



# INVESTOR PRESENTATION

Fourth Quarter 2019





# 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
- 104 properties include ~3,000 tenants, in ~24 million square feet, and over 2,700 residential units
- Included in the S&P 500

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

One of only six “A” rated REITs

Moody's

**A3**

Stable

S&P

**A-**

Stable

Fitch

**A-**

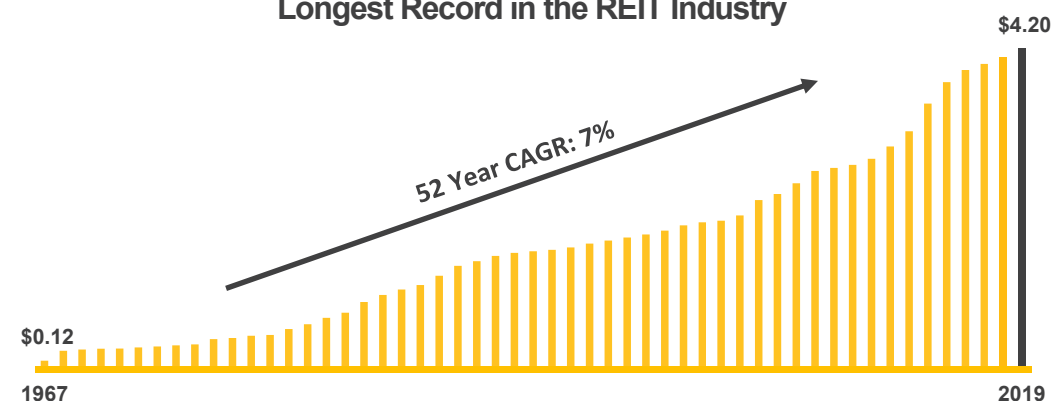
Stable

## STRATEGIC METROPOLITAN MARKETS



## 52 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

- 104 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:
  - \$29.05 annualized base rent (ABR) per square foot as of 12/31/19
  - 8% rent growth on comparable leases (TTM)
  - 95% leased comparable portfolio as of 12/31/19



# Real Estate is a Local Business

8 strategic metropolitan markets with 6 regional offices

**Total Portfolio as of 12/31/19**

|                   |         |
|-------------------|---------|
| Assets            | 104     |
| SF                | 23.7M   |
| Residential Units | 2,788   |
| Acres             | 1,928   |
| Avg. Rent PSF     | \$29.05 |
| % Leased          | 94%     |



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

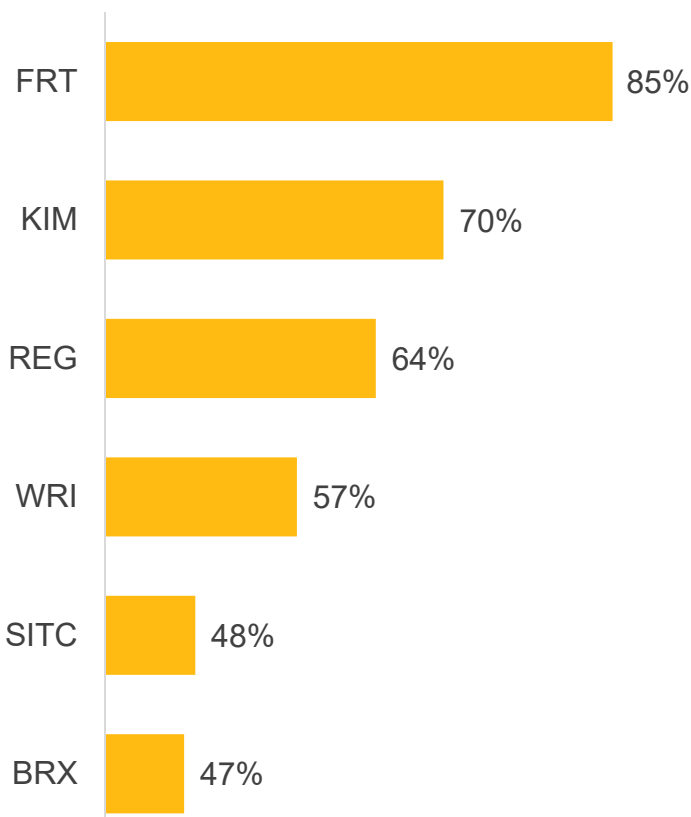
## Superior demographics

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.





Retail-Based Real Estate in Best in Class Locations

# The Keys to Our Success

Location based competitive advantages across portfolio



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% FFO per share CAGR 2010 – 2019
  - ~5%+ targeted FFO per share over time



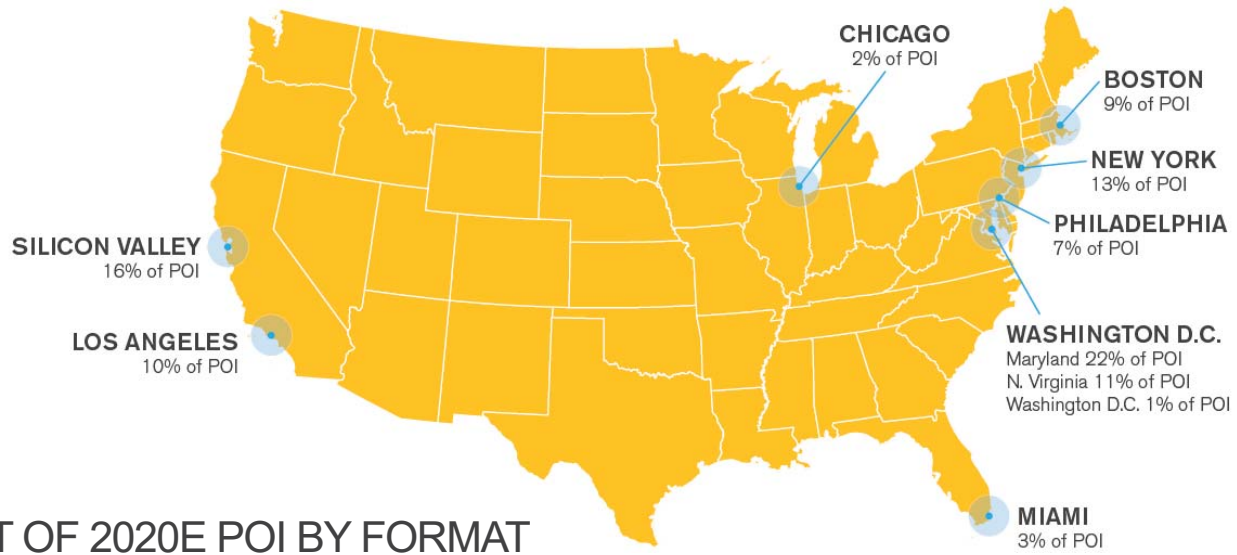


# Diversified...

## Percent of 2020E Property Operating Income (POI)

Diverse Income Stream Provides Consistent Growth Throughout Cycles

### PERCENT OF 2020E POI BY MARKET (1)



### PERCENT OF 2020E POI BY FORMAT

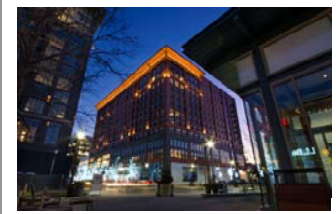


1) 6% of POI from additional properties located outside these markets

### BY USE



Retail



Residential



Office



Hotel



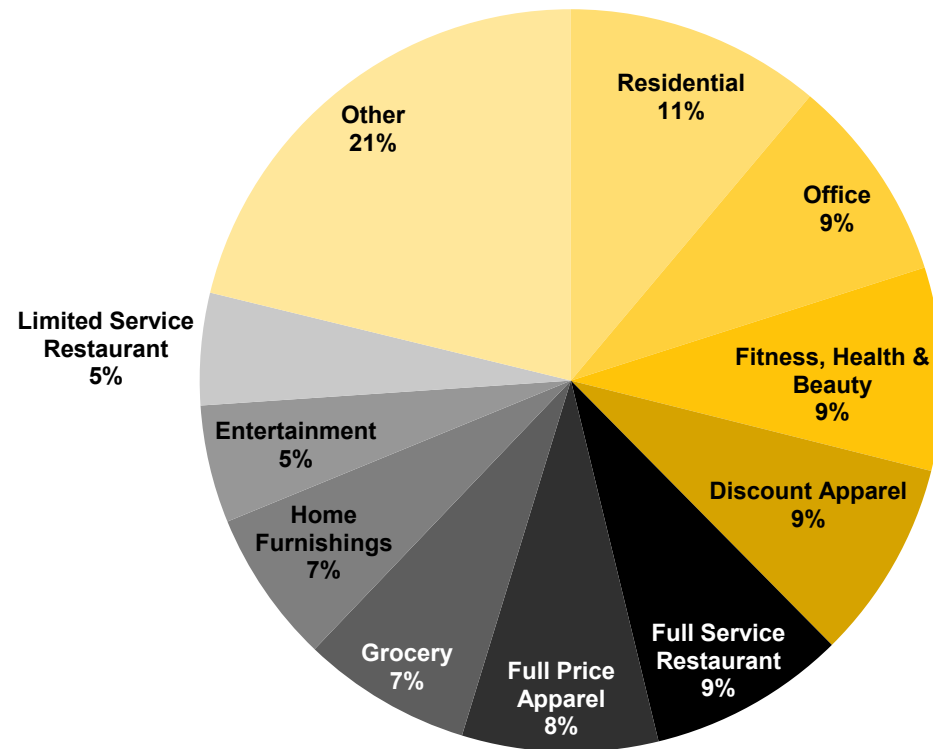
# Diversified...

## Tenant Diversification

Diverse Income Stream Provides Consistent Growth Throughout Cycles

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

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

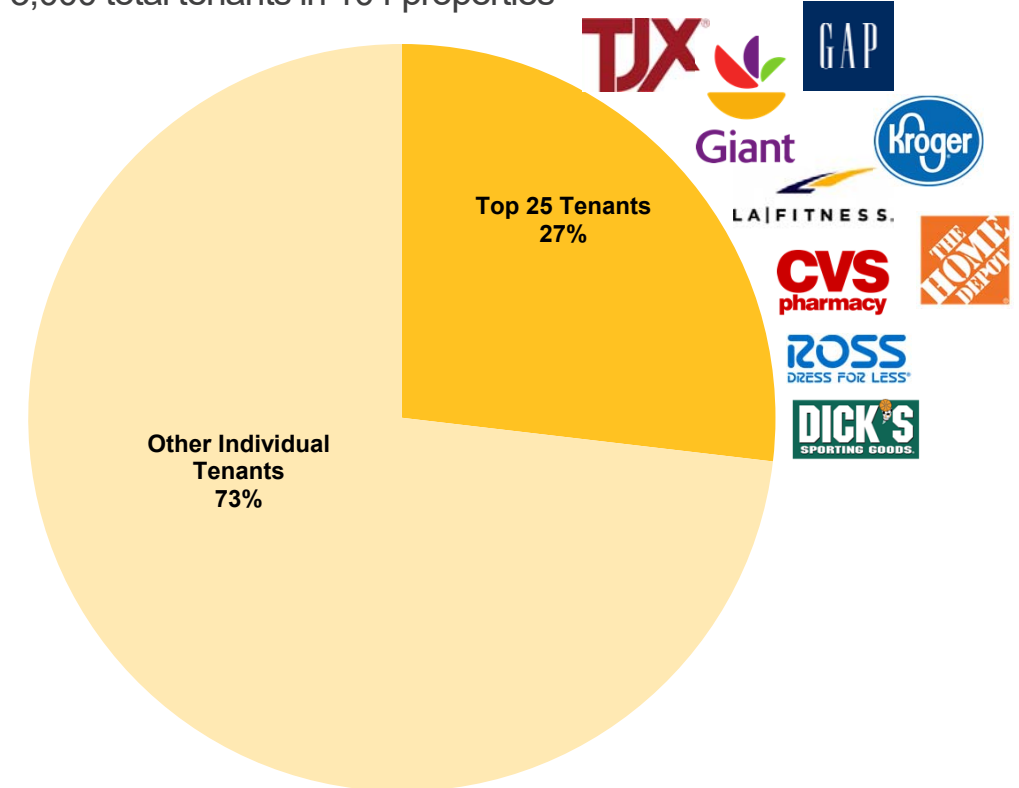


Note: As of 12/31/19

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

### BY TENANT

- No tenant greater than 2.6% of commercial ABR
- Top 25 tenants only account for 27% of ABR
- ~3,000 total tenants in 104 properties





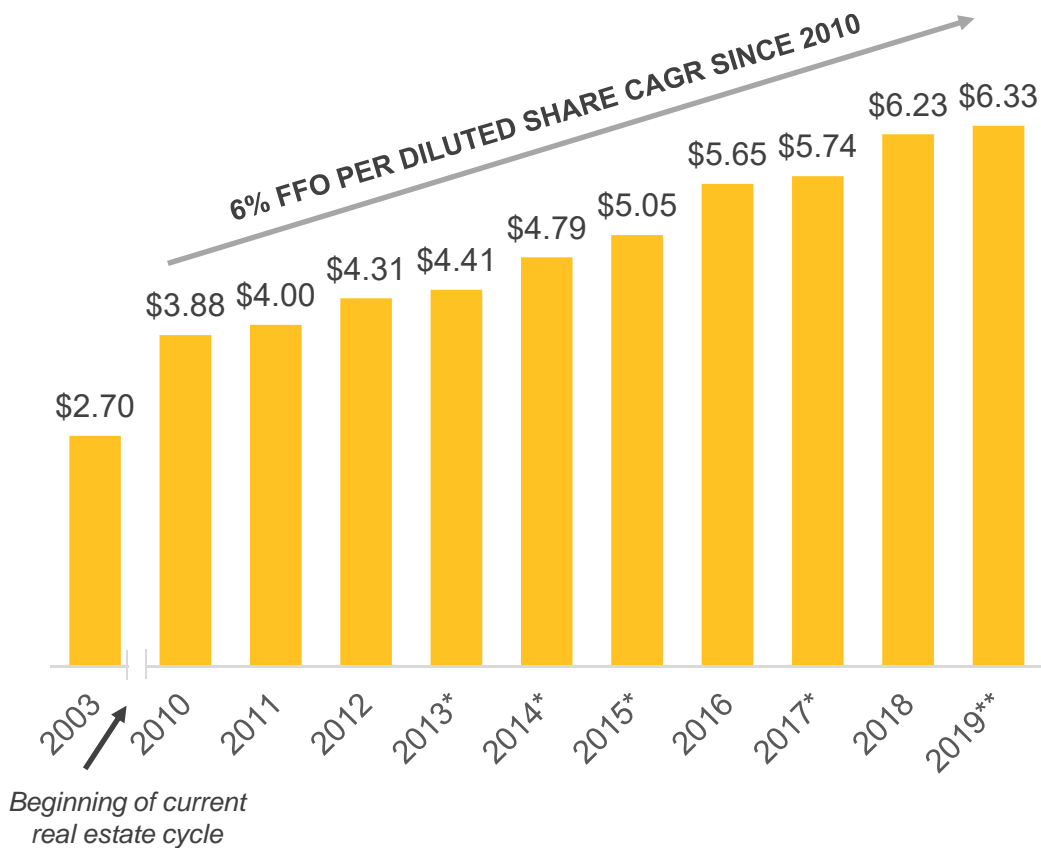
# Consistent Increasing Growth

## Track record matters

Diverse Income Stream Provides Consistent Growth Throughout Cycles

### NAREIT FFO

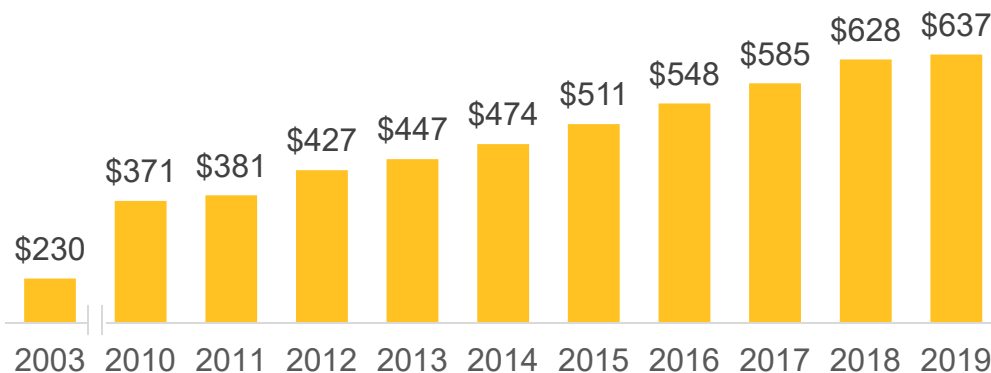
- 10 year track record of growing NAREIT FFO per share



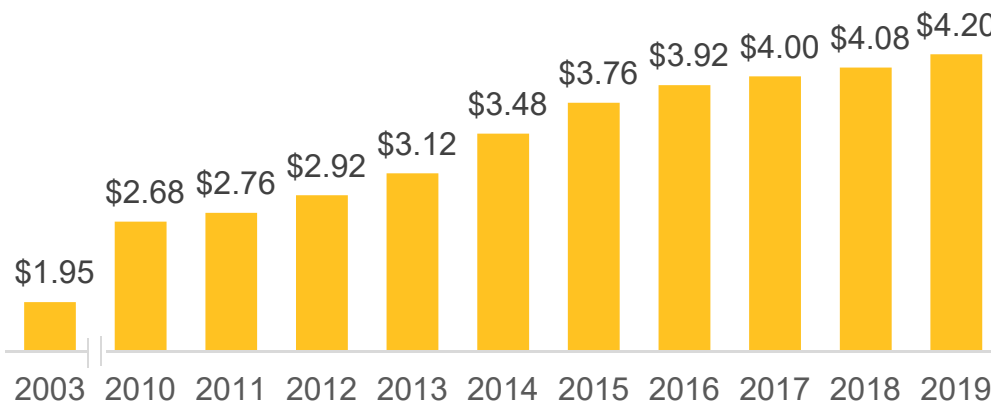
\*NAREIT FFO includes charge for early extinguishment of debt.

\*\* Excluding \$11.9 million charge related to the buyout of the Kmart lease at Assembly Row Marketplace.

### PROPERTY OPERATING INCOME (IN MILLIONS)



### DIVIDENDS PER SHARE





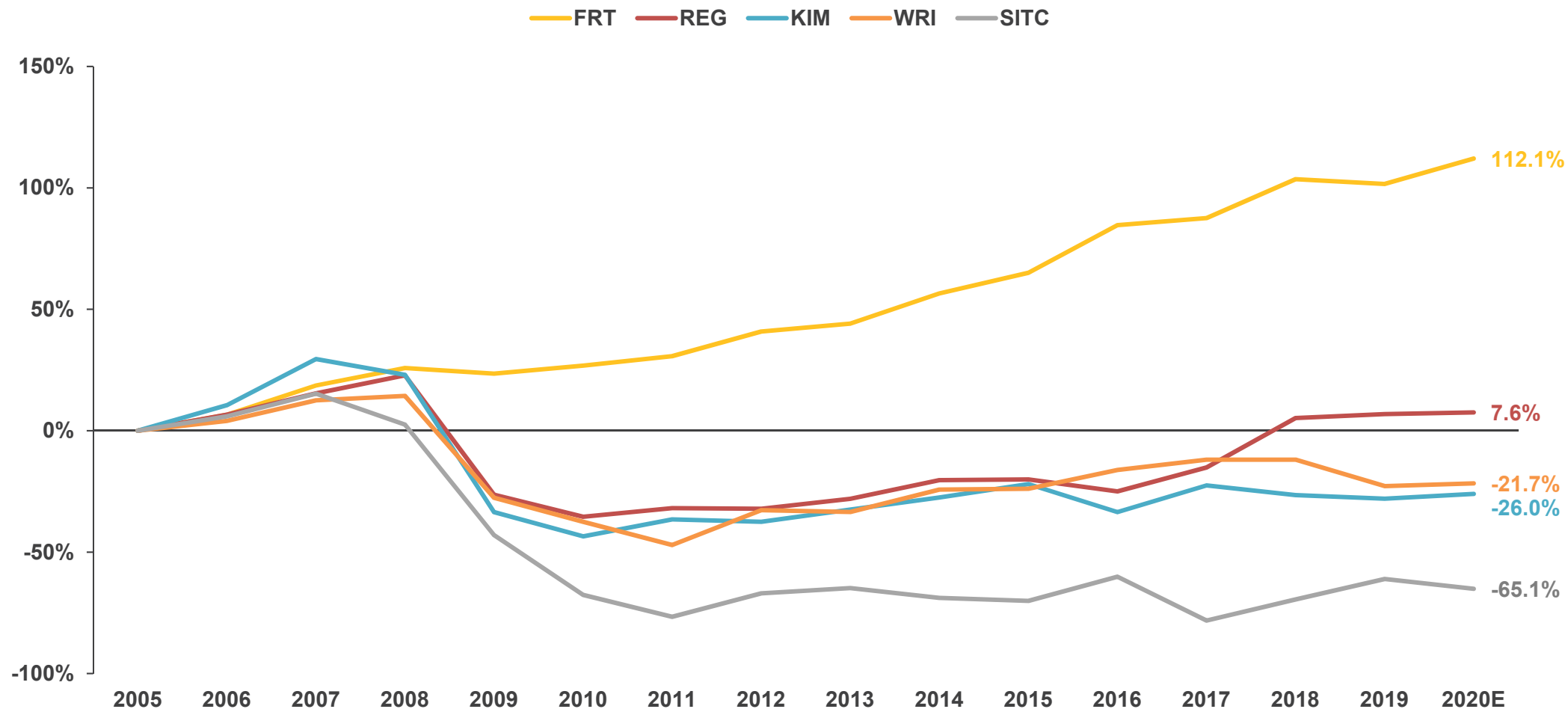


# Cycle Tested Growth

## Track record matters

Diverse Income Stream Provides Consistent Growth Throughout Cycles

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



Source: Company Filings, Bloomberg  
Note: WRI 2019 & 2020 FFO reflective of consensus estimate. 2020E 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<sup>†</sup>
  - 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

Note: As of 12/31/19

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

1) Excludes urban and street retail properties



# Internal Investment and Growth Opportunities

## Value creation

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- 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
  - \$116m 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

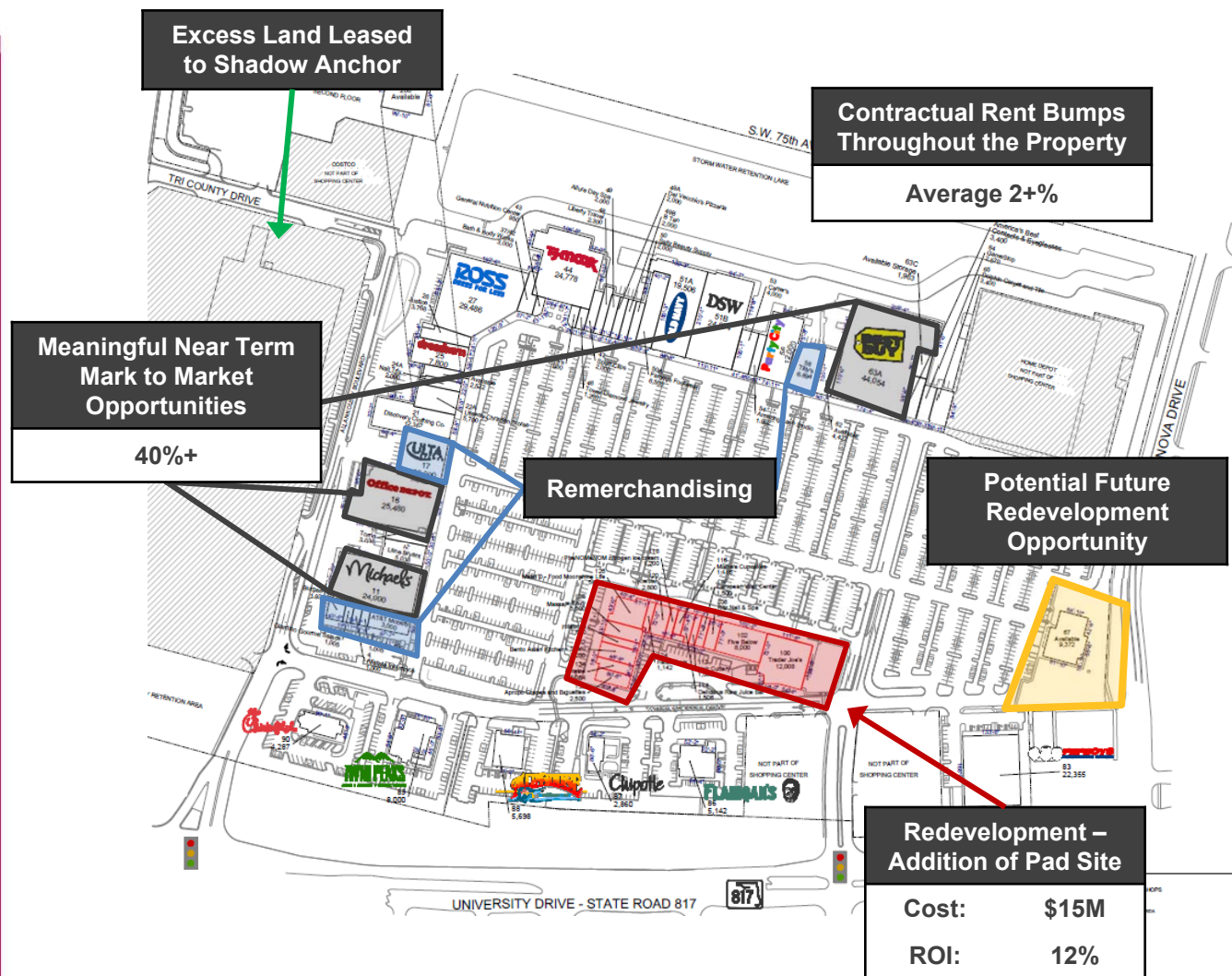




# Tower Shops Case Study

\$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    | 2018      |
|------------------|----------------|----------|-----------|
| Total Investment | \$66M          | + \$32M  | = \$98M   |
| NOI              | \$4.1M         | + \$6.4M | = \$10.5M |

**Incremental Value Creation: \$113 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
- 4.3 million SF and 1,675 residential units of entitled mixed use development opportunities within our portfolio
  - Additional ~9.6 million SF of potential future mixed use entitlements
  - Selectively acquire additional raw material



# Value Creation at Santana Row

Creation of the “right street”

20+ Years of Proven Mixed Use Experience

The last four projects at Santana Row have created \$338 million of incremental value...



**Levare**  
108 Unit Residential Building



**Misora**  
212 Unit Residential Building



**500 Santana**  
Class A Office Building



**700 Santana**  
Class A Office Building

|   |              |              |               |                              |
|---|--------------|--------------|---------------|------------------------------|
| Total Cost                                | \$35 million | \$76 million | \$113 million | \$210 – 220 million          |
| ROI                                       | 9%           | 8%           | 9%            | 7-8%                         |
| Incremental Value Creation <sup>(1)</sup> | \$35 million | \$60 million | \$100 million | \$143 million <sup>(2)</sup> |

1) Assumes 4.5% cap rate.  
2) Assumes midpoint of expected cost range and midpoint of expected ROI range.





# Residential and Office Expertise

Maximizing real estate value



## RESIDENTIAL

- 2,788 residential units in 14 unique projects at 8 properties with 709 additional units underway
- Comparable property residential: 95% leased as of 12/31/19
- Residential units at our mixed use properties command up to a 25% rent premium to the market
- 11% of ABR

1) Includes 741,500 square foot Partners Healthcare building at Assembly Row. Includes recently delivered 700 Santana Row.

2) Includes recently delivered 700 Santana Row.



## OFFICE

- 2.5 million square feet<sup>(1)</sup> of office with an additional 900k+ square feet underway
- 92% leased<sup>(2)</sup>
- Office product at our mixed use properties commands up to a 15% rent premium to the market because of the highly amenitized environment
- 9% of ABR currently, trending toward 10%



# In Process Mixed-Use Development

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

20+ Years of Proven Mixed Use Experience



ASSEMBLY ROW PHASE 3



PIKE & ROSE PHASE 3



ONE SANTANA WEST



COCOWALK



DARIEN

Location

Somerville, MA

North Bethesda, MD

San Jose, CA

Miami, FL

Darien, CT

Cost<sup>(1)</sup>  
Cost to Date

\$465 - \$485 million  
\$185 million

\$128 - \$135 million  
\$76 million

\$250 - \$270 million  
\$51 million

\$85 - \$90 million  
\$47 million

\$110-\$120 million  
\$8 million

ROI

6%

6-7%

7%

6-7%

6%

Update

- 150k SF of office leased to Puma, projected openings to begin in 2021

- Projected openings to begin in 2020

- Projected openings to begin in 2022

- On budget and on schedule
- 75%+ leased

- Sitework has begun

Note: As of 12/31/19.

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





# Experts at Creating Neighborhoods

## Assembly Row and Pike & Rose

### ASSEMBLY ROW



### PIKE & ROSE



20+ Years of Proven Mixed Use Experience





# Pipeline of Additional Densification Opportunities

4.3 million SF and 1,625 residential units of by-right entitlements

20+ Years of Proven Mixed Use Experience

|   |                     |       | Completed / In Process <sup>(1)</sup> |                   | Additional By-Right Entitlements |                   | Potential Future Entitlements |
|---|---------------------|-------|---------------------------------------|-------------------|----------------------------------|-------------------|-------------------------------|
| Property  | Location            | Acres | Commercial SF                         | Residential Units | Commercial SF                    | Residential Units | Square Feet <sup>(3)</sup>    |
| Mixed Use   |                     |       |                                       |                   |                                  |                   |                               |
| Assembly Row  | Somerville, MA      | 65    | 1,255,000                             | 947               | 1,500,000                        | 329               |                               |
| Pike & Rose   | North Bethesda, MD  | 24    | 674,000                               | 765               | 740,000                          | 741               |                               |
| Santana Row/Santana West  | San Jose, CA        | 56    | 1,582,000                             | 662               | 941,000                          | 395               |                               |
| Bethesda Row  | Bethesda, MD        | 17    | 536,000                               | 180               |                                  |                   | 475,000                       |
| Core Opportunities  |                     |       |                                       |                   |                                  |                   |                               |
| Bala Cynwyd   | Bala Cynwyd, PA     | 23    | 294,000                               | 87                | 240,000                          |                   | 80,000                        |
| Graham Park Plaza   | Falls Church, VA    | 19    | 158,000                               |                   | 130,000                          | 210               |                               |
| Darien  | Darien, CT          | 9     | 125,000                               | 122               |                                  |                   |                               |
| Village at Shirlington  | Arlington, VA       | 16    | 260,000                               |                   |                                  |                   | 350,000                       |
| Fresh Meadows   | Fresh Meadows, NY   | 17    | 404,000                               |                   |                                  |                   | 900,000                       |
| Riverpoint Center   | Chicago, IL         | 17    | 211,000                               |                   |                                  |                   | 1,000,000                     |
| Barracks Road   | Charlottesville, VA | 40    | 498,000                               |                   |                                  |                   | 425,000                       |
| Dedham Plaza  | Dedham, MA          | 19    | 245,000                               |                   |                                  |                   | 206,000                       |
| Federal Plaza   | Rockville, MD       | 18    | 250,000                               |                   |                                  |                   | 160,000                       |
| Additional Near-Term Densification Opportunities <sup>(2)</sup> |                     |       |                                       |                   | 394,000                          |                   | 6,059,000                     |
| Total   |                     | 340   | 6,492,000                             | 2,763             | 4,325,000                        | 1,675             | 9,655,000                     |

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. Assembly Row does not include the AVB owned apartments. Does not include hotel square footage.
- 2) Additional opportunities includes 21 properties.
- 3) Includes commercial and residential square footage. Potential future entitlements square footage are estimates



## “A” Rated Balance Sheet and 52 Years of Increased Dividends

- “A” rated balance sheet provides a cost of capital competitive advantage
  - One of only 6 REITs with an “A” rating by both S&P and Moody’s (SPG, PSA, FRT, AVB, O, CPT)
- 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-\$100 million annually)<sup>(1)</sup>
  - Non-dilutive, tax-efficient dispositions
  - Opportunistic common equity through ATM program
  - Unsecured notes
  - Preferred equity
- 52 consecutive years of dividend increases at a ~7% CAGR
  - REIT record
  - 1 of only 30 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 12/31/19

Debt to Total Market Cap 25%

Net Debt to EBITDA<sup>(3)</sup> 5.5x

Fixed Charge Coverage<sup>(4)</sup> 4.2x

Fixed Rate Debt 100%

Weighted Average Interest Rate 3.82%

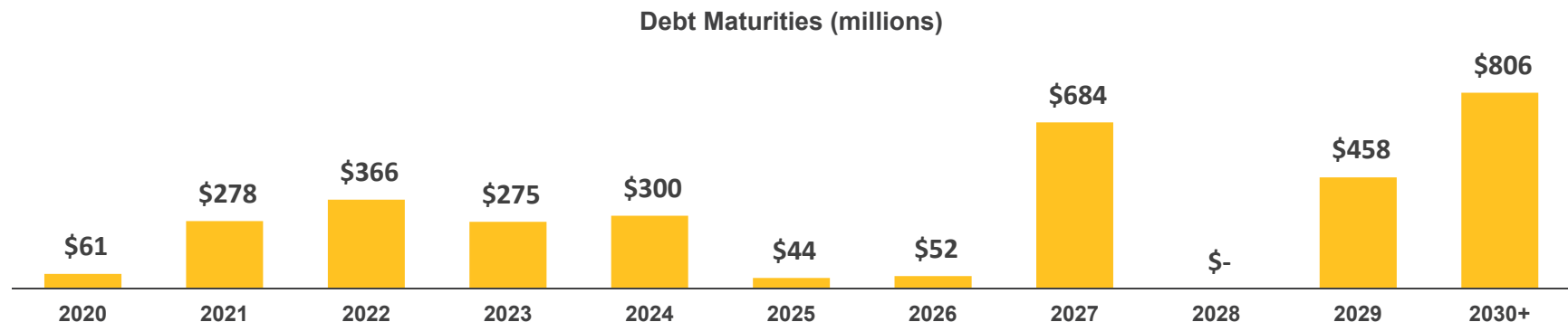
Weighted Average Maturity 10 years

Dividend Payout Ratio as % of FFO<sup>(3)</sup> 65%

### 2020 FUNDING SOURCES

- Free cash flow of ~\$70-\$100 million
- Cash on hand of ~\$100 million
- Leverage neutral debt capital of ~\$125-\$175 million
- Line of credit
- Potential dispositions
- Opportunistic use of ATM

### 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) Metric excludes 3Q19 Kmart lease buyout charge  
4) Ratio of EBITDARE to combined fixed charges and preferred share dividends

“A” Rated Balance Sheet and 52 Years of Increased Dividends

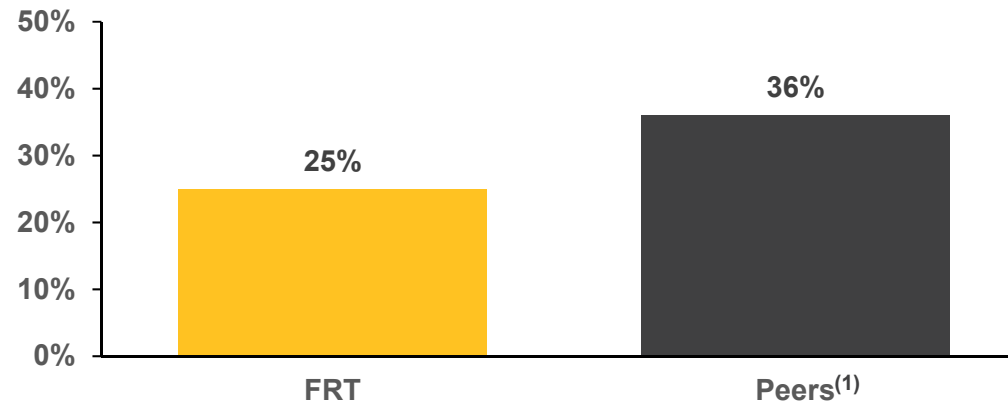


# Capital Structure and Bottom Line Results

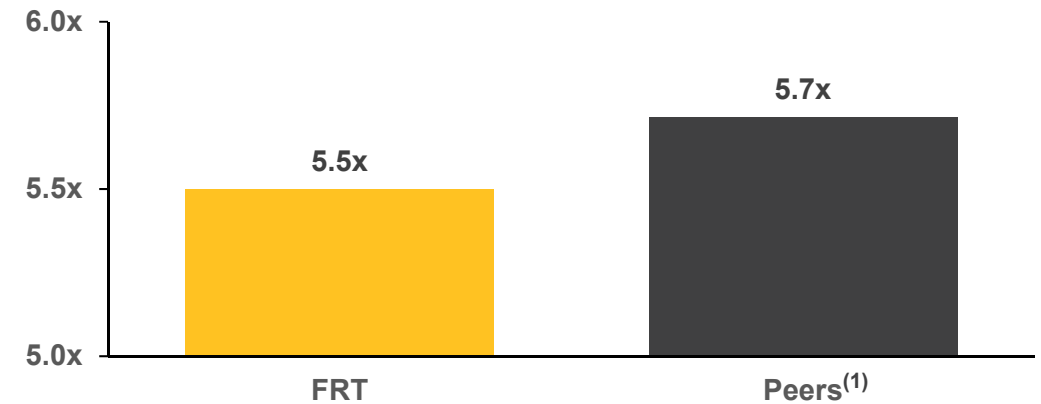
Conservative capital structure supports consistent results

“A” Rated Balance Sheet and 52 Years of Increased Dividends

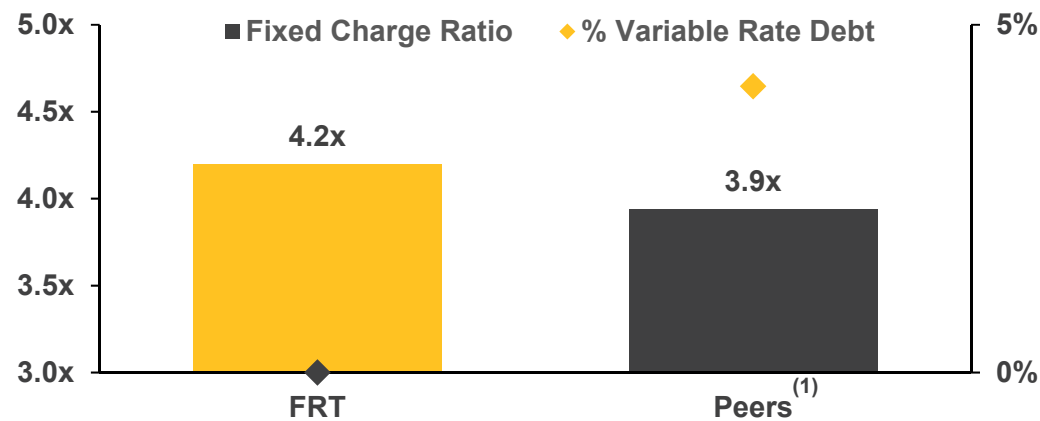
NET DEBT TO MARKET CAP



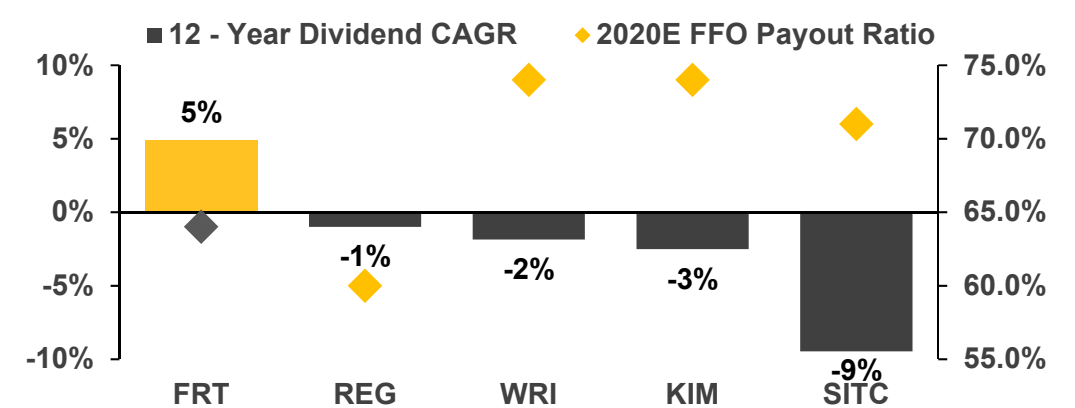
NET DEBT TO EBITDA



FIXED CHARGE COVERAGE VS. % VARIABLE DEBT



12-YEAR DIVIDEND CAGR VS FFO PAYOUT



Source: Company SEC Filings, Citigroup Research.

Note: As of 12/31/19 unless otherwise noted. WRI as of 9/30/19.

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

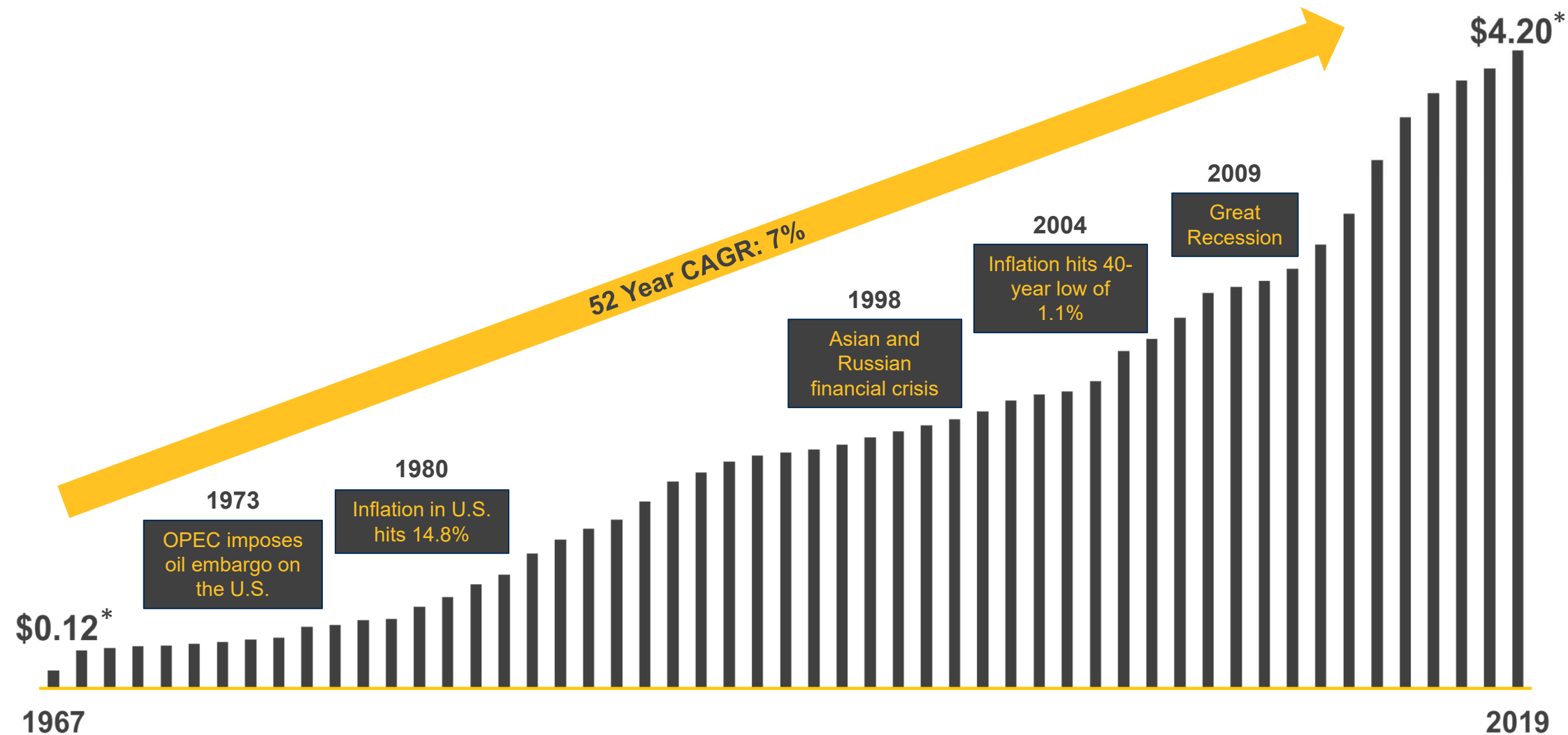




# 52 Consecutive Years of Increased Annual Dividends

Dividend king

“A” Rated Balance Sheet and 52 Years of Increased Dividends



\* 3Q19 annualized dividend per share



## A Vision for the Future with the Ability to Execute

- Executive team averages 18+ 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 (299 bps on average annually)
    - S&P 500 REIT Index (246 bps on average annually)
    - FTSE NAREIT, All Equity REIT Index (204 bps on average annually)
    - Bloomberg Shopping Center REIT Index (540 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 12/31/19



# Seasoned Executive Team

Visionaries with the proven ability to successfully execute



**Don Wood**  
*President & CEO*

Joined FRT in 1998<sup>(1)</sup>



**Dan Guglielmono**  
*EVP – CFO & Treasurer*

Joined FRT in 2016



**Dawn Becker**  
*EVP – General Counsel & Secretary*

Joined FRT in 1997



**Jeff Berkes**  
*EVP – Western Region, President*

Joined FRT in 2000



**Wendy Seher**  
*EVP – Eastern Region, President*

Joined FRT in 2002



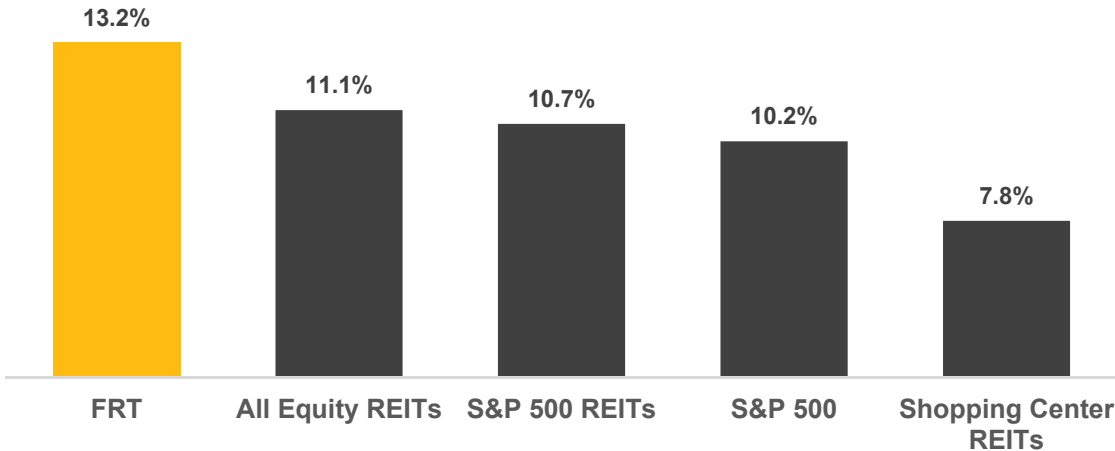
**Jan Sweetnam**  
*EVP – Western Region, COO*

Joined FRT in 1997

## EXECUTIVE LEADERSHIP

- Average 18+ years at Federal Realty and 25+ years of real estate experience
- Lean and nimble corporate structure enables management to be closer to the real estate and the real estate decisions which can affect properties for decades
- Proven ability to make smart, risk-adjusted capital allocation decisions throughout investment cycles

## TOTAL ANNUAL RETURN SINCE 2003<sup>(1)(2)</sup>



1) Don Wood has been President and CEO since January 2003.

2) Indexes represent: FTSE NAREIT All Equity REITS Total Return Index, S&P 500 Real Estate Investment Trusts REITS Industry GICS Level 3 Index, S&P 500 Total Return Index, Bloomberg Shopping Center REIT Index. As of 12/31/19.





# Retail Experience of the Future

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

A Vision for the Future with the Ability to Execute

- 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







# Commitment to Sustainability Initiatives

Development, operations and partnerships



A Vision for the Future with the Ability to Execute

## SUSTAINABLE DEVELOPMENT

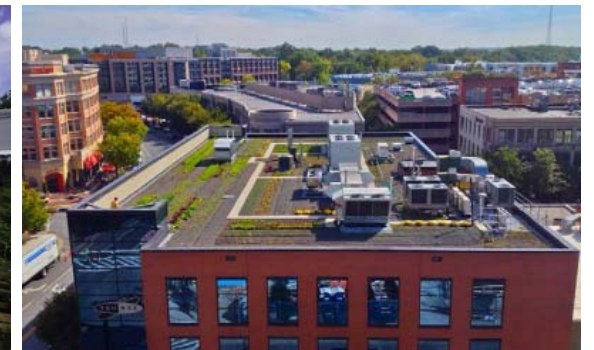
- Invested over \$1.2 billion in green certified construction projects since 2012
- Take advantage of existing transit infrastructure
- Largest rooftop farm in the mid-Atlantic producing 20,000 lbs. of produce annually
- Progressive, energy efficient HVAC design such as chilled beam and DOAS
- All new developments in progress are pursuing a green certification

## SHOPPING CENTER OPERATIONS

- Year-over-year water consumption reduced by 37 million gallons in 2018
- Nearly \$38million invested in 25 rooftop solar systems (13 MW) since 2010
- Solar program yielding double digit returns
- 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
- Best Bees – beehives on rooftops aid in health of overall bee population and produce local honey for tenants



Note: As of 12/31/19



# 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
- Clawback policy in place
- Prohibition on hedging and pledging



**DON WOOD**

President and CEO of Federal Realty



**JOE VASSALLUZZO**

Non-executive Chairman at Office Depot

Former Vice Chairman of Staples



**GAIL STEINEL**

Principal of Executive Advisors

Former Executive VP of BearingPoint



**JON BORTZ**

President, CEO and Chairman of Pebblebrook Hotel Trust

Former President, CEO and Trustee of LaSalle Hotel Properties



**LIZ HOLLAND**

CEO of Abbell Associates

Current ICSC<sup>†</sup> Board Member, former ICSC Chairman



**DAVID FAEDER**

Managing Partner of Fountain Square Properties

Former Vice Chairman, President, EVP and CFO of Sunrise Senior Living



**MARK ORDAN**

Former Chairman and CEO of Quality Care Properties, Inc.

Former CEO of Washington Prime Group

<sup>†</sup>: 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.