

LANDandBUILDINGS

Land and Buildings Reiterates Need for Substantial Change at Forest City Realty Trust

- *Believes Net Asset Value estimates should move toward \$31 per share based on new Company disclosures versus current estimates around \$28 and yesterday's closing price of \$22.88 –*
- *Sadly, CEO LaRue made it clear it is business as usual at Forest City despite shareholders paying the Ratner Family \$120 million to relinquish their super voting shares –*
- *Reiterates that the Forest City Board needs greater independence and shareholder input –*

Stamford, CT (February 28, 2017) – Today Land and Buildings Investment Management LLC (“Land and Buildings”) issued the following letter to Forest City Realty Trust’s (NYSE: FCE/A) (“Forest City”, “FCE/A” or the “Company”) shareholders:

February 28, 2017

Dear Fellow Forest City Shareholders:

We believe two things are crystal clear to investors following yesterday’s Forest City fourth quarter earnings results and conference call:

1. Net Asset Value (NAV) estimates should be higher, towards \$31 per share, based on new Company disclosures, versus current estimates around \$28 and yesterday’s closing price of \$22.88; and
2. Nothing has changed at Forest City since shareholders agreed to pay off the Ratner family with ~\$120 million, or a 31% premium, to give up their super voting B shares and there is no meaningful change in sight under the current leadership.

When asked by an analyst on the Company’s earnings call yesterday what has changed since the December 6th, 2016 announcement that the dual-share class structure would be collapsed, CEO David LaRue offered investors little hope of real change: “Well, the sun still comes up every day and still sets every day.” Then Mr. LaRue went on to articulate the same board-approved approach and strategy that has existed for the past several years.

It is clearly business as usual at Forest City. What Forest City’s Board apparently fails to realize is that the dual-class share structure was not itself an impediment to NAV realization, but an impediment to the changes necessary to realize NAV. Getting rid of the B shares is a means to an end, not the end.

Substantial changes remain necessary at the Company:

- First and foremost, the Ratners should get their hands out of the cookie jar. By our last count at least ten Ratners remain on the payroll and continue to feed at the Company trough in addition to the Company providing tax protections for Bruce Ratner.

- Second, the Board continues to lack independence. The two new independent directors, who have not been identified and may not be directors shareholders would choose, are outgunned by the eleven Ratner legacy directors. A substantial number of new independent directors should be added to the Board with input from shareholders, including Land and Buildings.
- Additional oversight is desperately needed by a new invigorated Board as the Company redeploys \$2.2 billion of shareholder capital from the pending retail portfolio sales given that under the current Board the Company recognized a similar amount of write downs in the past decade.
- The Board should fully explore distributing proceeds from the \$2.2 billion retail assets sales to shareholders utilizing tax efficient strategies we have communicated to the Board.
- Forest City has suffered for decades from poor operating margins and bloated general and administrative expenses. To date, management appears to be conflating true margin improvements with asset sales and mix shift. How can the bloated costs be truly improved when the Ratners continue to feed at the trough?

We reiterate our strong belief that significant corporate governance enhancements are necessary at Forest City.

Sincerely,



Jonathan Litt

Founder & Chief Investment Officer

Land and Buildings

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About Land and Buildings:

Land and Buildings is a registered investment manager specializing in publicly traded real estate and real estate related securities. Land and Buildings seeks to deliver attractive risk adjusted returns by opportunistically investing in securities of global real estate and real estate related companies, leveraging its investment professionals' deep experience, research expertise and industry relationships.

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