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FEDERAL REALTY INVESTMENT TRUST
QUARTERLY REPORT ON FORM 10-Q
QUARTER ENDED June 30, 2016

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The following balance sheet as of December 31, 2015, which has been derived from audited financial statements, and unaudited interim financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles (GAAP) have been omitted pursuant to those rules and regulations, although Federal Realty Investment Trust (the "Trust") believes that the disclosures made are adequate to make the information not misleading. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Trust's latest Annual Report on Form 10-K. In the opinion of management, all adjustments (consisting of normal, recurring adjustments) necessary for a fair presentation for the periods presented have been included. The results of operations for the three and six months ended June 30, 2016 are not necessarily indicative of the results that may be expected for the full year.

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Consolidated Balance Sheets

	June 30, 2016	December 31, 2015
	(In thousands, except share and per share data)	
	(Unaudited)	
ASSETS		
Real estate, at cost		
Operating (including \$1,206,112 and \$1,192,336 of consolidated variable interest entities, respectively)	\$ 5,951,546	\$ 5,630,771
Construction-in-progress	506,843	433,635
	6,458,389	6,064,406
Less accumulated depreciation and amortization (including \$192,445 and \$176,057 of consolidated variable interest entities, respectively)	(1,651,549)	(1,574,041)
Net real estate	4,806,840	4,490,365
Cash and cash equivalents	18,622	21,046
Accounts and notes receivable, net	114,431	110,402
Mortgage notes receivable, net	41,618	41,618
Investment in real estate partnerships	9,807	41,546
Prepaid expenses and other assets	197,150	191,582
TOTAL ASSETS	\$ 5,188,468	\$ 4,896,559
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Mortgages payable (including \$443,766 and \$448,315 of consolidated variable interest entities, respectively)	\$ 476,155	\$ 481,084
Capital lease obligations	71,605	71,620
Notes payable	383,582	341,961
Senior notes and debentures	1,733,611	1,732,551
Accounts payable and accrued expenses	171,982	146,532
Dividends payable	67,931	66,338
Security deposits payable	15,868	15,439
Other liabilities and deferred credits	118,646	121,787
Total liabilities	3,039,380	2,977,312
Commitments and contingencies (Note 6)		
Redeemable noncontrolling interests	126,102	137,316
Shareholders' equity		
Preferred shares, authorized 15,000,000 shares, \$.01 par: 5.417% Series 1 Cumulative Convertible Preferred Shares, (stated at liquidation preference \$25 per share), 399,896 shares issued and outstanding	9,997	9,997
Common shares of beneficial interest, \$.01 par, 100,000,000 shares authorized, 71,417,253 and 69,493,392 shares issued and outstanding, respectively	716	696
Additional paid-in capital	2,645,984	2,381,867
Accumulated dividends in excess of net income	(725,665)	(724,701)
Accumulated other comprehensive loss	(7,293)	(4,110)
Total shareholders' equity of the Trust	1,923,739	1,663,749
Noncontrolling interests	99,247	118,182

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Total shareholders' equity	2,022,986	1,781,931
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$5,188,468	\$4,896,559

The accompanying notes are an integral part of these consolidated statements.

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Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(In thousands, except per share data)			
REVENUE				
Rental income	\$192,935	\$175,884	\$388,243	\$357,050
Other property income	3,488	4,420	5,800	6,885
Mortgage interest income	1,558	1,157	2,282	2,318
Total revenue	197,981	181,461	396,325	366,253
EXPENSES				
Rental expenses	36,978	32,623	79,797	74,062
Real estate taxes	23,397	20,667	46,191	41,061
General and administrative	9,036	9,299	17,046	18,152
Depreciation and amortization	48,435	42,671	96,234	84,655
Total operating expenses	117,846	105,260	239,268	217,930
OPERATING INCOME	80,135	76,201	157,057	148,323
Other interest income	77	74	180	103
Interest expense	(23,101)	(23,445)	(46,830)	(47,613)
Early extinguishment of debt	—	(19,072)	—	(19,072)
Income from real estate partnerships	—	406	41	626
INCOME FROM CONTINUING OPERATIONS	57,111	34,164	110,448	82,367
Gain on change in control of interests and sale of real estate	1,787	11,509	27,513	11,509
NET INCOME	58,898	45,673	137,961	93,876
Net income attributable to noncontrolling interests	(2,957)	(2,041)	(5,065)	(4,058)
NET INCOME ATTRIBUTABLE TO THE TRUST	55,941	43,632	132,896	89,818
Dividends on preferred shares	(135)	(135)	(271)	(271)
NET INCOME AVAILABLE FOR COMMON SHAREHOLDERS	\$55,806	\$43,497	\$132,625	\$89,547
EARNINGS PER COMMON SHARE, BASIC				
Continuing operations	\$0.78	\$0.46	\$1.50	\$1.13
Gain on change in control of interests and sale of real estate, net	0.01	0.17	0.38	0.17
	\$0.79	\$0.63	\$1.88	\$1.30
Weighted average number of common shares, basic	70,797	68,531	70,270	68,449
EARNINGS PER COMMON SHARE, DILUTED				
Continuing operations	\$0.77	\$0.46	\$1.50	\$1.13
Gain on change in control of interest and sale of real estate, net	0.01	0.17	0.38	0.17
	\$0.78	\$0.63	\$1.88	\$1.30
Weighted average number of common shares, diluted	70,974	68,713	70,451	68,638
COMPREHENSIVE INCOME	\$58,490	\$46,740	\$134,778	\$92,482
COMPREHENSIVE INCOME ATTRIBUTABLE TO THE TRUST	\$55,533	\$44,699	\$129,713	\$88,424

The accompanying notes are an integral part of these consolidated statements.

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Federal Realty Investment Trust
Consolidated Statement of Shareholders' Equity
For the Six Months Ended June 30, 2016
(Unaudited)

	Shareholders' Equity of the Trust		Additional Paid-in Capital	Accumulated Dividends in Excess of Net Income	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Shareholders' Equity		
	Preferred Shares	Common Shares							
	Shares	Amount	Shares	Amount					
(In thousands, except share data)									
BALANCE AT DECEMBER 31, 2015	399,896	\$9,997	69,493,392	\$696	\$2,381,867	\$(724,701)	\$(4,110)	\$118,182	\$1,781,931
Net income, excluding \$1,411 attributable to redeemable noncontrolling interests	—	—	—	—	132,896	—	3,654	—	136,550
Other comprehensive loss - change in value of interest rate swaps	—	—	—	—	—	(3,183)	—	—	(3,183)
Dividends declared to common shareholders	—	—	—	—	(133,589)	—	—	—	(133,589)
Dividends declared to preferred shareholders	—	—	—	—	(271)	—	—	—	(271)
Distributions declared to noncontrolling interests	—	—	—	—	—	—	(4,505)	—	(4,505)
Common shares issued	—	—	1,603,685	16	240,820	—	—	—	240,836
Exercise of stock options	—	—	50,881	—	4,175	—	—	—	4,175
Shares issued under dividend reinvestment plan	—	—	—	—	—	—	—	—	—