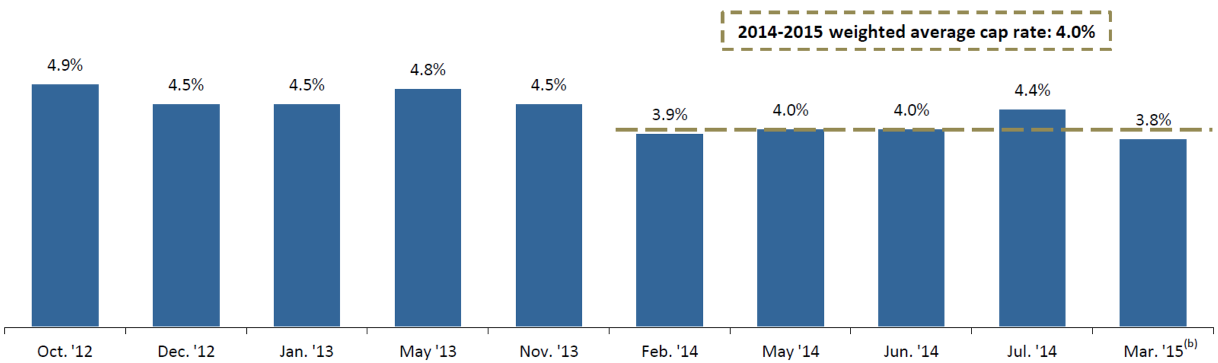
Private Market Transactions Highlight Value

- Class A malls have consistently traded at cap rates in the 3 - 4% range due to a scarcity value for class A properties and the fact that there are strong underlying fundamentals

CAP RATES FOR LAST 10 CLASS 'A' RETAIL SALE OR INVESTMENT TRANSACTIONS

Over the last 29 months there have been only ten sales of 'A' quality mall assets
Through 2014-2015 the weighted average sale cap rate was 4.0%[a]

Cap rates for the last 10 trophy mall sale transactions



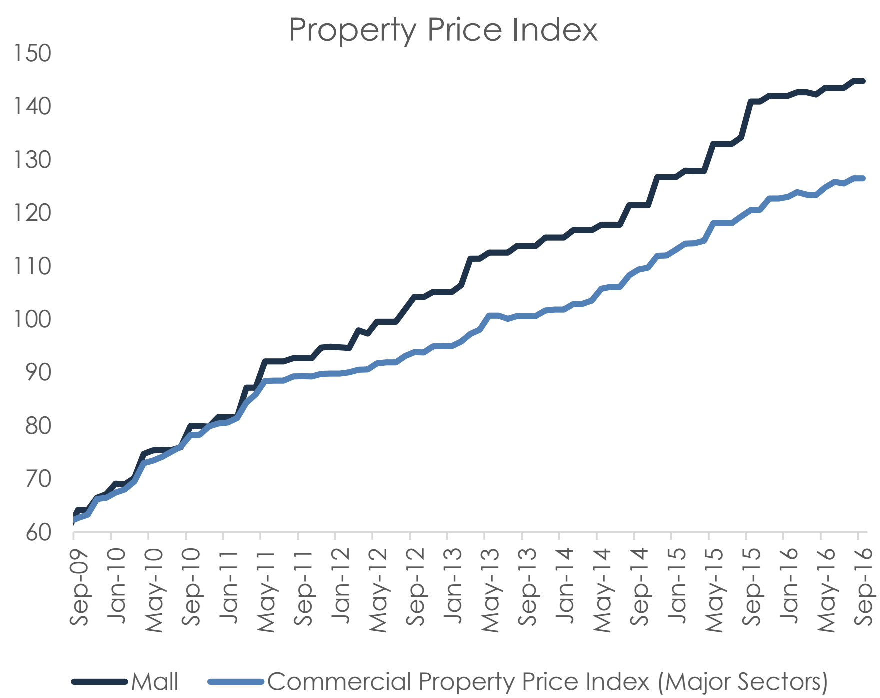
- Select recent transactions include Ala Moana Center and International Plaza among other malls
- The lack of precedent transactions has increased the scarcity value for the finite trophy mall asset class

Source: MAC presentation 3-31-2015

Mall Price Appreciation Has Outpaced Overall Commercial Property

- Malls continue to be highly sought after by private buyers, highlighted by the significant price appreciation

- Class A malls have likely experienced an even faster pace of appreciation



Mall asset values have risen by 16% over the last 2 years and 42% over the past 5 years

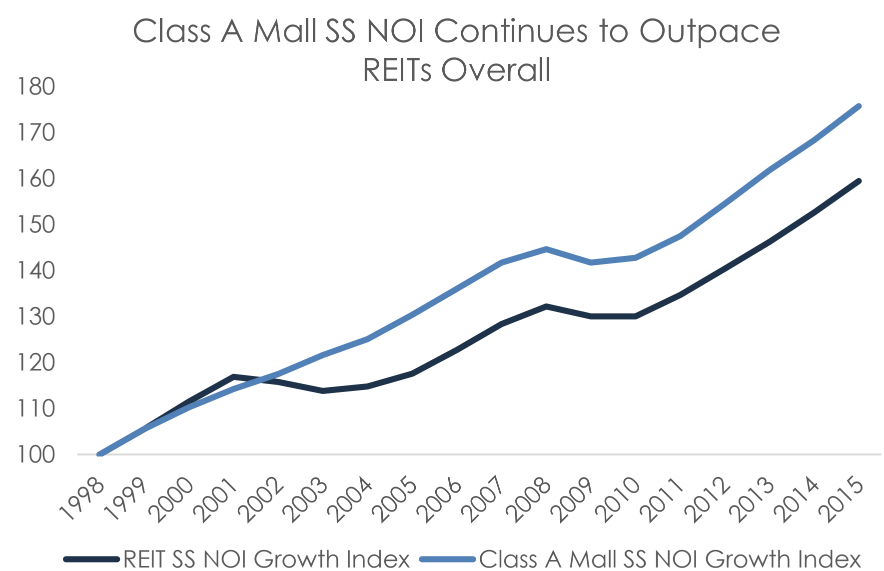
Source: Green Street Advisors

We believe high quality mall REITs, and Taubman in particular, are better positioned to weather changes in the shopping habits of retail consumers and continue to deliver strong operating results

Class A Mall NOI Growth Outpaces Overall REIT NOI Growth

- Strong demand by retailers for class A malls and limited new supply has resulted in strong underlying fundamentals
- Class A mall same store NOI growth has outpaced REITs overall for nearly two decades

Class A mall same store NOI growth has averaged 4.2% per year over the last 5 years and is expected to grow 4.2% again in 2017

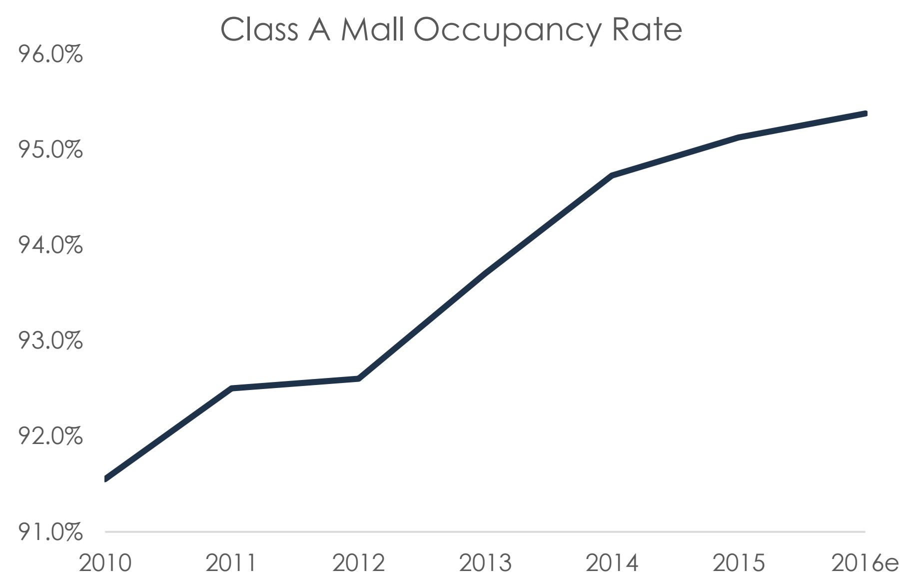


Source: Company reports, Wall Street research

Class A Mall Occupancy Continues to Rise

- Class A mall occupancy has continued to rise has growing and emerging retailers continue to expand their footprint, driving higher occupancy levels for the best centers

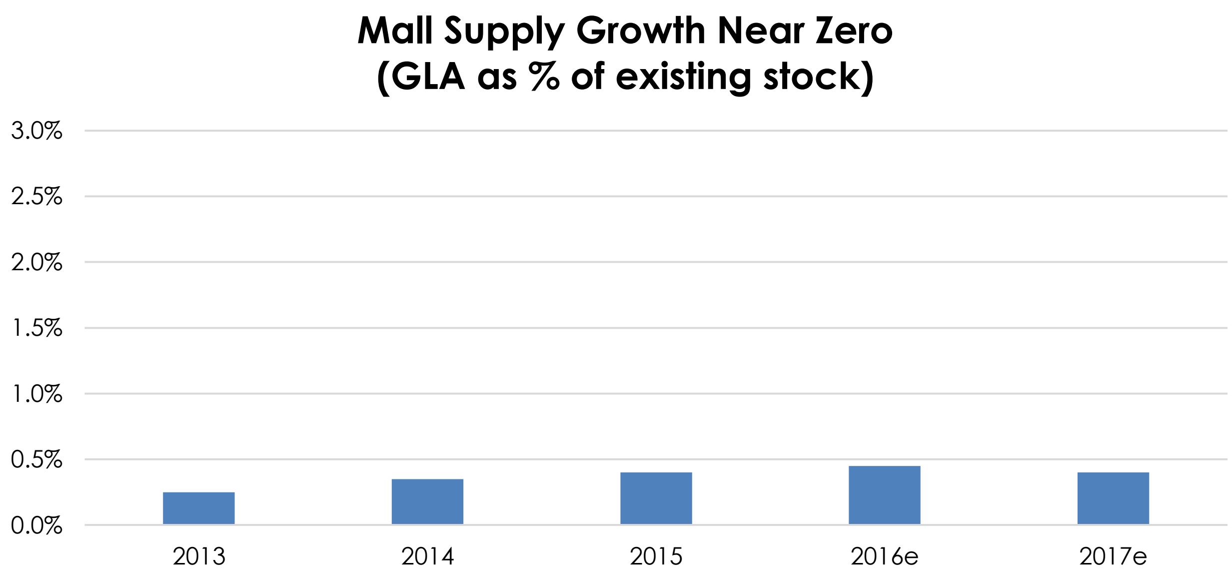
Class A mall occupancy has risen 360 bps over the past 5 years and expected to rise again this year



Source: Company reports, Wall Street research

Mall Supply: Essentially No New Construction

- Supply growth of new regional malls remains close to zero
- From 2010 through 2015 mall gross leasable area (GLA) as a percent of existing stock grew less than 0.3% annually
- Supply growth forecasts show little change from the current trend, with de minimis construction ongoing or planned
- Obsolescence will further constrain mall supply



Source: Land and Buildings, Green Street Advisors

High Demand for the Very Best Mall Space

- New retail concepts are booming, opening new stores and replacing the old guard of mall-based retailers whose struggles are dominating the headlines

NEW OR EXPANDING RETAILERS				BRAND EXTENSIONS
A'Gaci	Kiehl's	Sur la Table	**DINING**	Athleta (Gap)
Alex and Ani	Kiko Cosmetics	Tempur-Pedic	El Meson	Box Lunch (Hot Topic)
Allen Edmonds	Kipling	Tervis	Earls	Chelsea (Dick's)
Altar'd States	LL Bean	Tesla	Five Guys	COS (H&M)
Anthropologie	Lolli & Pops	Tumi	Hopdoddy	Dry Goods (Von Maur)
Apricot Lane	Lush	Under Armour	Kapnos	Dynamite (Garage)
Arc'teryx	Marbles	Urban Outfitters	Kona Grill	Ivivva (lululemon)
Asics	Massage Envy	Vans	Lyfe Kitchen	Lou & Grey (Ann Taylor)
Ballard	Mitchell Gold + Bob Williams	Villa Shoes	Mighty Quinn's	Love Sick (Hot Topic)
Bandier	Nespresso	Vineyard Vines	Mod Pizza	Massimo Dutti (Zara)
Books-A-Million	NYX	Walking Company	Nando's	Mercantile (J. Crew)
Capital Teas	Oakley	Z Gallerie	Noodles & Company	Oliver Peoples (Luxottica)
Charming Charlie's	Pandora		North	Other Stories (H&M)
Crayola	Peleton Bike		Not Your Average Joes	Pink (L Brands)
David's Tea	Pirch	**DINING**	Primanti Brothers	Red (Forever 21)
Dyptique	Pressed Juicery	Bar Louie	Red Robin	Six:02 (Foot Locker)
Francesca's	Rebecca Minkoff	BJ's Brewhouse	Rise Pies	Torrid (Hot Topic)
Frontgate	Robert Graham	Blaze Pizza	Shake Shack	Tory Burch Sport (Tory Burch)
Frye Boots	Robin's Jeans	Buffalo Wild Wings	Smashburger	Typo (Cotton On)
Hammermade	Rue 21	California Pizza Kitchen	Sweet Greens	White Barn Candle (L Brands)
hanna andersson	Serena & Lily	Cheesecake Factory	True Food	
Hartmann Luggage	Skechers	Chipotle	Uncle Julios	
Juice Generation	Splendid	City Works	Urban Plates	
Kendra Scott	Soft Surroundings	Doc B's	Zinburger	

Source: Simon Property Group investor presentation

High Demand for the Very Best Mall Space

- Luxury, international and online retailers are aggressively targeting the very best mall and retail space across the United States

LUXURY		INTERNATIONAL		ETAILERS	
Agent Provocateur	Hugo Boss	Aritzia (Canada)	Marc Cain (Germany)	1701 Bespoke	Frank + Oak
Bally	John Hardy	Ardene (Canada)	Melissa Shoes (Brazil)	Adore Me	Guide Boat Co.
Bottega Veneta	Longchamp	Baldinini (Italy)	Muji (Japan)	Amazon	Indochino
Burberry	Loro Piana	Camper (Spain)	Ondademar (Columbia)	BaubleBar	Jack Threads
Bulgari	Louis Vuitton	Colette (Australia)	Pret A Manger (UK)	Birchbox	Just Fab
Cartier	Marc Jacobs	Cotton On (Australia)	Primark (UK)	Blue Nile	LollyWollyDoodle
Celine	MCM	Flying Tiger (Denmark)	Rabeanco (China)	Boden Clothing	ModCloth
CH Carolina Herrera	Paul & Shark	Garage (Canada)	Seafolly (Australia)	Bonobos	Monica & Andy
Chanel	Phillip Plein	Grom (Italy)	Sephora (France)	Buck Mason	Nasty Gal
Chanel Fragrance and Beauty	Polo	H&M (Sweden)	Suit Supply (Netherlands)	Casper	One Kings Lane
Christian Louboutin	Prada	Hackett London (UK)	Superdry (UK)	Charles Tywhitt	Raden
David Yurman	Rebecca Taylor	Havianas (Brazil)	Topshop (UK)	Chubbies	Refinery 29
Dior	Saint Laurent	Jack Wills (UK)	Tous (Spain)	Classic Specs	Rent the Runway
Djula Jewelry	The Webster	Jins (Japan)	Track & Field (Brazil)	Combatant Gentleman	Shinola
Escada	Tiffany	Kneipp (Germany)	Urban Planet (Canada)	Credo	Sundance
Fendi	Valentino	L.K. Bennett (UK)	V1969 (Italy)	Culter and Gross	The Tie Bar
Givenchy	Zegna	Lego (Denmark)	White Company (UK)	DSTLD Jeans	Trunk Club
Gucci		L'Occitane (France)	Zara (Spain)	Duluth Trading Company	Untuckit
		lululemon (Canada)		Dyson	Warby Parker
				Essentia	Wayfair
				Everlane	Weddington Way
				Eyes Lips Face	WeWork
				Fabletics	Yrstore
				Fragrance.net	Zound Industries

Source: Simon Property Group investor presentation

All of Taubman's US properties are either the best or second best retail property in each respective region, with the exception of Beverly Center

Taubman Owns Dominant Malls In Its Markets

- More than 85% of TCO's malls[1] are the dominant mall in the market
  - 15 out of 19 malls have the highest sales per square foot ranking within the trade area[2]
  - Beverly Center is the only TCO mall that is not the #1 or #2 ranked mall in the market and is currently undergoing a $500 million redevelopment to re-establish the mall's dominance in Los Angeles

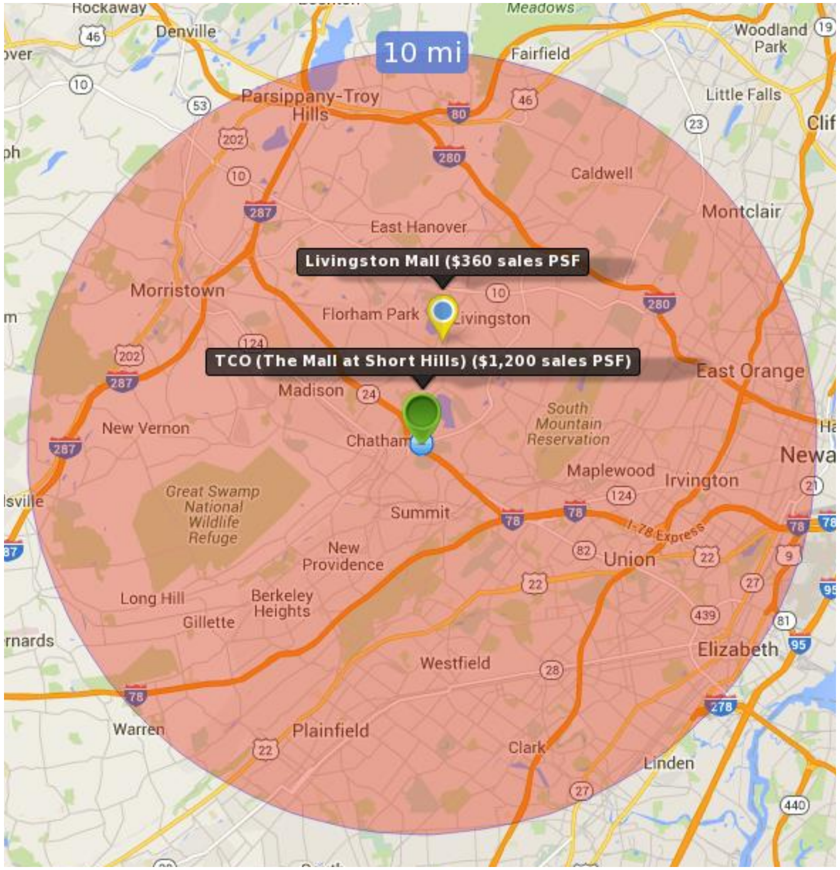
Sales PSF Rank in Market[1]	Number of Malls in Rank	Percent of Total Malls	Percent of Estimated TCO Mall NOI	Percent of Estimated Mall Value
1st	15	79%	85%	87%
2nd	3	16%	8%	5%
3rd	1	5%	7%	8%
Total	19	100%	100%	100%

Source: Land and Buildings, Green Street Advisors
(1) By L&B estimated asset value and ranked by sales per square foot
(2) Generally estimated as a 5 - 10 mile radius

The Mall at Short Hills (Short Hills, NJ) Competitive Analysis

The Mall at Short Hills accounts for 16% of Taubman's portfolio

The Mall at Short Hills is the clear #1, dominant mall within 10 miles

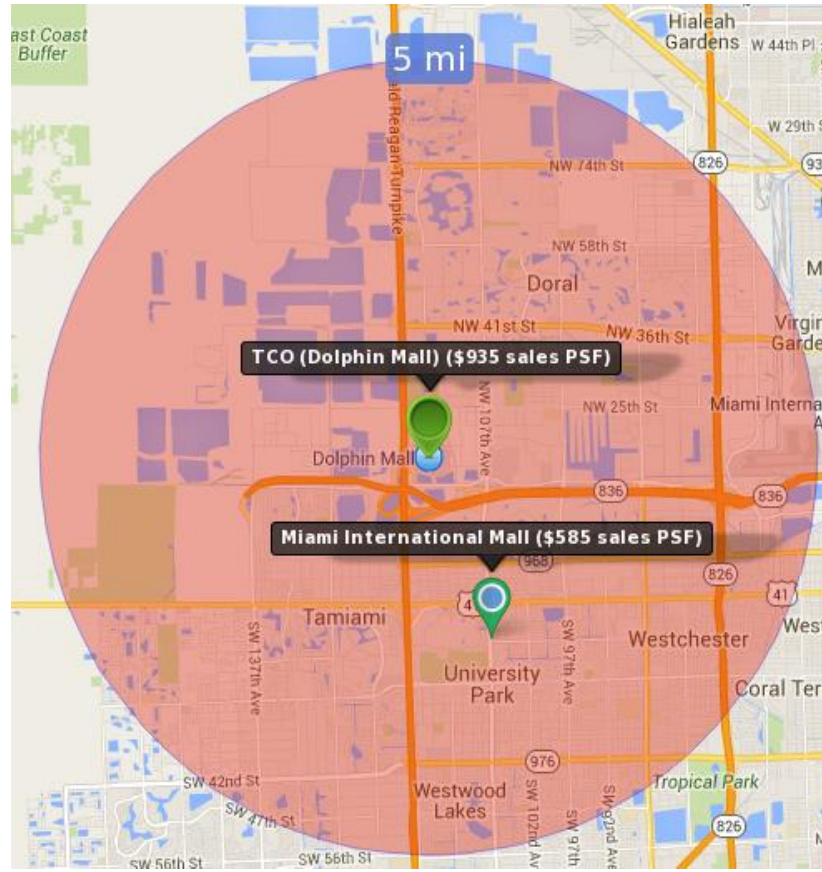


Source: Land and Buildings, Company reports, Green Street Advisors

Dolphin Mall (Miami, FL) Competitive Analysis

Dolphin Mall accounts for 14% of Taubman's portfolio

Dolphin Mall is the clear #1, dominant mall within 5 miles

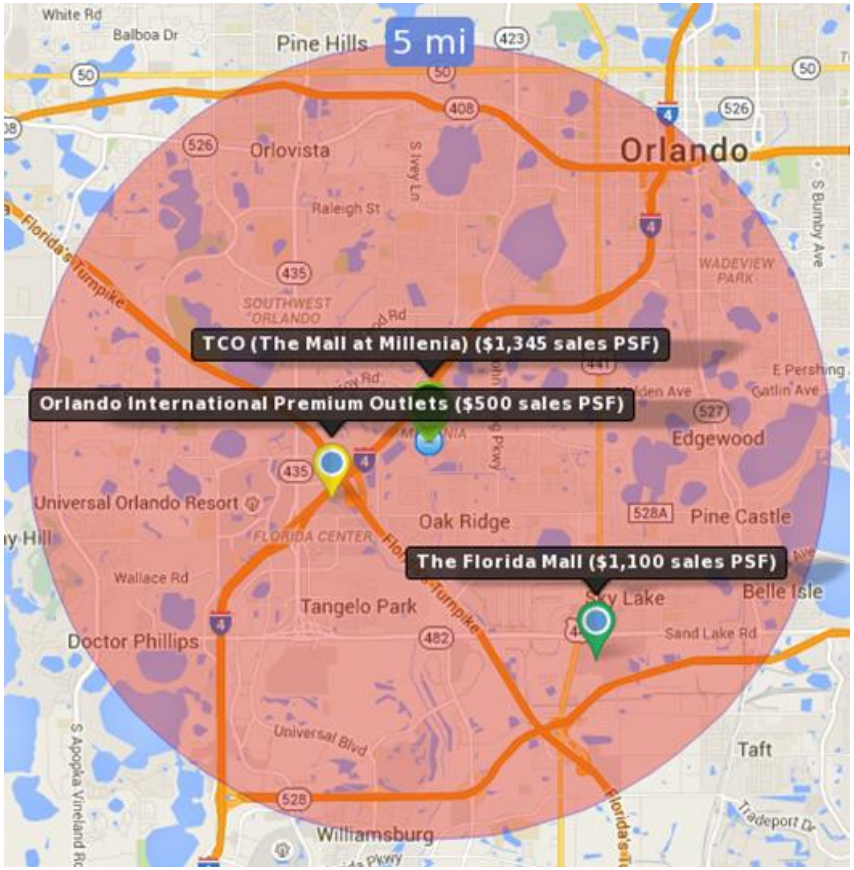


Source: Land and Buildings, Company reports, Green Street Advisors

The Mall at Millenia (Orlando, FL) Competitive Analysis

The Mall at Millenia accounts for 8% of Taubman's portfolio

The Mall at Millenia is the clear #1, dominant mall within 5 miles

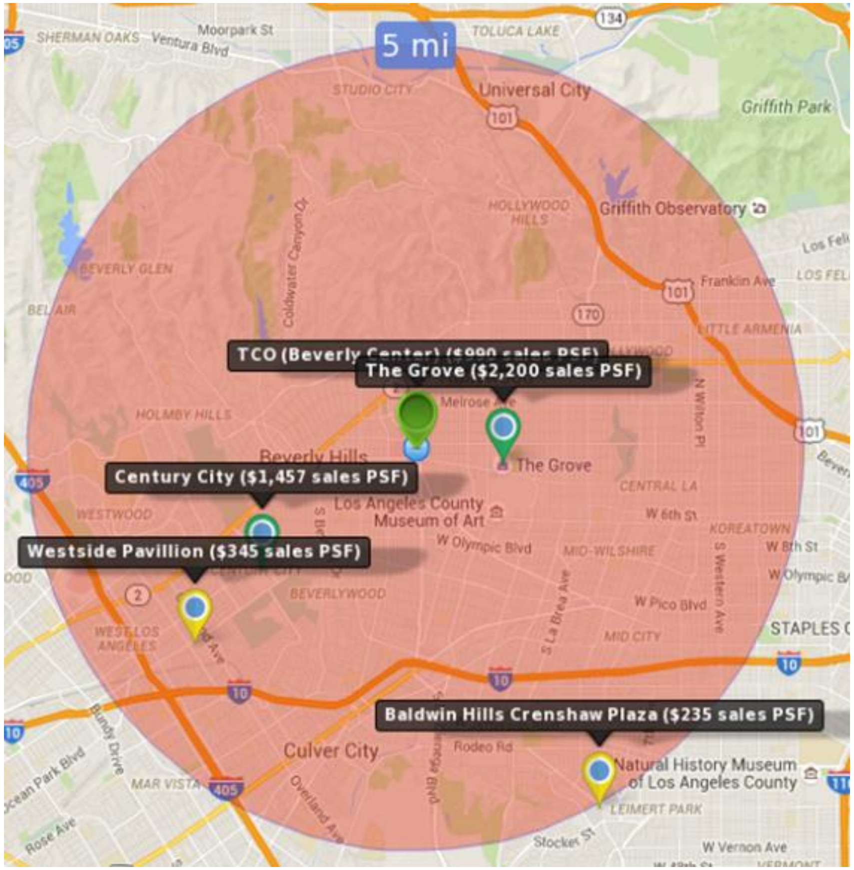


Source: Land and Buildings, Company reports, Green Street Advisors

Beverly Center (Los Angeles, CA) Competitive Analysis

Beverly Center accounts for 8% of Taubman's portfolio

Beverly Center is unique among all Taubman malls in that it is not a dominant mall in its trade area

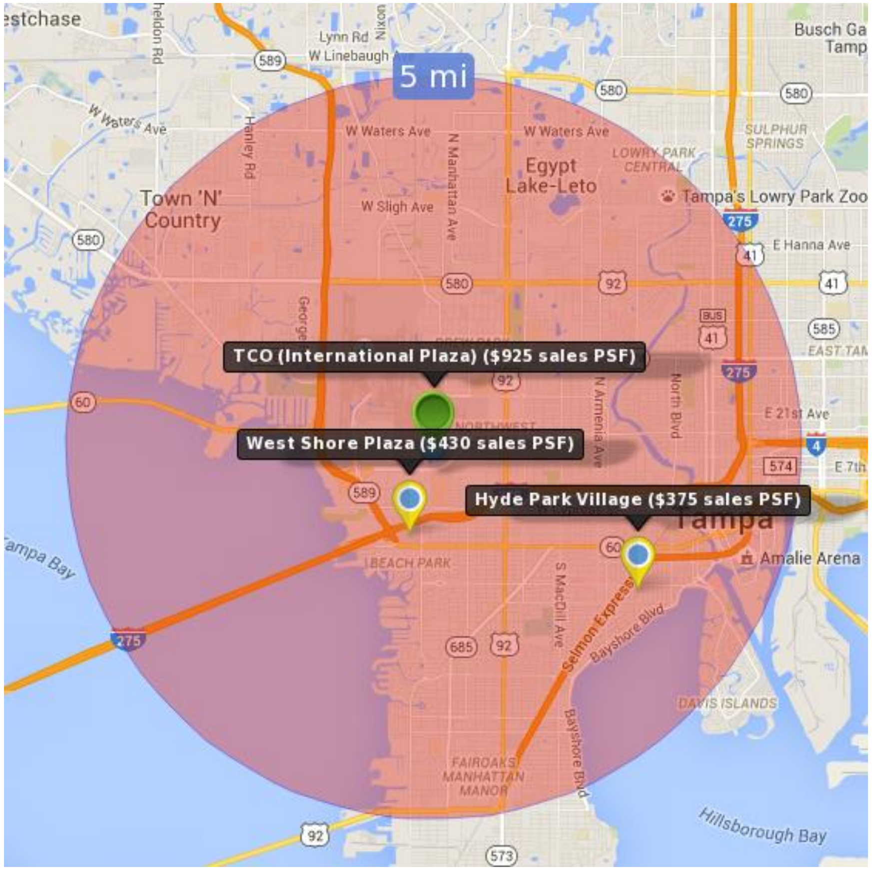


Source: Land and Buildings, Company reports, Green Street Advisors

International Plaza (Tampa, FL) Competitive Analysis

International Plaza accounts for 7% of Taubman's portfolio

International Plaza is the clear #1, dominant mall within 5 miles

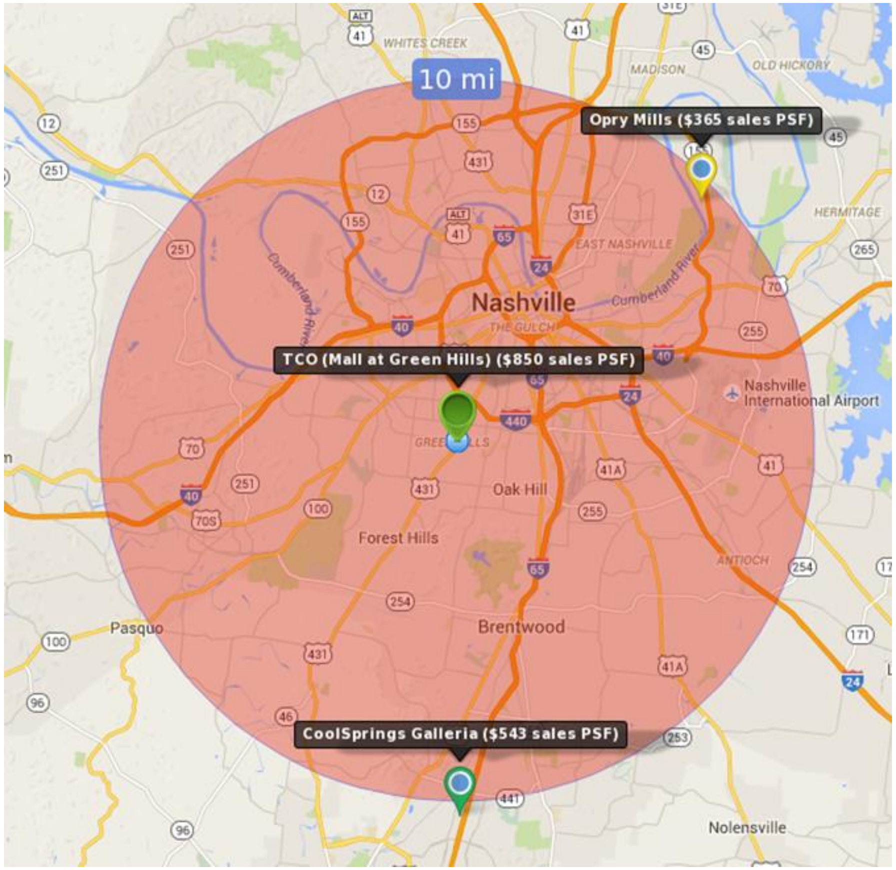


Source: Land and Buildings, Company reports, Green Street Advisors

The Mall at Green Hills (Nashville) Competitive Analysis

The Mall at Green Hills accounts for 6% of Taubman's portfolio

The Mall at Green Hills is the clear #1, dominant mall within 10 miles

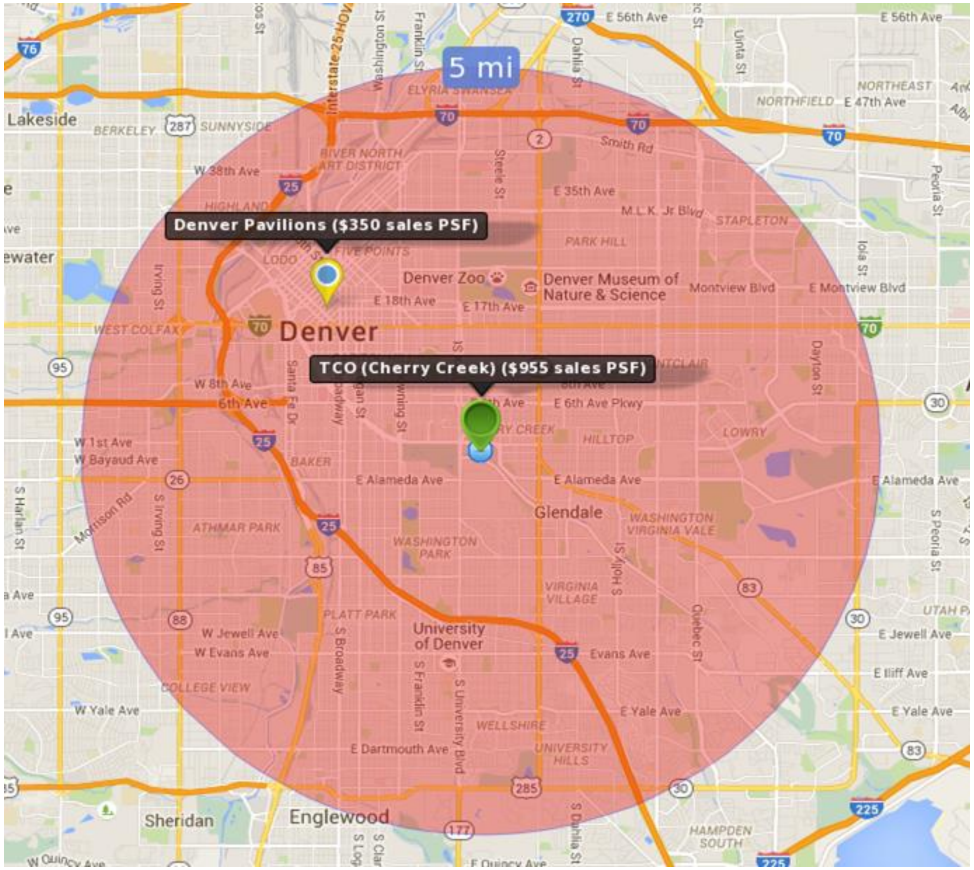


Source: Land and Buildings, Company reports, Green Street Advisors

Cherry Creek Shopping Center (Denver) Competitive Analysis

Cherry Creek Shopping Center accounts for 6% of Taubman's portfolio

Cherry Creek Shopping Center is the clear #1, dominant mall within 5 miles

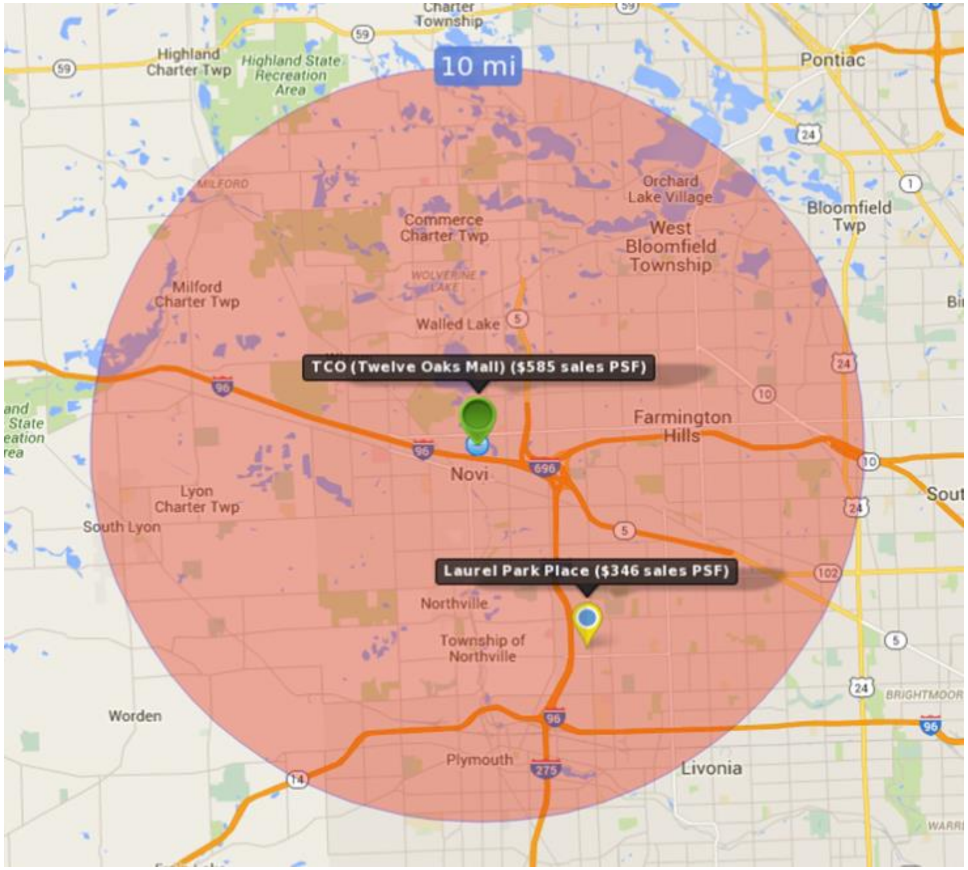


Source: Land and Buildings, Company reports, Green Street Advisors

Twelve Oaks Mall (Detroit) Competitive Analysis

Twelve Oaks Mall accounts for 6% of Taubman's portfolio

Twelve Oaks Mall is the clear #1, dominant mall within 10 miles

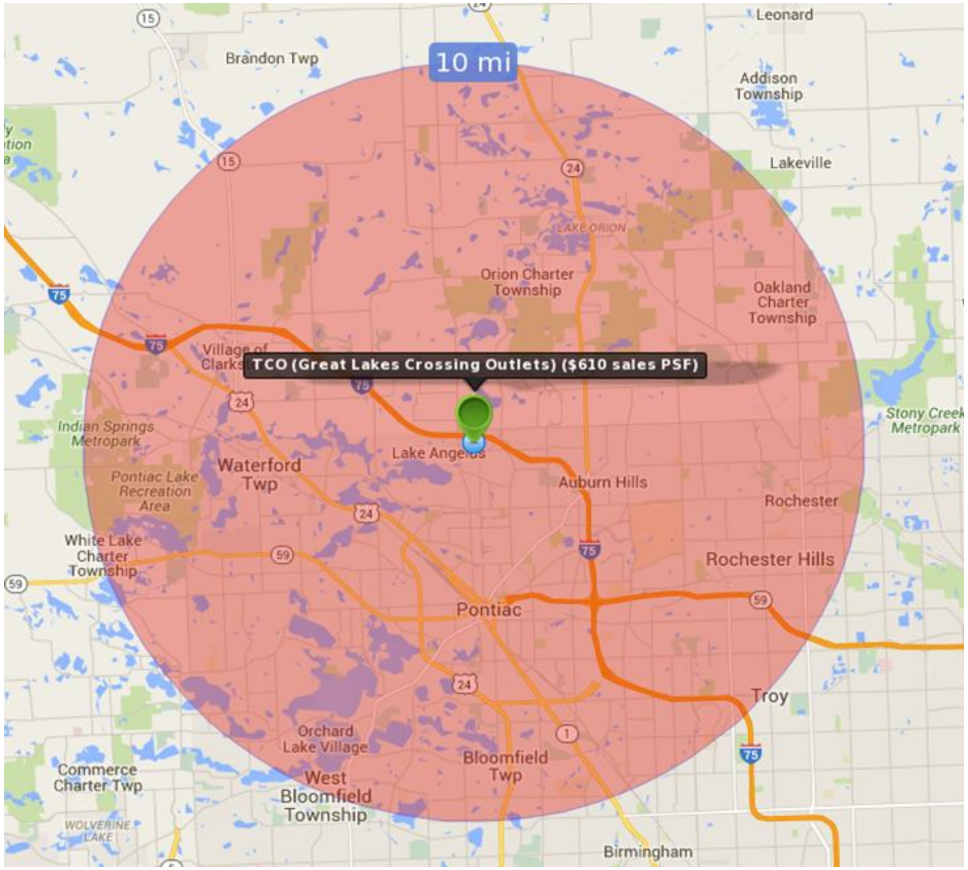


Source: Land and Buildings, Company reports, Green Street Advisors

Great Lakes Crossing Outlets (Detroit) Competitive Analysis

Great Lakes Crossing Outlets accounts for 5% of Taubman's portfolio

Great Lakes Crossing Outlets is the clear #1, dominant mall within 10 miles



Source: Land and Buildings, Company reports, Green Street Advisors

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