HOW ARE REIT STOCKS VALUED?
Like all companies whose stocks are publicly traded, REIT shares are priced by the market throughout the trading day. To assess their investment value, typical analysis involves one or more of the following criteria:

• Management quality and corporate structure
• Anticipated total return from the stock, estimated from the expected price change and the prevailing dividend yield
• Current dividend yields relative to other yield-oriented investments
• Dividend payout ratios as a percent of REIT FFO
• Anticipated growth in earnings per share
• Underlying asset values of the real estate and/or mortgages, and other assets.

WHY SHOULD I INVEST IN REITS?
REITs are total return investments. They typically provide high dividends plus the potential for moderate, long-term capital appreciation. There is a relatively low correlation between REIT and publicly traded real estate stock returns and the returns of other market sectors. Thus, including REITs and publicly traded real estate stocks in your investment program helps build a diversified portfolio.

REITs offer investors:
• Current, stable dividend income
• High dividend yields
• Dividend growth that has consistently exceeded the rate of consumer price inflation
• Liquidity: shares of publicly traded REITs are readily converted into cash because they are traded on the major stock exchanges
• Professional management—REIT managers are skilled, experienced real estate professionals
• Portfolio diversification, which reduces risk
• Performance monitoring: performance is monitored by independent directors of the REIT, independent analysts, independent auditors, the Securities and Exchange Commission, and the business and financial media.

HOW DO I INVEST IN A REIT?
An individual may invest in a publicly traded REIT by purchasing shares through a stockbroker. An investor may also contact a REIT directly for a copy of the company’s annual report, prospectus, and other financial information. Much of this information is available on a company’s web site. The NAREIT web site, www.reit.com, also lists all publicly traded REITs with their exchange symbols. Another alternative is to buy shares in a mutual fund that specializes in investing in real estate securities. A list of such mutual funds is available at the NAREIT web site.

FEDERAL REALTY INVESTMENT TRUST
Summer 2012

In 2012, Federal Realty Investment Trust celebrates 50 years of being a proven leader in the ownership, operation, and redevelopment of high quality retail real estate in the country’s best markets. Federal Realty specializes in the ownership, management and redevelopment of high-quality retail assets, including shopping centers and urban, mixed-use properties. Federal Realty’s portfolio is located primarily in strategically selected metropolitan markets in the Northeast, Mid-Atlantic, and California.

Headquartered in Rockville, Md., Federal Realty owns a high-quality portfolio of properties in the retail REIT sector. The portfolio’s strong demographics are unequalled, with an average household income of $89,000 and population of 136,000 within a three-mile radius of Federal Realty properties. (1)

A key element of the Trust’s strategy for maximizing income and increasing property value is redevelopment and remarketing. From simple improvements such as façade renovations to more comprehensive reconfigurations, these redevelopments typically improve occupancy and rental rates. In addition, the Trust has significant experience in the master planning, design, development, and operations of mixed-use properties. Investments in these developments and redevelopments are justified on a return-on-invested-capital basis, include risk mitigation measures and compete for capital with acquisition opportunities available to the Trust.

Also contributing to the future growth of Federal Realty is the ability to acquire operating properties within our core markets that possess value-enhancing opportunities. In addition, through a joint venture, in which the Trust has a 30% interest, Federal Realty seeks to acquire stabilized, supermarket-anchored shopping centers in the Trust’s target markets.

Over its 50-year history, Federal Realty has produced an outstanding track record, including growth in dividends per share. The Trust has paid quarterly dividends to its shareholders continuously since its founding in 1962, and has increased its dividend rate for 45 consecutive years, the longest consecutive record in the REIT industry.

(1) Source: National Association of Real Estate Investment Trusts (NAREIT)
For 50 years, we’ve been innovative leaders in the retail REIT industry. We have a portfolio of high-quality properties and strong leadership focused on long-term performance. Every day, we seize opportunities to create and increase the value of our portfolio, which enhances value for our shareholders.

We are Federal Realty.