

# ModernGraham Valuation

## Company Name:

Company Ticker FRT

Date of Analysis

6/6/2018

Federal Realty  
Investment Trust



## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

|  |  |                 |      |
|--|--|-----------------|------|
| 1. Adequate Size of the Enterprise         | Market Cap > \$2Bil  | \$8,878,170,854 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 1.72            | Fail |
| 3. Earnings Stability                      | Positive EPS for 10 years prior  |                 | Pass |
| 4. Dividend Record                         | Dividend Payments for 10 years prior   |                 | Pass |
|  | Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end | 78.27%          | Pass |
| 5. Earnings Growth                         | PEmg < 20  | 36.52           | Fail |
| 6. Moderate PEmg Ratio                     | PB Ratio < 2.5 OR PB*PEmg < 50   | 3.74            | Fail |
| 7. Moderate Price to Assets                |  |                 |      |

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

|  |                                      |       |      |
|--|--------------------------------------|-------|------|
| 1. Sufficiently Strong Financial Condition | Current Ratio > 1.5                  | 1.72  | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1                    | 16.64 | Fail |
| 3. Earnings Stability                      | Positive EPS for 5 years prior       |       | Pass |
| 4. Dividend Record                         | Currently Pays Dividend              |       | Pass |
| 5. Earnings Growth                         | EPSmg greater than 5 years ago Score |       | Pass |

### Suitability

|                     |            |
|---------------------|------------|
| <b>Defensive</b>    | <b>No</b>  |
| <b>Enterprising</b> | <b>Yes</b> |

## Stage 2: Determination of Intrinsic Value

|                             |                |
|-----------------------------|----------------|
| EPSmg                       | \$3.33         |
| MG Growth Estimate          | 6.14%          |
| <b>MG Value</b>             | <b>\$69.26</b> |
| MG Value based on 3% Growth | \$48.33        |
| MG Value based on 0% Growth | \$28.33        |
| Market Implied Growth Rate  | 14.01%         |

### MG Opinion

|                      |                   |
|----------------------|-------------------|
| Current Price        | \$121.73          |
| % of Intrinsic Value | 175.76%           |
| <b>Opinion</b>       | <b>Overvalued</b> |
| <b>MG Grade</b>      | <b>B</b>          |

## Stage 3: Information for Further Research

|  |          |
|--|----------|
| Net Current Asset Value (NCAV)                 | -\$47.28 |
| Graham Number                                  | \$44.33  |
| PEmg   | 36.52    |
| Current Ratio                                  | 1.72     |
| PB Ratio                                       | 3.74     |
| Current Dividend                               | \$3.96   |
| Dividend Yield                                 | 3.25%    |
| Number of Consecutive Years of Dividend Growth | 20       |

### Useful Links:

|  |                               |
|--|-------------------------------|
| <a href="#">ModernGraham tagged articles</a> | <a href="#">Morningstar</a>   |
| <a href="#">Google Finance</a>               | <a href="#">MSN Money</a>     |
| <a href="#">Yahoo Finance</a>                | <a href="#">Seeking Alpha</a> |
| <a href="#">GuruFocus</a>                    | <a href="#">SEC Filings</a>   |

| EPS History               |        | EPSmg History                             |                 |
|---------------------------|--------|---|-----------------|
| Next Fiscal Year Estimate | \$3.03 | Next Fiscal Year Estimate                 | \$3.33          |
| Dec2017                   | \$3.97 | Dec2017                                   | \$3.35          |
| Dec2016                   | \$3.50 | Dec2016                                   | \$2.94          |
| Dec2015                   | \$3.03 | Dec2015                                   | \$2.61          |
| Dec2014                   | \$2.41 | Dec2014                                   | \$2.37          |
| Dec2013                   | \$2.46 | Dec2013                                   | \$2.28          |
| Dec2012                   | \$2.35 | Dec2012                                   | \$2.15          |
| Dec2011                   | \$2.28 | Dec2011                                   | \$2.14          |
| Dec2010                   | \$1.98 | Dec2010                                   | \$2.12          |
| Dec2009                   | \$1.63 | Dec2009                                   | \$2.20          |
| Dec2008                   | \$2.19 | Dec2008                                   | \$2.39          |
| Dec2007                   | \$3.45 | Dec2007                                   | \$2.34          |
| Dec2006                   | \$1.92 | Dec2006                                   | \$1.71          |
| Dec2005                   | \$1.94 | Dec2005                                   | \$1.53          |
| Dec2004                   | \$1.41 | Dec2004                                   | \$1.30          |
| Dec2003                   | \$1.59 | Dec2003                                   | \$1.22          |
| Dec2002                   | \$0.85 | Dec2002                                   | \$1.04          |
| Dec2001                   | \$1.09 | <b>Balance Sheet Information 3/1/2018</b> |                 |
| Dec2000                   | \$1.35 | Total Current Assets                      | \$470,265,000   |
| Dec1999                   | \$1.02 | Total Current Liabilities                 | \$274,100,000   |
| Dec1998                   | \$0.94 | Long-Term Debt                            | \$3,263,867,000 |
|                           |        | Total Assets                              | \$6,293,625,000 |
|                           |        | Intangible Assets                         | \$0             |
|                           |        | Total Liabilities                         | \$3,920,515,000 |
|                           |        | Shares Outstanding (Diluted Average)      | 72,968,000      |





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

## Recommended Reading:

Other  
ModernGraham  
posts about the  
company

[Federal Realty Investment Trust Valuation – Initial Coverage \\$FRT](#)

Other  
ModernGraham  
posts about related  
companies

[Equity Residential Valuation – June 2018 \\$EQR](#)

[Prologis Inc Valuation – May 2018 \\$PLD](#)

[Duke Realty Corp Valuation – Initial Coverage \\$DRE](#)

[Realty Income Corp Valuation – April 2018 \\$O](#)

[Ventas Inc Valuation – April 2018 \\$VTR](#)

[SL Green Realty Corp Valuation – April 2018 \\$SLG](#)

[Regency Centers Corp Valuation – Initial Coverage \\$REG](#)

[Host Hotels & Resorts Inc Valuation – April 2018 \\$HST](#)

[Vornado Realty Trust Valuation – April 2018 \\$VNO](#)

[Public Storage Valuation – March 2018 \\$PSA](#)