

# FORESTCITY

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A NEW REIT  
95 YEARS IN THE MAKING

## Q4-15 Earnings Call Presentation *February 2016*



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## INFORMATION RELATED TO FORWARD-LOOKING STATEMENTS

Statements made in this presentation that state the Company's or management's intentions, hopes, beliefs, expectations or predictions of the future are forward-looking statements. It is important to note that the Company's future events and actual results, financial or otherwise, could differ materially from those projected in such forward-looking statements. Additional information concerning factors that could cause future events or actual results to differ materially from those in the forward-looking statements are included in the "Risk Factors" section of the Company's SEC filings, including, but not limited to, the Company's Annual Report and quarterly reports. You are cautioned not to place undue reliance on such forward-looking statements.









## USE OF NON-GAAP MEASURES

We frequently use the non-GAAP measures of funds from operations ("FFO"), Operating FFO, Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), Adjusted EBITDA, net operating income ("NOI"), comparable NOI, and measures based on the pro-rata consolidation method ("pro-rata") to explain operating performance and assist investors in evaluating our business. In addition, we present a schedule of components to assist investors in determining the "net asset value" ("NAV") of the Company and an implied cap rate, also non-GAAP measures. For a more thorough discussion of FFO, Operating FFO, EBITDA, Adjusted EBITDA, NOI, Comparable NOI, pro-rata measures, and NAV, including how we reconcile these applicable measures to their GAAP counterparts, please refer to the supplemental package furnished to the SEC on Form 8-K on February 23, 2016. Copies of our quarterly and annual supplemental packages can be found on our website at [www.forestcity.net](http://www.forestcity.net), or on the SEC's website at [www.sec.gov](http://www.sec.gov).

*Please note: We periodically post updated investor presentations on the Investors page of our website at [www.forestcity.net](http://www.forestcity.net). It is possible the periodic updates may include information deemed to be material. Therefore, we encourage investors, the media, and other interested parties to review the Investors page of our website at [www.forestcity.net](http://www.forestcity.net) for the most recent investor presentation.*

# Q4 2015 RESULTS

AT A GLANCE

	Q4 2015	% Change	Q4 2014
<i>Pro-Rata Consolidation (Dollars in thousands)</i>			
Funds From Operations	\$ 78,509	 -64.4%	\$ 220,224
Operating Funds From Operations	\$ 103,933	 33.1%	\$ 78,076
Net Earnings	\$ 548,714	 693.0%	\$ 69,191
Comparable NOI - Total	\$ 144,184	 5.9%	\$ 136,119
Comparable NOI - Retail	\$ 46,779	 4.2%	\$ 44,881
Comparable NOI - Office	\$ 58,360	 7.6%	\$ 54,250
Comparable NOI - Apartments	\$ 39,045	 5.6%	\$ 36,988
Core Market NOI % <sup>(1)</sup>	86.8%	 0.9%	85.9%

(1) Compares year ended December 31, 2015 to the year ended December 31, 2014.

# Q4 2015 COMPARABLE NOI DRIVERS

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Overall Comp NOI – **UP 5.9%**

Retail Comp NOI – **UP 4.2%**

- Driven by San Francisco Center and NY Specialty Retail
- 12 Month Same-Space Regional Mall Leasing Spread PSF (New vs Expiring) Growth of **26.3%**. The 7th straight quarter of +20% Growth.

Office Comp NOI – **UP 7.6%**

- Driven by increases in occupancy and rent revenue at One Metrotech Center, One Pierrepont Plaza, and MIT 88 Sidney Street
- 12 Month Same-Space Office Leasing Spread PSF (New vs Expiring) Growth of **2.2%**

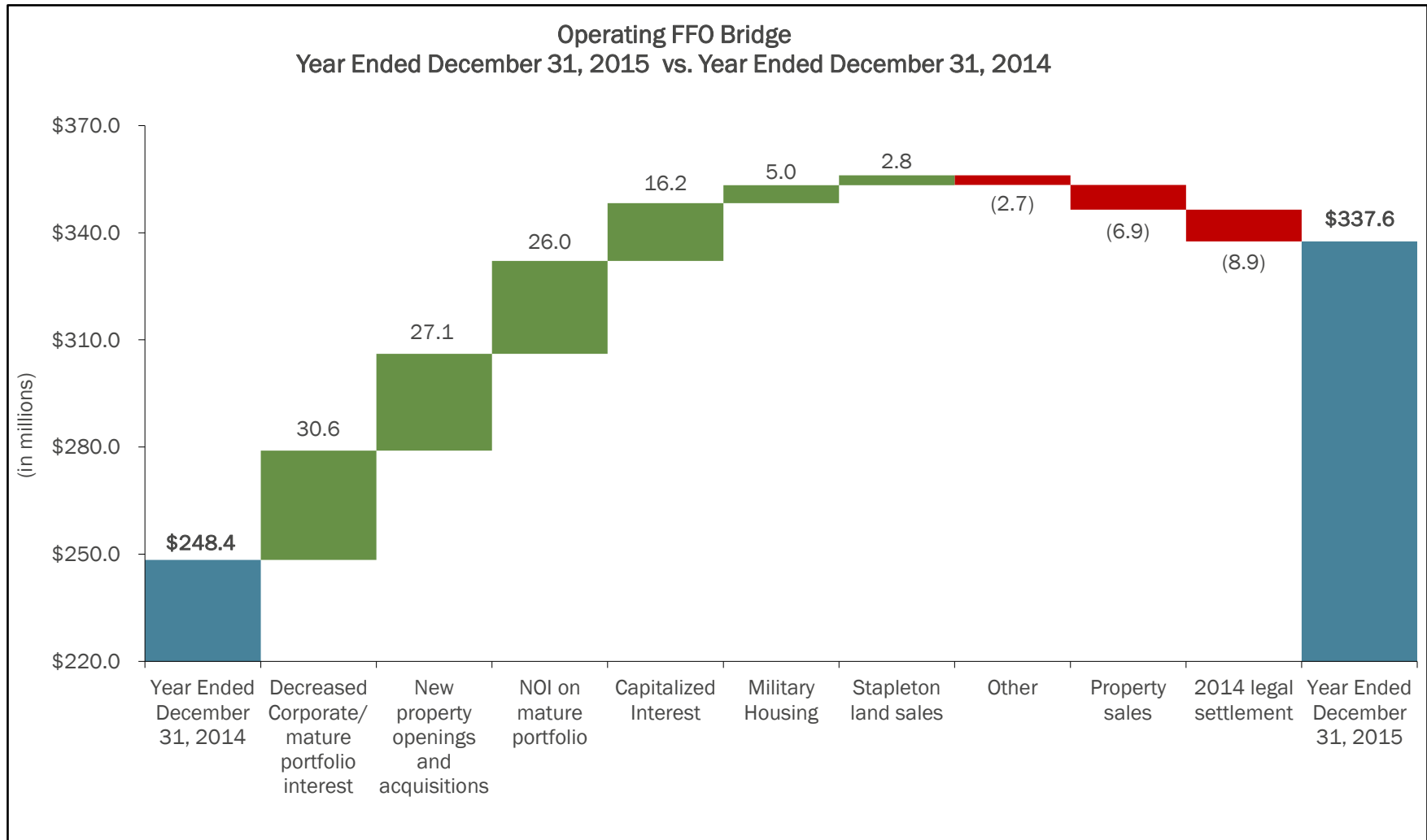
Residential Comp NOI - **UP 5.6%**

- Increases in core markets, primarily San Francisco, Los Angeles, and New York City
- New Supply in Washington and Cleveland
- Total Comparable Monthly Average Rental Rate Growth of **3.7%**

# TRANSFORMATION UPDATE



# YEAR END 2015 OPERATING FFO BRIDGE



# RECENTLY CLOSED ASSET SALES AND JOINT VENTURE

(as of 12/31/2015)	Closing Date	Gross Sales Price	Implied Sales Price for Pro-Rata % Sold	Nonrecourse debt Pro-Rata %	Gross Proceeds	Net Cash Proceeds	2015 Pro-Rata NOI Sold	2015 Pro-Rata OFFO Sold	2015 Pro-Rata FFO Sold
<b>Operating Assets</b>									
<i>(in millions)</i>									
Skylight Office Tower	9/18/2015	\$ 35.4	\$ 34.9	\$ -	\$ 34.9	\$ 34.2			
Barclays Center <sup>(1)</sup>	1/29/2016	825.0	303.1	(140.5)	162.6	54.0			
Westchester's Ridge Hill JV (51% sale)	1/29/2016	259.4	259.4	(169.4)	90.0	83.0			
Military Housing	2/22/2016	237.3	237.3	(28.5)	208.8	200.0			
<b>Total Operating Assets</b>		<b>\$ 1,357.1</b>	<b>\$ 834.7</b>	<b>\$ (338.4)</b>	<b>\$ 496.3</b>	<b>\$ 371.2</b>	<b>\$ 60.5</b>	<b>\$ 31.5</b>	<b>\$ 32.3</b>
<b>Non-Operating Assets</b>									
625 Fulton Avenue	1/13/2016	\$ 158.0	\$ 158.0	\$ -	\$ 158.0	\$ 152.0	\$ (1.4)	\$ (1.4)	\$ (1.4)
Brooklyn Nets <sup>(1)</sup>	1/29/2016	875.0	125.1	-	125.1	-	-	-	(40.8)
<b>Total Non-Operating Assets</b>		<b>\$ 1,033.0</b>	<b>\$ 283.1</b>	<b>\$ -</b>	<b>\$ 283.1</b>	<b>\$ 152.0</b>	<b>\$ (1.4)</b>	<b>\$ (1.4)</b>	<b>\$ (42.2)</b>
<b>Grand Total</b>		<b>\$ 2,390.1</b>	<b>\$ 1,117.8</b>	<b>\$ (338.4)</b>	<b>\$ 779.4</b>	<b>\$ 523.2</b>	<b>\$ 59.1</b>	<b>\$ 30.1</b>	<b>\$ (9.9)</b>

<sup>1</sup> In addition to the \$54 million of net cash proceeds received from the sale of Barclays Center, Forest City received a 3-year \$92.6 million promissory note paying semi-annual interest at 4.5%. For the sale of the Brooklyn Nets, Forest City received a 5-year \$125.1 million promissory note with interest at 4.5% per annum accruing through maturity. Onexim principal Mikhail Prokhorov provided credit enhancement of the notes with an Operating Support Agreement. The terms of the notes include accelerated repayment provisions in the event of a sale or recapitalization of either asset prior to maturity. NS&E also has limited rights to transfer, assign or sell the notes, subject to approvals from Onexim and the NBA.

# PENDING AND ANTICIPATED ASSET SALES

	Anticipated Closing Date	Gross Sales Price	Implied Sales Price for Pro- Rata % Sold	Nonrecourse debt Pro-Rata %	Gross Proceeds	Estimated Net Cash Proceeds
<b>Pending Asset Sales</b> <sup>(1)</sup>						
<i>(in millions)</i>						
QIC Joint Venture Expansion:						
Ballston Quarter and The Shops at Wiregrass JV (49% sale)	Q2 2016	\$ 121.8	\$ 121.8	\$ (61.8)	\$ 60.0	\$ 60.0
Federally Subsidized Housing Portfolio	Q4 2016	229.6	229.6	(149.6)	80.0	65.0
Additional Targeted Sales <sup>(4)</sup>	TBD				200.0	200.0
		<b>\$ 351.4</b>	<b>\$ 351.4</b>	<b>\$ (211.4)</b>	<b>\$ 340.0</b>	<b>\$ 325.0</b>



The Shops at Wiregrass



Ballston Quarter

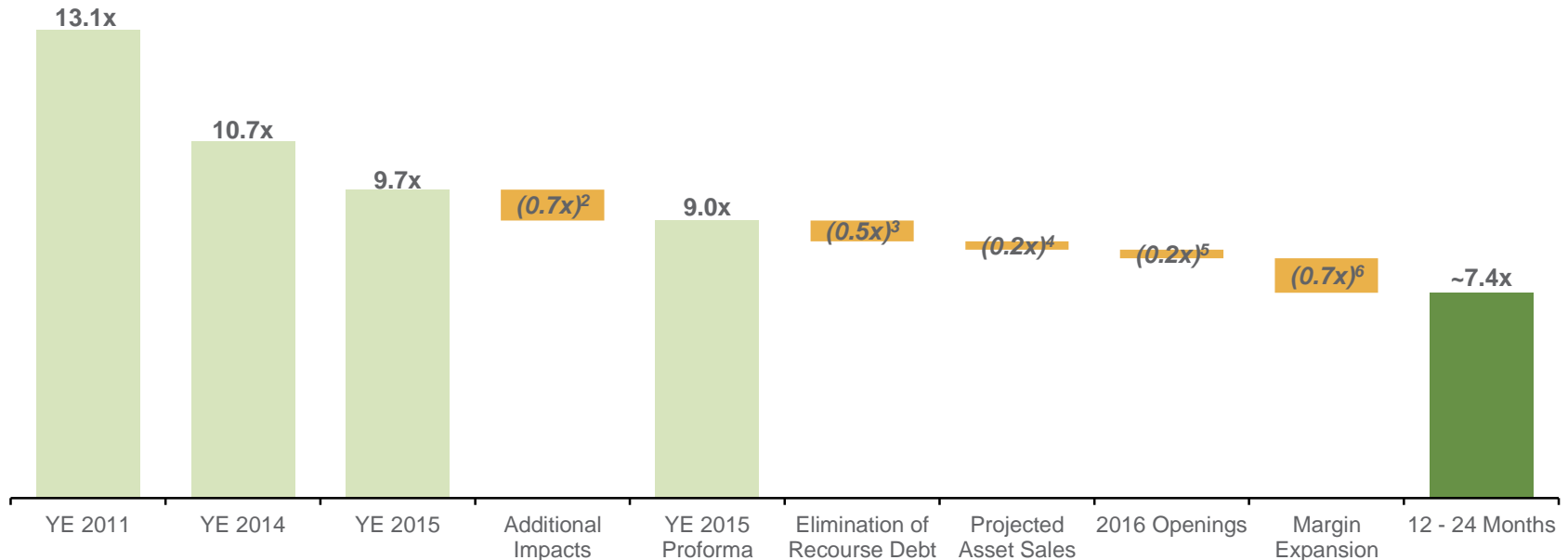
<sup>1</sup> There can be no assurance that we will be able to close all or any of the transactions. Nonetheless, we remain confident in our ability to continue to execute our strategies to focus our business on core products in core markets.



# ILLUSTRATIVE DELEVERAGING PLAN

Based on our strategic plan objectives, we believe it is feasible to delever meaningfully over time

## Illustrative Net Debt to Adjusted EBITDA<sup>1</sup> Over Time



Note: This information is illustrative. It is based on a number of significant assumptions, some of which are identified below, any or all which may turn out to be untrue. You should not place undue reliance on this forward-looking information. There can be no assurance that these plans will be implemented, or if implemented, that will be effective in achieving our strategic goals.

<sup>1</sup> See page 37 of the supplemental package, furnished to the SEC on form 8-K on February 23, 2016.

<sup>2</sup> Reflects the impact of recently closed transactions (excluding military housing), including but not limited to acquisitions, sales, and openings during 2015, and impact of 2016 sales. Please see page 38 of the supplemental package, furnished to the SEC on form 8-K on February 23, 2016, for additional details.

<sup>3</sup> Assumes the elimination of the Company's outstanding \$270M of recourse debt. There can be no assurance that any or all will be eliminated.

<sup>4</sup> Reflects ~\$325M of projected cash proceeds from the sale of our Military Housing portfolio, Federally assisted housing portfolio, and the expansion of our QIC joint ventures. Mortgage debt of ~\$240M was removed and also EBITDA of ~\$55M.

<sup>5</sup> Assumes 5.5% cash on cost return of 10 projects (~\$35M) with anticipated openings in 2016 including additional project level debt thru completion (~\$183M).

<sup>6</sup> Reflects \$60M of targeted cost savings on an annual basis, of which action has been taken on \$25M YTD 2016. Margin expansion results may differ based on the amount of costs capitalized to active development projects versus being expensed.

## NET DEBT TO ADJUSTED EBITDA - PRO-RATA CONSOLIDATION - ADDITIONAL IMPACTS

	Adjusted EBITDA	Net Debt	Net Debt to Adjusted EBITDA
	<i>(in thousands)</i>		
Per The Year Ended December 31, 2015 Reconciliation of Net Earnings (Loss) to EBITDA	\$ 620,597	\$ 5,992,344	9.7x
Impact of:			
2015 Acquisitions <sup>(1)</sup>	13,957	—	
2015 Sales <sup>(2)</sup>	(4,012)	—	
2015 Opening <sup>(3)</sup>	1,733	4,195	
Subtotal	<u>\$ 632,275</u>	<u>\$ 5,996,539</u>	9.5x
Impact of closed 2016 sales:			
Arena <sup>(4)</sup>	(21,943)	(140,460)	
Westchester's Ridge Hill <sup>(5)</sup>	(9,775)	(169,369)	
Net cash proceeds from asset sales <sup>(6)</sup>	—	(289,000)	
	<u>\$ 600,557</u>	<u>\$ 5,397,710</u>	9.0x

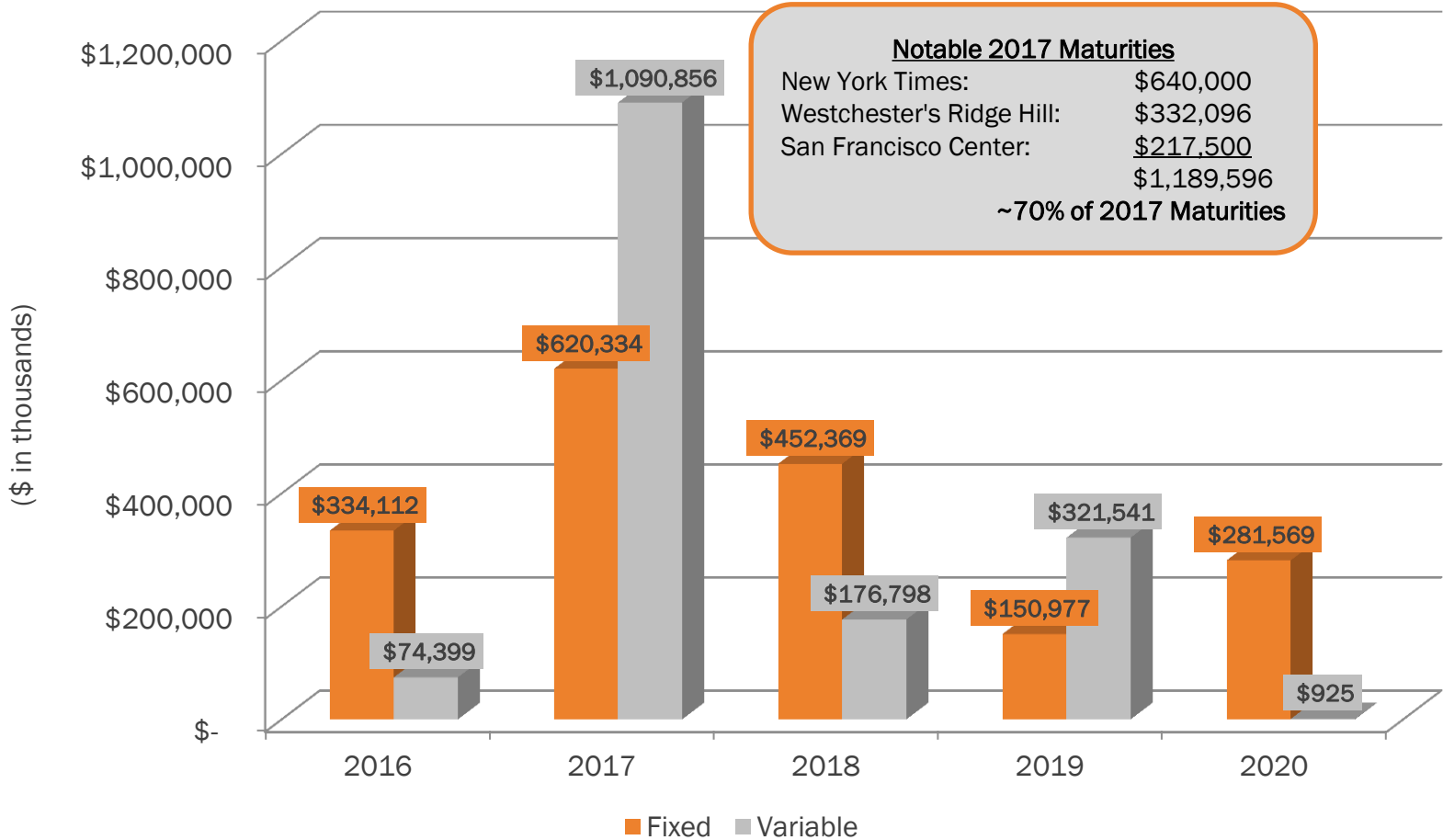
- (1) Represents additional Adjusted EBITDA which would have been generated in 2015 by our additional ownership interests in the MIT Assets, which were acquired in June 2015, and the residential partner acquisitions, which were made in April 2015, if these acquisitions were made at the beginning of the year.
- (2) Represents lost Adjusted EBITDA on assets disposed during 2015.
- (3) Represents additional Adjusted EBITDA, at stabilization, and estimated loan draws on properties that are in lease-up or are opening in phases in 2015.
- (4) Represents Adjusted EBITDA and debt associated with the Arena, which was sold on January 29, 2016.
- (5) Represents reduction of Adjusted EBITDA and related debt assumed by QIC as a result of the joint venture transaction that closed on January 29, 2016.
- (6) Includes net cash proceeds received or expected to be received in 2016 as follows:

	Net Cash Proceeds
	<i>(in thousands)</i>
625 Fulton Avenue (Land)	152,000
Westchester's Ridge Hill	83,000
Arena	54,000
	<u>\$ 289,000</u>

# SCHEDULED MATURITIES OVERVIEW

## Scheduled Maturities: Nonrecourse Debt

(at Pro-Rata)  
As of 12/31/2015



# OUTLOOK AND Q&A

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Forest City Realty Trust, Inc., is an NYSE-listed national real estate company with \$10.0 billion of consolidated assets (12/31/2015). We are principally engaged in the ownership, development, management and acquisition of commercial and residential real estate and land throughout the United States.

Founded in 1920 and based in Cleveland, Ohio, Forest City's diverse portfolio includes hundreds of premier properties located throughout the United States. We are especially active in our Core Markets – Boston, Chicago, Dallas, Denver, Los Angeles, Philadelphia and the greater metropolitan areas of New York City, San Francisco and Washington D.C. – where we have overcome high barriers to entry and developed a unique franchise. These are great urban markets with strong demographics and good growth potential.

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