Taubman

Taubman Centers, Inc.
Beverly Center
Los Angeles, Calif.

March 7, 2016
Introduction

History

- Beverly Center opened on March 31, 1982
- The center becomes an iconic asset and LA’s premier shopping destination with a completely unique collection of food and retailers

Strategy

- Trends in retailing have been changing, and we must respond to market demands
- Beverly is showing its age and needs to be contemporized
- We have carefully considered every aspect of this renovation and in re-envisioning Beverly Center we have engaged with shoppers, retailers and influencers to understand their desires for a new shopping experience
- Beverly is a key Taubman asset and enjoys a fortress position in one of the best markets in the world
- This flagship asset is strategically important to Taubman and its relationships with retailers
- We continually reinvest in our assets – since 2008 we have renovated, expanded or built over half of our centers
Project Overview

Overview

- Beverly Center is an extremely high-performing retail asset – we believe easily one of the top 40-50 in the U.S.; after the renovation we expect it will become one of the top ten assets in the country
- The renovation will be comprehensive, touching every aspect of the center
- In addition to contemporizing both the interior and exterior, which will open the center to its surrounding neighborhood, we will be creating an effortless arrival, parking and departure experience

Financial

- Cost: $500 million\(^{(1)}\)
- Targeted completion date: Holiday 2018
- Initial return: 3 to 4 percent at stabilization in 2020
- Unlevered IRR (10-year): In excess of 10 percent

(1): Approximately 20 percent of the cost relates to deferred and prospective customary capital upgrades and improvements.
Project Description

Description

● The design architect is world-renowned Studio Fuksas out of Rome, Italy – they are known for numerous high-profile projects including Shenzhen Bao’an International Airport, Ferrari’s Operational Headquarters and Research Center, CBD Cultural Center, New National Archives of France and many other exceptional venues.

● The comprehensive renovation will include:
  • Creation of a continuous ribbon of skylights that “takes the roof off”
  • A shimmering new exterior that incorporates a perforated steel façade that will beautifully capture light during all parts of the day
  • A fresh new streetscape that combines modern architecture and drought-resistant greenery for a pleasant walking experience
  • A row of street-level restaurants that open the center to the vibrancy of West Third Street and embrace a pedestrian-oriented environment
  • A valet off West Third Street to provide quick access to the street-level restaurants and retail
  • A state-of-the-art smart parking system to improve the center’s arrival / departure experience
  • Spectacular panoramic views of the Hollywood Hills and downtown Los Angeles
  • A flexible Center Court featuring an impressive 20’ w x 35’ h LED screen, plenty of places to sit, relax and plug in, and the ability to host events, exhibitions and installations

● Phased renovation beginning this month
  • Exterior improvements completed, street-level restaurants and level 8 food hall opening in 2017
  • Interior renovations will begin April 2016 with the southern third of the mall, next the northern third, and then finally the middle third and center court
Exterior Improvements – Façade

A white, shimmering new exterior incorporates a steel façade that will beautifully capture light during all parts of the day.

Façade Improvements

- Metal Mesh Screening Applied to the Parking Levels
- Textured and Painted Façade
Exterior Improvements – Façade

West Third St. & La Cienega - Current

Beverly Blvd & San Vicente - Current

West Third St. & La Cienega – Future (Rendering)

Beverly Blvd & San Vicente - Future (Rendering)
Exterior Improvements – Streetscape

A fresh new streetscape will combine modern architecture and drought-resistant greenery to create a pleasant walking environment.

Streetscape Improvements

- Paver Walkways
- Street Furniture and Trees
- Lighting
- Green Wall
Exterior Improvements – Streetscape

Current

[Image of current streetscape]

Rendering

[Image of rendered streetscape]
Parking Improvements – Expanded Valet and Enhanced Traffic Flow

A state-of-the-art smart parking system will dramatically improve the center’s arrival and departure experience. In addition to the existing La Cienega valet entrance, a valet will be added off of West Third Street providing quick access to the street-level restaurants and retail.

Parking Improvements

- Convenient Access
- West Third Street Right-In / Right-Out
- Reconfigure Internal Intersection, Lanes and Beverly Blvd. Entry / Exit
- New Restaurant Valet Parking
- New Parking Guidance System
- Create a Pedestrian Paseo to Connect San Vicente to the Escalators
Parking Improvements – Parking Deck Upgrades

For those utilizing self-parking, bright, elegant lighting and the latest in smart parking garage technology will guide visitors through the 3,000-space parking garage to their perfect spot, and remind them where they parked at the conclusion of their visit.

**Parking Deck Upgrades**

- New Lighting
- Parking Guidance System
- Wayfinding & Graphics
- Painted ceiling and other surface areas
- Equipment
- Mall Entry Vestibules
- Wi-Fi
- Access and circulation adjusted to improve ability to navigate
- Upgraded & Expanded Valet
A continuous ribbon of skylights will extend the entire length of the center and will bathe the interior in natural light.

**Interior Improvements**

- New Skylights
- Ceilings
- Lighting
- Flooring
- Handrails
- Dramatically Reshaped Floor Openings
- Better Sight Lines
- Vertical Transportation Upgrades
- Information Technology Infrastructure
- Welcome Center
Interior Improvements – Levels 6 and 7

Center Court, Level 6 – Current

Level 7 – Current

Center Court, Level 6 – Future (Rendering)

Level 7 – Future (Rendering)
Improved Dining – Level 8 Food Hall

The 8th level will feature THE STREET, a multi-concept gourmet food hall, by renowned chef Michael Mina. THE STREET will serve incredible food from hawker stations reminiscent of great bazaars from around the world. The food hall will have a dedicated elevator that will take guests directly to the location from La Cienega. The 8th level will now offer sweeping views of downtown LA and the Hollywood Hills.
Improved Dining – Street-Level Restaurants

Eight new street-level restaurants will embrace the surrounding pedestrian-oriented environment, and better connect the center to the fabric of the city and the vibrancy of West Third Street. The street-level restaurants will include four fast-casual and four chef-driven and/or full-service restaurants.
Los Angeles Market/Trade Area

An incredible location in the heart of one the most dense, affluent markets in America. Bordering West Hollywood and Beverly Hills in the city and county of Los Angeles, California, Beverly Center is situated in the second largest and one of the most dynamic, fashion-forward, and diverse communities in the world. Beverly’s trade area contains nearly 4 million people (approx. 850,000 within 5 miles of the center) with over 141,000 households earning over $150,000 per year. Over 150,000 cars pass the center each day.

In addition to the local community, Beverly welcomes visitors from around the world. More than 10 percent of Beverly’s sales come from Chinese tourists.

Trade Area Demographics (2015)

- Population: 3,867,455
- Households: 1,401,368
- $75k+ Households: 428,886
- $100k+ Households: 290,865
- $150k+ Households: 141,410

Source: Claritas
Project Summary

Summary

- Comprehensive renovation that will touch every aspect of the center – inside and out
- In re-envisioning the center, Taubman is creating LA’s signature urban shopping and dining experience
- Beverly is a key Taubman asset and enjoys a fortress position in one of the best markets in the world
- Project cost: $500 million\(^{(1)}\)
- Initial return: 3 to 4 percent at stabilization in 2020
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