

NEWS RELEASE



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FOR IMMEDIATE RELEASE

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FEDERAL REALTY INVESTMENT TRUST ANNOUNCES SECOND QUARTER 2014 OPERATING RESULTS

ROCKVILLE, Md. (August 7, 2014) – [Federal Realty Investment Trust](http://www.federalrealty.com) (NYSE:FRT) today reported operating results for its second quarter ended June 30, 2014.

Financial Results

In the second quarter 2014, Federal Realty generated funds from operations available for common shareholders (FFO) of \$83.6 million, or \$1.23 per diluted share. This compares to FFO of \$71.1 million, or \$1.08 per diluted share, in second quarter 2013. For the six months ended June 30, 2014, Federal Realty reported FFO of \$165.4 million, or \$2.43 per diluted share, compared to \$145.2 million, or \$2.22 per diluted share for the same six month period in 2013. Excluding the debt prepayment charge in the second quarter 2013, FFO per diluted share was \$1.14 in second quarter 2013 and \$2.27 for the six months ended June 30, 2013.

Net income available for common shareholders was \$43.4 million and earnings per diluted share was \$0.64 for the quarter ended June 30, 2014 versus \$37.4 million and \$0.57, respectively, for second quarter 2013. Year-to-date, Federal Realty reported net income available for common shareholders of \$82.0 million and earnings per diluted share of \$1.22. This compares to net income available for common shareholders of \$71.9 million and earnings per diluted share of \$1.10 for the six months ended June 30, 2013.

FFO is a non-GAAP supplemental earnings measure which the Trust considers meaningful in measuring its operating performance. A reconciliation of FFO to net income is attached to this press release.

Portfolio Results

In second quarter 2014, same-center property operating income increased 4.2% including redevelopment and expansion properties. When redevelopment and expansion properties are excluded from same-center, property operating income for second quarter 2014 increased 4.0% compared to second quarter 2013.

The overall portfolio was 95.3% leased as of June 30, 2014, compared to 95.6% on March 31, 2014 and 95.3% on June 30, 2013. Federal Realty's same-center portfolio was 95.5% leased as of June 30, 2014, compared to 95.5% on March 31, 2014 and 95.4% on June 30, 2013.

During second quarter 2014, the Trust signed 128 leases for 622,916 square feet of retail space. On a comparable space basis (*i.e.*, spaces for which there was a former tenant), the Trust leased 536,819 square feet at an average cash-basis contractual rent increase per square foot (*i.e.*, excluding the impact of straight-line rents) of 16%. The weighted average contractual rent on this comparable space for the first year of the new lease is \$34.93 per square foot compared to the weighted average contractual rent of \$30.13 per square foot for the last year of the prior lease. The previous weighted average contractual rent is calculated by including both the minimum rent and any percentage rent actually paid during the last year of the lease term for the re-leased space. On a GAAP basis (*i.e.*, including the impact of straight-line rents), rent increases per square foot for comparable retail space averaged 30% for second quarter 2014.

Regular Quarterly Dividends

Federal Realty announced today that its Board of Trustees increased the dividend rate on its common shares, declaring a regular quarterly cash dividend of \$0.87 per share, resulting in an indicated annual rate of \$3.48 per share. This \$0.09 per share increase in the regular quarterly dividend is the largest increase in the Trust's history. The regular common dividend will be payable on October 15, 2014 to common shareholders of record on September 22, 2014. This increase represents the 47th consecutive year that Federal Realty has increased its common dividend, the longest record of consecutive annual dividend increases in the REIT sector, and amongst the longest such records for publicly traded companies in the US.

"Our team continued to deliver record bottom line results while also driving future value creation with the successful openings of the initial phases of Pike & Rose and Assembly Row, the delivery and stabilization of Misora at Santana Row and the ongoing execution of over \$175 million of tactical redevelopment of our core," commented Donald C. Wood, president and chief executive officer of Federal Realty. "The continued success and growth in our business supports our decision to raise our common dividend this year by 12%, marking it as the 47th consecutive year of increased dividends, the only REIT to have such record."

Summary of Other Quarterly Activities and Recent Developments

- June 12, 2014 – Federal Realty was presented with three prestigious honors by the Alliance for Workplace Excellence (AWE). The Trust received the 2014 Workplace Excellence Seal of Approval Award, 2014 Health & Wellness Seal of Approval Award and 2014 EcoLeadership Award. 2014 marks the seventh consecutive year Federal Realty has won Workplace Excellence and Health & Wellness awards, and the fourth year it has won the EcoLeadership award.
- July 7, 2014 – Federal Realty announced Bank of America Merrill Lynch as the lead office tenant at Pike & Rose, the new transit-oriented, pedestrian-friendly, mixed-use neighborhood at the top of the White Flint District of North Bethesda. Bank of America Merrill Lynch will occupy 40,000 square feet, half of the 80,000 square foot LEED certified, Class "A" office building at 11810 Grand Park Avenue in Phase 1 of Pike & Rose.
- July 24, 2014 – Federal Realty's partnership with a discretionary fund created and advised by ING Clarion Partners closed on the sale of Pleasant Shops in South Weymouth, Massachusetts for a sales price of \$34.3 million.

Guidance

We have updated our 2014 guidance for FFO per diluted share to a range of \$4.90 to \$4.94. Our earnings per share guidance was updated to \$2.55 to \$2.61.

Conference Call Information

Federal Realty's management team will present an in-depth discussion of the Trust's operating performance on its second quarter 2014 earnings conference call, which is scheduled for August 8, 2014, at 11 a.m. Eastern Daylight Time. To participate, please call (877) 445-3230 five to ten minutes prior to the call start time and use the passcode 65481268 (required). Federal Realty will also provide an online webcast on the Company's web site, www.federalrealty.com, which will remain available for 30 days following the call. A telephone recording of the call will also be available through August 15, 2014, by dialing (855) 859-2056 and using the passcode 65481268.

About Federal Realty

Federal Realty Investment Trust is an equity real estate investment trust specializing in the ownership, management, development, and redevelopment of high quality retail assets. Federal Realty's portfolio (excluding joint venture properties) contains approximately 20 million square feet located primarily in strategically selected metropolitan markets in the Northeast, Mid-Atlantic, and California. In addition, the Trust has an ownership interest in approximately 1.0 million square feet of retail space through a joint venture in which the Trust has a 30% interest. Our operating portfolio

(excluding joint venture properties) was 95.3% leased to national, regional, and local retailers as of June 30, 2014, with no single tenant accounting for more than approximately 3.2% of annualized base rent. Federal Realty has paid quarterly dividends to its shareholders continuously since its founding in 1962, and has increased its dividend rate for 47 consecutive years, the longest record in the REIT industry. Federal Realty is an S&P MidCap 400 company and its shares are traded on the NYSE under the symbol FRT.

Safe Harbor Language

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 11, 2014, 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 renovations 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 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 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 11, 2014.

Federal Realty Investment Trust
Summarized Balance Sheets
June 30, 2014

	June 30, 2014	December 31, 2013
	(in thousands)	
	(unaudited)	
ASSETS		
Real estate, at cost		
Operating (including \$281,311 and \$265,138 of consolidated variable interest entities, respectively)	\$ 5,004,993	\$ 4,618,258
Construction-in-progress	472,570	531,205
	5,477,563	5,149,463
Less accumulated depreciation and amortization (including \$22,840 and \$19,086 of consolidated variable interest entities, respectively)	(1,417,376)	(1,350,471)
Net real estate	4,060,187	3,798,992
Cash and cash equivalents	41,312	88,927
Accounts and notes receivable, net	97,741	84,838
Mortgage notes receivable, net	54,932	55,155
Investment in real estate partnership	35,511	32,264
Prepaid expenses and other assets	141,802	159,118
TOTAL ASSETS	\$ 4,431,485	\$ 4,219,294
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Mortgages and capital lease obligations (including \$188,739 and \$202,782 of consolidated variable interest, entities respectively)	705,704	660,127
Notes payable	290,765	300,822
Senior notes and debentures	1,361,282	1,360,913
Accounts payable and other liabilities	344,990	321,710
Total liabilities	2,702,741	2,643,572
Redeemable noncontrolling interests	110,688	104,425
Shareholders' equity		
Preferred shares	9,997	9,997
Common shares and other shareholders' equity	1,519,764	1,438,163
Total shareholders' equity of the Trust	1,529,761	1,448,160
Noncontrolling interests	88,295	23,137
Total shareholders' equity	1,618,056	1,471,297
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 4,431,485	\$ 4,219,294

Federal Realty Investment Trust
Summarized Income Statements
June 30, 2014

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2014	2013	2014	2013
	(in thousands, except per share data)			
	(unaudited)			
Revenue				
Rental income	\$ 162,383	\$ 153,212	\$ 328,576	\$ 305,828
Other property income	4,325	2,913	7,725	6,181
Mortgage interest income	1,239	1,263	2,474	2,528
Total revenue	167,947	157,388	338,775	314,537
Expenses				
Rental expenses	31,405	28,209	68,535	57,710
Real estate taxes	19,164	17,632	37,864	35,204
General and administrative	8,124	8,302	15,828	15,359
Depreciation and amortization	40,893	39,757	84,743	80,274
Total operating expenses	99,586	93,900	206,970	188,547
Operating income	68,361	63,488	131,805	125,990
Other interest income	18	65	43	95
Interest expense	(23,213)	(27,147)	(46,350)	(54,552)
Early extinguishment of debt	—	(3,399)	—	(3,399)
Income from real estate partnership	250	372	463	684
Income from continuing operations	45,416	33,379	85,961	68,818
Discontinued operations				
Discontinued operations - income	—	424	—	827
Income before gain on sale of real estate	45,416	33,803	85,961	69,645
Gain on sale of real estate	—	4,994	—	4,994
Net income	45,416	38,797	85,961	74,639
Net income attributable to noncontrolling interests	(1,871)	(1,258)	(3,663)	(2,512)
Net income attributable to the Trust	43,545	37,539	82,298	72,127
Dividends on preferred shares	(135)	(135)	(271)	(271)
Net income available for common shareholders	\$ 43,410	\$ 37,404	\$ 82,027	\$ 71,856
EARNINGS PER COMMON SHARE, BASIC				
Continuing operations	\$ 0.64	\$ 0.49	\$ 1.22	\$ 1.01
Discontinued operations	—	—	—	0.01
Gain on sale of real estate	—	0.08	—	0.08
	\$ 0.64	\$ 0.57	\$ 1.22	\$ 1.10
Weighted average number of common shares, basic	67,110	65,149	66,858	64,922
EARNINGS PER COMMON SHARE, DILUTED				
Continuing operations	\$ 0.64	\$ 0.49	\$ 1.22	\$ 1.01
Discontinued operations	—	—	—	0.01
Gain on sale of real estate	—	0.08	—	0.08
	\$ 0.64	\$ 0.57	\$ 1.22	\$ 1.10
Weighted average number of common shares, diluted	67,277	65,311	67,021	65,080

Federal Realty Investment Trust
Funds From Operations
June 30, 2014

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
(in thousands, except per share data)				
<u>Funds from Operations available for common shareholders (FFO)</u>				
Net income	\$ 45,416	\$ 38,797	\$ 85,961	\$ 74,639
Net income attributable to noncontrolling interests	(1,871)	(1,258)	(3,663)	(2,512)
Gain on sale of real estate	—	(4,994)	—	(4,994)
Depreciation and amortization of real estate assets	36,499	35,834	76,048	72,396
Amortization of initial direct costs of leases	2,947	2,639	5,778	5,407
Depreciation of joint venture real estate assets	441	370	850	746
Funds from operations	83,432	71,388	164,974	145,682
Dividends on preferred shares	(135)	(135)	(271)	(271)
Income attributable to operating partnership units	715	215	1,431	442
Income attributable to unvested shares	(377)	(320)	(752)	(656)
FFO	\$ 83,635	\$ 71,148	\$ 165,382	\$ 145,197
Early extinguishment of debt, net of allocation to unvested shares	—	3,383	—	3,383
FFO excluding early extinguishment of debt	\$ 83,635	\$ 74,531	\$ 165,382	\$ 148,580
Weighted average number of common shares, diluted	68,194	65,605	67,939	65,383
FFO per diluted share	\$ 1.23	\$ 1.08	\$ 2.43	\$ 2.22
FFO excluding early extinguishment of debt, per diluted share	\$ 1.23	\$ 1.14	\$ 2.43	\$ 2.27

Federal Realty Investment Trust
Reconciliation of Net Income to FFO Guidance
June 30, 2014

	2014 Guidance	
	(Dollars in millions except per share amounts) (1)	
<u>Funds from Operations available for common shareholders (FFO)</u>		
Net income	\$ 181	\$ 185
Net income attributable to noncontrolling interests	(8)	(8)
Gain on sale of real estate	(5)	(5)
Depreciation and amortization of real estate & joint venture real estate assets	153	153
Amortization of initial direct costs of leases	11	11
Funds from operations	334	337
Dividends on preferred shares	(1)	(1)
Income attributable to operating partnership units	3	3
Income attributable to unvested shares	(1)	(1)
FFO	<u>\$ 335</u>	<u>\$ 338</u>
Weighted average number of common shares, diluted	68.3	68.3
FFO per diluted share	\$ 4.90	\$ 4.94

Note:

(1) - Individual items may not add up to total due to rounding.