



# PRIMESTOR JOINT VENTURE

AUGUST 2017

Federal Realty Investment Trust is party to a binding contract to form a new joint venture with Primestor Development Inc. ([www.Primestor.com](http://www.Primestor.com)), the Los Angeles based owner and developer of premier retail properties serving the urban Latino communities of Southern California. The Trust will hold an approximate 90% interest in the venture. The venture will be seeded with a 100% interest in five dominant community shopping centers, plus one center under redevelopment and a 25% minority interest in a seventh shopping center. These seven properties total over 1.3 million square feet on 114 acres of urban land. The Trust's investment in the venture is approximately \$345 million which includes a \$20 million commitment to complete the redevelopment of one of the centers.

"We know that retail real estate value is best created in places where demand exceeds supply and with only 6.6 square feet of shopping center product per capita in the three miles surrounding these properties, there is far less supply than the national average and there are few, if any, comparable competing properties in these incredibly dense trade areas surrounding these centers", said Jeff Berkes, President Federal Realty West Coast. "The retail tenancy in the centers include extremely productive stores operated by Ross, Marshalls, and Kroger's Food 4 Less that fit well into Federal's portfolio," Mr. Berkes concluded.

Primestor will continue to lease and manage the centers with oversight from Federal's investment committee which will also include Primestor co-Founder, Arturo Sneider. Primestor was founded by Arturo Sneider and Leandro Tyberg in 1992; they have built what is widely recognized to be the leader and innovator in mainstream retail product serving the largely underserved and fast growing Latino population.

"We couldn't be more thrilled to partner with such a well-respected and like-minded group of real estate professionals who share our passion for community based experiential retail in densely populated markets" said Don Wood, Federal Realty's President and Chief Executive Officer. "Our hope and belief is that through shared knowledge and relationships, this venture will grow in Southern California and other national markets where Federal Realty has a significant footprint."

# Investment Highlights



- Assets are located in trade areas where demand exceeds supply
- Properties are dominant shopping destinations in their respective trade areas
- Located in underserved Latino markets in Southern California which have rapidly improving demographics in terms of population, education levels and affluence
- Located in dense in-fill markets with high barriers to entry
- High quality tenants with strong sales and favorable rents and occupancy costs
- JV serves as a platform for future growth with a local sharpshooter partner who has a material investment in the JV to further align interests



- **Rapidly Growing Demographic Segment in the United States<sup>(1)</sup>**
  - 50% of population growth from 2010 to 2015 in the United States is of Latino origin
  - 78% of Latino growth was from births in the U.S. rather than through immigration
- **...with California Leading the Way in Growth<sup>(2)</sup>**
  - Since 2000, Latinos as a percent of overall population have grown by nearly 0.5% per year in California
  - More than 15 million Latinos in California (39% of the population)
  - Almost 5 million Latinos in Los Angeles County (49% of the population)
- **Growing Buying Power<sup>(1)</sup>**
  - 167% growth in Latino buying power from 2000 to 2015 in the United States compared to 76% non-Latino buying power growth over the same time period
  - \$1.3 trillion of Latino buying power (~10% of total United States buying power)
  - Latino buying power is projected to grow to \$1.7 trillion by 2020 (31% growth)
- **Increasing Education Levels**
  - Between 1995 and 2015, Latinos...
    - Between the ages of 25 and 29 with a high school diploma increased from 57% to over 77%<sup>(3)</sup>
    - Ages 18 – 24 enrolled in college jumped from 22% to 35%<sup>(4)</sup>
  - Between 2000 and 2014, Latino High school dropout rates declined from 33% to 12%<sup>(4)</sup>

1) Source: Neilson, "From the Ballot Box to The Grocery Store: A 2016 Perspective on Growing Hispanic Influence in America"

2) Source: ESRI and US Census Bureau

3) Source: National Center for Education Statistics

4) Source: PEW Research, "5 facts about Latinos and education"

# Demand

## Retailer Demand



- Key retailer categories are under represented in this portfolio
- Significant retailer demand to enter these under-served markets
- Leverage Federal Realty's leasing relationships to meet demand in the market

### Additional Retailer Demand







- 6.6 square feet of shopping center GLA per capita<sup>(1)</sup> on average within a 3 mile radius of the portfolio, well below all reported measures of retail GLA per capita in the US
- The portfolio's trade areas have over 70% less retail GLA per capita than the US average<sup>(1)</sup>
- Properties are the dominant shopping center assets in their respective trade areas
  - There are very few, if any, comparable competing properties in these markets
  - Shoppers have no mall alternative in the properties' trade areas
  - Properties are a community focal point
- New supply limited by high barriers to entry including cost of land, fragmented ownership and existing density



## Portfolio Overview

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# Portfolio Overview

## Unmatched Density and Location



- Federal Realty has acquired an approximate 90% interest in a portfolio that includes 5 dominant community shopping centers, plus 1 center under redevelopment and a minority interest in a 7<sup>th</sup> shopping center
- All 7 properties are located at the intersection of major, heavily travelled vehicular arteries with average population within a 3-mile radius of 320,215
- The 6 stabilized properties are 98% occupied with ABR ~\$21 and anchor ABR ~\$15

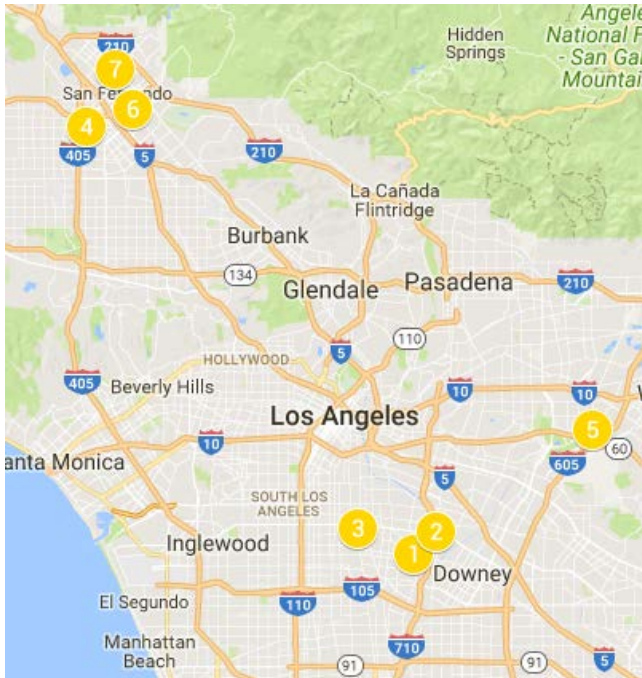
Property	Location	SF	Acreage	Major Tenants
Azalea	Southgate, CA	222,000	22	Marshalls, Ross, CVS, Ulta
Bell Gardens	Bell Gardens, CA	327,000	29	Marshalls, Ross, Petco, Food 4 Less
La Alameda <sup>(2)</sup>	Walnut Park, CA	245,000	17	Marshalls, Ross, CVS, Petco
Olivo at Mission Hills <sup>(1)</sup> – <i>Under Redevelopment</i>	Mission Hills, CA	155,000	12	Pre-leased to: Target, 24 Hour Fitness, Ross
Plaza del Sol	South El Monte, CA	48,000	4	Marshalls, Starbucks
Plaza Pacoima	Pacoima, CA	204,000	18	Costco, Best Buy
Sylmar Town Center	Sylmar, CA	148,000	12	Food 4 Less, CVS
<b>Total Primestor Acquisition</b>		<b>1,349,000</b>	<b>114</b>	

1) Olivo at Mission Hills is currently under redevelopment, is 87% preleased and is expected to stabilize in late 2018

2) The joint venture has a 25% interest in La Alameda



# Location Overview



	Property	Location	SF
1	Azalea	Southgate, CA	222,000
2	Bell Gardens	Bell Gardens, CA	327,000
3	La Alameda <sup>(2)</sup>	Walnut Park, CA	245,000
4	Olivo at Mission Hills <sup>(1)</sup>	Mission Hills, CA	155,000
5	Plaza del Sol	South El Monte, CA	48,000
6	Plaza Pacoima	Pacoima, CA	204,000
7	Sylmar Town Center	Sylmar, CA	148,000

1) Olivo at Mission Hills is currently under redevelopment, is 87% preleased and is expected to stabilize in late 2018

2) The joint venture has a 25% interest in La Alameda

# Portfolio Top 10 Tenants<sup>(1)</sup>



- High sales productivity and low occupancy cost ratios throughout the portfolio
- ~40% of tenants report sales
- Reported overall comparable sales increased 3% in 2015 and 4% in 2016

Tenant	Store Count	S&P Credit Rating
	4	A-
	1	A+
	4	A+
	1	B
	2	BBB
	1	BBB-
	3	BBB+
	3	B
	3	NR
	1	A

Note: Food 4 Less is owned by Kroger. Fallas Discount Stores is a national retail chain focused on the Latino community in 22 states that is owned by National Stores, Inc.

1) Assumes Olivo at Mission Hills stabilization.

# Federal Realty Proforma Top 20 Tenants

## Post-Portfolio Acquisition



Tenant	Rank		Percent of Base Rent		Number of Stores Leased		Credit Rating
	1Q17	Proforma for Acquisition	1Q17	Proforma for Acquisition	1Q17	Proforma for Acquisition	
<b>Ahold</b>	1	1	3.0%	2.9%	17	17	BBB
<b>TJ-maxx</b>	2	2	2.7%	2.9%	27	31	A+
<b>GAP</b>	3	3	2.3%	2.2%	27	27	BB+
<b>BED BATH &amp; BEYOND</b>	4	4	2.3%	2.2%	20	20	BBB+
<b>Splunk</b>	5	5	1.8%	1.7%	1	1	NR
<b>LA   FITNESS.</b>	6	6	1.7%	1.6%	10	10	B+
<b>CVS pharmacy</b>	7	7	1.5%	1.6%	17	20	BBB+
<b>BEST BUY</b>	13	8	1.0%	1.1%	4	5	BBB-
<b>AMC THEATRES</b>	8	9	1.1%	1.1%	6	6	B+
<b>ascena retail group inc.</b>	9	10	1.1%	1.0%	33	33	BB-
<b>ROSS DRESS FOR LESS</b>	21	11	0.7%	1.0%	8	12	A-
<b>DICK'S</b>	10	12	1.1%	1.0%	6	6	NR
<b>DSW</b>	11	13	1.1%	1.0%	12	12	NR
<b>Kroger</b>	19	14	0.8%	1.0%	9	11	BBB
<b>Michael's</b>	15	15	0.9%	0.9%	12	13	BB-
<b>Bank of America</b>	16	16	0.9%	0.9%	21	23	BBB+
<b>THE HOME DEPOT</b>	12	17	1.0%	0.9%	5	5	A
<b>BARNES &amp; NOBLE</b>	14	18	1.0%	0.9%	9	9	NR
<b>NORDSTROM</b>	17	19	0.9%	0.8%	5	5	BBB+
<b>AB Acquisition</b>	18	20	0.8%	0.8%	8	8	NR

Note: Proforma for acquisition assumes 100% ownership of Primestor assets and Olivo at Mission Hills stabilization



## Property Overviews

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# Azalea

South Gate, California



## Quick Facts

Square Feet	222,000
Acres	22
Occupancy	100%
For More Information	<a href="http://www.shopatazalea.com">www.shopatazalea.com</a>

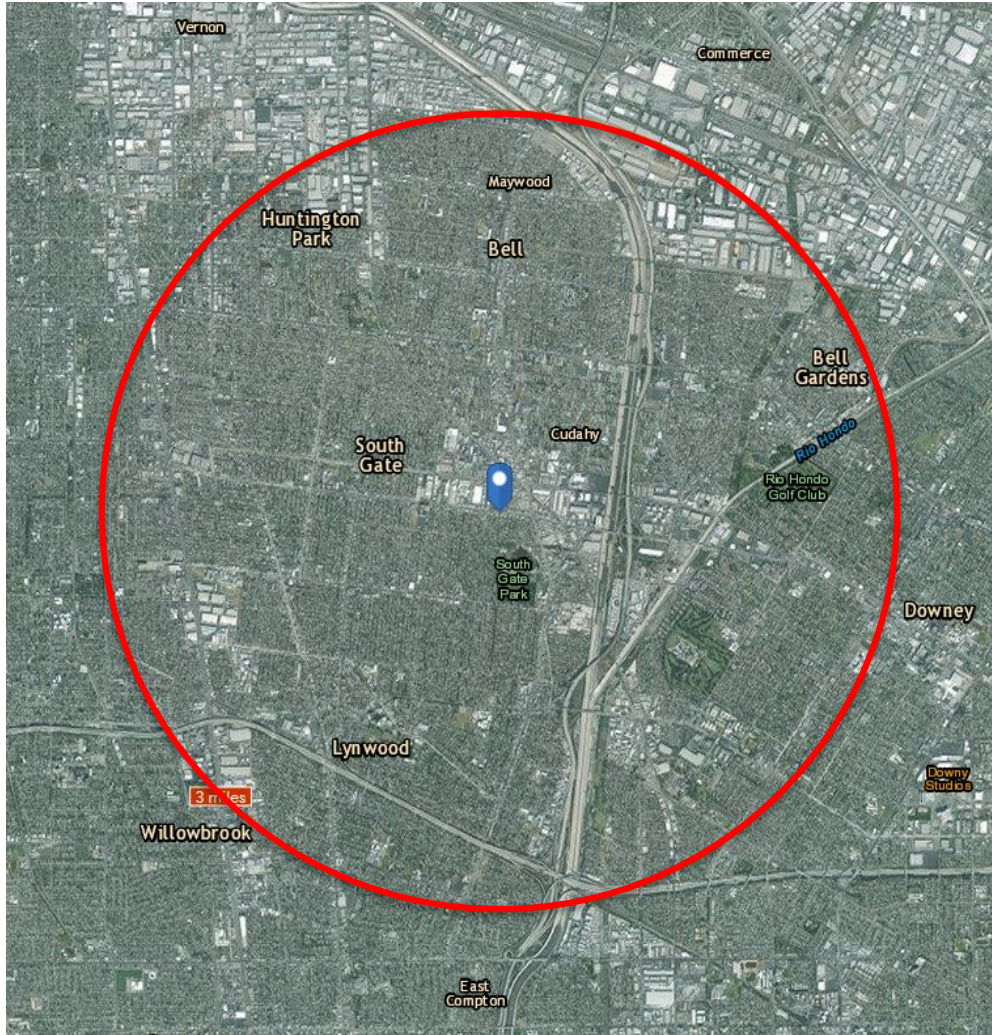
## Major Tenants





# Azalea Demographics (3-Mile Radius)

South Gate, California



## Demographics

Address	8653 Atlantic Avenue South Gate, California
Population	397,515
Avg. Reported Household Income	\$55,581
Aggregate Reported Income	\$5.3 billion
GLA per Capita	6.5

# Bell Gardens

Bell Gardens, California



## Quick Facts

Square Feet	327,000
Acres	29
Occupancy	100%

## Major Tenants

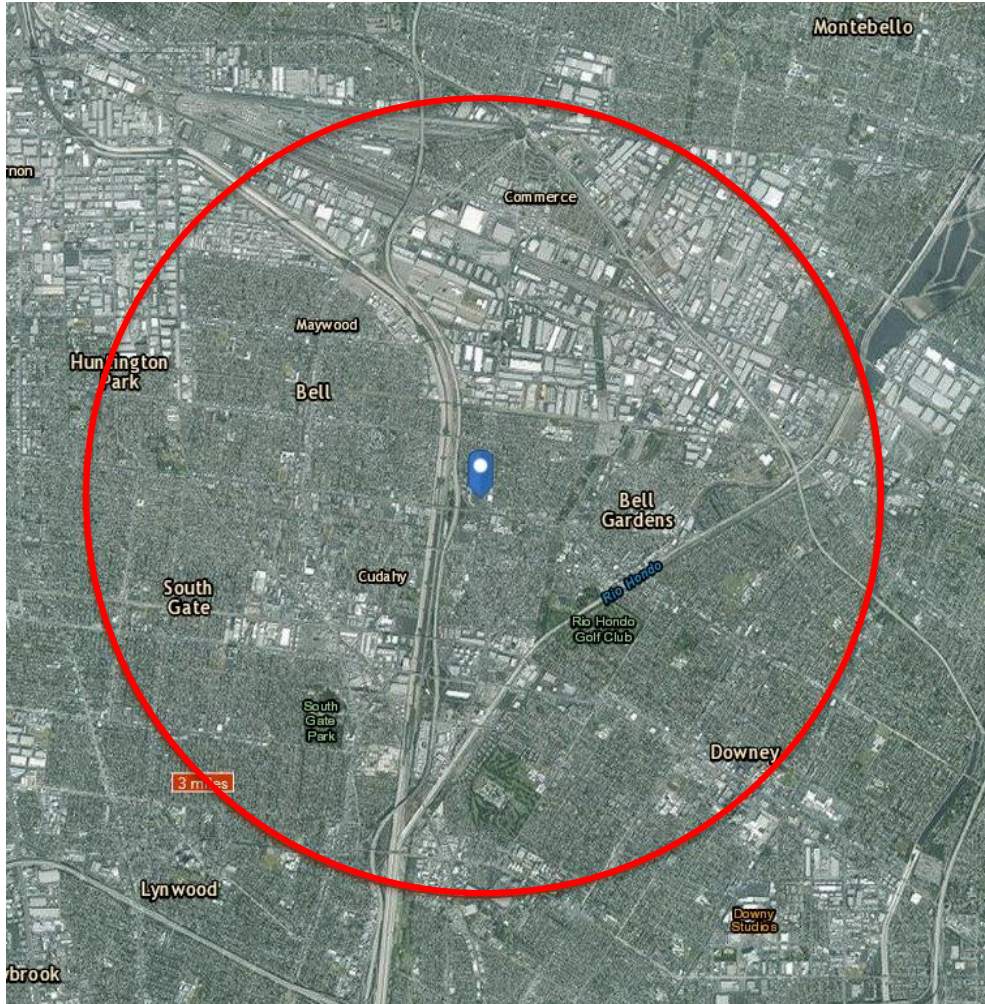


Note: Food 4 Less is owned by Kroger.



# Bell Gardens Demographics (3-Mile Radius)

Bell Gardens, California



## Demographics

Addresses	6801 E. Florence Ave 6810 E. Florence Ave 5706 Florence Ave Bell Gardens, California
Population	291,761
Avg. Reported Household Income	\$58,874
Aggregate Reported Income	\$4.3 billion
GLA per Capita	7.0

# La Alameda – Minority Interest<sup>(1)</sup>

Walnut Park, California



## Quick Facts

Square Feet	245,000
Acres	17
Occupancy	96%
For More Information	<a href="http://www.plazalaalameda.com">www.plazalaalameda.com</a>

## Major Tenants

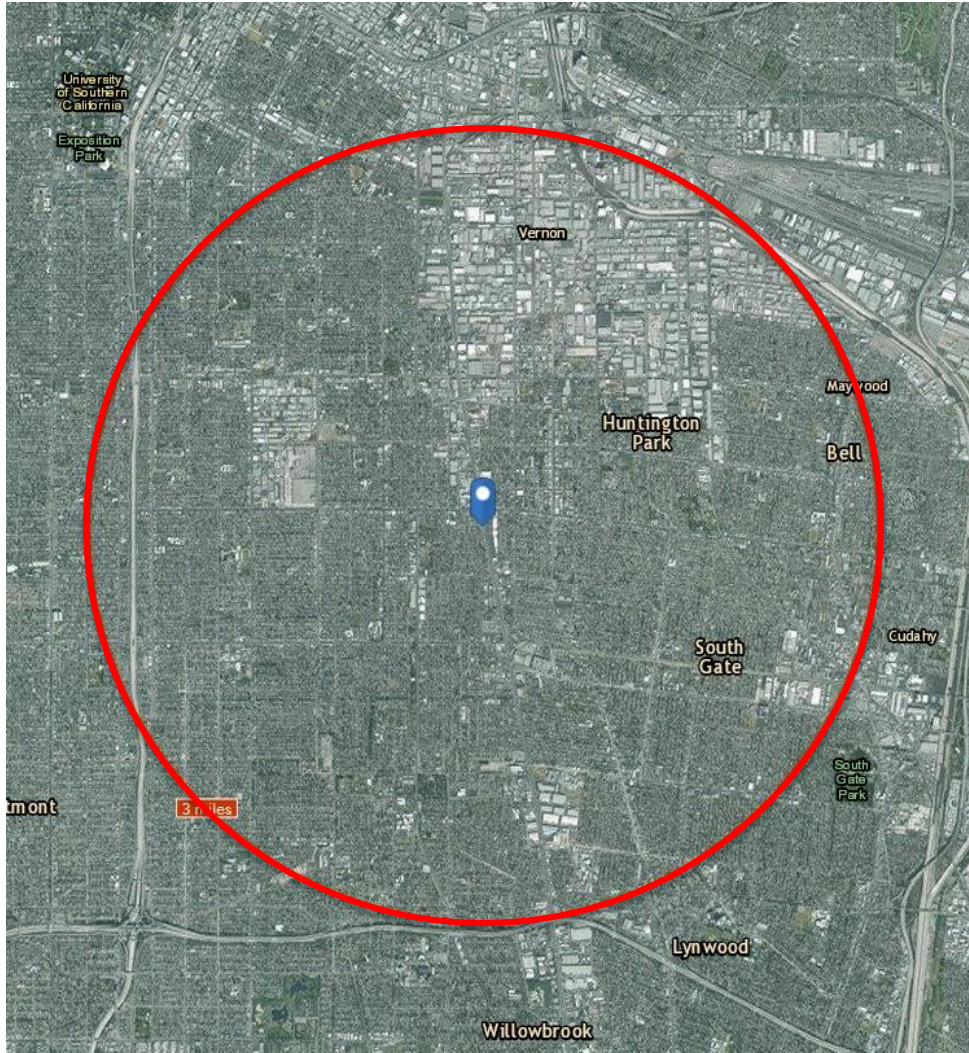


1) The joint venture has a 25% interest in La Alameda



# La Alameda Demographics (3-Mile Radius)

Walnut Park, California



## Demographics

Address	7507 Roseberry Ave, Walnut Park, California
Population	484,003
Avg. Reported Household Income	\$47,162
Aggregate Reported Income	\$5.3 billion
GLA per Capita	4.2

# Olivo at Mission Hills – Under Redevelopment

## Mission Hills, California



### Quick Facts

Square Feet	155,000
Acres	12
Pre-leased	87%
Expected Stabilization	Late 2018

### Major Tenants

**ROSS**  
DRESS FOR LESS

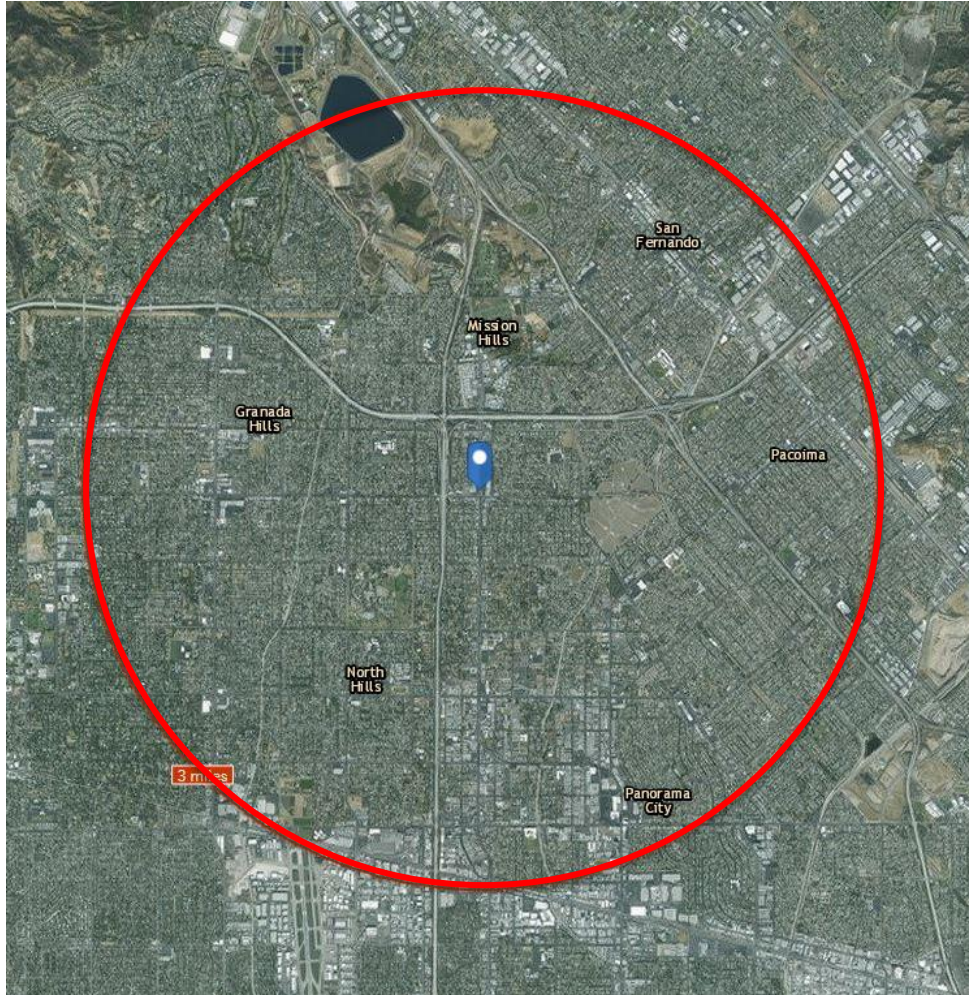
**24** *FITNESS*  
HOUR

**TARGET**



# Olivo at Mission Hills Demographics (3-Mile Radius)

Mission Hills, California



## Demographics

Address	10310 Sepulveda Blvd Mission Hills, California
Population	284,390
Avg. Reported Household Income	\$73,900
Aggregate Reported Income	\$5.5 billion
GLA per Capita	7.2

# Plaza del Sol

## South El Monte, California



### Quick Facts

Square Feet	48,000
Acres	4
Occupancy	100%

### Major Tenants

**Marshalls**

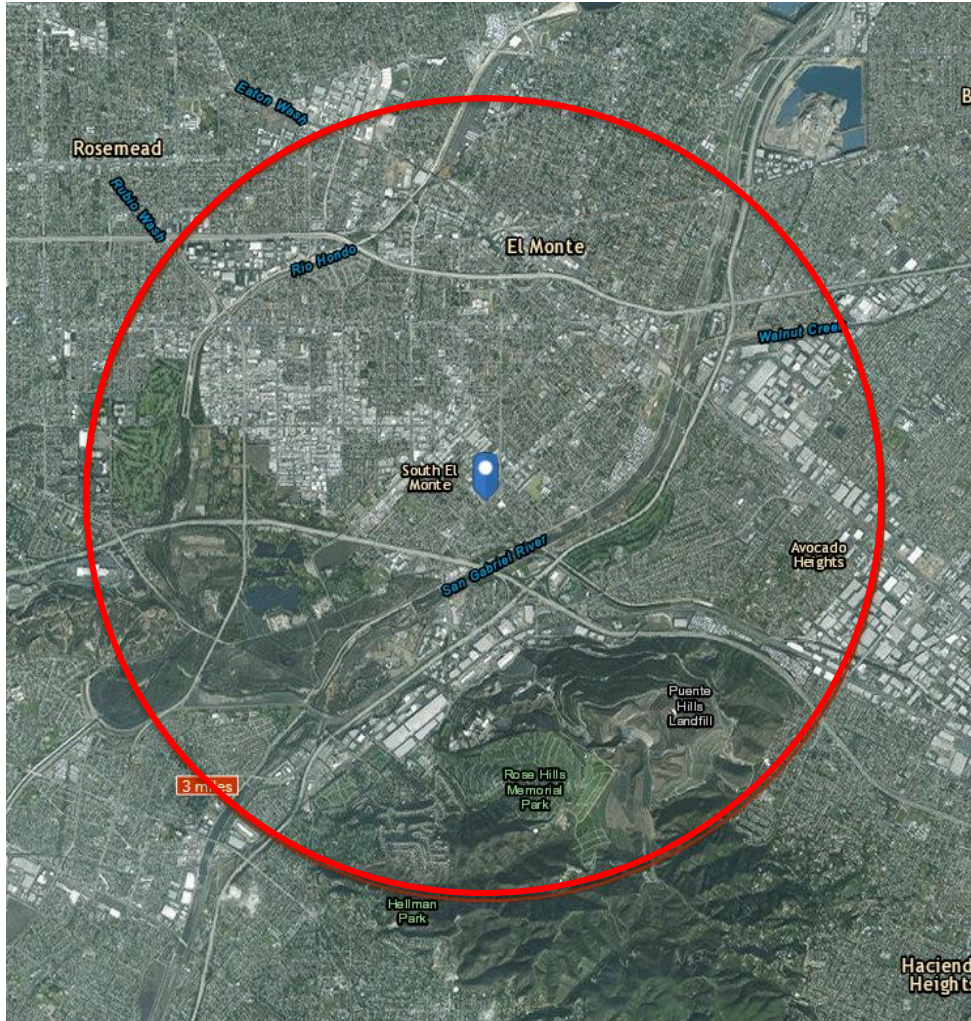


**STARBUCKS®**



# Plaza del Sol Demographics (3-Mile Radius)

South El Monte, California



## Demographics

Address	1832 Durfee Ave South El Monte, California
Population	168,293
Avg. Reported Household Income	\$64,234
Aggregate Reported Income	\$2.6 billion
GLA per Capita	9.1



# Plaza Pacoima

Pacoima, California



## Quick Facts

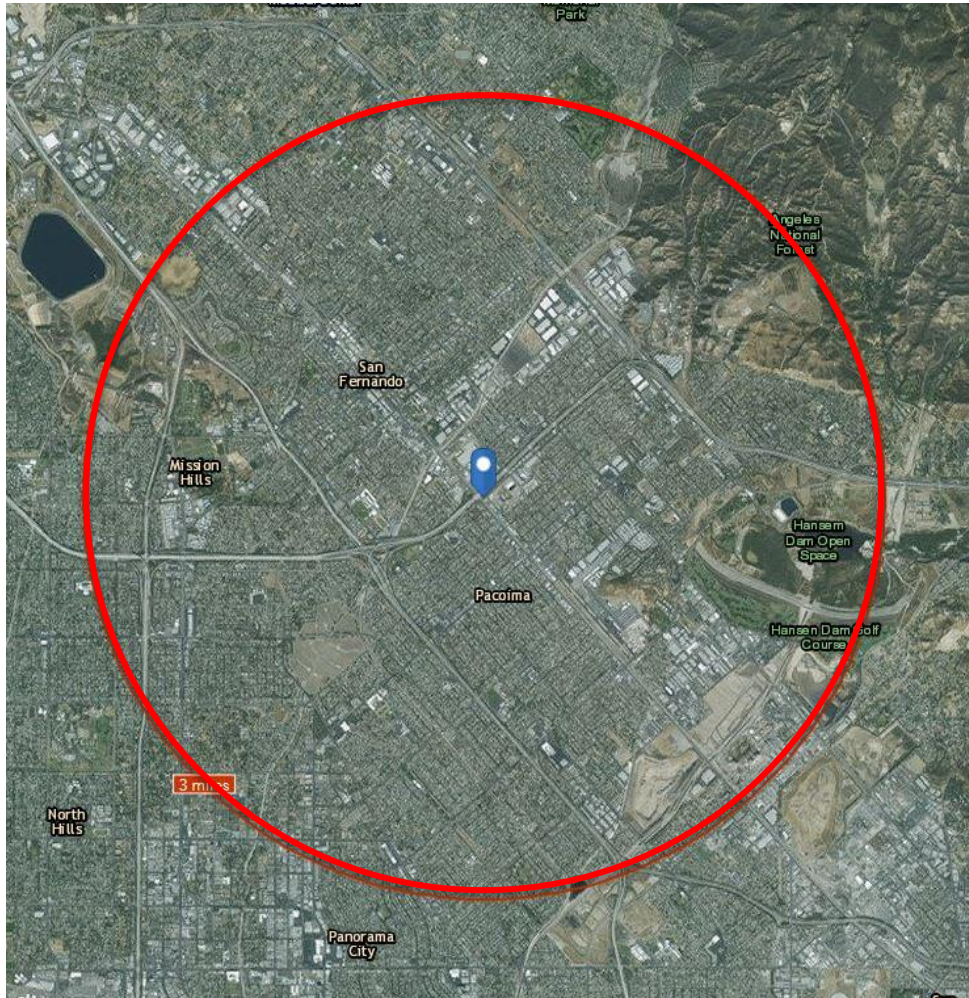
Square Feet	204,000
Acres	18
Occupancy	100%

## Major Tenants



# Plaza Pacoima Demographics (3-Mile Radius)

Pacoima, California



## Demographics

Address	13520 Paxton St. Pacoima, California
Population	247,478
Avg. Reported Household Income	\$67,718
Aggregate Reported Income	\$3.9 billion
GLA per Capita	7.3



# Sylmar Town Center

Sylmar, California



## Quick Facts

Square Feet	148,000
Acres	12
Occupancy	92%

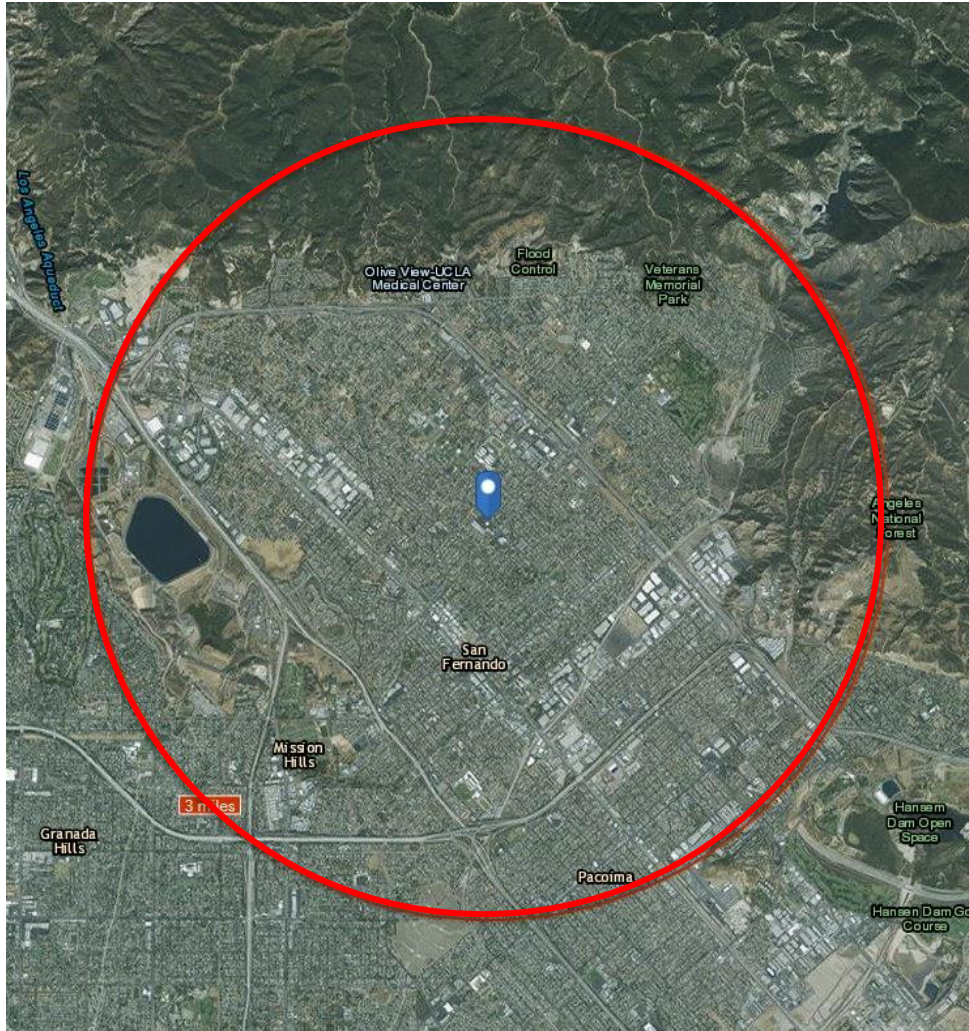
## Major Tenants



Note: Food 4 Less is owned by Kroger.

# Sylmar Town Center Demographics (3-Mile Radius)

## Sylmar, California



### Demographics

Address	12652 Glenoaks Blvd Sylmar, California
Population	182,950
Avg. Reported Household Income	\$70,799
Aggregate Reported Income	\$3.1 billion
GLA per Capita	7.2



## About Our Partner

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# Primestor Development

## Local Operating Partner



- Founded in 1992 by Arturo Sneider and Leandro Tyberg
- Recognized as the leading developer and owner/operator of high-quality retail space in trade areas with a predominant Latino population
- Re/developed over 4 million square feet of retail space, primarily in Southern California and the Southwest
- Currently lease and manage approximately 2.4 million square feet
- Vertically integrated operating company with 32 full time employees
- Partners have meaningful investment in the JV
- For more information, please visit [www.primestor.com](http://www.primestor.com)







### **Arturo Sneider**

*Chief Executive Officer & Co-Founder*

Mr. Sneider is a founding partner and CEO of Primestor Development, Inc. His primary responsibilities include acquisitions, project conceptual design, financing, and corporate management. With a strong focus in largely underserved urban communities and under his direction, Primestor's diverse portfolio has maintained an approximate 95% occupancy rate in approximately eighty projects.



### **Leandro Tyberg**

*Chief Operating Officer, President & Co-Founder*

Mr. Tyberg is a founding partner of Primestor Development, Inc. His primary responsibilities include oversight of Property Management, Operations, Development and Construction Management, and corporate management. Mr. Tyberg has been responsible for the successful development and construction of every project Primestor has been involved in, with over 500 million dollars in asset value created on over 50 projects. Prior to joining Primestor in 1993, Mr. Tyberg was a student at Boston University, Lorenzo de' Medici College in Florence, Italy, and the American International School of Florence.



# Safe Harbor Language

## Federal Realty Investment Trust



*Certain matters discussed within this press release may be deemed to be forward-looking statements within the meaning of the federal securities laws. Although Federal Realty believes the expectations reflected in the forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will be attained. These factors include, but are not limited to, the risk factors described in our Annual Report on Form 10-K filed on February 13, 2017, and include the following:*

- *risks that our tenants will not pay rent, may vacate early or may file for bankruptcy or that we may be unable to renew leases or re-let space at favorable rents as leases expire;*
- *risks that we may not be able to proceed with or obtain necessary approvals for any redevelopment or renovation project, and that completion of anticipated or ongoing property redevelopments or renovation projects that we do pursue may cost more, take more time to complete, or fail to perform as expected;*
- *risks that we are investing a significant amount in ground-up development projects that may not perform as planned, may be dependent on third parties to deliver critical aspects of certain projects, requires spending a substantial amount upfront in infrastructure, and assumes receipt of public funding which has been committed but not entirely funded;*
- *risks normally associated with the real estate industry, including risks that occupancy levels at our properties and the amount of rent that we receive from our properties may be lower than expected, that new acquisitions may fail to perform as expected, that competition for acquisitions could result in increased prices for acquisitions, that costs associated with the periodic maintenance and repair or renovation of space, insurance and other operations may increase, that environmental issues may develop at our properties and result in unanticipated costs, and, because real estate is illiquid, that we may not be able to sell properties when appropriate;*
- *risks that our growth will be limited if we cannot obtain additional capital;*
- *risks associated with general economic conditions, including local economic conditions in our geographic markets;*
- *risks of financing, such as our ability to consummate additional financings or obtain replacement financing on terms which are acceptable to us, our ability to meet existing financial covenants and the limitations imposed on our operations by those covenants, and the possibility of increases in interest rates that would result in increased interest expense; and*
- *risks related to our status as a real estate investment trust, commonly referred to as a REIT, for federal income tax purposes, such as the existence of complex tax regulations relating to our status as a REIT, the effect of future changes in REIT requirements as a result of new legislation, and the adverse consequences of the failure to qualify as a REIT.*

*Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements that we make, including those in this press release. Except as may be required by law, we make no promise to update any of the forward-looking statements as a result of new information, future events or otherwise. You should carefully review the risks and risk factors included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 13, 2017.*



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