

# INVESTOR PRESENTATION

Third Quarter 2018





# Federal Realty Investment Trust

NYSE: FRT

## FEDERAL REALTY INVESTMENT TRUST

- Fully-integrated US retail real estate based company focused on risk adjusted capital allocation
- Own, manage and re/develop urban, mixed-use properties and high quality open air shopping centers
- 105 properties include ~3,000 tenants, in ~24 million square feet, and ~2,700 residential units
- Included in the S&P 500

## CREDIT RATINGS<sup>(1)</sup>

One of only five “A” rated REITs

Moody's

**A3**

Stable

S&P

**A-**

Stable

Fitch

**A-**

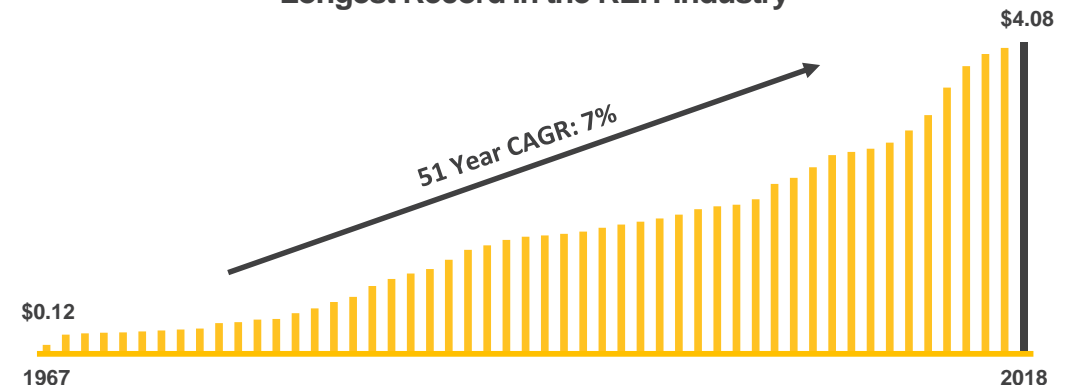
Stable

## STRATEGIC METROPOLITAN MARKETS



## 51 CONSECUTIVE YEARS OF INCREASED DIVIDENDS

Longest Record in the REIT Industry

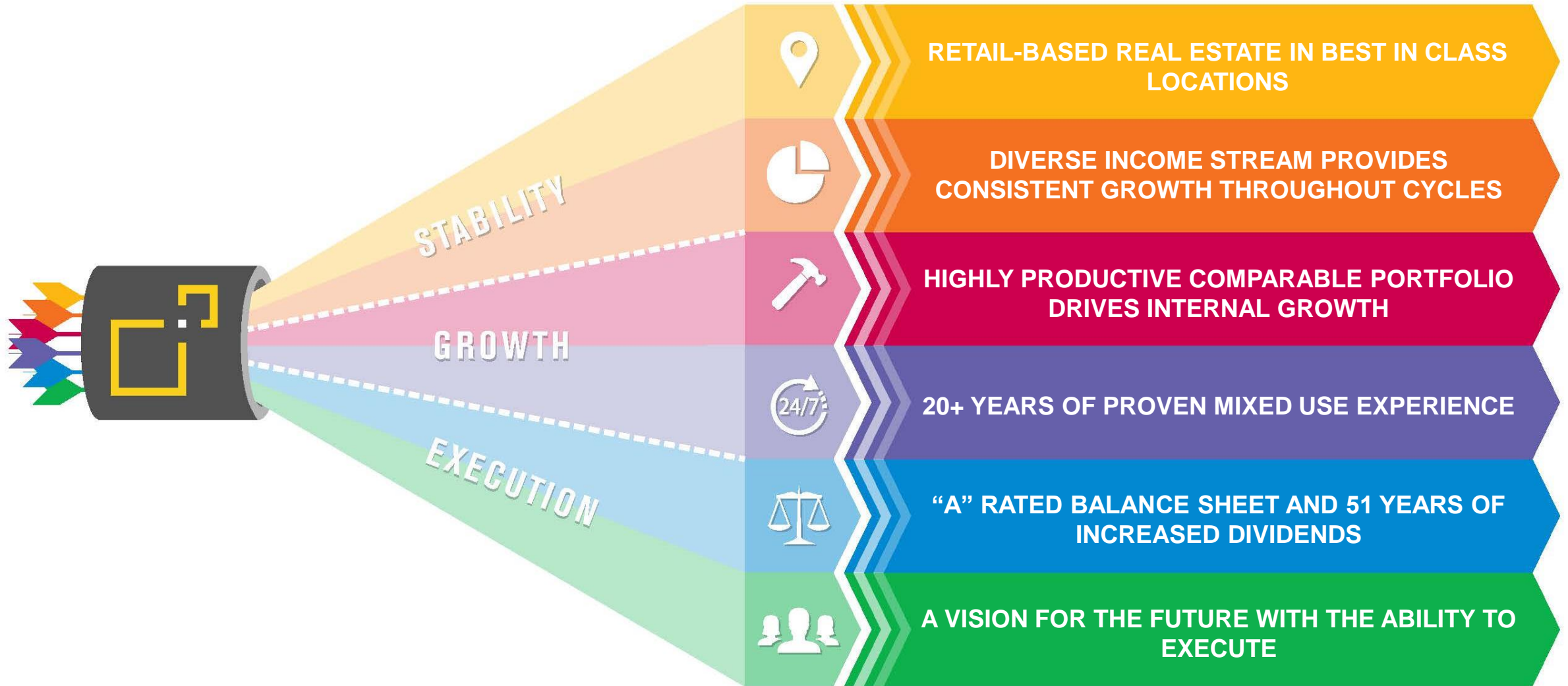


1) The complete ratings report can be accessed at [www.federalrealty.com](http://www.federalrealty.com).



# “Arrows in the Quiver”

## Multifaceted Balanced Business Plan





## Retail-Based Real Estate in Best in Class Locations

- 105 flexible retail-based properties located in 8 strategically selected major markets
  - Transit oriented, first ring suburban locations
- Real estate is a local business
  - Manageable portfolio size and number of markets allows senior management to be focused on each asset
- Long-term rent growth potential fueled by:
  - Superior income and population characteristics
  - Significant barriers to entry and
  - Strong demand characteristics
- Location matters more today than it ever has
  - Strive for our centers to be the consolidators in their respective trade areas
  - Retailers remain hyper focused on location as they right-size portfolios and open new stores
- Highly productive portfolio:
  - \$27.50 annualized base rent (ABR) per square foot as of 3Q18
  - 12% rent growth on comparable leases (TTM)
  - 95% leased portfolio as of 3Q18



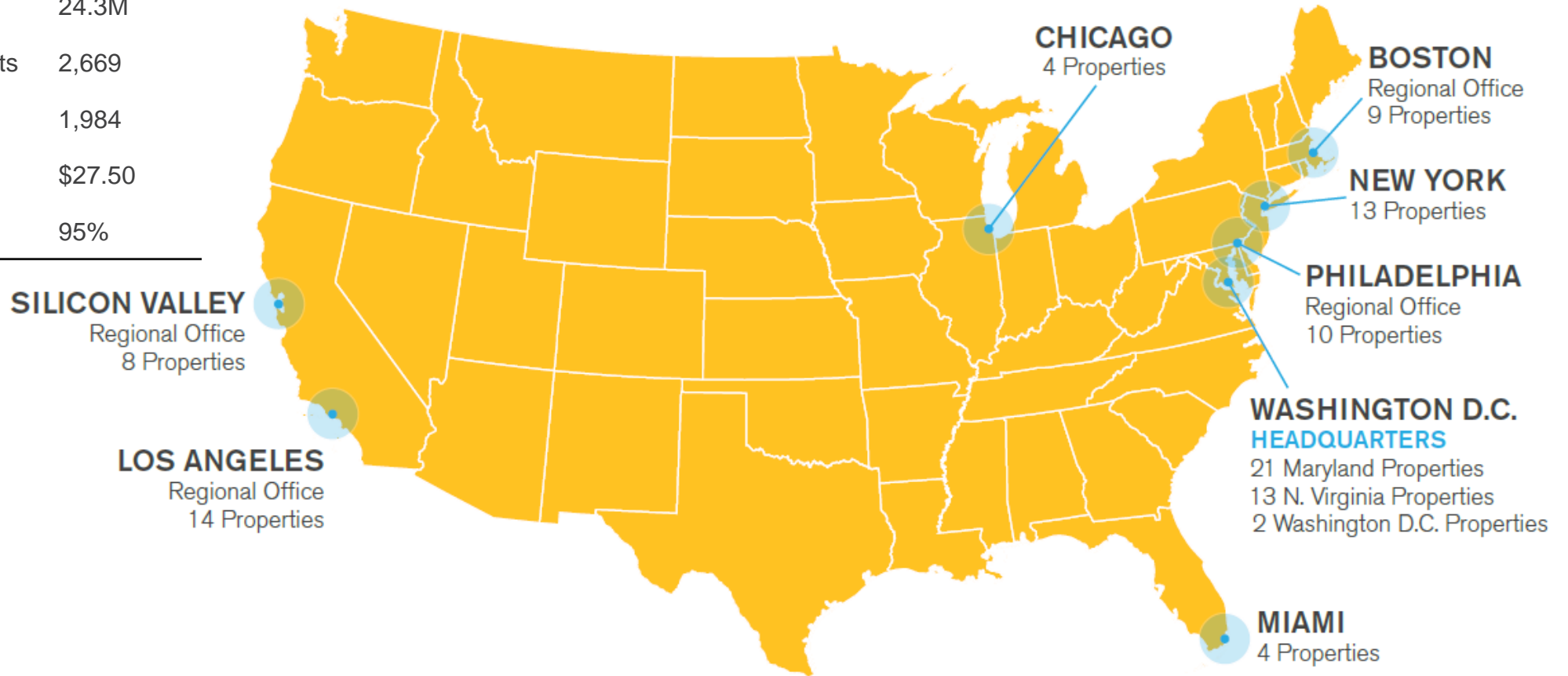
# Real Estate is a Local Business

## 8 strategic metropolitan markets with 5 regional offices

### Total Portfolio as of 3Q18

Assets	105
SF	24.3M
Residential Units	2,669
Acres	1,984
Avg. Rent PSF	\$27.50
% Leased	95%

Retail-Based Real Estate in Best in Class Locations



Note: Additional 7 properties located outside these markets are Barracks Road, Bristol Plaza, Eastgate Crossing, Gratiot Plaza, Lancaster, 29<sup>th</sup> Place and Willow Lawn



# Location, Location, Location

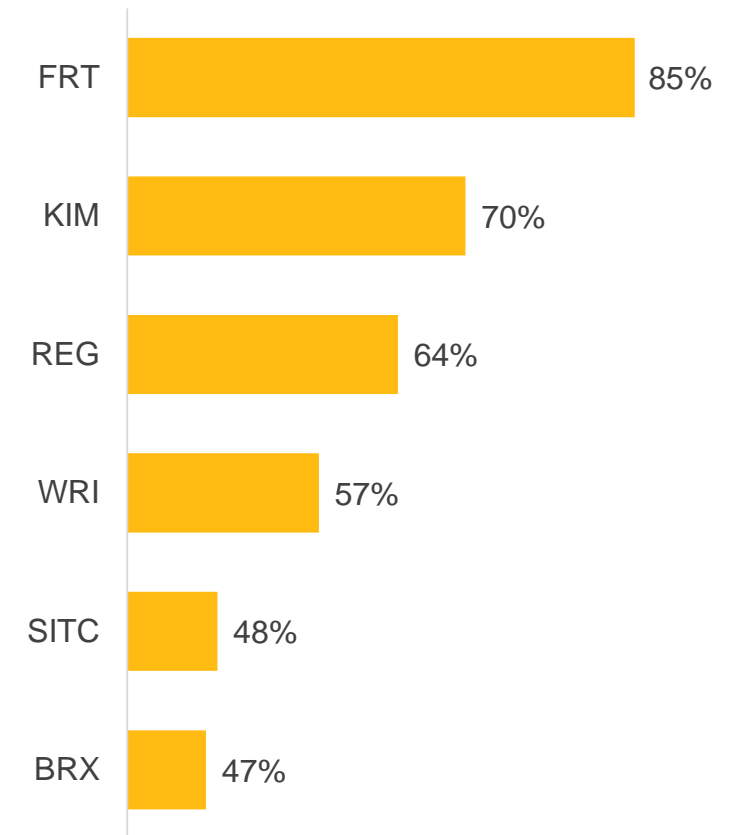
## Superior demographics

Retail-Based Real Estate in Best in Class Locations

### HOUSEHOLD INCOME & POPULATION VS. LARGE CAP, NATIONAL PEERS



### TOP 20 MSA PENETRATION



Source: BAML Research, October 2018

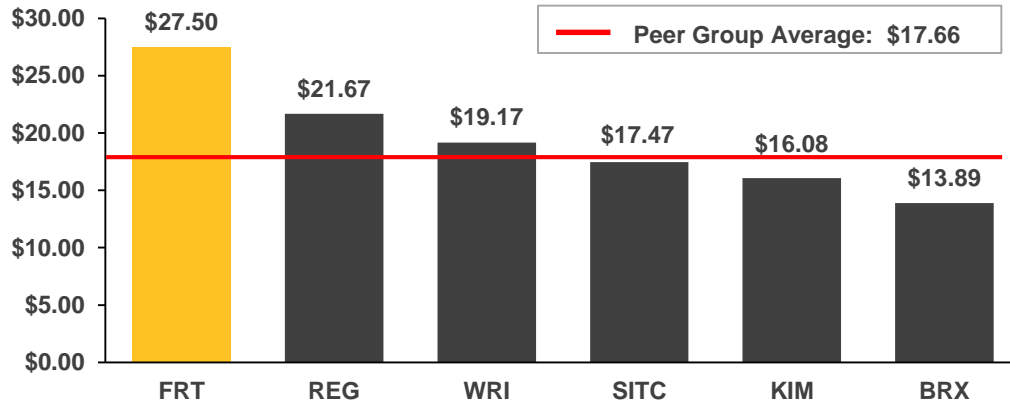
Note: Shopping Center Peer Average representative of the Bloomberg Shopping Center Index members, Mall peer average representative of the Bloomberg Mall REIT index members. MSAs ranked by number of households.



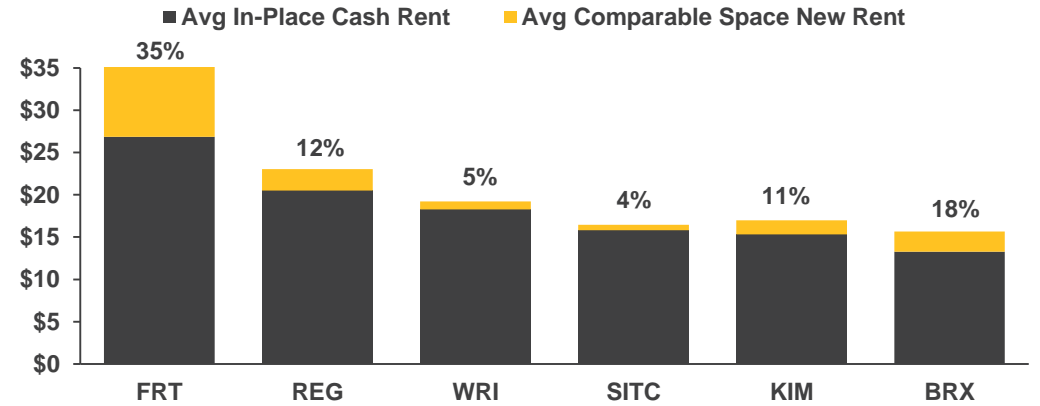
# Premier Operating Portfolio

## Key metrics

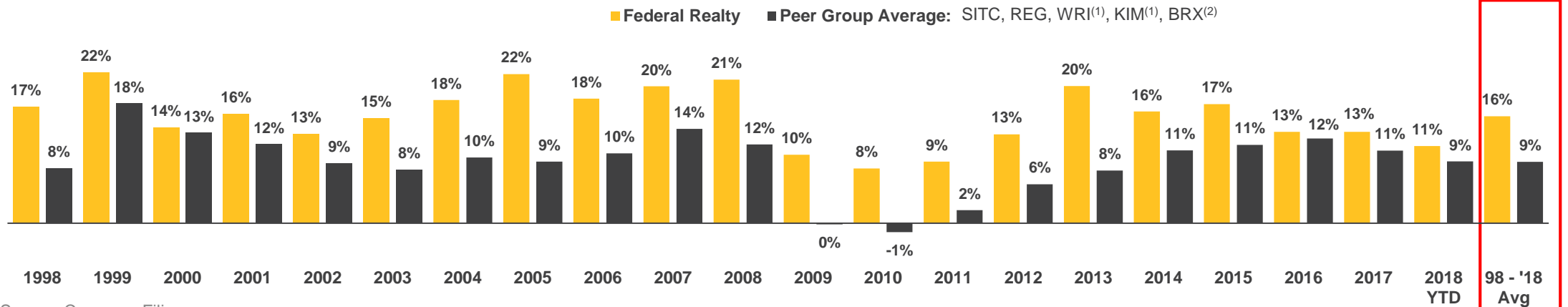
### CASH RENTS PSF AS OF 3Q18



### RECENT LEASING VS. AVG IN-PLACE RENT<sup>(1)</sup>



### COMPARABLE SPACE YEAR OVER YEAR RENT GROWTH



Source: Company Filings

1) Period 3Q16 – 3Q18

2) Only included in peer group results for periods in which data was reported

3) BRX data available as of 2013

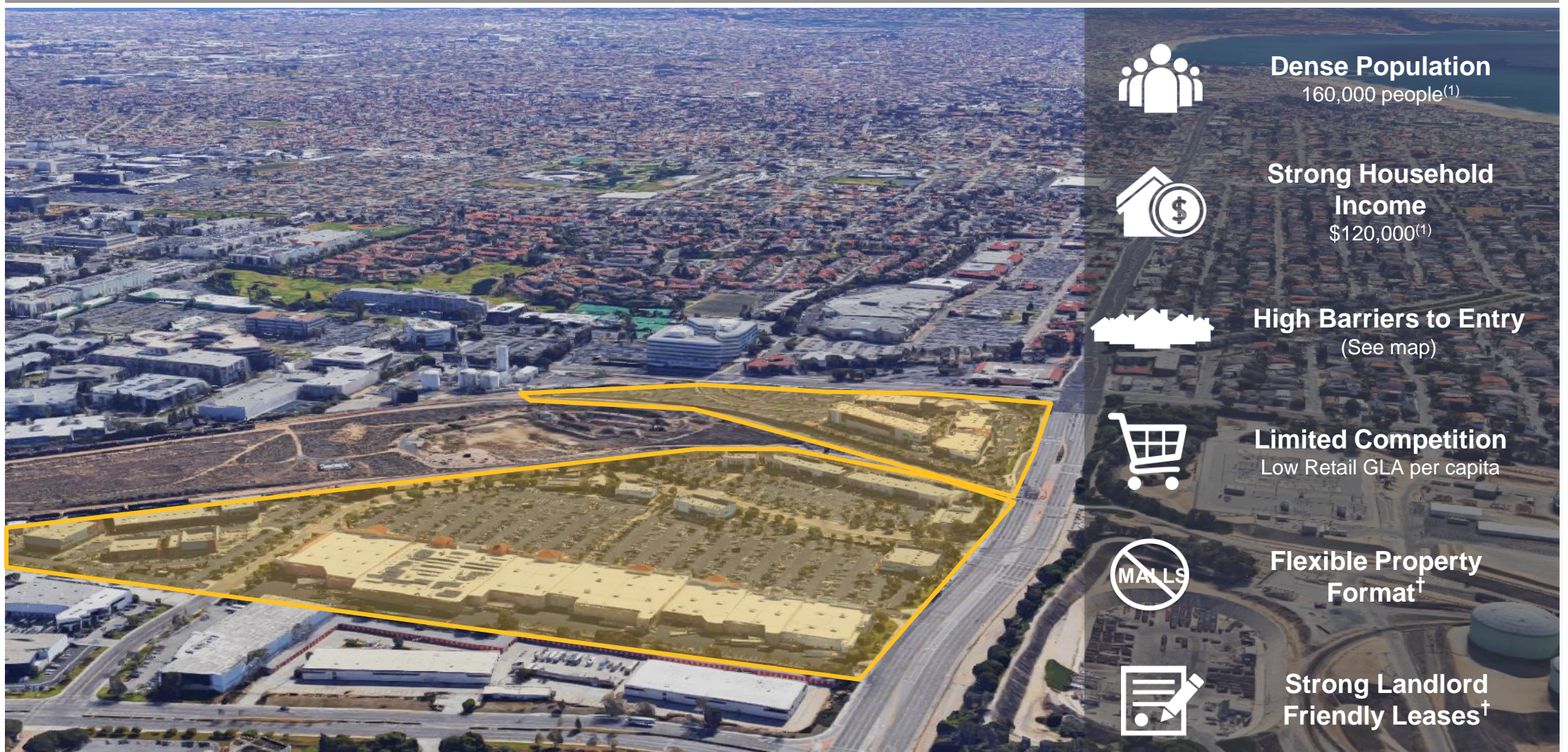
Retail-Based Real Estate in Best in Class Locations



# The Keys to Our Success

Location based competitive advantages across portfolio

Retail-Based Real Estate in Best in Class Locations



**Dense Population**  
160,000 people<sup>(1)</sup>



**Strong Household Income**  
\$120,000<sup>(1)</sup>



**High Barriers to Entry**  
(See map)



**Limited Competition**  
Low Retail GLA per capita



**Flexible Property Format<sup>†</sup>**



**Strong Landlord Friendly Leases<sup>‡</sup>**

Picture: Plaza El Segundo and The Point, El Segundo, California

1) Average within a 3-mile radius of all Federal Realty properties.

†: Flexible Property Format – physical structures that can be readily modified to highest and best use.

‡: Strong Landlord Friendly Leases – landlord retains significant control over the properties with minimal tenant protection. The better the real estate, the more leverage the landlord has.





## Diverse Income Stream Provides Consistent Growth Throughout Cycles

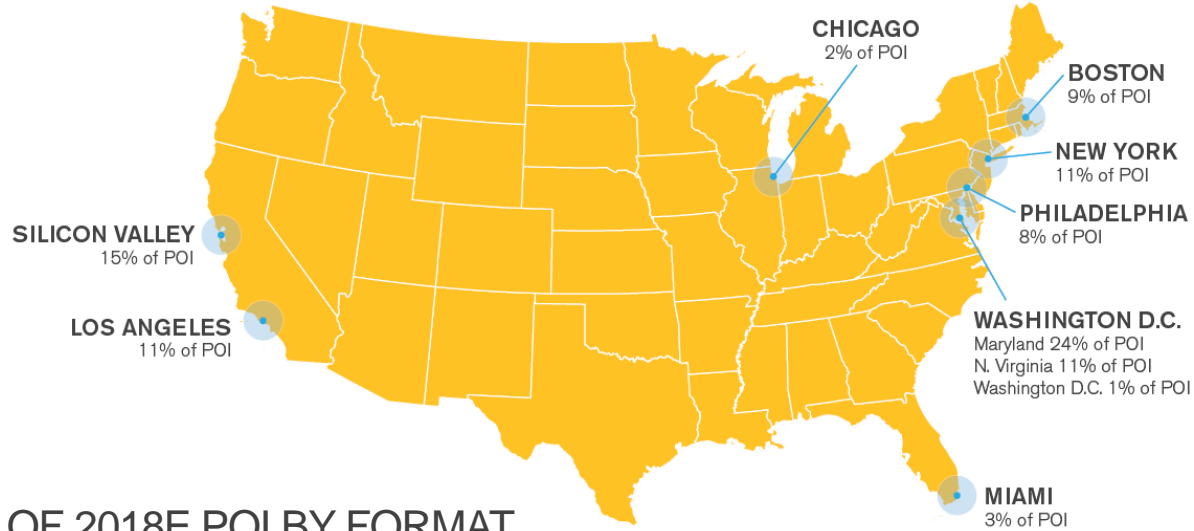
- Flexible properties purposefully positioned to be the real estate of choice for the widest selection of tenants and uses
  - Physical structures that can be readily modified to highest and best use cost effectively
- Diverse by:
  - Market
  - Format
  - Use
  - Retail sales category
  - Tenant
- Diversity provides consistency through cycles
  - 6% NAREIT FFO per share CAGR 2010 – 2017
  - 6% NAREIT FFO per share CAGR 2003 – 2017
  - ~6%+ targeted FFO per share CAGR over time



# Diversified...

## Percent of 2018E Property Operating Income (POI)

### PERCENT OF 2018E POI BY MARKET (1)



### PERCENT OF 2018E POI BY FORMAT



**31%**  
Mixed Use/Urban  
*Santana Row*



**26%**  
Grocery-Anchored  
*Wildwood Shopping Center*



**25%**  
Super Regional  
*Plaza El Segundo*



**12%**  
Power Center  
*Federal Plaza*



**6%**  
Other  
*The Grove at Shrewsbury*

### BY USE



**Retail**



**Residential**



**Office**



**Hotel**

Diverse Income Stream Provides Consistent Growth Throughout Cycles

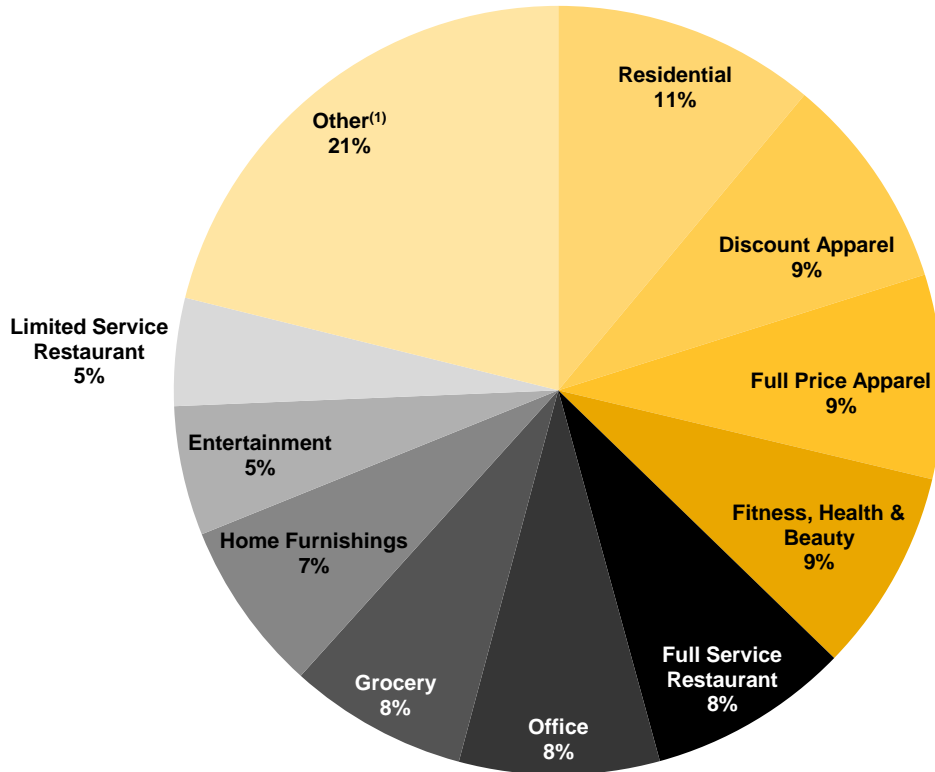
1) 5% of POI from additional properties located outside these markets



# Diversified... Tenant Diversification

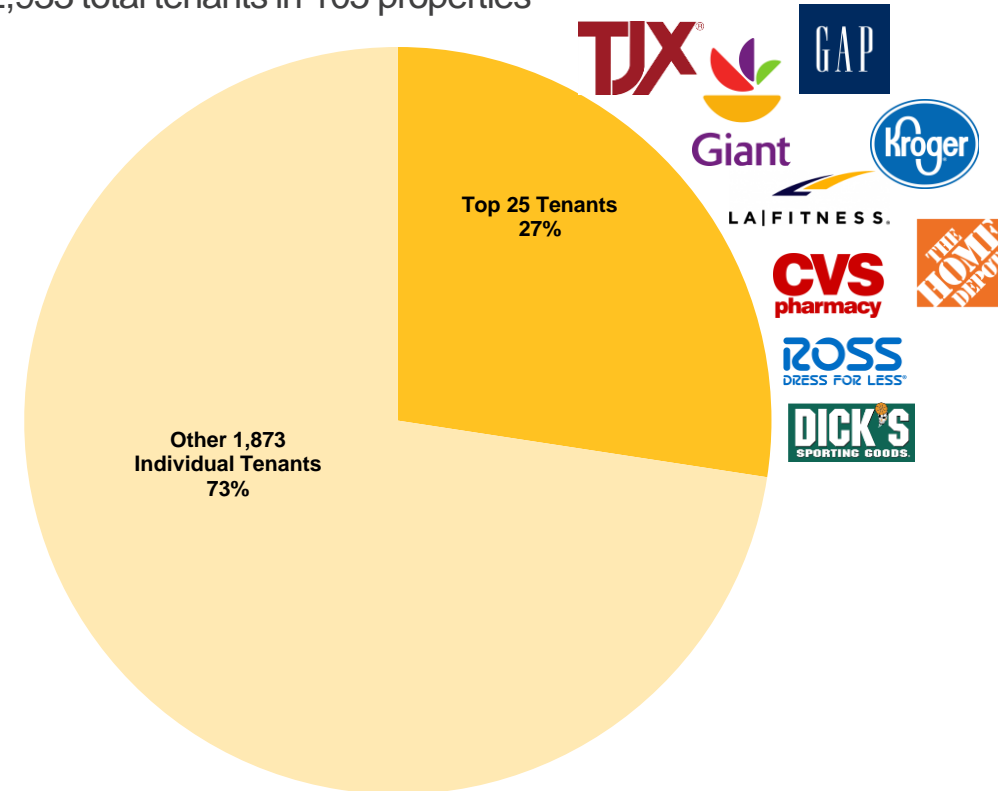
## BY CATEGORY<sup>(1)</sup>

- No single retail category greater than 9%
- “Other” represents 18 additional categories with no category larger than ~4%



## BY TENANT

- No tenant greater than 2.7% of commercial ABR
- Top 25 tenants only account for 27% of ABR
- 2,933 total tenants in 105 properties



1) Other category includes drug stores, banks, specialty foods, dollar stores, electronics, pets, office supply, auto, etc

Diverse Income Stream Provides Consistent Growth Throughout Cycles

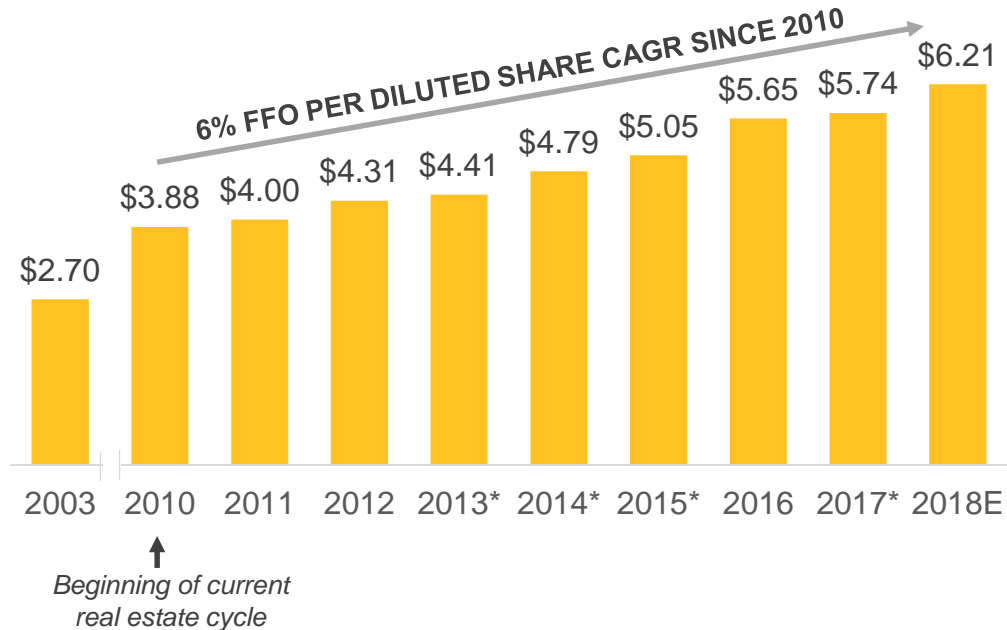


# Consistent Increasing Growth

## Track record matters

### NAREIT FFO

- ONLY publicly traded shopping center company to grow NAREIT FFO per share every year since 2010
- FRT and SPG are the only 2 out of 24 publicly traded retail REITs to grow NAREIT FFO per share every year since 2010

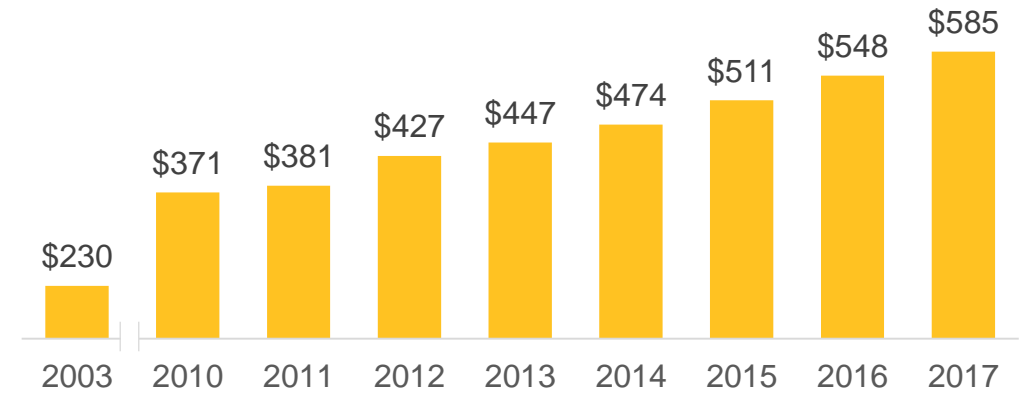


Note: NAREIT FFO 2018E is the midpoint of the Company's guidance range of \$6.18 - \$6.24

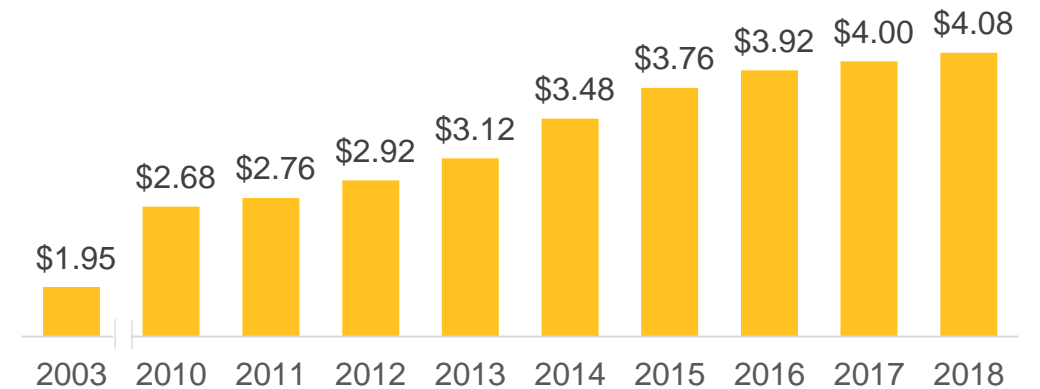
\* NAREIT FFO includes charge for early extinguishment of debt

1) Fourth quarter annualized

### PROPERTY OPERATING INCOME (IN MILLIONS)



### DIVIDENDS PER SHARE<sup>(1)</sup>



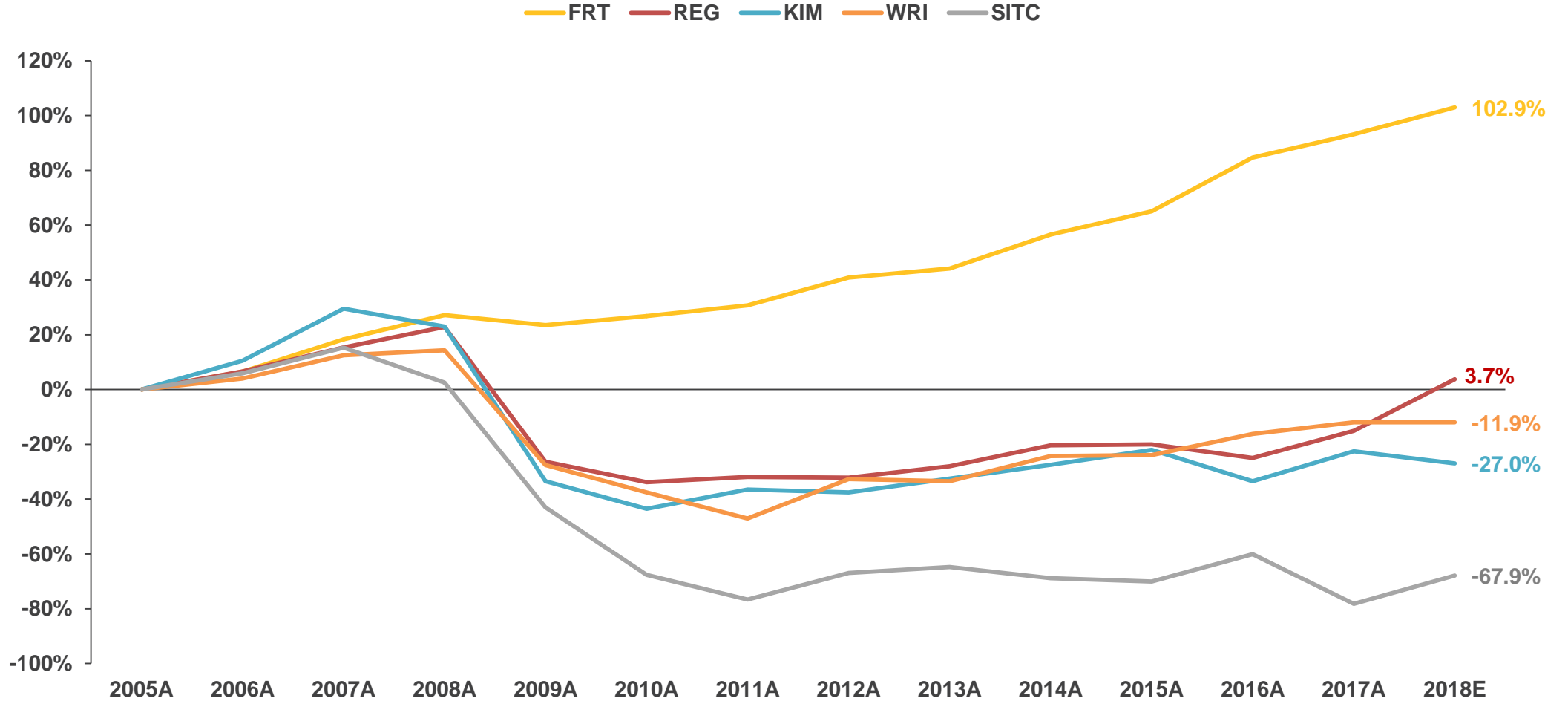
Diverse Income Stream Provides Consistent Growth Throughout Cycles



# Cycle Tested Growth

## Track record matters

### CUMULATIVE CHANGE IN NAREIT FFO PER SHARE SINCE 2005 VS. LARGE CAP, NATIONAL PEERS



Diverse Income Stream Provides Consistent Growth Throughout Cycles

Source: Company Filings  
Note: 2018E is the midpoint of latest guidance provided by each company.



# Highly Productive Comparable Portfolio Drives Internal Growth

- Comparable property portfolio is ~90% of the company's annual POI
- Outsized internal growth driven by:
  - Contractual rent bumps
  - Inherent mark to market †
  - Ability to generate redevelopment opportunities within the existing portfolio
  - Remerchandising opportunities
- Larger properties on larger pieces of land and flexible formats allow for more redevelopment opportunities
  - Our centers average ~250,000 SF on 21 acres of land<sup>(1)</sup>
  - Focus on highest and best use for the property in its submarket

1) Excludes urban and street retail properties

†: Mark to market – in place current rents less than current market rents



# What is Comparable Property POI?

## Definition and calculation

### DEFINITION

- Reported property operating income except for:
  1. Assets not owned for the full quarter in both periods presented
  2. Assets currently under development or being repositioned for significant redevelopment and investment, which for 3Q18 are:
    - Assembly Row – Phase 2
    - CocoWalk
    - Pike & Rose
    - The Point at Plaza El Segundo
    - The Shops at Sunset Place
    - Towson Residential
    - 700 Santana Row

### CALCULATION

	<u>3 Months Ended September 30</u>	
	<u>2018</u>	<u>2017</u>
<b>GAAP Operating Income</b>	\$ 90,342	\$ 84,497
Add:		
Depreciation and amortization	\$ 60,778	\$ 55,611
G&A	\$ 7,638	\$ 9,103
<b>Property Operating Income</b>	\$ 158,758	\$ 149,211
Less:		
Non-Comparable POI - acquisitions/dispositions	\$ (5,224)	\$ (3,527)
Non-Comparable POI - re/development & other	\$ (13,437)	\$ (10,288)
<b>Comparable Property POI</b>	<b>\$ 140,097</b>	<b>135,396</b>
<b>% Change</b>		<b>3.5%</b>

Highly Productive Comparable Portfolio Drives Internal Growth

Note: Comparable Property POI is a non-GAAP measure used by management in evaluating the operating performance of our properties period over period



# Internal Investment and Growth Opportunities

## Value creation

---

- Investment in our properties positions the assets for the future
  - Investment often does not create value if not in great locations where demand exceeds supply
- Properties purposefully positioned to accommodate a diverse mix of tenants
- Natural lease expirations and underperforming tenants yield opportunities throughout the portfolio
  - Redevelopment – expiring legacy leases may contractually “free-up” the property for potential additional SF, pad sites, residential and/or office opportunities
  - Remerchandising – the effect of tenant upgrades is felt throughout the center
  - Mark to market – released at higher market rents
- Redevelopment yields of 6-12% vs. 4-6% stabilized cap rates drive value creation
  - \$174m in process at an 7% average return on investment
  - Several additional projects to be added in the next 12 months
- Pipeline of opportunities replenishes itself as tenants rollover

Highly Productive Comparable Portfolio Drives  
Internal Growth

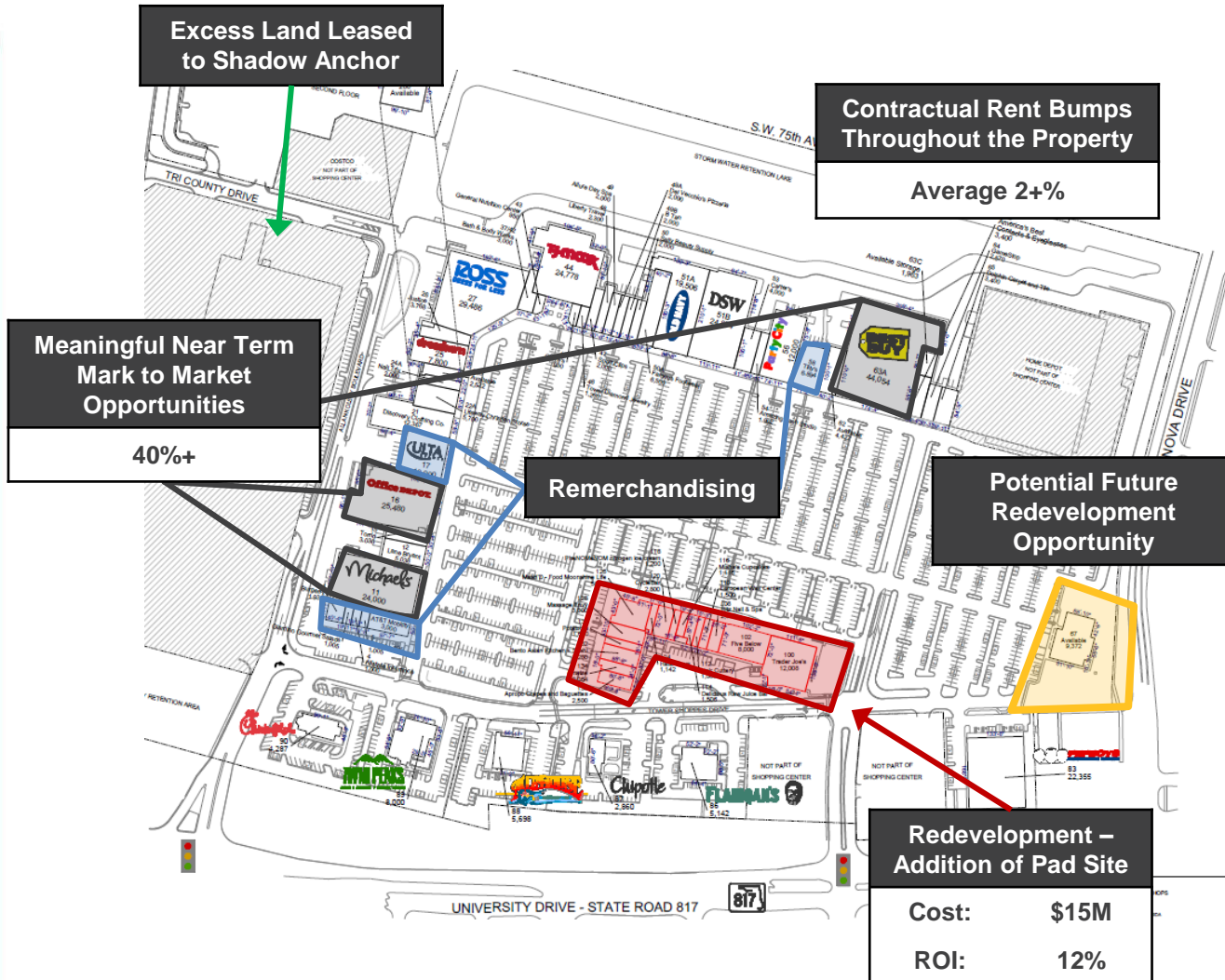




# Tower Shops Case Study

\$100 million of incremental value creation since 2011<sup>(1)</sup>

Highly Productive Comparable Portfolio Drives Internal Growth



## REDEVELOPMENT & REMERCHANDISING

- Purchased property in January 2011
- Façade renovations and site improvements
- New 50k SF Trader Joe's anchored pad site
- Pad site merchandising strategy transformed the center from a power center to a regional hybrid with multiple demand drivers
- Additional potential redevelopment opportunities on the property

## INCREMENTAL VALUE CREATION<sup>(1)</sup>

	At Acquisition	Redev	2017
Total Investment	\$70M	+ \$27M	= \$97M
NOI	\$4M	+ \$6M	= \$10M

**Incremental Value Creation: ~\$100 million**

1) Assumes 5% cap rate



## 20+ Years of Proven Mixed Use Experience

- Fully integrated developer/redeveloper
  - We are real estate people first and foremost
- Ability to focus on the highest and best use for the property
- Demonstrated experience integrating uses:
  - Retail
  - Residential
  - Office
  - Hotel
  - Other
- Creating neighborhoods where communities can live, work, shop, dine and play
- Creating the right retail focused environment drives outsized returns for vertical densification
- ~4.6+ million SF and ~2,000 residential units of entitled mixed use development opportunities within our portfolio
  - Additional ~9 million SF of potential future mixed use entitlements
  - Selectively acquire additional raw material (~\$1 billion in acquisitions since 2013)



# Value Creation at Santana Row

## Creation of the “right street”

The last three projects at Santana Row have created \$195 million of incremental value for the property...



**Levare**  
108 Unit Residential Building

**Misora**  
212 Unit Residential Building

**500 Santana**  
Class A Office Building

Total Cost	\$35 million	\$76 million	\$113 million
ROI	9%	8%	9%
<b>Incremental Value Creation<sup>(1)</sup></b>	<b>\$35 million</b>	<b>\$60 million</b>	<b>\$100 million</b>

with more on the way...



**700 Santana**  
Class A Office Building

Total Cost	\$210 million <sup>(2)</sup>
ROI	7%
<b>Incremental Value Creation</b>	<b>\$116 million</b>

1) Assumes 4.5% cap rate.

2) Midpoint of the expected cost range of \$205 - \$215 million.

20+ Years of Proven Mixed Use Experience



# Residential and Office Expertise

Maximizing real estate value

20+ Years of Proven Mixed Use Experience



## RESIDENTIAL

- 2,669 residential units in 13 unique projects at 7 properties
- Comparable property residential: 96% leased as of 3Q18
- Residential units at our mixed use properties command up to a 25% rent premium to the market
- 11% of ABR



## OFFICE

- 2.1 million square feet of office<sup>(1)</sup>
- 94% occupied as of 3Q18
- Office product at our mixed use properties commands up to a 15% rent premium to the market because of the highly amenitized environment
- 8% of ABR currently, trending toward 10%

1) Includes 741,500 square foot Partners Healthcare building at Assembly Row

# In Process Mixed-Use Development

## Assembly Row, Pike & Rose, Santana Row and Cocowalk

20+ Years of Proven Mixed Use Experience



ASSEMBLY ROW PHASE 2



PIKE & ROSE PHASE 2 & 3



700 SANTANA ROW



COCOWALK

<b>Location</b>	Somerville, MA	North Bethesda, MD	San Jose, CA	Miami, FL
<b>Cost<sup>(1)</sup> Cost to Date</b>	\$290 - \$305 million \$286 million	<b>Phase 2:</b> \$200 - \$207 million \$195 million <b>Phase 3:</b> \$128 - \$135 million \$19 million	\$205 - \$215 million \$125 million	\$75 - \$80 million \$19 million
<b>ROI</b>	7%	<b>Phase 2 &amp; 3:</b> 6-7%	7%	6-7%
<b>Update<sup>(2)</sup>:</b>	<ul style="list-style-type: none"> <li>Retail: 87% leased</li> <li>Residential: 95% leased</li> </ul>	<ul style="list-style-type: none"> <li>Phase 2 Retail: 95% leased</li> <li>Phase 2 Residential: 95% leased</li> <li>Phase 3: Projected opening 2021</li> </ul>	<ul style="list-style-type: none"> <li>On budget and on schedule</li> <li>Office 100% leased to Splunk Inc.</li> </ul>	<ul style="list-style-type: none"> <li>On budget and on schedule</li> <li>Ongoing leasing discussions</li> </ul>

Note: As of 3Q18.

1) Excludes cost of condos at Assembly Row and Pike & Rose.

2) As of 9/30/18



# Experts at Creating Neighborhoods

## Assembly Row and Pike & Rose

### ASSEMBLY ROW



### PIKE & ROSE



20+ Years of Proven Mixed Use Experience



# Shadow Pipeline of Mixed Use Opportunities

~4.6+ million SF and ~2,000 residential units of entitled mixed use development opportunities

20+ Years of Proven Mixed Use Experience

Property	Location	Acres	Completed and In-Process <sup>(1)</sup>		Additional By-Right Entitlements		Potential Future Entitlements	
			Commercial SF	Residential Units	Commercial SF	Residential Units	Square Feet <sup>(3)</sup>	
Assembly Row	Somerville, MA	65	922,000	447	2,000,000	826		
Bethesda Row	Bethesda, MD	17	534,000	180			475,000	
Graham Park	Falls Church, VA	19	260,000			210		
Montrose Crossing	Rockville, MD	36	364,000				2,000,000	
Pan Am	Fairfax, VA	25	227,000		153,000		200,000	
Pike 7	Tysons Corner, VA	13	164,000		177,000		2,155,000	
Pike and Rose	North Bethesda, MD	24	683,000	765	740,000	741		
Rollingwood	Silver Spring, MD	14		282			600,000	
Santana Row / Santana West	San Jose, CA	50	1,198,000	662	1,321,000	395		
Village at Shirlington	Arlington, VA	16	264,000				237,000	
<i>Additional Near Term Densification Opportunities<sup>(2)</sup></i>								3,607,400
<b>Total</b>		<b>279</b>	<b>4,616,000</b>	<b>2,336</b>	<b>4,435,000</b>	<b>2,172</b>	<b>9,274,400</b>	

Note: Actual Square footage and residential units could differ significantly when final redevelopment plans are completed.

- 1) Assumes full build out of in process SF and residential units. Assembly Row completed SF does not include the Partner Healthcare owned building.
- 2) Additional opportunities includes 8 properties.
- 3) Includes commercial and residential square footage. Potential future entitlements square footage are estimates



## “A” Rated Balance Sheet and 51 Years of Increased Dividends

- “A” rated balance sheet provides a cost of capital competitive advantage
  - One of only 5 REITs with an “A” rating by both S&P and Moody’s (SPG, PSA, FRT, AVB, O)
- Opportunistic and balanced capital raising philosophy paired with judicious capital allocation strategy
- Long term vision for our real estate and our balance sheet
- Funding future capital needs through a balanced opportunistic approach
  - Excess free cash flow (\$70-\$80 million annually)<sup>(1)</sup>
  - Non-dilutive, tax-efficient dispositions
  - Opportunistic common equity through ATM program
  - Unsecured notes
  - Preferred equity
- 51 consecutive years of dividend increases at a ~7% CAGR
  - REIT record
  - 1 of only 26 S&P 500 companies with 50+ years of increased dividends

1) Free cash flow after dividends, interest, G&A, maintenance capex and leasing costs.





# Balance Sheet...

## Balance sheet snapshot

### CREDIT RATINGS<sup>(1)</sup>

**Moody's**

**A3**

Stable

**S&P**

**A-**

Stable

**Fitch**

**A-**

Stable

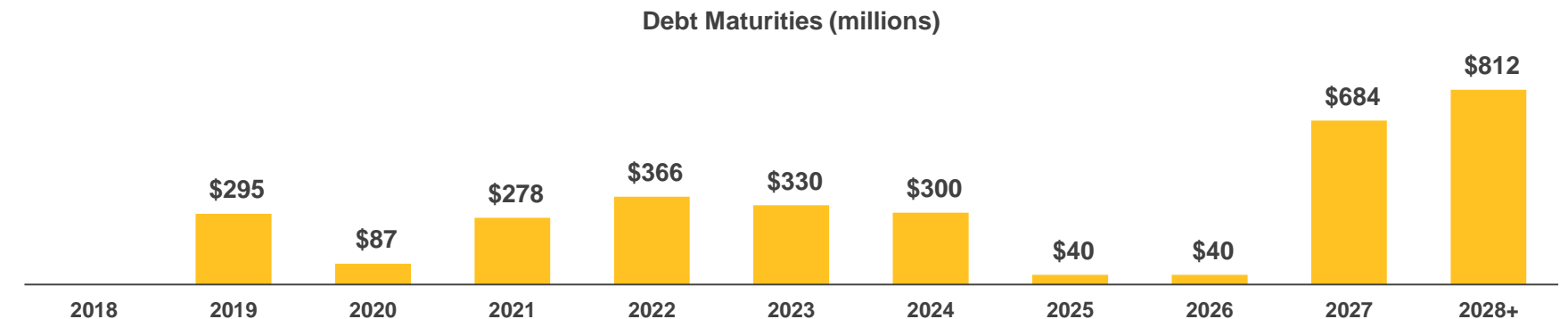
### CAPITAL STRUCTURE AS OF 2Q18

Debt to Total Market Cap	25%
Net Debt to EBITDA <sup>(2)</sup>	5.4x
Fixed Charge Coverage <sup>(3)</sup>	4.3x
Fixed Rate Debt	99%
Weighted Average Interest Rate	3.82%
Weighted Average Maturity	10.5 years
Dividend Payout Ratio as % of FFO	64%

### RECENT NEWS

- ~\$130 million of condo sale proceeds received at Pike & Rose and Assembly Row, additional ~\$20 million expected
- ~\$80 million of gross proceeds from non-core asset sales and JV's closed or under contract

### WELL LADDERED DEBT MATURITY SCHEDULE



1) The complete ratings report can be accessed at [www.federalrealty.com](http://www.federalrealty.com).  
 2) Net debt to EBITDA calculated as (total debt - cash) / EBITDA  
 3) Ratio of EBITDARE to combined fixed charges and preferred share dividends

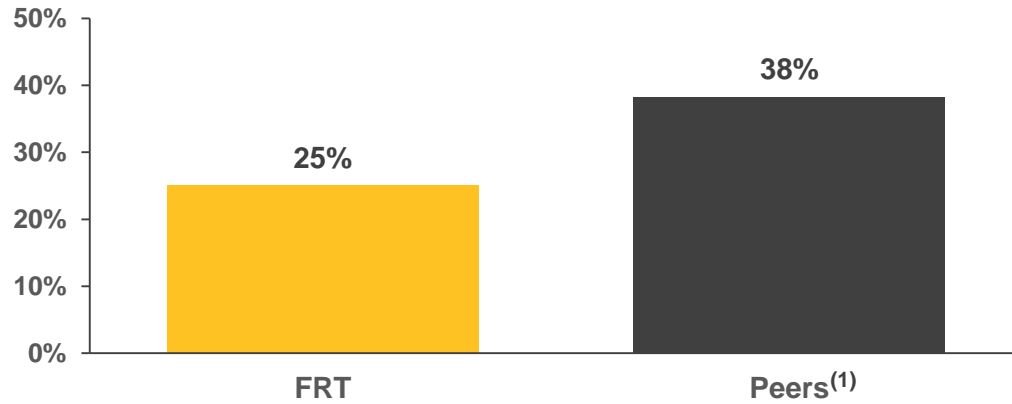
"A" Rated Balance Sheet and 51 Years of Increased Dividends



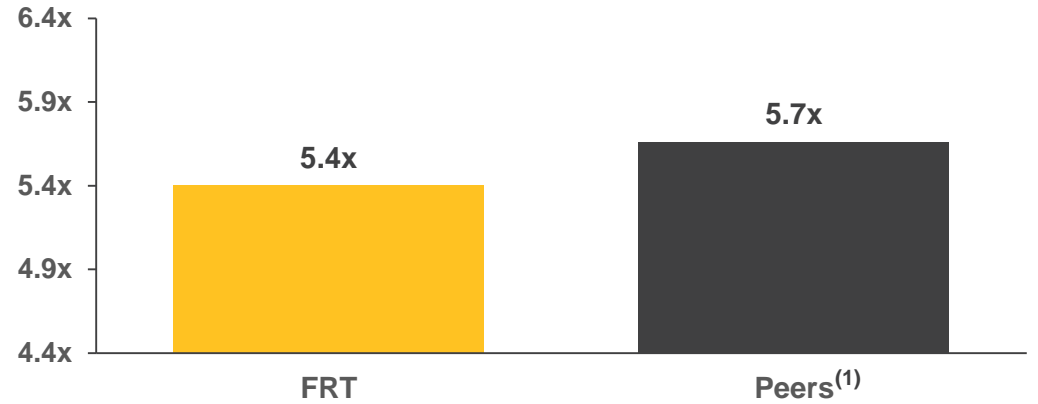
# Capital Structure and Bottom Line Results

Conservative capital structure supports consistent results

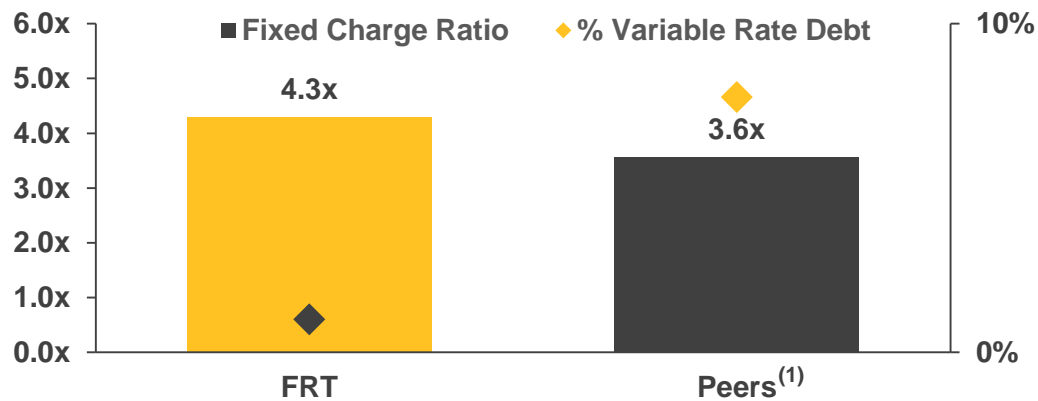
NET DEBT TO MARKET CAP



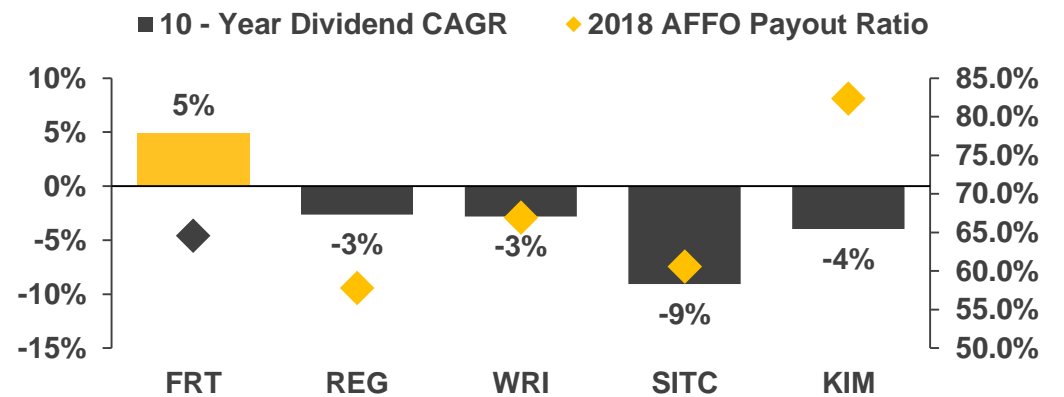
NET DEBT TO EBITDA



FIXED CHARGE COVERAGE VS. % VARIABLE DEBT



10 - YEAR DIVIDEND CAGR VS AFFO PAYOUT



Source: Company SEC Filings, Citigroup Research.

Note: As of 3Q18 unless otherwise noted

1) Peers represent large cap national peers: REG, WRI, KIM, BRX, SITC.

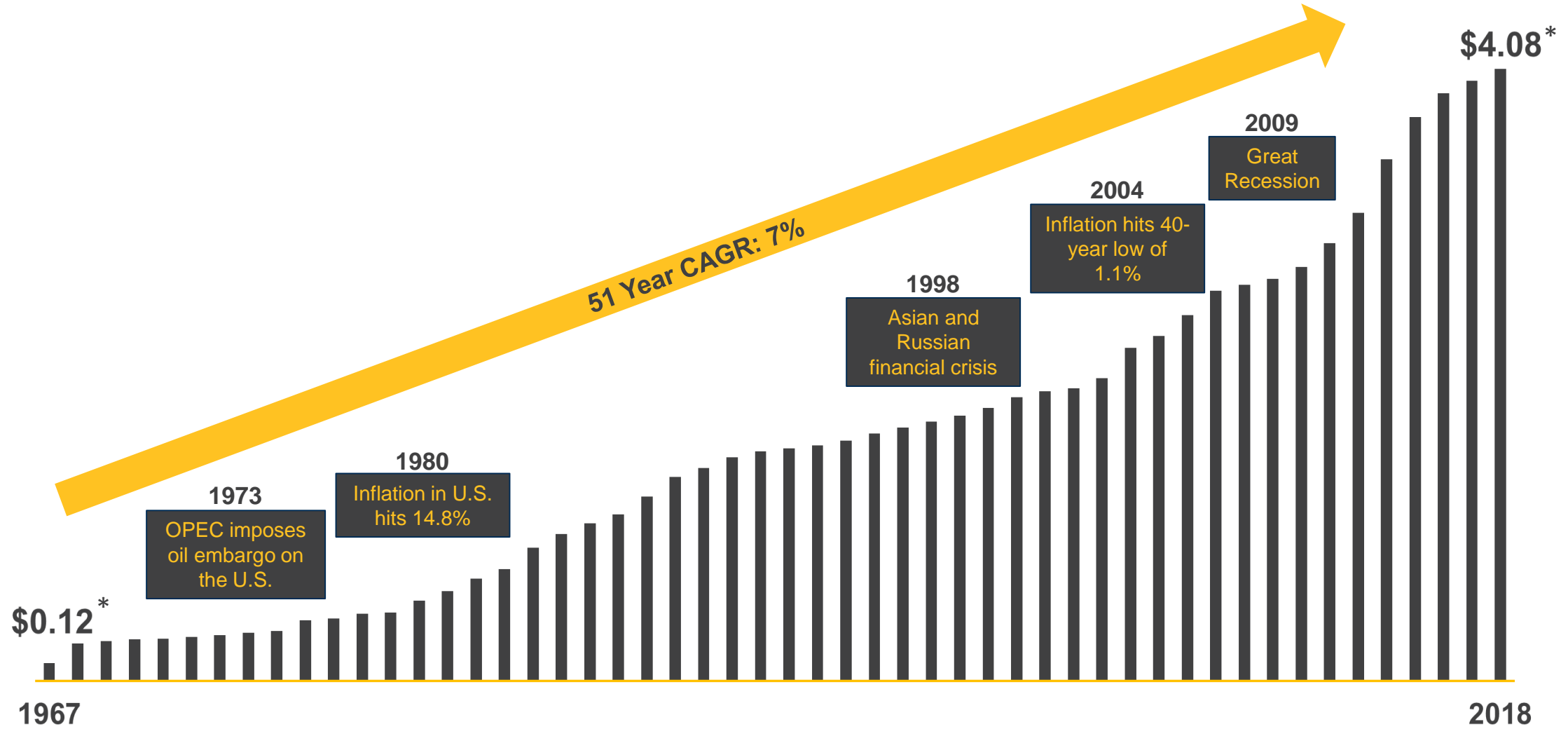
"A" Rated Balance Sheet and 51 Years of Increased Dividends



# 51 Consecutive Years of Increased Annual Dividends

## Dividend king

"A" Rated Balance Sheet and 51 Years of Increased Dividends



\* Fourth quarter annualized dividend per share



# A Vision for the Future with the Ability to Execute

- Executive team averages 15+ years at Federal Realty
  - Deep knowledge and understanding of our properties, their individualized business plans and markets
- Proven ability to make smart, risk-adjusted capital allocation decisions throughout investment cycles
  - Since senior management team took over in 2003, Federal has outperformed<sup>(1)</sup>:
    - S&P 500 Index (490 bps on average annually)
    - S&P 500 REIT Index (430 bps on average annually)
    - FTSE NAREIT, All Equity REIT Index ( 370 bps on average annually)
    - Bloomberg Shopping Center REIT Index ( 660 bps on average annually)
- Signature placemaking strategy has been developed over decades
- Commitment to strong environmental, social and governance practices
- Diverse board of directors focused on creating value for shareholders

1) As of 12/31/17



# Retail Experience of the Future

Placemaking has been a part of Federal's DNA for decades

- Developed over decades, Federal's signature placemaking strategy sets our centers apart:
  - Attention to detail
  - Visionary planning
  - Distinctive design
  - Thoughtful and strategic merchandising
  - Diverse mix of tenants
  - Community focused



A Vision for the Future with the Ability to Execute



# Commitment to Sustainability Initiatives

## Development, operations and partnerships

### SUSTAINABLE DEVELOPMENT

- Invested over \$1.2 billion in green certified construction projects since 2012
- Utilize energy modeling
- Prioritize water management
- Take advantage of existing transit infrastructure

### SHOPPING CENTER OPERATIONS

- Leader in utilizing locations to generate renewable energy
- \$35 million invested in 22 rooftop solar systems since 2010
  - \$12 million in process for 10 additional systems
- LED lighting installed at 60% of our properties, resulting in energy savings

### INNOVATIVE PARTNERSHIPS

- Up Top Acres – converting green roofs to urban rooftop farms
- Freight Farms – shipping containers retrofitted with vertical farming capabilities



A Vision for the Future with the Ability to Execute



# History of Strong Corporate Governance

## Commitment to practices and policies that best serve our shareholders

- Annual election of all Trustees
  - Board cannot be classified without shareholder approval
- Robust annual assessment of Board, committees and individual trustees
- Trustee election by majority vote
- Equity ownership requirements for Board and senior management
- All trustees other than the CEO are independent
  - All committees made up of independent trustees
- Prohibition on hedging and pledging

A Vision for the Future with the Ability to Execute



**DON WOOD**



**JOE VASSALLUZZO**



**GAIL STEINEL**



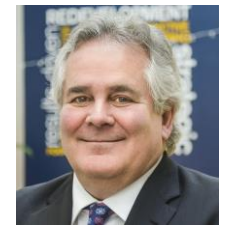
**WARREN THOMPSON**



**JON BORTZ**



**LIZ HOLLAND**



**DAVID FAEDER**

<b>Board of Trustees</b>	President and CEO of Federal Realty	Independent Non-Executive Chairman	Independent Board Member	Independent Board Member	Independent Board Member	Independent Board Member	Independent Board Member
<b>Background</b>	President and CEO of Federal Realty	Non-executive Chairman at Office Depot  Former Vice Chairman of Staples	Principal of Executive Advisors  Former Executive VP of BearingPoint	President and Chairman of Thompson Hospitality Corporation	President, CEO and Chairman of Pebblebrook Hotel Trust  Former President, CEO and Trustee of LaSalle Hotel Properties	CEO of Abbell Associates  Current ICSC <sup>†</sup> Board Member, former ICSC Chairman	Managing Partner of Fountain Square Properties  Former Vice Chairman, President, EVP and CFO of Sunrise Senior Living

†: International Council of Shopping Centers (ICSC)



# Safe Harbor and Non-GAAP Information:

## Federal Realty Investment Trust

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Certain matters included in this presentation may be forward looking statements within the meaning of federal securities laws. Actual future performance and results may differ materially from those included in forward looking statements. Please refer to our most recent annual report on Form 10K and quarterly report on Form 10Q filed with the SEC which include risk factors and other information that could cause actual results to differ from what is included in forward looking statements.

This presentation includes certain non-GAAP financial measures that the company considers meaningful measures of financial performance. Additional information regarding these non-GAAP measures, including reconciliations to GAAP, are included in documents we have filed with the SEC.

Definitions of terms not defined in this presentation can be found in our documents filed with the SEC.