

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-K**

ANNUAL REPORT PURSUANT TO THE SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2021  
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from            to

Commission file number: 1-07533 (Federal Realty Investment Trust)

Commission file number: 333-262016-01 (Federal Realty OP LP)

**FEDERAL REALTY INVESTMENT TRUST  
FEDERAL REALTY OP LP**

(Exact Name of Registrant as Specified in its charter)

Maryland (Federal Realty Investment Trust)

87-3916363

Delaware (Federal Realty OP LP)

52-0782497

(State of Organization)

(IRS Employer Identification No.)

909 Rose Avenue, Suite 200, North Bethesda, Maryland 20852

(Address of Principal Executive Offices) (Zip Code)

(301) 998-8100

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Federal Realty Investment Trust

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange On Which Registered</u>
Common Shares of Beneficial Interest \$.01 par value per share, with associated Common Share Purchase Rights	FRT	New York Stock Exchange
Depository Shares, each representing 1/1000 of a share of 5.00% Series C Cumulative Redeemable Preferred Stock, \$.01 par value per share	FRT-C	New York Stock Exchange

Federal Realty OP LP

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange On Which Registered</u>
None	N/A	N/A

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Federal Realty Investment Trust     Yes     No

Federal Realty OP LP             Yes     No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Federal Realty Investment Trust     Yes     No

Federal Realty OP LP             Yes     No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Federal Realty Investment Trust     Yes     No

Federal Realty OP LP             Yes     No

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Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Federal Realty Investment Trust  Yes  No

Federal Realty OP LP  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

### Federal Realty Investment Trust

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

### Federal Realty OP LP

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by checkmark if the registrant has elected not use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Federal Realty Investment Trust

Federal Realty OP LP

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Federal Realty Investment Trust  Yes  No

Federal Realty OP LP  Yes  No

The aggregate market value of the registrant's common shares held by non-affiliates of the registrant, based upon the closing sales price of the registrant's common shares on June 30, 2021:

Federal Realty Investment Trust: \$9.1 billion

Federal Realty OP LP: N/A

The number of Federal Realty Investment Trust's common shares outstanding on February 7, 2022 was 78,616,815.

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**FEDERAL REALTY INVESTMENT TRUST  
FEDERAL REALTY OP LP  
ANNUAL REPORT ON FORM 10-K  
FISCAL YEAR ENDED DECEMBER 31, 2021**

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of Federal Realty Investment Trust's Proxy Statement to be filed with the Securities and Exchange Commission (the "SEC") for its annual meeting of shareholders to be held in May 2022 will be incorporated by reference into Part III hereof.

**EXPLANATORY NOTE**

Through the fiscal year ended December 31, 2021, the business of the registrant was conducted by an entity known as Federal Realty Investment Trust, a Maryland real estate investment trust (the "Predecessor"). On December 2, 2021, the Predecessor's Board of Trustees approved the reorganization of the Predecessor's business into an umbrella partnership real estate investment trust, or "UPREIT." To effect the UPREIT reorganization, the Predecessor formed a wholly-owned subsidiary real estate investment trust known as FRT Holdco REIT ("Holdco"), and Holdco formed its own wholly-owned subsidiary real estate investment trust known as FRT Merger Sub REIT ("Merger Sub"). Holdco also formed a wholly-owned subsidiary limited liability company known as Federal Realty GP LLC (the "General Partner"). Effective as of January 1, 2022, Merger Sub merged with and into the Predecessor, with the Predecessor being the surviving entity and becoming a wholly-owned subsidiary of Holdco (the "Merger"). At the effective time of the Merger, each outstanding capital share of the Predecessor was converted into one equivalent capital share of Holdco. Effective as of January 5, 2022, the Predecessor converted into a Delaware limited partnership known as Federal Realty OP LP, the entity we refer to herein as the "Partnership." In connection with the UPREIT reorganization, Holdco changed its name to Federal Realty Investment Trust, the entity we refer to herein as the "Parent Company." The Parent Company had the same consolidated assets and liabilities immediately following the Merger as the Predecessor immediately before the Merger. The General Partner is the sole general partner of the Partnership, and the Parent Company owns 100% of the limited liability company interests of, is the sole member of and exercises exclusive control over the General Partner. Following the UPREIT reorganization described above, the Parent Company expects to conduct its business through the Partnership and does not expect to have substantial assets or liabilities other than through its investment in the Partnership.

As a result of the UPREIT reorganization, the Parent Company became the successor issuer to the Predecessor pursuant to Rule 12g-3(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), and as a result, the Parent Company's common shares and Series C depository shares were deemed registered under Section 12(b) of the Exchange Act. This Annual Report on Form 10-K pertains to the business and results of operations of the Predecessor for its fiscal year ended December 31, 2021. The Company and the Partnership have elected to co-file such Annual Report of the Predecessor to ensure continuity of information to investors. For additional information on our UPREIT reorganization, please see our Current Reports on Form 8-K filed with the SEC on January 3, 2022 and January 5, 2022.

Throughout this Annual Report, unless the context requires otherwise:

- "Parent Company" refers to Federal Realty Investment Trust following the Merger;
- "Partnership" refers to Federal Realty OP LP;
- "we," "us," "our" or the "Trust" refer to the Parent Company and its business and operations conducted through its directly or indirectly owned subsidiaries, including Federal Realty OP LP; and
- References to "shares" and "shareholders" refer to the shares and shareholders of the Parent Company and not the limited partnership interests or limited partners of the Partnership.

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## PART I

### Forward-Looking Statements

Certain statements included in this Annual Report on Form 10-K are forward-looking statements. Those statements include statements regarding the intent, belief or current expectations of Federal Realty Investment Trust and Federal Realty OP LP (together, “we” “our” or “us”) and members of our management team, as well as the assumptions on which such statements are based, and generally are identified by the use of words such as “may,” “will,” “seeks,” “anticipates,” “believes,” “estimates,” “expects,” “plans,” “intends,” “should” or similar expressions. Actual results may differ materially from those contemplated by such forward-looking statements. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required by law.

The following are some of the risks and uncertainties, although not all risks and uncertainties, that could cause our actual results to differ materially from those presented in our forward-looking statements:

- risks that our tenants will not pay rent, may vacate early or may file for bankruptcy or that we may be unable to renew leases or re-let space at favorable rents as leases expire or to fill existing vacancy;
- risks that we may not be able to proceed with or obtain necessary approvals for any development, redevelopment or renovation project, and that completion of anticipated or ongoing property development, redevelopment, or renovation projects that we do pursue may cost more, take more time to complete or fail to perform as expected;
- risks normally associated with the real estate industry, including risks that occupancy levels at our properties and the amount of rent that we receive from our properties may be lower than expected, that new acquisitions may fail to perform as expected, that competition for acquisitions could result in increased prices for acquisitions, that costs associated with the periodic maintenance and repair or renovation of space, insurance and other operations may increase, that environmental issues may develop at our properties and result in unanticipated costs, and, because real estate is illiquid, that we may not be able to sell properties when appropriate;
- risks that our growth will be limited if we cannot obtain additional capital;
- risks associated with general economic conditions, including local economic conditions in our geographic markets;
- risks of financing on terms which are acceptable to us, our ability to meet existing financial covenants and the limitations imposed on our operations by those covenants, and the possibility of increases in interest rates that would result in increased interest expense;
- risks related to our status as a real estate investment trust, commonly referred to as a REIT, for federal income tax purposes, such as the existence of complex tax regulations relating to our status as a REIT, the effect of future changes in REIT requirements as a result of new legislation, and the adverse consequences of the failure to qualify as a REIT; and
- risks related to natural disasters, climate change and public health crises (such as the outbreak and worldwide spread of COVID-19), and the measures that international, federal, state and local governments, agencies, law enforcement and/or health authorities implement to address them, may precipitate or materially exacerbate one or more of the above-mentioned risks, and may significantly disrupt or prevent us from operating our business in the ordinary course for an extended period.

In addition, we describe risks and uncertainties that could cause actual results and events to differ materially in “Risk Factors” (Part I, Item 1A of this Annual Report on Form 10-K), “Quantitative and Qualitative Disclosures about Market Risk” (Part II, Item 7A), and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” (Part II, Item 7).

### ITEM 1. BUSINESS

#### General

We are an equity real estate investment trust (“REIT”) specializing in the ownership, management, and redevelopment of high quality retail and mixed-use properties located primarily in communities where we believe retail demand exceeds supply, in strategically selected metropolitan markets in the Northeast and Mid-Atlantic regions of the United States, California, and South Florida. As of December 31, 2021, we owned or had a majority interest in community and neighborhood shopping centers and mixed-use properties which are operated as 104 predominantly retail real estate projects comprising approximately

25.1 million square feet. In total, the real estate projects were 93.6% leased and 91.1% occupied at December 31, 2021. Our revenue is primarily generated from lease agreements with tenants. We have paid quarterly dividends to our shareholders continuously since our founding in 1962 and have increased our dividends per common share for 54 consecutive years.

We were founded in 1962 as a REIT under the laws of the District of Columbia and re-formed as a REIT in the state of Maryland in 1999. In January of 2022, we consummated the UPREIT reorganization described in the Explanatory Note at the beginning of this Annual Report. We operate in a manner intended to qualify as a REIT for tax purposes pursuant to provisions of the Internal Revenue Code of 1986, as amended (the "Code"). Our principal executive offices are located at 909 Rose Avenue, North Bethesda, Maryland 20852. Our telephone number is (301) 998-8100. Our website address is [www.federalrealty.com](http://www.federalrealty.com). The information contained on our website is not a part of this report and is not incorporated herein by reference.

### **Business Objectives and Strategies**

While the ongoing COVID-19 pandemic is impacting us in the short-term, our long-term focus has not changed.

Our primary business objective is to own, manage, acquire and redevelop a portfolio of high quality retail focused properties that will:

- provide increasing cash flow for distribution to shareholders;
- generate higher internal growth than the shopping center industry over the long term;
- provide potential for capital appreciation; and
- protect investor capital.

Our portfolio includes, and we continue to acquire and redevelop, high quality retail in many formats ranging from regional, community and neighborhood shopping centers that often are anchored by grocery stores to mixed-use properties that are typically centered around a retail component but also include office, residential and/or hotel components.

### *Operating Strategies*

While managing through the ongoing COVID-19 pandemic has resulted in short-term deviations, our long-term core operating strategy has not changed. We continuously evaluate and assess our operating strategies to ensure they are effective and put us in the best position to address changes in the market. We actively manage our properties to maximize rents and maintain occupancy levels by attracting and retaining a strong and diverse base of tenants and replacing less relevant, weaker, underperforming tenants with stronger ones. Our properties are generally located in some of the most densely populated and affluent areas of the country. These strong demographics help our tenants generate higher sales, which has generally enabled us to maintain higher occupancy rates, charge higher rental rates, and maintain steady rent growth, all of which increase the value of our portfolio. Our operating strategies also include:

- increasing rental rates through the renewal of expiring leases or the leasing of space to new tenants at higher rental rates while limiting vacancy and down-time;
- maintaining a diversified tenant base, thereby limiting exposure to any one tenant's financial or operating difficulties;
- monitoring the merchandising mix of our tenant base to achieve a balance of strong national and regional tenants with local specialty tenants;
- minimizing overhead and operating costs;
- monitoring the physical appearance of our properties and the construction quality, condition and design of the buildings and other improvements located on our properties to maximize our ability to attract customers and thereby generate higher rents and occupancy rates;
- managing our properties to take into account their impact on climate change and their resilience in the face of climate change;
- developing local and regional market expertise in order to capitalize on market and retailing trends;
- leveraging the contacts and experience of our management team to build and maintain long-term relationships with tenants;
- providing exceptional customer service; and
- creating an experience at many of our properties that is identifiable, unique and serves the surrounding communities to help insulate these properties and the tenants at these properties from the impact of on-line retailing.

### *Investing Strategies*

Our investment strategy is to deploy capital at risk-adjusted rates of return that exceed our long-term weighted average cost of capital in projects that have potential for future income growth and increased value. Our investments primarily fall into one of the following four categories:

- renovating, expanding, reconfiguring and/or retenanting our existing properties to take advantage of under-utilized land or existing square footage to increase revenue;
- renovating or expanding tenant spaces for tenants capable of producing higher sales, and therefore, paying higher rents;
- acquiring quality retail and mixed-use properties located in densely populated and/or affluent areas where barriers to entry for further development are high, and that have possibilities for enhancing operating performance and creating value through renovation, expansion, reconfiguration and/or retenanting; and
- developing the retail portions of mixed-use properties and developing or otherwise investing in non-retail portions of mixed-use properties we already own in order to capitalize on the overall value created in these properties.

#### *Investment Criteria*

When we evaluate potential redevelopment, retenanting, expansion, acquisition and development opportunities, we consider such factors as:

- the expected returns in relation to our short and long-term cost of capital as well as the anticipated risk we will face in achieving the expected returns;
- the anticipated growth rate of operating income generated by the property;
- the ability to increase the long-term value of the property through redevelopment and retenanting;
- the tenant mix at the property, tenant sales performance and the creditworthiness of those tenants;
- the geographic area in which the property is located, including the population density, household incomes, education levels, as well as the population and income trends in that geographic area. This may from time to time include the evaluation of new markets;
- competitive conditions in the vicinity of the property, including gross leasable area (GLA) per capita, competition for tenants and the ability of others to create competing properties through redevelopment, new construction or renovation;
- access to and visibility of the property from existing roadways and the potential for new, widened or realigned, roadways within the property's trade area, which may affect access and commuting and shopping patterns;
- the level and success of our existing investments in the market area;
- the current market value of the land, buildings and other improvements and the potential for increasing those market values; and
- the physical condition of the land, buildings and other improvements, including the structural and environmental condition.

#### *Financing Strategies*

Our financing strategies are designed to enable us to maintain an investment grade balance sheet while retaining sufficient flexibility to fund our operating and investing activities in the most cost-efficient way possible. As a result of the ongoing COVID-19 pandemic and its impact on our cash flows, we have been maintaining levels of cash significantly in excess of the cash balances we have historically maintained. Our financing strategies include:

- maintaining a prudent level of overall leverage and an appropriate pool of unencumbered properties that is sufficient to support our unsecured borrowings;
- managing our exposure to variable-rate debt;
- maintaining sufficient levels of cash and available line of credit to fund operating and investing needs on a short-term basis;
- taking advantage of market opportunities to refinance existing debt, reduce interest costs and manage our debt maturity schedule so that a significant portion of our debt relative to our size does not mature in any one year;
- selling properties that have limited growth potential or are not a strategic fit within our overall portfolio and redeploying the proceeds to redevelop, renovate, retenant and/or expand our existing properties, acquire new properties or reduce debt; and
- utilizing the most advantageous long-term source of capital available to us to finance redevelopment and acquisition opportunities, which may include:
  - the sale of our equity or debt securities through public offerings, including our at-the-market ("ATM") equity program in which we may from time to time offer and sell common shares including through forward sales contracts, or private placements,
  - the incurrence of indebtedness through unsecured or secured borrowings,
  - the issuance of units in our operating partnership (generally issued in exchange for a tax deferred contribution of property); these units typically receive the same distributions as our common shares and the holders of these units have the right to exchange their units for cash or common shares at our option, or
  - the use of joint venture arrangements.

## **Human Capital**

At February 7, 2022, we had 310 full-time employees and 5 part-time employees. None of our employees are represented by a collective bargaining unit. We believe that our relationship with our employees is good.

### *Diversity and Inclusion*

We are an Equal Opportunity/Affirmative action employer, and strive to maintain a workplace that is free from discrimination on the basis of race, color, religion, sex, sexual orientation, nationality, disability, or protected Veteran status.

### *Health, Safety, and Wellness*

We are committed to the health, safety, and wellness of our employees, and foster an environment that allows our people to succeed while balancing work and life. We provide our employees with access to health and wellness programs, which includes benefits that support both physical and mental health. In response to the COVID-19 pandemic, we implemented significant changes that were in the best interest of our employees and to comply with government regulations. This includes implementing additional safety measures for our employees as we have transitioned to a hybrid work model.

### *Compensation and Benefits*

We provide competitive pay and benefits including health, dental, vision, short and long-term disability, life insurance and a 401(k) retirement program, as well as a generous paid time off program that includes vacation, sick, and personal leave. In addition to our equity awards program, we also offer a quarterly recognition program, as well as rewarding employees with spot bonuses for stellar performance or going above and beyond the base requirements of their job description.

### *Talent Development*

Employees have access to a variety of different training courses, books, book summaries and audio books, and an array of source materials covering a myriad of different business and soft skills training subjects. Additionally, we provide reimbursement for tuition and professional licensures.

### *Community Involvement*

Giving back to the community is an integral part of who we are and what we do. We provide ample ways to give back through programs at our properties or charitable endeavors and volunteer opportunities that also serve as team building exercises for our employees.

## **Tax Status**

We elected to be taxed as a REIT under the federal income tax laws when we filed our 1962 tax return. As a REIT, we are generally not subject to federal income tax on taxable income that we distribute to our shareholders. Under the Code, REITs are subject to numerous organizational and operational requirements, including the requirement to generally distribute at least 90% of taxable income each year. We will be subject to federal income tax on our taxable income (including, for our taxable years ending on or prior to December 31, 2017, any applicable alternative minimum tax) at regular corporate rates if we fail to qualify as a REIT for tax purposes in any taxable year, or to the extent we distribute less than 100% of our taxable income. We will also generally not qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost. Even if we qualify as a REIT for federal income tax purposes, we may be subject to certain state and local income and franchise taxes and to federal income and excise taxes on our undistributed taxable income.

We have elected to treat certain of our subsidiaries as taxable REIT subsidiaries, which we refer to as a TRS. In general, a TRS may engage in any real estate business and certain non-real estate businesses, subject to certain limitations under the Code. A TRS is subject to federal and state income taxes. Our TRS activities have not been material.

## **Impacts of COVID-19 Pandemic**

In March 2020, the World Health Organization declared the outbreak of novel coronavirus disease ("COVID-19") as a pandemic. While we currently expect the impact to our properties is temporary in nature, the extent of the future effects of COVID-19 on our business, operating strategies, results of operations, cash flows, and growth prospects is highly uncertain and will ultimately depend on future developments, none of which can be predicted with any certainty. Refer to Item 7 for further discussion of the impacts of COVID-19 on our business.

## **Governmental Regulations Affecting Our Properties**

We and our properties are subject to a variety of federal, state and local environmental, health, safety and similar laws. Please see Item 1A. "Risk Factors - Risk Factors Related to our REIT Status and Other Laws and Regulations" for further discussion of potential material effects of our compliance with government regulation, including environmental regulations and the rules governing REITs.



The application of these laws to a specific property that we own depends on a variety of property-specific circumstances, including the current and former uses of the property, the building materials used at the property and the physical layout of the property. Under certain environmental laws, we, as the owner or operator of properties currently or previously owned, may be required to investigate and clean up certain hazardous or toxic substances, asbestos-containing materials, or petroleum product releases at the property. We may also be held liable to a governmental entity or third parties for property damage and for investigation and clean up costs incurred in connection with the contamination, whether or not we knew of, or were responsible for, such contamination. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with the contamination. As the owner or operator of real estate, we also may be liable under common law to third parties for damages and injuries resulting from environmental contamination emanating from the real estate. Such costs or liabilities could exceed the value of the affected real estate. The presence of contamination or the failure to remediate contamination may adversely affect our ability to sell or lease real estate or to borrow using the real estate as collateral.

Neither existing environmental, health, safety and similar laws nor the costs of our compliance with these laws has had a material adverse effect on our financial condition or results of operations, and management does not believe they will in the future. In addition, we have not incurred, and do not expect to incur, any material costs or liabilities due to environmental contamination at properties we currently own or have owned in the past. However, we cannot predict the impact of new or changed laws or regulations on properties we currently own or may acquire in the future. We have no current plans for substantial capital expenditures with respect to compliance with environmental, health, safety and similar laws and we carry environmental insurance which covers a number of environmental risks for most of our properties.

### **Competition**

Numerous commercial developers and real estate companies compete with us with respect to the leasing and the acquisition of properties. Some of these competitors may possess greater capital resources than we do, although we do not believe that any single competitor or group of competitors in any of the primary markets where our properties are located are dominant in that market. This competition may:

- reduce the number of properties available for acquisition;
- increase the cost of properties available for acquisition;
- interfere with our ability to attract and retain tenants, leading to increased vacancy rates and/or reduced rents; and
- adversely affect our ability to minimize expenses of operation.

Retailers at our properties also face increasing competition from online retailers, outlet stores, discount shopping clubs, superstores, and other forms of sales and marketing of goods and services, such as direct mail. This competition could contribute to lease defaults and insolvency of tenants.

### **Available Information**

Copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") are available free of charge through the Investors section of our website at [www.federalrealty.com](http://www.federalrealty.com) as soon as reasonably practicable after we electronically file the material with, or furnish the material to, the Securities and Exchange Commission, or the SEC.

Our Corporate Governance Guidelines, Code of Business Conduct, Code of Ethics applicable to our Chief Executive Officer and senior financial officers, Whistleblower Policy, organizational documents and the charters of our audit committee, compensation and human capital committee and nominating and corporate governance committee are all available in the Corporate Governance section of the Investors section of our website.

Amendments to the Code of Ethics or Code of Business Conduct or waivers that apply to any of our executive officers or our senior financial officers will be disclosed in the Corporate Governance section of our website as well.

## **ITEM 1A. RISK FACTORS**

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. Also, documents that we "incorporate by reference" into this Annual Report on Form 10-K, including documents that we subsequently file with the SEC will contain forward-looking statements. When we refer to forward-looking statements or information, sometimes we use words such as "may," "will," "could," "should," "plans," "intends," "expects," "believes," "estimates," "anticipates" and "continues." In particular, the below risk factors describe forward-looking information. The risk factors describe risks that may

affect these statements but are not all-inclusive, particularly with respect to possible future events. Many things can happen that can cause actual results to be different from those we describe. These factors include, but are not limited to the following:

### **Risk Factors Related to our Real Estate Investments and Operations**

#### **Revenue from our properties may be reduced or limited if the retail operations of our tenants are not successful.**

Revenue from our properties depends primarily on the ability of our tenants to pay the full amount of rent and other charges due under their leases on a timely basis. Some of our leases provide for the payment, in addition to base rent, of additional rent above the base amount according to a specified percentage of the gross sales generated by the tenants and generally provide for reimbursement of real estate taxes and expenses of operating the property. Economic, legal, and/or competitive conditions, as well as COVID-19, may impact the success of our tenants' retail operations and therefore the amount of rent and expense reimbursements we receive from our tenants. Any reduction in our tenants' abilities to pay base rent, percentage rent, or other charges on a timely basis, including the closing of stores prior to the end of the lease term or the filing by any of our tenants for bankruptcy protection, will adversely affect our financial condition and results of operations. In the event of default by a tenant, we may experience delays and unexpected costs in enforcing our rights as landlord under lease terms, which may also adversely affect our financial condition and results of operations.

#### **Our net income depends on the success and continued presence of our "anchor" tenants.**

Our net income could be adversely affected in the event of a downturn in the business, or the bankruptcy or insolvency, of any anchor store or anchor tenant. Anchor tenants generally occupy large amounts of square footage, pay a significant portion of the total rents at a property and contribute to the success of other tenants by drawing significant numbers of customers to a property. The closing of one or more anchor stores at a property could adversely affect that property and result in lease terminations by, or reductions in rent from, other tenants whose leases may permit termination or rent reduction in those circumstances or whose own operations may suffer as a result. Over the past several years, we have seen higher levels of anchor turnover and closings in some markets, which has caused an oversupply of larger retail spaces. Therefore, tenant demand for certain of our anchor spaces may decrease and as a result, we may see an increase in vacancy and/or a decrease in rents for those spaces that could have a negative impact to our net income. As of December 31, 2021, our anchor tenant space is 96.8% leased and 94.4% occupied.

#### **A shift in retail shopping from brick and mortar stores to online shopping may have an adverse impact on our cash flow, financial condition and results of operations.**

Many retailers operating brick and mortar stores have made online sales a vital piece of their business. The shift to online shopping may cause declines in brick and mortar sales generated by certain of our tenants and may cause certain of our tenants to reduce the size or number of their retail locations in the future. This risk is partially mitigated by our strategy of maintaining a diverse portfolio of retail properties. The trend of retailers utilizing brick and mortar locations for 'showroom' and on-line sales distribution purposes (particularly at shopping centers in densely populated areas like ours) may further mitigate this risk. However, there can be no assurance that our shopping centers will not be further impacted by the shift to online shopping. As a result, our cash flow, financial condition, and results of operations could be adversely affected.

#### **We have properties that are geographically concentrated, and adverse economic or real estate market declines in these areas could have a material adverse effect on us.**

As of December 31, 2021, our tenants operated in 12 states and the District of Columbia. Any adverse situation that disproportionately affects the the markets where our properties are concentrated may have a magnified adverse effect on our portfolio. Refer to "Properties" (Item 2 of this Annual Report on Form 10-K) for additional discussion of the geographic concentration. Real estate markets are subject to economic downturns, as they have been in the past, and we cannot predict how economic conditions will impact this market in both the short and long term.

Declines in the economy or a decline in the real estate market in these states could hurt our financial performance and the value of our properties. Factors that may negatively affect economic conditions in these states include:

- business layoffs or downsizing;
- industry slowdowns;
- increased business restrictions due to health crises;
- relocations of businesses;
- changing demographics;
- increased telecommuting and use of alternative work places;
- infrastructure quality;

- any oversupply of, or reduced demand for, real estate;
- concessions or reduced rental rates under new leases for properties where tenants defaulted; and
- increased operating costs including insurance premiums and real estate taxes.

**We may be unable to collect balances due from tenants that file for bankruptcy protection.**

If a tenant or lease guarantor files for bankruptcy, we may not be able to collect all pre-petition amounts owed by that party. In addition, a tenant that files for bankruptcy protection may terminate our lease in which event we would have a general unsecured claim that would likely be for less than the full amount owed to us for the remainder of the lease term, which could adversely affect our financial condition and results of operations.

**We may experience difficulty or delay in renewing leases or re-leasing space.**

We derive most of our revenue directly or indirectly from rent received from our tenants. We are subject to the risks that, upon expiration or termination of leases, whether by their terms, as a result of a tenant bankruptcy, general economic conditions or otherwise, leases for space in our properties may not be renewed, space may not be re-leased, or the terms of renewal or re-lease, including the cost of required renovations or concessions to tenants, may be less favorable than current lease terms and may include decreases in rental rates. As a result, our net income could be reduced.

**Our development activities have inherent risks.**

The ground-up development of improvements on real property, as opposed to the renovation and redevelopment of existing improvements, presents substantial risks. We generally do not look to acquire raw land for future development; however, we do intend to complete the development and construction of future phases of projects we already own. We may undertake development of these and other projects on our own or bring in third parties if it is justifiable on a risk-adjusted return basis. We may also choose to delay completion of a project if market conditions do not allow an appropriate return. If conditions arise and we are not able or decide not to complete a project or if the expected cash flows of our project do not exceed the book value, an impairment of the project may be required. If additional phases of any of our existing projects or if any new projects are not successful, it may adversely affect our financial condition and results of operations.

In addition to the risks associated with real estate investment in general, as described elsewhere and the specific risks above, the risks associated with our remaining development activities include:

- contractor changes may delay the completion of development projects and increase overall costs;
- significant time lag between commencement and stabilization subjects us to greater risks due to fluctuations in the general economy;
- delivery of residential product into uncertain residential environments may result in lower rents or longer time periods to reach economic stabilization;
- substantial amount of our investment is related to infrastructure and the overall value of the project may be negatively impacted if we do not complete subsequent phases;
- failure or inability to obtain construction or permanent financing on favorable terms;
- expenditure of money and time on projects that may never be completed;
- difficulty securing key anchor or other tenants may impact occupancy rates and projected revenue;
- inability to achieve projected rental rates or anticipated pace of lease-up;
- higher than estimated construction or operating costs, including labor and material costs; and
- possible delay in completion of a project because of a number of factors, including COVID-19, supply chain disruptions and shortages, weather, labor disruptions, construction delays or delays in receipt of zoning or other regulatory approvals, acts of terror or other acts of violence, or acts of God (such as fires, earthquakes or floods).

**Redevelopments and acquisitions may fail to perform as expected.**

Our investment strategy includes the redevelopment and acquisition of high quality, retail focused properties in densely populated areas with high average household incomes and significant barriers to adding competitive retail supply. The redevelopment and acquisition of properties entail risks that include the following, any of which could adversely affect our results of operations and our ability to meet our obligations:

- our estimate of the costs to improve, reposition or redevelop a property may prove to be too low, or the time we estimate to complete the improvement, repositioning or redevelopment may be too short. As a result, the property may fail to achieve the returns we have projected, either temporarily or for a longer period;
- we may not be able to identify suitable properties to acquire or may be unable to complete the acquisition of the properties we identify;
- we may not be able to integrate an acquisition into our existing operations successfully;

- properties we redevelop or acquire may fail to achieve the occupancy or rental rates we project, within the time frames we project, at the time we make the decision to invest, which may result in the properties' failure to achieve the returns we projected;
- our pre-acquisition evaluation of the physical condition of each new investment may not detect certain defects or identify necessary repairs until after the property is acquired, which could significantly increase our total acquisition costs or decrease cash flow from the property; and
- our investigation of a property or building prior to our acquisition, and any representations we may receive from the seller of such building or property, may fail to reveal various liabilities, which could reduce the cash flow from the property or increase our acquisition cost.

**Our performance and value are subject to general risks associated with the real estate industry.**

Our economic performance and the value of our real estate assets, and consequently, the value of our investments, are subject to the risk that if our properties do not generate revenues sufficient to meet our operating expenses, including debt service and capital expenditures, our cash flow and ability to pay distributions to our shareholders will be adversely affected. As a real estate company, we are susceptible to the following real estate industry risks:

- economic downturns in general, or in the areas where our properties are located;
- adverse changes in local real estate market conditions, such as an oversupply or reduction in demand;
- changes in tenant preferences that reduce the attractiveness of our properties to tenants;
- zoning or regulatory restrictions;
- decreases in market rental rates;
- weather conditions that may increase or decrease energy costs and other weather-related expenses;
- costs associated with the need to periodically repair, renovate and re-lease space; and
- increases in the cost of adequate maintenance, insurance and other operating costs, including real estate taxes, associated with one or more properties, which may occur even when circumstances such as market factors and competition cause a reduction in revenues from one or more properties, although real estate taxes typically do not increase upon a reduction in such revenues.

Each of these risks could result in decreases in market rental rates and increases in vacancy rates, which could adversely affect our financial condition and results of operation.

**Many real estate costs are fixed, even if income from our properties decreases.**

Our financial results depend primarily on leasing space in our properties to tenants on terms favorable to us. Costs associated with real estate investment, such as real estate taxes, insurance and maintenance costs, generally are not reduced even when a property is not fully occupied, rental rates decrease, or other circumstances cause a reduction in income from the property. As a result, cash flow from the operations of our properties may be reduced if a tenant does not pay its rent or we are unable to rent our properties on favorable terms. Under those circumstances, we might not be able to enforce our rights as landlord without delays and may incur substantial legal costs. Additionally, new properties that we may acquire or redevelop may not produce any significant revenue immediately, and the cash flow from existing operations may be insufficient to pay the operating expenses and debt service associated with such new properties until they are fully occupied.

**Competition may limit our ability to purchase new properties and generate sufficient income from tenants.**

Numerous commercial developers and real estate companies compete with us in seeking tenants for our existing properties and properties for acquisition. This competition may:

- reduce properties available for acquisition;
- increase the cost of properties available for acquisition;
- reduce rents payable to us;
- interfere with our ability to attract and retain tenants;
- lead to increased vacancy rates at our properties; and
- adversely affect our ability to minimize expenses of operation.

Retailers at our properties also face increasing competition from online retailers, outlet stores, discount shopping clubs and other forms of sales and marketing of goods, such as direct mail. This competition could contribute to lease defaults and insolvency of tenants. If we are unable to continue to attract appropriate retail tenants to our properties, or to purchase new properties in our geographic markets, it could materially affect our ability to generate net income, service our debt and make distributions to our shareholders.

**We may be unable to sell properties when appropriate because real estate investments are illiquid.**

Real estate investments generally cannot be sold quickly. In addition, there are some limitations under federal income tax laws applicable to real estate and to REITs in particular that may limit our ability to sell our assets. We may not be able to alter our portfolio promptly in response to changes in economic or other conditions including being unable to sell a property at a return we believe is appropriate due to the economic environment. Our inability to respond quickly to adverse changes in the performance of our investments could have an adverse effect on our ability to meet our obligations and make distributions to our shareholders.

**We may have limited flexibility in dealing with our jointly owned investments.**

Our organizational documents do not limit the amount of funds that we may invest in properties and assets owned jointly with other persons or entities. As of December 31, 2021, we held 19 predominantly retail real estate projects jointly with other persons in addition to properties owned in a “downREIT” structure. Additionally, as of December 31, 2021, we owned an interest in the hotel component of Assembly Row. We may make additional joint investments in the future. Our existing and future joint investments may subject us to special risks, including the possibility that our partners or co-investors might become bankrupt, that those partners or co-investors might have economic or other business interests or goals which are unlike or incompatible with our business interests or goals, that those partners or co-investors might be in a position to take action contrary to our suggestions or instructions, or in opposition to our policies or objectives, and that disputes may develop with our joint venture partners over decisions affecting the property or the joint venture, which may result in litigation or arbitration or some other form of dispute resolution. Although as of December 31, 2021, we held the controlling interests in all of our existing co-investments (except the hotel investment discussed above and the investment in the La Alameda shopping center acquired in 2017), we generally must obtain the consent of the co-investor or meet defined criteria to sell or to finance these properties. Joint ownership gives a third party the opportunity to influence the return we can achieve on some of our investments and may adversely affect our ability to make distributions to our shareholders. We may also be liable for the actions of our co-investors.

**Our insurance coverage on our properties may be inadequate.**

We currently carry comprehensive insurance on all of our properties, including insurance for liability, fire, flood, earthquake, environmental matters, rental loss and acts of terrorism. All of these policies contain coverage limitations. We believe these coverages are of the types and amounts customarily obtained for or by an owner of similar types of real property assets located in the areas where our properties are located. We intend to obtain similar insurance coverage on subsequently acquired properties.

The availability of insurance coverage may decrease and the prices for insurance may increase as a consequence of significant losses incurred by the insurance industry and other factors outside our control. As a result, we may be unable to renew or duplicate our current insurance coverage in adequate amounts or at reasonable prices. In addition, insurance companies may no longer offer coverage against certain types of losses, such as losses due to terrorist acts, pandemics, and toxic mold, or, if offered, the expense of obtaining these types of insurance may not be justified. We therefore may cease to have insurance coverage against certain types of losses and/or there may be decreases in the limits of insurance available. If an uninsured loss or a loss in excess of our insured limits occurs, we could lose all or a portion of the capital we have invested in a property, as well as the anticipated future revenue from the property, but still remain obligated for any mortgage debt or other financial obligations related to the property. We cannot guarantee that material losses in excess of insurance proceeds will not occur in the future. If any of our properties were to experience a catastrophic loss, it could seriously disrupt our operations, delay revenue and result in large expenses to repair or rebuild the property. Also, due to inflation, changes in codes and ordinances, environmental considerations and other factors, it may not be feasible to use insurance proceeds to replace a building after it has been damaged or destroyed. Further, we may be unable to collect insurance proceeds if our insurers are unable to pay or contest a claim. Events such as these could adversely affect our results of operations and our ability to meet our obligations, including distributions to our shareholders.

**Natural disasters, climate change and health crises, including the COVID-19 pandemic, could have an adverse impact on our cash flow and operating results.**

Climate change may add to the unpredictability and frequency of natural disasters and severe weather conditions and create additional uncertainty as to future trends and exposures. Certain of our operations are located in areas that are subject to natural disasters and severe weather conditions such as hurricanes, earthquakes, droughts, snow storms, floods and fires. The impact of climate change or the occurrence of natural disasters can delay new development projects, increase investment costs to repair or replace damaged properties, increase operating costs, create additional investment costs to make improvements to existing properties to comply with climate change regulations, increase future property insurance costs, and negatively impact the tenant demand for space. If insurance is unavailable to us or is unavailable on acceptable terms, or if our insurance is not adequate to cover business interruption or losses from these events, our earnings, liquidity or capital resources could be adversely affected.

In addition, our business is subject to risks related to the effects of public health crises, epidemics and pandemics, including the COVID-19 pandemic. Such events could:

- inhibit global, national and local economic activity;
- drive inflation, adversely affect trading activity in securities markets, which could negatively impact the trading prices of our common shares and debt securities and our ability to access the securities markets as a source of liquidity;
- adversely affect our tenants' financial condition by limiting foot traffic and staffing at their businesses, which could affect their ability to pay rent and willingness to make new leasing commitments;
- reduce our cash flow, which could impact our ability to pay dividends at the current rate and in the current format or at all or to service our debt;
- temporarily or permanently reduce the demand for retail or office space;
- interfere with our business operations by requiring our personnel to work remotely;
- increase the frequency of cyber-attacks;
- disrupt supply chains that could be important in our development and redevelopment activities;
- result in labor shortages;
- interfere with potential purchases and sales of properties;
- impact our ability to pay dividends at the current rate and in the current format or at all; and
- have other direct and indirect effects that are difficult to predict.

Such risks depend upon the nature and severity of the public health concern, as well as the extent and duration of government-mandated orders and personal decisions to limit travel, economic activity and personal interaction, none of which can be predicted with confidence. In particular, we cannot predict the impact of stay-at-home and other government orders instituted in response to the COVID-19 pandemic, which vary by jurisdiction, or the pandemics' short and long term economic effects, each of which could have a material adverse effect on our business.

**An increased focus on metrics and reporting related to corporate responsibility, specifically related to environmental, social and governance ("ESG") factors, may impose additional costs and expose us to new risks.**

Investors and other stakeholders have become more focused on understanding how companies address a variety of ESG factors. Many of those investors and shareholders look to ESG rating systems that have been developed by third party groups to allow comparisons between companies on ESG factors as they evaluate investment decisions as well as to company disclosures. Although we participate in many of these ratings systems and generally score relatively well in those in which we do participate, we do not participate in, and would not necessarily score well in, all of the available ratings systems. Further, the criteria used in these ratings systems change frequently, and we cannot guaranty that we will be able to score well as criteria change. We supplement our participation in ratings systems with corporate disclosures of our ESG activities but many investors and stakeholders may look for specific disclosures that we do not provide. Failure to participate in certain of the third party ratings systems, failure to score well in those ratings systems or failure to provide certain ESG disclosures could result in reputational harm when investors or others compare us against similar companies in our industry and could cause certain investors to be unwilling to invest in our stock which could adversely impact our ability to raise capital.

For more information about the Trust's Corporate Responsibility initiatives, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Corporate Responsibility."

**Risk Factors Related to our Funding Strategies and Capital Structure**

**The amount of debt we have and the restrictions imposed by that debt could adversely affect our business and financial condition.**

As of December 31, 2021, we had approximately \$4.1 billion of debt outstanding. Of that outstanding debt, approximately \$341.6 million was secured by all or a portion of 7 of our real estate projects. As of December 31, 2021, approximately 92.6% of our debt is fixed rate or is fixed via interest rate swap agreements, which includes all of our property secured debt and our unsecured senior notes. Our organizational documents do not limit the level or amount of debt that we may incur. The amount of our debt outstanding from time to time could have important consequences to our shareholders. For example, it could:

- require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for operations, property acquisitions, redevelopments and other appropriate business opportunities that may arise in the future;
- limit our ability to make distributions on our outstanding common shares and preferred shares;
- make it difficult to satisfy our debt service requirements;
- require us to dedicate increased amounts of our cash flow from operations to payments on debt upon refinancing or on our variable rate, unhedged debt, if interest rates rise;

- limit our flexibility in planning for, or reacting to, changes in our business and the factors that affect the profitability of our business;
- limit our ability to obtain any additional debt or equity financing we may need in the future for working capital, debt refinancing, capital expenditures, acquisitions, redevelopments or other general corporate purposes or to obtain such financing on favorable terms; and/or
- limit our flexibility in conducting our business, which may place us at a disadvantage compared to competitors with less debt or debt with less restrictive terms.

Our ability to make scheduled principal payments of, to pay interest on, or to refinance our indebtedness will depend primarily on our future performance, which to a certain extent is subject to economic, financial, competitive and other factors beyond our control. There can be no assurance that our business will continue to generate sufficient cash flow from operations in the future to service our debt or meet our other cash needs. If we are unable to generate this cash flow from our business, we may be required to refinance all or a portion of our existing debt, sell assets or obtain additional financing to meet our debt obligations and other cash needs, including the payment of dividends required to maintain our status as a real estate investment trust. We cannot assure you that any such refinancing, sale of assets or additional financing would be possible on terms that we would find acceptable.

**We are obligated to comply with financial and other covenants pursuant to our debt obligations that could restrict our operating activities, and the failure to comply with such covenants could result in defaults that accelerate payment under our debt agreements.**

Our revolving credit facility, unsecured term loan, and certain series of notes include financial covenants that may limit our operating activities in the future. We are also required to comply with additional covenants that include, among other things, provisions:

- relating to the maintenance of property securing a mortgage;
- restricting our ability to pledge assets or create liens;
- restricting our ability to incur additional debt;
- restricting our ability to amend or modify existing leases at properties securing a mortgage;
- restricting our ability to enter into transactions with affiliates; and
- restricting our ability to consolidate, merge or sell all or substantially all of our assets.

As of December 31, 2021, we were in compliance with all of our default related financial covenants. If we were to breach any of our default related debt covenants, including the covenants listed above, and did not cure the breach within any applicable cure period, our lenders could require us to repay the debt immediately, and, if the debt is secured, could immediately begin proceedings to take possession of the property securing the loan. Many of our debt arrangements, including our public notes and our revolving credit facility, are cross-defaulted, which means that the lenders under those debt arrangements can put us in default and require immediate repayment of their debt if we breach and fail to cure a default under certain of our other debt obligations. As a result, any default under our debt covenants could have an adverse effect on our financial condition, our results of operations, our ability to meet our obligations and the market value of our shares.

**Adverse changes in our credit rating could affect our borrowing capacity and borrowing terms.**

Our credit worthiness is rated by nationally recognized credit rating agencies. The credit ratings assigned are based on our operating performance, liquidity and leverage ratios, financial condition and prospects, and other factors viewed by the credit rating agencies as relevant to our industry and the economic outlook in general. Our credit rating can affect the amount of capital we access, as well as the terms of certain existing and future financing we obtain. Since we depend on debt financing to fund the growth of our business, an adverse change in our credit rating, including actual changes in outlook, or even the initiation of review of our credit rating that could result in an adverse change, could have a material adverse effect on us.

**Our ability to grow will be limited if we cannot obtain additional capital.**

Our growth strategy is focused on the development and redevelopment of properties we already own and the acquisition of additional properties. We believe that it will be difficult to fund our expected growth with cash from operating activities because, in addition to other requirements, we are generally required to distribute to our shareholders at least 90% of our taxable income each year to continue to qualify as a REIT for federal income tax purposes. As a result, we must rely primarily upon the availability of debt or equity capital, which may or may not be available on favorable terms or at all. Debt could include the sale of debt securities and mortgage loans from third parties. If economic conditions and conditions in the capital markets are not favorable at the time we need to raise capital, we may need to obtain capital on less favorable terms. Additionally, we cannot guarantee that additional financing, refinancing or other capital will be available in the amounts we desire or on favorable terms. Our access to debt or equity capital depends on a number of factors, including the market's



perception of our growth potential and risk profile, our ability to pay dividends, and our current and potential future earnings. Depending on the outcome of these factors as well as the impact of the economic environment, we could experience delay or difficulty in implementing our growth strategy on satisfactory terms, or be unable to implement this strategy.

**Rising interest rates could adversely affect our cash flow and the market price of our outstanding debt and preferred shares.**

Of our \$4.1 billion of debt outstanding as of December 31, 2021, approximately \$356.5 million bears interest at a variable rate, of which, \$300.0 million is our unsecured term loan that bears interest at a variable rate of LIBOR plus 80 basis points and \$56.5 million in mortgages payable that bear interest at a variable rate of LIBOR plus 195 basis points and are effectively fixed through two interest rate swap agreements. We also have a \$1.0 billion revolving credit facility, on which no balance was outstanding at December 31, 2021, that bears interest at LIBOR plus 77.5 basis points. We may borrow additional funds at variable interest rates in the future. Increases in interest rates would increase the interest expense on our variable rate debt and reduce our cash flow, which could adversely affect our ability to service our debt and meet our other obligations and also could reduce the amount we are able to distribute to our shareholders. We may enter into additional hedging arrangements or other transactions for all or a portion of our variable rate debt to limit our exposure to rising interest rates. However, the amounts we are required to pay under variable rate debt to which hedging or similar arrangements relate may increase in the event of non-performance by the counterparties to any such hedging arrangements. In addition, an increase in market interest rates may lead purchasers of our debt securities and preferred shares to demand a higher annual yield, which could adversely affect the market price of our outstanding debt securities and preferred shares and the cost and/or timing of refinancing or issuing additional debt securities or preferred shares.

**The phase-out of LIBOR could affect interest rates under our variable rate debt and interest rate swap arrangements.**

LIBOR is used as a reference rate for our revolving credit facility, certain mortgage payables, and in our interest rate swap arrangements. On July 27, 2017, the United Kingdom's Financial Conduct Authority announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. On November 30, 2020, the ICE Benchmark Administration Limited announced its plan to extend the date that most U.S. LIBOR values would cease being computed and published from December 31, 2021 to June 30, 2023. The Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee which identified the Secured Overnight Financing Rate ("SOFR") as its preferred alternative to U.S. dollar LIBOR in derivatives and other financial contracts. At this time, we can not predict the effect of any discontinuance, modification or other reforms to LIBOR, or if SOFR, or another alternative rate reference rate, attains market traction as a LIBOR replacement. As LIBOR phases out and ceases to exist, we will need to agree upon a benchmark replacement index with the bank, and as such the interest rate on our revolving credit facility and certain mortgage payables may change. The new rate may not be as favorable as those in effect prior to any LIBOR phase-out. Furthermore, the transition process may result in delays in funding, higher interest expense, additional expenses, and increased volatility in markets for instruments that currently rely on LIBOR, all of which could negatively impact our cash flow.

**Risk Factors Related to our REIT Status and Other Laws and Regulations**

**Environmental laws and regulations could reduce the value or profitability of our properties.**

All real property and the operations conducted on real property are subject to federal, state and local laws, ordinances and regulations relating to hazardous materials, environmental protection and human health and safety. Under various federal, state and local laws, ordinances and regulations, we and our tenants may be responsible for the disposal or treatment of hazardous or toxic substances released on or in properties we own or operate, as well as certain other potential costs relating to hazardous or toxic substances (including governmental fines and injuries to persons and property). This liability may be imposed whether or not we knew about, or were responsible for, the presence of hazardous or toxic substances. Further, the presence of contamination on our properties or the failure to properly remediate contamination at any of our properties may adversely affect our ability to sell or lease those properties or to borrow funds by using those properties as collateral. The costs or liabilities could exceed the value of the affected real estate. We are not aware of any environmental condition with respect to any of our properties that management believes would have a material adverse effect on our business, assets or results of operations taken as a whole.

In addition, changes in government legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our existing properties and could also require us to spend more on our development or redevelopment projects without a corresponding increase in revenues, which may adversely affect our financial condition, results of operations and cash flows.



**The Americans with Disabilities Act of 1990 could require us to take remedial steps with respect to existing or newly acquired properties.**

Our existing properties, as well as properties we may acquire, as commercial facilities, are required to comply with Title III of the Americans with Disabilities Act of 1990. Investigation of a property may reveal non-compliance with this Act. The requirements of this Act, or of other federal, state or local laws or regulations, also may change in the future and restrict further renovations of our properties with respect to access for disabled persons. Future compliance with this Act may require expensive changes to the properties.

**The revenues generated by our tenants could be negatively affected by various federal, state and local laws to which they are subject.**

We and our tenants are subject to a wide range of federal, state and local laws and regulations, such as local licensing requirements, consumer protection laws and state and local fire, life-safety and similar requirements that affect the use of the properties. The leases typically require that each tenant comply with all laws and regulations. Failure to comply could result in fines by governmental authorities, awards of damages to private litigants, or restrictions on the ability to conduct business on such properties. Non-compliance of this sort could reduce our revenues from a tenant, could require us to pay penalties or fines relating to any non-compliance, and could adversely affect our ability to sell or lease a property.

**Failure to qualify as a REIT for federal income tax purposes would cause the Parent Company to be taxed as a corporation, which would substantially reduce funds available for payment of distributions.**

We believe that we are organized and qualified as a REIT for federal income tax purposes and currently intend to operate in a manner that will allow us to continue to qualify as a REIT under the Code. However, we cannot assure you that we will remain qualified as such in the future.

Qualification as a REIT involves the application of highly technical and complex Code provisions and applicable income tax regulations that have been issued under the Code. Certain facts and circumstances not entirely within our control may affect our ability to qualify as a REIT. For example, in order to qualify as a REIT, at least 95% of our gross income in any year must be derived from qualifying rents and certain other income. Satisfying this requirement could be difficult, for example, if defaults by tenants were to reduce the amount of income from qualifying rents. As a REIT, we must generally make annual distributions to shareholders of at least 90% of our taxable income. In addition, new legislation, new regulations, new administrative interpretations or new court decisions may significantly change the tax laws with respect to qualification as a REIT or the federal income tax consequences of such qualification. Any modification in the tax treatment of REITs could have a significant adverse impact to our net income.

If we fail to qualify as a REIT:

- we would not be allowed a deduction for distributions to shareholders in computing taxable income;
- we would be subject to federal income tax at regular corporate rates;
- unless we are entitled to relief under specific statutory provisions, we could not elect to be taxed as a REIT for four taxable years following the year during which we were disqualified;
- we could be required to pay significant income taxes, which would substantially reduce the funds available for investment or for distribution to our shareholders for each year in which we failed or were not permitted to qualify; and
- we would no longer be required by law to make any distributions to our shareholders.

**To maintain our status as a REIT, we limit the amount of shares any one shareholder of the Parent Company can own.**

The Code imposes certain limitations on the ownership of the stock of a REIT. For example, not more than 50% in value of our outstanding shares of capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code) during the last half of any taxable year. To protect our REIT status, the Parent Company's declaration of trust prohibits any one shareholder from owning (actually or constructively) more than 9.8% in value of the outstanding common shares or of any class or series of outstanding preferred shares. The constructive ownership rules are complex. Shares of the Parent Company's capital stock owned, actually or constructively, by a group of related individuals and/or entities may be treated as constructively owned by one of those individuals or entities. As a result, the acquisition of less than 9.8% in value of the outstanding common shares and/or a class or series of preferred shares (or the acquisition of an interest in an entity that owns common shares or preferred shares) by an individual or entity could cause that individual or entity (or another) to own constructively more than 9.8% in value of the outstanding capital stock. If that happened, either the transfer of ownership would be void or the shares would be transferred to a charitable trust and then sold to someone who can own those shares without violating the 9.8% ownership limit.

The Board of Trustees may waive these restrictions on a case-by-case basis. In addition, the Board of Trustees and two-thirds of our shareholders eligible to vote at a shareholder meeting may remove these restrictions if they determine it is no longer in our

best interests for the Parent Company to attempt to qualify, or to continue to qualify, as a REIT. The 9.8% ownership restrictions may delay, defer or prevent a transaction or a change of our control that might involve a premium price for the common shares or otherwise be in the shareholders' best interest.

**Legislative, administrative, regulatory or other actions affecting REITs, including positions taken by the IRS, could have a material adverse effect on us and our investors.**

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process, and by the Internal Revenue Service ("IRS") and the U.S. Department of the Treasury ("Treasury"). Changes to the tax laws or interpretations thereof by the IRS and the Treasury, with or without retroactive application, could materially and adversely affect us and our investors. In particular, additional technical corrections legislation and implementing regulations may be enacted or promulgated in response to the Tax Cuts and Job Acts of 2017 (the "Act"), and substantive legislative changes to the Act are also possible. In response to the COVID-19 pandemic, multiple pieces of legislation have already been enacted, including the 2020 CARES Act, and there have also been significant issuances of regulatory and other guidance, and further legislative enactments and other IRS or Treasury action is possible. No prediction can be made as to the likelihood of passage of new tax legislation or other provisions, or the direct or indirect effect on us and our shareholders. Accordingly, such new legislation, Treasury regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify to be taxed as a REIT and/or the U.S. federal income tax consequences to us and our investors of such qualification.

**Certain tax and anti-takeover provisions of the Parent Company's declaration of trust and bylaws, and certain restrictions in the Partnership's limited partnership agreement, may inhibit a change of our control.**

Certain provisions contained in the Parent Company's declaration of trust and bylaws and the Maryland General Corporation Law, as applicable to Maryland REITs, may discourage a third party from making a tender offer or acquisition proposal to us. If this were to happen, it could delay, deter or prevent a change in control or the removal of existing management. These provisions also may delay or prevent the shareholders from receiving a premium for their common shares over then-prevailing market prices. These provisions include:

- the REIT ownership limit described above;
- authorization of the issuance of our preferred shares with powers, preferences or rights to be determined by the Board of Trustees;
- special meetings of our shareholders may be called only by the chairman of the board, the chief executive officer, the president, by one-third of the trustees or by shareholders possessing no less than 25% of all the votes entitled to be cast at the meeting;
- the Board of Trustees, without a shareholder vote, can classify or reclassify unissued shares of beneficial interest, including the reclassification of common shares into preferred shares and vice-versa;
- a two-thirds shareholder vote is required to approve some amendments to the declaration of trust; and
- advance-notice requirements for proposals to be presented at shareholder meetings.

In addition, if we elect to be governed by it in the future, the Maryland Control Share Acquisition Law could delay or prevent a change in control. Under Maryland law, unless a REIT elects not to be subject to this law, "control shares" acquired in a "control share acquisition" have no voting rights except to the extent approved by shareholders by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares owned by the acquirer and by officers or trustees who are employees of the REIT. "Control shares" are voting shares that would entitle the acquirer to exercise voting power in electing trustees within specified ranges of voting power. A "control share acquisition" means the acquisition of control shares, with some exceptions.

The Parent Company's bylaws state that the Maryland control share acquisition law will not apply to any acquisition by any person of our common shares. This bylaw provision may be repealed, in whole or in part, at any time, whether before or after an acquisition of control shares, by a vote of a majority of the shareholders entitled to vote, and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any prior or subsequent control share acquisition.

In addition, certain provisions in the Partnership's limited partnership agreement (the "Partnership Agreement") may delay or make more difficult unsolicited acquisitions of us or changes in our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some shareholders might consider such proposals, if made, desirable. These provisions also make it more difficult for third parties to alter the management structure of the Partnership without the concurrence of our Board of Trustees. These provisions include, among others:

- redemption rights of limited partners and certain assignees of units of limited partnership interest ("OP Units");
- transfer restrictions on OP Units and restrictions on admissions of partners;
- a requirement that the General Partner may not be removed as the general partner of the Partnership without its consent;

- the ability of the General Partner to issue preferred partnership interests in the Partnership with terms that it may determine, without the approval or consent of any Limited Partner; and
- restrictions on the ability of the General Partner, the Partnership or the Parent Company to transfer its interests in the Partnership or otherwise engage in certain extraordinary transactions, including, among others, certain mergers, business combinations, sales of all or substantially all of their assets and recapitalizations.

**We may be required to incur additional debt to qualify as a REIT.**

As a REIT, we must generally make annual distributions to shareholders of at least 90% of our taxable income. We are subject to income tax on amounts of undistributed taxable income and net capital gain. In addition, we would be subject to a 4% excise tax if we fail to distribute sufficient income to meet a minimum distribution test based on our ordinary income, capital gain and aggregate undistributed income from prior years. We intend to make distributions to shareholders to comply with the Code's distribution provisions and to avoid federal income and excise tax. We may need to borrow funds to meet our distribution requirements because:

- our income may not be matched by our related expenses at the time the income is considered received for purposes of determining taxable income; and
- non-deductible capital expenditures, creation of reserves, or debt service requirements may reduce available cash but not taxable income.

In these circumstances, we might have to borrow funds on terms we might otherwise find unfavorable and we may have to borrow funds even if our management believes the market conditions make borrowing financially unattractive. Current tax law also allows us to pay a portion of our distributions in shares instead of cash.

**General Risk Factors**

**The market value of our debt and equity securities is subject to various factors that may cause significant fluctuations or volatility.**

As with other publicly traded securities, the market price of our debt and equity securities depends on various factors, which may change from time to time and/or may be unrelated to our financial condition, operating performance or prospects that may cause significant fluctuations or volatility in such prices. These factors include, among others:

- general economic and financial market conditions;
- level and trend of interest rates;
- our ability to access the capital markets to raise additional capital;
- the issuance of additional equity or debt securities;
- changes in our funds from operations ("FFO") or earnings estimates;
- changes in our credit or analyst ratings;
- our financial condition and performance;
- market perception of our business compared to other REITs; and
- market perception of REITs, in general, compared to other investment alternatives.

**We cannot assure you we will continue to pay dividends in the current composition or at historical rates.**

Our ability to continue to pay dividends on our common shares at historical rates or to increase our common share dividend rate, and our ability to pay preferred share dividends and service our debt securities, will depend on a number of factors, including, among others, the following:

- our financial condition and results of future operations;
- the performance by our tenants under their contractual lease agreements;
- the terms of our loan covenants; and
- our ability to acquire, finance, develop or redevelop and lease additional properties at attractive rates.

If we do not maintain or increase, or if we change the composition of the dividend on our common shares, it could have an adverse effect on the market price of our common shares and other securities. Any preferred shares we may offer in the future may have a fixed dividend rate that would not increase with any increases in the dividend rate of our common shares. Conversely, payment of dividends on our common shares may be subject to payment in full of the dividends on any preferred shares and payment of interest on any debt securities we may offer.

**The Parent Company is a holding company with no direct operations, and it will rely on funds received from the Partnership to pay its obligations and make distributions to its shareholders.**

The Parent Company is a holding company and expects to conduct substantially all of its operations through the Partnership. The Parent Company will not have, apart from an interest in the Partnership, any independent operations. As a result, the Parent Company will rely on distributions from the Partnership to make any distributions we declare on our common shares. The Parent Company will also rely on distributions from the Partnership to meet its obligations, including any tax liability on taxable income allocated to the Parent Company from the Partnership. Through its ownership and control of the General Partner, the Parent Company exercises exclusive control over the Partnership, including the authority to cause the Partnership to make distributions, subject to certain limited approval and voting rights of the Partnership's Limited Partners as described in the Partnership Agreement. In addition, because the Parent Company is a holding company, your claims as shareholders are structurally subordinated to all existing and future liabilities and obligations to preferred equity holders of the Partnership and its subsidiaries. Therefore, in the event of a bankruptcy, insolvency, liquidation or reorganization of the Partnership or its subsidiaries, assets of the Partnership or the applicable subsidiary will be available to satisfy any claims of our shareholders only after such liabilities and obligations have been satisfied in full.

We currently own 100% of the OP Units issued by the Partnership and are its sole Limited Partner. However, in connection with our future acquisition activities or otherwise, we may issue additional OP Units to third parties and admit additional Limited Partners. Such issuances would reduce the Parent Company's percentage ownership in the Partnership.

**Loss of our key management could adversely affect performance and the value of our common shares.**

We are dependent on the efforts of our key management. Although we believe qualified replacements could be found for any departures of key executives, the loss of their services could adversely affect our performance and the value of our common shares.

**We may adjust our business policies without shareholder approval.**

We may modify our approach to investment, financing, borrowing, and other operating strategies without shareholder approval. A change in the approach to any of these items could adversely affect our financial condition and results of operations, and the market price of our securities.

Our current business plan focuses on our investment in high quality retail based properties that are typically neighborhood and community shopping centers or mixed-use properties, principally through redevelopments and acquisitions. If this business plan is not successful, it could have a material adverse effect on our financial condition and results of operations.

Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements that we make, including those in this Annual Report on Form 10-K. Except as may be required by law, we make no promise to update any of the forward-looking statements as a result of new information, future events or otherwise. You should carefully review the above risks and the risk factors.

**We face risks relating to cyber attacks that could cause loss of confidential information and other business disruptions.**

We rely extensively on information technology systems to process transactions and manage our business, and our business is at risk from and may be impacted by cyber attacks. These could include attempts to gain unauthorized access to our data and computer systems as well as attacks on third party's information technology systems that we rely on to provide important information technology services relating to key business functions, such as payroll. Attacks can be both individual and/or highly organized attempts by very sophisticated hacking organizations. We employ a number of measures to prevent, detect and mitigate these threats, which include password encryption, multi-factor authentication, frequent password change events, firewall detection systems, anti-virus software in-place, frequent backups, a redundant data system for core applications and penetration testing; however, there is no guarantee such efforts will be successful in preventing a cyber attack. A cyber attack could compromise the confidential information of our employees, tenants and vendors. A successful attack could disrupt and otherwise adversely affect our business operations.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES****General**

As of December 31, 2021, we owned or had a majority ownership interest in community and neighborhood shopping centers and mixed-used properties which are operated as 104 predominantly retail real estate projects comprising approximately 25.1 million square feet. These properties are located primarily in densely populated and affluent communities in strategic metropolitan markets in the Northeast and Mid-Atlantic regions of the United States, California, and South Florida. No single commercial or residential property accounted for over 10% of our 2021 total revenue. We believe that our properties are adequately covered by commercial general liability, fire, flood, earthquake, terrorism and business interruption insurance provided by reputable companies, with commercially reasonable exclusions, deductibles and limits.

**Tenant Diversification**

As of December 31, 2021, we had approximately 3,100 commercial leases and 3,000 residential leases, with tenants ranging from sole proprietors to major national and international retailers. No one tenant or affiliated group of tenants accounted for more than 2.7% of our annualized base rent as of December 31, 2021. As a result of our tenant diversification, we believe our exposure to any one bankruptcy filing has not been and will not be significant, however, multiple filings by a number of tenants could have a significant impact.

**Geographic Diversification**

Our 104 real estate projects are located in 12 states and the District of Columbia. The following table shows the number of projects, the gross leasable area (“GLA”) of commercial space and the percentage of total portfolio gross leasable area of commercial space in each state as of December 31, 2021.

State	Number of Projects	Gross Leasable Area (In square feet)	Percentage of Gross Leasable Area
California	21	6,452,000	25.7 %
Maryland	20	4,488,000	17.9 %
Virginia	18	3,693,000	14.7 %
Pennsylvania	10	2,090,000	8.3 %
Massachusetts	7	2,067,000	8.3 %
New Jersey	7	1,892,000	7.5 %
New York	7	1,331,000	5.3 %
Florida	3	862,000	3.4 %
Illinois	4	799,000	3.2 %
Arizona	2	736,000	2.9 %
Connecticut	3	358,000	1.4 %
Michigan	1	215,000	0.9 %
District of Columbia	1	119,000	0.5 %
<b>Total</b>	<b>104</b>	<b>25,102,000</b>	<b>100.0 %</b>

**Leases, Lease Terms and Lease Expirations**

Our leases are classified as operating leases and typically are structured to require the monthly payment of minimum rents in advance, subject to periodic increases during the term of the lease, percentage rents based on the level of sales achieved by tenants, and reimbursement of a majority of on-site operating expenses and real estate taxes. These features in our leases generally reduce our exposure to higher costs and allow us to participate in improved tenant sales.

Commercial property leases generally range from three to ten years; however, certain leases, primarily with anchor tenants, may be longer. Many of our leases contain tenant options that enable the tenant to extend the term of the lease at expiration at pre-established rental rates that often include fixed rent increases, consumer price index adjustments or other market rate adjustments from the prior base rent. Leases on residential units are generally for a period of one year or less and, in 2021, represented approximately 9.1% of total rental income.

The following table sets forth the schedule of lease expirations for our commercial leases in place as of December 31, 2021 for each of the 10 years beginning with 2022 and after 2031 in the aggregate assuming that none of the tenants exercise future renewal options. Annualized base rents reflect in-place contractual rents as of December 31, 2021.

Year of Lease Expiration	Leased Square Footage Expiring	Percentage of Leased Square Footage Expiring	Annualized Base Rent Represented by Expiring Leases	Percentage of Annualized Base Rent Represented by Expiring Leases
2022	1,807,000	8 %	\$ 50,983,000	8 %
2023	2,492,000	11 %	74,952,000	11 %
2024	3,441,000	15 %	90,401,000	13 %
2025	3,121,000	14 %	81,484,000	12 %
2026	2,045,000	9 %	67,047,000	10 %
2027	2,258,000	10 %	75,497,000	11 %
2028	1,526,000	7 %	45,807,000	7 %
2029	1,483,000	6 %	49,632,000	7 %
2030	1,097,000	5 %	28,530,000	4 %
2031	768,000	3 %	28,704,000	4 %
Thereafter	2,819,000	12 %	85,630,000	13 %
Total	22,857,000	100 %	\$ 678,667,000	100 %

During 2021, we signed leases for a total of 2,193,000 square feet of retail space including 2,093,000 square feet of comparable space leases (leases for which there was a prior tenant) at an average rental increase of 7% on a cash basis. New leases for comparable spaces were signed for 1,144,000 square feet at an average rental increase of 10% on a cash basis. Renewals for comparable spaces were signed for 949,000 square feet at an average rental increase of 3% on a cash basis. Tenant improvements and incentives for comparable spaces were \$37.57 per square foot, of which, \$65.92 per square foot was for new leases and \$3.41 per square foot was for renewals in 2021.

During 2020, we signed leases for a total of 1,756,000 square feet of retail space including 1,666,000 square feet of comparable space leases (leases for which there was a prior tenant) at an average rental increase of 3% on a cash basis. New leases for comparable spaces were signed for 595,000 square feet at an average rental increase of 4% on a cash basis. Renewals for comparable spaces were signed for 1,071,000 square feet at an average rental increase of 2% on a cash basis. Tenant improvements and incentives for comparable spaces were \$31.49 per square foot, of which, \$84.12 per square foot was for new leases and \$2.25 per square foot was for renewals in 2020.

The rental increases associated with comparable spaces generally include all leases signed for retail space in arms-length transactions reflecting market leverage between landlords and tenants during the period. The comparison between the rent for expiring leases and new leases is determined by including contractual rent on the expiring lease, including percentage rent, and the comparable annual rent and in some instances, projections of percentage rent, to be paid on the new lease. In atypical circumstances, management may exercise judgment as to how to most effectively reflect the comparability of rents reported in this calculation. As a result of accommodations made to certain tenants to help them to stay open during and after the COVID-19 pandemic, we have found it necessary to exercise more judgement in 2020 and 2021 than in prior years in order to appropriately reflect the comparability of rents in the calculation. The change in rental income on comparable space leases is impacted by numerous factors including current market rates, location, individual tenant creditworthiness, use of space, market conditions when the expiring lease was signed, capital investment made in the space and the specific lease structure. Rent abatement and short term rent restructuring agreements that are a result of COVID-19 impacts are not included in this calculation. Tenant improvements and incentives include the total dollars committed for the improvement (fit out) of a space as it relates to a specific lease. Incentives include amounts paid to tenants as an inducement to sign a lease that do not represent building improvements. Costs related to tenant improvements require judgement by management in determining what are costs specific to the tenant and not deferred maintenance on the space.

Historically, we have executed comparable space leases for 1.4 to 1.9 million square feet of retail space each year. We expect some rental rates to be negatively impacted by the COVID-19 pandemic, which we started experiencing in the second quarter of 2020. We expect the volume for 2022 will be in line with, or potentially exceed, our historical averages given a larger amount of vacancy as a result of COVID-19. Although we expect overall positive increases in annual rent for comparable spaces, changes in annual rent for any individual lease or combinations of individual leases reported in any particular period may be positive or negative and we can provide no assurance that the annual rents on comparable space leases will continue to increase at historical levels, if at all.

The leases signed in 2021 generally become effective over the following two years though some may not become effective until 2024 and beyond. Further, there is risk that some new tenants will not ultimately take possession of their space and that tenants for both new and renewal leases may not pay all of their contractual rent due to operating, financing or other matters. However, our historical increases in rental rates do provide information about the tenant/landlord relationship and the potential increase we may achieve in rental income over time.

## Retail and Residential Properties

The following table sets forth information concerning all real estate projects in which we owned an equity interest, had a leasehold interest, or otherwise controlled and are consolidated as of December 31, 2021. Except as otherwise noted, we are the sole owner of our real estate projects. Principal tenants are the largest tenants in the project based on square feet leased or are tenants important to a project's success due to their ability to attract retail customers.

Property, City, State, Zip Code	Year Completed	Year Acquired	Square Feet(1) /Apartment Units	Average Base Rent Per Square Foot(2)	Percentage Leased(3)	Principal Tenant(s)
<b>Arizona</b>						
Camelback Colonnade Phoenix, AZ 85016(5)	1977, 2019	2021	643,000	17.52	90%	Fry's Food & Drug Floor & Décor Marshalls Nordstrom Last Chance Best Buy
Hilton Village Scottsdale, AZ 85250(4)(5)	1982, 1989	2021	93,000	36.25	93%	CVS Houston's
<b>California</b>						
Azalea South Gate, CA 90280(5)(8)	2014	2017	223,000	\$30.30	99%	Marshalls Ross Dress for Less Ulta Michaels
Bell Gardens Bell Gardens, CA 90201(4)(5)(8)	1990, 2003, 2006	2017/2018	330,000	\$23.28	98%	Food4Less Marshalls Ross Dress for Less Bob's Discount Furniture
Colorado Blvd Pasadena, CA 91103(4)	1905-1988	1998	42,000	\$59.69	88%	Banana Republic True Food Kitchen
Crow Canyon Commons San Ramon, CA 94583	1980, 1998, 2006	2005/2007	243,000	\$28.28	93%	Sprouts Total Wine & More Rite Aid
East Bay Bridge Emeryville & Oakland, CA 94608	1994-2001, 2011, 2012	2012	440,000	\$19.43	99%	Pak-N-Save Home Depot Target Nordstrom Rack
Escondido Promenade Escondido, CA 92029(5)	1987	1996/2010	298,000	\$28.79	96%	TJ Maxx Dick's Sporting Goods Ross Dress For Less Bob's Discount Furniture
Fourth Street Berkeley, CA 94710(5)	1948, 1975	2017	71,000	\$32.66	78%	CB2 Ingram Book Group Bellwether Coffee
Freedom Plaza Los Angeles, CA 90002(4)(5)	2020	2018	114,000	\$30.17	93%	Smart & Final Nike Blink Fitness Ross Dress For Less
Grossmont Center La Mesa, CA 91942(5)	1961, 1963, 1982-1983, 2002	2021	933,000	\$14.19	99%	Target Walmart Macy's CVS
Hastings Ranch Plaza Pasadena, CA 91107(4)	1958, 1984, 2006, 2007	2017	273,000	\$8.47	100%	Marshalls HomeGoods CVS Sears
Hollywood Blvd Hollywood, CA 90028	1929, 1991	1999	181,000	\$36.54	86%	Target Marshalls L.A. Fitness
Kings Court Los Gatos, CA 95032(4)(6)	1960	1998	81,000	\$41.56	100%	Lunardi's CVS
La Alameda Walnut Park, CA 90255(4)(7)(8)	2008	2017	245,000	\$26.84	92%	Marshalls Ross Dress For Less CVS Petco
Old Town Center Los Gatos, CA 95030	1962, 1998	1997	97,000	\$43.95	90%	Anthropologie Sephora Teleferic Barcelona
Olivo at Mission Hills Mission Hills, CA 91345(5)	2018	2017	155,000	\$32.21	100%	Target 24 Hour Fitness Ross Dress for Less
Plaza Del Sol South El Monte, CA 91733(5)	2009	2017	48,000	\$24.91	96%	Marshalls
Plaza El Segundo / The Point El Segundo, CA 90245(5)(8)	2006-2007, 2016	2011/2013	500,000	\$45.15	92%	Whole Foods Nordstrom Rack HomeGoods Dick's Sporting Goods Multiple Restaurants



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<b>Property, City, State, Zip Code</b>	<b>Year Completed</b>	<b>Year Acquired</b>	<b>Square Feet(1) /Apartment Units</b>	<b>Average Base Rent Per Square Foot(2)</b>	<b>Percentage Leased(3)</b>	<b>Principal Tenant(s)</b>
San Antonio Center Mountain View, CA 94040(4)(6)	1958, 1964-1965, 1974-1975, 1995-1997	2015/2019	212,000	\$16.52	98%	Trader Joe's Walmart 24 Hour Fitness
Santana Row San Jose, CA 95128(4)(10)	2002, 2009, 2016, 2020	1997	1,208,000	\$55.20	95%	Crate & Barrel H&M Best Buy Splunk Net App Multiple Restaurants
Santana Row Residential San Jose, CA 95128	2003-2006, 2011, 2014	1997/2012	662 units	N/A	95%	
Sylmar Towne Center Sylmar, CA 91342(5)	1973	2017	148,000	\$17.39	93%	Food4Less CVS
Third Street Promenade Santa Monica, CA 90401	1888-2000	1996-2000	207,000	\$83.92	81%	adidas Madewell Patagonia Multiple Restaurants
Westgate Center San Jose, CA 95129	1960-1966	2004	648,000	\$20.19	97%	Target Nordstrom Rack Nike Factory TJ Maxx
<b>Connecticut</b>						
Bristol Plaza Bristol, CT 06010	1959	1995	264,000	\$14.21	83%	Stop & Shop TJ Maxx Burlington
Greenwich Avenue Greenwich Avenue, CT 06830	1968	1995	35,000	\$96.19	100%	Saks Fifth Avenue
Darien Commons Darien, CT 06820	1920-2009	2013/2018	59,000	\$42.92	89%	Equinox Walgreens
			2 units	N/A	100%	
<b>District of Columbia</b>						
Friendship Center Washington, DC 20015	1998	2001	119,000	\$33.73	66%	Marshalls DSW Maggiano's
<b>Florida</b>						
CocoWalk Coconut Grove, FL 33133(5)(11)	1990/1994, 1922-1973, 2018-2021	2015-2017	245,000	\$43.92	99%	Cinepolis Theaters Youfit Health Club Multiple Restaurants
Del Mar Village Boca Raton, FL 33433	1982, 1994 & 2007	2008/2014	187,000	\$20.92	95%	Winn Dixie CVS L.A. Fitness
Tower Shops Davie, FL 33324	1989, 2017	2011/2014	430,000	\$26.03	97%	Trader Joe's TJ Maxx Ross Dress for Less Best Buy Ulta
<b>Illinois</b>						
Crossroads Highland Park, IL 60035	1959	1993	168,000	\$23.54	92%	L.A. Fitness Ulta Binny's Ferguson's Bath, Kitchen, & Lighting Gallery
Finley Square Downers Grove, IL 60515	1974	1995	281,000	\$16.45	90%	Bed, Bath & Beyond Buy Buy Baby Michaels Portillo's
Garden Market Western Springs, IL 60558	1958	1994	139,000	\$14.76	100%	Mariano's Fresh Market Walgreens
Riverpoint Center Chicago, IL 60614	1989, 2012	2017	211,000	\$21.23	93%	Jewel Osco Marshalls Old Navy
<b>Maryland</b>						
Bethesda Row Bethesda, MD 20814(4)	1945-1991 2001, 2008	1993-2006/ 2008/2010	529,000	\$55.51	95%	Giant Food Apple Equinox Anthropologie Multiple Restaurants
Bethesda Row Residential Bethesda, MD 20814	2008	1993	180 units	N/A	96%	

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<b>Property, City, State, Zip Code</b>	<b>Year Completed</b>	<b>Year Acquired</b>	<b>Square Feet(1) /Apartment Units</b>	<b>Average Base Rent Per Square Foot(2)</b>	<b>Percentage Leased(3)</b>	<b>Principal Tenant(s)</b>
Congressional Plaza Rockville, MD 20852(5)	1965	1965	324,000	\$42.22	91%	The Fresh Market Buy Buy Baby Ulta Barnes & Noble Container Store
Congressional Plaza Residential Rockville, MD 20852(5)	2003, 2016	1965	194 units	N/A	98%	
Courthouse Center Rockville, MD 20852	1975	1997	38,000	\$22.81	76%	
Federal Plaza Rockville, MD 20852	1970	1989	249,000	\$37.11	93%	Trader Joe's TJ Maxx Micro Center Ross Dress for Less
Gaithersburg Square Gaithersburg, MD 20878	1966	1993	208,000	\$31.41	96%	Marshalls Ross Dress For Less Ashley Furniture HomeStore CVS
Governor Plaza Glen Burnie, MD 21961	1963	1985	243,000	\$20.92	88%	Aldi Dick's Sporting Goods
Laurel Laurel, MD 20707	1956	1986	364,000	\$22.98	94%	Giant Food Marshalls L.A. Fitness HomeGoods
Montrose Crossing Rockville, MD 20852	1960-1979, 1996, 2011	2011/2013	368,000	\$34.34	100%	Giant Food Marshalls Home Depot Design Center Old Navy Bob's Discount Furniture
Perring Plaza Baltimore, MD 21134	1963	1985	397,000	\$15.76	88%	Shoppers Food Warehouse Home Depot Micro Center Burlington
Pike & Rose North Bethesda, MD 20852(10)	1963, 2014, 2018, 2020	1982/2007/ 2012	622,000	\$40.17	99%	Porsche Uniqlo REI H&M L.L. Bean Multiple Restaurants
Pike & Rose Residential North Bethesda, MD 20852	2014, 2016, 2018	1982/2007	765 units	N/A	97%	
Plaza Del Mercado Silver Spring, MD 20906	1969	2004	116,000	\$32.16	95%	Aldi CVS L.A. Fitness
Quince Orchard Gaithersburg, MD 20877(4)	1975	1993	268,000	\$25.48	92%	Aldi HomeGoods L.A. Fitness Staples
Rockville Town Square Rockville, MD 20852(4)	2006-2007	2006/2007	187,000	\$28.87	79%	Dawson's Market CVS Gold's Gym Multiple Restaurants
Rollingwood Apartments Silver Spring, MD 20910	1960	1971	282 units	N/A	99%	
THE AVENUE at White Marsh Baltimore, MD 21236(6)	1997	2007	315,000	\$27.13	88%	AMC Ulta Old Navy Barnes & Noble
The Shoppes at Nottingham Square Baltimore, MD 21236	2005-2006	2007	32,000	\$49.73	96%	
Towson Residential (Flats @703) Baltimore, MD 21236	2017	2007	4,000 105 units	\$82.83 N/A	100% 100%	
White Marsh Other Baltimore, MD 21236	1985	2007	56,000	\$32.79	100%	
White Marsh Plaza Baltimore, MD 21236	1987	2007	80,000	\$23.61	100%	Giant Food
Wildwood Bethesda, MD 20814	1958	1969	88,000	\$102.87	96%	Balducci's CVS Multiple Restaurants

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<b>Property, City, State, Zip Code</b>	<b>Year Completed</b>	<b>Year Acquired</b>	<b>Square Feet(1) /Apartment Units</b>	<b>Average Base Rent Per Square Foot(2)</b>	<b>Percentage Leased(3)</b>	<b>Principal Tenant(s)</b>
<b>Massachusetts</b>						
Assembly Row/ Assembly Square Marketplace Somerville, MA 02145(10)	2005, 2014, 2018, 2021	2005-2011/ 2013	1,069,000	\$35.11	97%	Trader Joe's TJ Maxx AMC LEGOLAND Discovery Center PUMA Multiple Restaurants
Assembly Row Residential Somerville, MA 02145(10)(13)	2018	2005-2011	947 units	N/A	76%	
Campus Plaza Bridgewater, MA 02324	1970	2004	114,000	\$17.35	96%	Roche Bros. Burlington
Chelsea Commons Chelsea, MA 02150(8)	1962,1969, 2008	2006-2008	222,000	\$12.81	93%	Home Depot Planet Fitness
Dedham Plaza Dedham, MA 02026	1959	1993/2016/ 2019	245,000	\$16.75	88%	Star Market Planet Fitness
Linden Square Wellesley, MA 02481	1960, 2008	2006	220,000 7 units	\$49.75 N/A	94% 100%	Roche Bros. CVS
North Dartmouth North Dartmouth, MA 02747	2004	2006	48,000	\$17.22	100%	Stop & Shop
Queen Anne Plaza Norwell, MA 02061	1967	1994	149,000	\$20.39	99%	Big Y Foods TJ Maxx HomeGoods
<b>Michigan</b>						
Gratiot Plaza Roseville, MI 48066	1964	1973	215,000	\$12.81	100%	Kroger Bed, Bath & Beyond Best Buy DSW
<b>New Jersey</b>						
Brick Plaza Brick Township, NJ 08723(4)	1958	1989	408,000	\$21.96	93%	Trader Joe's AMC HomeGoods Ulta Burlington
Brook 35 Sea Grit, NJ 08750(5)(6)(8)	1986, 2004	2014	99,000	\$40.24	92%	Banana Republic Gap Williams-Sonoma
Ellisburg Cherry Hill, NJ 08034	1959	1992	260,000	\$18.38	97%	Whole Foods Buy Buy Baby
Hoboken Hoboken, NJ 07030(5)(8)(12)	1887-2006	2019/2020	171,000 129 units	\$55.87 N/A	98% 99%	CVS New York Sports Club Sephora Multiple Restaurants
Mercer Mall Lawrenceville, NJ 08648(4)	1975	2003/2017	551,000	\$26.54	89%	Shop Rite Ferguson Bath, Kitchen, & Lighting Ross Dress for Less Nordstrom Rack REI Tesla
The Grove at Shrewsbury Shrewsbury, NJ 07702(5)(6)(8)	1988, 1993 & 2007	2014	192,000	\$48.68	99%	Lululemon Anthropologie Pottery Barn Williams-Sonoma
Troy Hills Parsippany-Troy, NJ 07054	1966	1980	211,000	\$23.14	100%	Target L.A. Fitness Michaels
<b>New York</b>						
Fresh Meadows Queens, NY 11365	1949	1997	409,000	\$37.29	95%	Island of Gold AMC Kohl's Michaels
Georgetown Shopping Center Brooklyn, NY 11234	1969, 2006, 2015	2019	147,000	\$39.50	88%	Foodway Five Below IHOP
Greenlawn Plaza Greenlawn, NY 11743	1975, 2004	2006	103,000	\$18.39	89%	Greenlawn Farms Tuesday Morning Planet Fitness
Hauppauge Hauppauge, NY 11788	1963	1998	133,000	\$34.99	71%	Shop Rite

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<b>Property, City, State, Zip Code</b>	<b>Year Completed</b>	<b>Year Acquired</b>	<b>Square Feet(1) /Apartment Units</b>	<b>Average Base Rent Per Square Foot(2)</b>	<b>Percentage Leased(3)</b>	<b>Principal Tenant(s)</b>
Huntington Huntington, NY 11746	1962	1988/2007/ 2015	212,000	\$17.12	84%	Petsmart Michaels Ulta
Huntington Square East Northport, NY 11731(4)	1980, 2007	2010	74,000	\$30.05	81%	Barnes & Noble
Melville Mall Huntington, NY 11747(4)	1974	2006	253,000	\$28.70	100%	Uncle Giuseppe's Marketplace Marshalls Dick's Sporting Goods Field & Stream Macy's Backstage
<b>Pennsylvania</b>						
Andorra Philadelphia, PA 19128	1953	1988	270,000	\$15.01	87%	Acme Markets TJ Maxx Kohl's L.A. Fitness Five Below
Bala Cynwyd Bala Cynwyd, PA 19004	1955	1993	174,000	\$36.79	95%	Acme Markets Michaels L.A. Fitness
Bala Cynwyd Residential Bala Cynwyd, PA 19004	2020	1993	87 units	N/A	97%	
Flourtown Flourtown, PA 19031	1957	1980	156,000	\$23.45	98%	Giant Food Movie Tavern
Lancaster Lancaster, PA 17601(4)	1958	1980	126,000	\$20.08	96%	Giant Food
Langhorne Square Levittown, PA 19056	1966	1985	223,000	\$18.45	99%	Redner's Warehouse Markets Marshalls Planet Fitness
Lawrence Park Broomall, PA 19008	1972	1980/2017	358,000	\$22.88	96%	Acme Markets TJ Maxx HomeGoods Barnes & Noble Lankenau Medical Center
Northeast Philadelphia, PA 19114	1959	1983	227,000	\$19.76	82%	Marshalls Ulta Skechers Crunch Fitness
Town Center of New Britain New Britain, PA 18901	1969	2006	124,000	\$10.04	89%	Giant Food Rite Aid Dollar Tree
Willow Grove Willow Grove, PA 19090	1953	1984	183,000	\$22.06	58%	Marshalls Five Below
Wynnewood Wynnewood, PA 19096	1948	1996	249,000 9 units	\$29.12 N/A	96% 78%	Giant Food Bed, Bath & Beyond Old Navy DSW
<b>Virginia</b>						
29th Place Charlottesville, VA 22091(8)	1975-2001	2007	168,000	\$19.38	99%	Lidl HomeGoods DSW Staples
Barcoft Plaza Falls Church, VA 22041	1963, 1972, 1990, & 2000	2006/2007/ 2016	113,000	\$27.93	94%	Harris Teeter
Barracks Road Charlottesville, VA 22905	1958	1985	498,000	\$27.61	97%	Harris Teeter Kroger Anthropologie Nike Bed, Bath & Beyond Old Navy
Birch & Broad (formerly known as Falls Plaza) Falls Church, VA 22046	1960/1962	1967/1972	144,000	\$36.07	96%	Giant Food CVS Staples
Chesterbrook McLean, VA 22101(5)	1967	2021	90,000	\$26.79	85%	Safeway Walgreens Starbucks
Fairfax Junction Fairfax, VA 22030(6)	1981, 1986, 2000	2019/2020	124,000	\$25.50	97%	Aldi CVS Planet Fitness
Graham Park Plaza Falls Church, VA 22042	1971	1983	132,000	\$39.71	87%	Giant Food

Property, City, State, Zip Code	Year Completed	Year Acquired	Square Feet(1) /Apartment Units	Average Base Rent Per Square Foot(2)	Percentage Leased(3)	Principal Tenant(s)
Idylwood Plaza Falls Church, VA 22030	1991	1994	73,000	\$52.50	100%	Whole Foods
Mount Vernon/South Valley/ 7770 Richmond Hwy Alexandria, VA 22306(6)	1966, 1972,1987 & 2001	2003/2006	565,000	\$19.37	97%	Shoppers Food Warehouse TJ Maxx Home Depot Bed, Bath & Beyond Results Fitness
Old Keene Mill Springfield, VA 22152	1968	1976	91,000	\$35.05	95%	Whole Foods Walgreens Planet Fitness
Pan Am Fairfax, VA 22031	1979	1993	228,000	\$26.18	94%	Safeway Micro Center CVS Michaels
Pentagon Row Arlington, VA 22202	2001-2002	1998/2010	297,000	\$35.63	99%	Harris Teeter TJ Maxx DSW Ulta
Pike 7 Plaza Vienna, VA 22180	1968	1997/2015	172,000	\$48.37	97%	TJ Maxx DSW Crunch Fitness Staples
Tower Shopping Center Springfield, VA 22150	1960	1998	111,000	\$27.20	87%	L. A. Mart Talbots Total Wine & More
Twinbrooke Shopping Centre Fairfax, VA 22032	1977	2021	106,000	\$24.26	89%	Safeway Walgreens
Tyson's Station Falls Church, VA 22043	1954	1978	50,000	\$47.70	88%	Trader Joe's
Village at Shirlington Arlington, VA 2206(4)	1940, 2006-2009	1995	267,000	\$40.62	83%	Harris Teeter CVS AMC Carlyle Grand Café
Willow Lawn Richmond, VA 23230	1957	1983	464,000	\$21.11	96%	Kroger Old Navy Ross Dress For Less Gold's Gym Dick's Sporting Goods
<b>Total — Commercial (9)</b>			<b>25,102,000</b>	<b>\$29.69</b>	94%	
<b>Total — Residential (13)</b>			<b>2,869 units</b>		97%	

- (1) Represents the GLA of the commercial portion of the property. Some of our properties include office space which is included in this square footage.
- (2) Average base rent per square foot is calculated as the aggregate, annualized in-place contractual (defined as cash basis excluding rent abatements) minimum rent for all occupied spaces divided by the aggregate GLA of all occupied spaces. Average base rent is for commercial spaces only.
- (3) Percentage leased is expressed as a percentage of rentable commercial square feet occupied or subject to a lease. Residential percentage leased is expressed as a percentage of units occupied or subject to a lease.
- (4) All or a portion of this property is owned pursuant to a ground lease.
- (5) We own the controlling interest in this property.
- (6) We own all or a portion of this property in a "downREIT" partnership, of which a wholly owned subsidiary of the Trust is the sole general partner, with third party partners holding operating partnership units.
- (7) We own a noncontrolling interest in this property.
- (8) All or a portion of this property is encumbered by a mortgage loan.
- (9) Aggregate information is calculated on a GLA weighted-average basis, excluding our La Alameda property, which is unconsolidated.
- (10) Portion of property is currently under development. See further discussion in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.
- (11) This property includes interests in four buildings in addition to our initial acquisition.
- (12) This property includes 39 buildings primarily along Washington Street and 14th Street in Hoboken, New Jersey.
- (13) The new 500 unit residential building at Assembly Row was delivered in the second half of 2021 and is currently in the process of being leased-up for the first time. Consequently, these units are excluded from our total residential units and percentage leased statistics. If these units were included, our total residential units would be 3,369 and our percentage leased would be 91%.

### ITEM 3. LEGAL PROCEEDINGS

We are involved from time-to-time in various legal and regulatory proceedings that arise in the ordinary course of our business, including, but not limited to, commercial disputes, environmental matters, and litigation in connection with transactions such as acquisitions and divestitures. We believe that our current proceedings will not have a material adverse effect on our financial condition, liquidity or results of operations. See Note 7 to the Consolidated Financial Statements for further discussions.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**PART II****ITEM 5. MARKET FOR OUR COMMON EQUITY AND RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Our common shares trade on the New York Stock Exchange under the symbol “FRT.” Listed below are the high and low sales prices of our common shares as reported on the New York Stock Exchange and the dividends declared for each of the periods indicated.

	Price Per Share		Dividends Declared Per Share
	High	Low	
<b>2021</b>			
Fourth quarter	\$ 138.40	\$ 117.48	\$ 1.070
Third quarter	\$ 123.43	\$ 111.21	\$ 1.070
Second quarter	\$ 125.00	\$ 101.45	\$ 1.060
First quarter	\$ 110.66	\$ 81.85	\$ 1.060
<b>2020</b>			
Fourth quarter	\$ 97.00	\$ 67.01	\$ 1.060
Third quarter	\$ 90.09	\$ 70.69	\$ 1.060
Second quarter	\$ 105.49	\$ 64.11	\$ 1.050
First quarter	\$ 131.56	\$ 65.55	\$ 1.050

On February 7, 2022, there were 2,271 holders of record of our common shares.

Our ongoing operations generally will not be subject to federal income taxes as long as we maintain our REIT status and distribute to shareholders at least 100% of our taxable income. Under the Code, REITs are subject to numerous organizational and operational requirements, including the requirement to generally distribute at least 90% of taxable income.

Future distributions will be at the discretion of our Board of Trustees and will depend on our actual net income available for common shareholders, financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Code and such other factors as the Board of Trustees deems relevant. We have paid quarterly dividends to our shareholders continuously since our founding in 1962 and have increased our regular annual dividend rate for 54 consecutive years. The impact of COVID-19 on our cash flow may impact our ability to pay dividends at the current rate, at an increased rate, and in the current format or at all.

Our total annual dividends paid per common share for 2021 and 2020 were \$4.25 per share and \$4.21 per share, respectively. The annual dividend amounts are different from dividends as calculated for federal income tax purposes. Distributions to the extent of our current and accumulated earnings and profits for federal income tax purposes generally will be taxable to a shareholder as ordinary dividend income. Distributions in excess of current and accumulated earnings and profits will be treated as a nontaxable reduction of the shareholder’s basis in such shareholder’s shares, to the extent thereof, and thereafter as taxable capital gain. Distributions that are treated as a reduction of the shareholder’s basis in its shares will have the effect of increasing the amount of gain, or reducing the amount of loss, recognized upon the sale of the shareholder’s shares. No assurances can be given regarding what portion, if any, of distributions in 2022 or subsequent years will constitute a return of capital for federal income tax purposes. During a year in which a REIT earns a net long-term capital gain, the REIT can elect under Section 857(b)(3) of the Code to designate a portion of dividends paid to shareholders as capital gain dividends. If this election is made, then the capital gain dividends are generally taxable to the shareholder as long-term capital gains.

The following table reflects the income tax status of distributions per share paid to common shareholders:

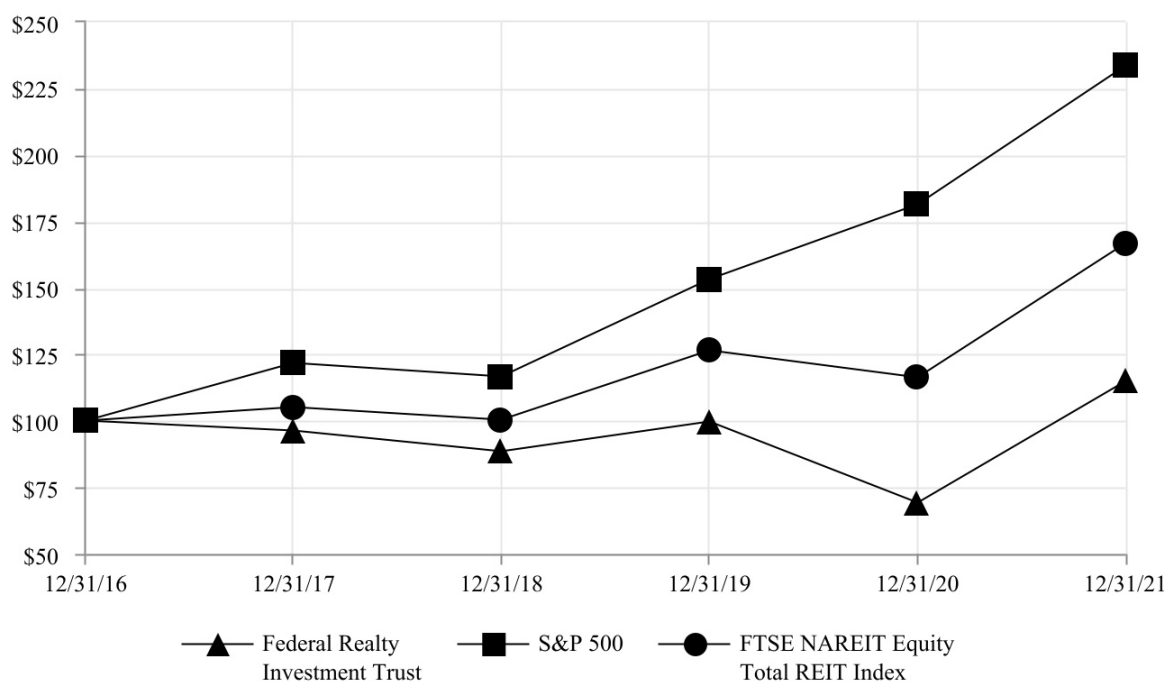
	Year Ended December 31,	
	2021	2020
Ordinary dividend	\$ 3.358	\$ 3.452
Capital gain	0.680	—
Return of capital	0.212	0.758
	<u>\$ 4.250</u>	<u>\$ 4.210</u>

Distributions on our 5.417% Series 1 Cumulative Convertible Preferred Shares were paid at the rate of \$1.354 per share per annum commencing on the issuance date of March 8, 2007. Distributions on our 5.0% Series C Cumulative Redeemable Preferred Shares were paid at the rate of \$1.250 per depositary share per annum, commencing on the issuance date of September 29, 2017. We do not believe that the preferential rights available to the holders of interest in our preferred shares or the financial covenants contained in our debt agreements had or will have an adverse effect on our ability to pay dividends in the normal course of business to our common shareholders or to distribute amounts necessary to maintain our qualification as a REIT.

### Total Stockholder Return Performance

The following performance graph compares the cumulative total shareholder return on Federal Realty's common shares with the S&P 500 Index and the index of equity real estate investment trusts prepared by the National Association of Real Estate Investment Trusts ("NAREIT") for the five fiscal years commencing December 31, 2016, and ending December 31, 2021, assuming an investment of \$100 and the reinvestment of all dividends into additional common shares during the holding period. Equity real estate investment trusts are defined as those that derive more than 75% of their income from equity investments in real estate assets. The FTSE NAREIT Equity REIT Total Return Index includes all tax qualified real estate investment trusts listed on the NYSE, NYSE MKT, or the NASDAQ National Market. Stock performance for the past five years is not necessarily indicative of future results.

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN



### Recent Sales of Unregistered Shares

Under the terms of various operating partnership agreements of certain of our affiliated limited partnerships, the interest of limited partners in those limited partnerships may be redeemed, subject to certain conditions, for cash or an equivalent number of our common shares, at our option. During the three months ended December 31, 2021, we issued 27,302 common shares in connection with the redemption of operating partnership units. Any equity securities sold by us during 2021 that were not registered have been previously reported in a Quarterly Report on Form 10-Q.

### Purchases of Equity Securities by the Issuer and Affiliated Purchasers

During 2021, 2,193 restricted common shares were forfeited by former employees.



From time to time, we could be deemed to have repurchased shares as a result of shares withheld for tax purposes upon a stock compensation related vesting event.

**ITEM 6. SELECTED FINANCIAL DATA**

None.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This section generally discusses 2021 and 2020 items and year-to-year comparisons between 2021 and 2020. Discussions of 2019 items and year-to-year comparisons between 2020 and 2019 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 filed with the Securities and Exchange Commission on February 11, 2021.

**Forward-Looking Statements**

Certain statements in this section or elsewhere in this report may be deemed "forward-looking statements". See "Item 1A. Risk Factors" in this report for important information regarding these forward-looking statements and certain risk and uncertainties that may affect us. The following discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing in "Item 8. Financial Statements and Supplementary Data" of this report.

**Overview**

We are an equity real estate investment trust ("REIT") specializing in the ownership, management, and redevelopment of high quality retail and mixed-use properties located primarily in densely populated and affluent communities in strategically selected metropolitan markets in the Northeast and Mid-Atlantic regions of the United States, California, and South Florida. As of December 31, 2021, we owned or had a majority interest in community and neighborhood shopping centers and mixed-use properties which are operated as 104 predominantly retail real estate projects comprising approximately 25.1 million square feet. In total, the real estate projects were 93.6% leased and 91.1% occupied at December 31, 2021. We have paid quarterly dividends to our shareholders continuously since our founding in 1962 and have increased our dividends per common share for 54 consecutive years.

**Summary Financial Information**

The following table includes select financial information that is helpful in understanding the trends in financial condition and the results of operations discussed throughout this Item 7. and "Item 8. Financial Statements and Supplementary Data."

	Year Ended December 31,		
	2021	2020	2019
(In thousands, except per share data and ratios)			
<b>Operating Data:</b>			
Rental income	\$ 948,842	\$ 832,171	\$ 932,738
Property operating income (1)	\$ 634,607	\$ 545,332	\$ 637,030
Gain on sale of real estate and change in control of interest, net of tax	\$ 89,950	\$ 98,117	\$ 116,393
Operating income	\$ 394,725	\$ 289,524	\$ 470,911
Net income available for common shareholders	\$ 253,456	\$ 123,664	\$ 345,824
Net cash provided by operating activities	\$ 471,352	\$ 369,929	\$ 461,919
Net cash used in investing activities	\$ (660,118)	\$ (368,383)	\$ (316,532)
Net cash (used in) provided by financing activities	\$ (452,967)	\$ 661,736	\$ (100,105)
Earnings per common share, diluted:			
Net income available to common shareholders	\$ 3.26	\$ 1.62	\$ 4.61
Dividends declared per common share	\$ 4.26	\$ 4.22	\$ 4.14
<b>Other Data:</b>			
Funds from operations available to common shareholders (2)	\$ 434,743	\$ 333,849	\$ 465,819
Funds from operations available for common shareholders, per diluted share (2)	\$ 5.57	\$ 4.38	\$ 6.17
EBITDAre (3)	\$ 589,792	\$ 501,813	\$ 599,567
Ratio of EBITDAre to combined fixed charges and preferred share dividends (3)(4)	3.6x	2.7x	4.2x

	As of December 31,		
	2021	2020	2019
(In thousands)			
<b>Balance Sheet Data:</b>			
Real estate, at cost	\$ 9,422,062	\$ 8,582,870	\$ 8,298,132
Total assets	\$ 7,622,320	\$ 7,607,624	\$ 6,794,992
Total debt	\$ 4,047,547	\$ 4,291,375	\$ 3,356,594
Total shareholders' equity	\$ 2,663,148	\$ 2,548,747	\$ 2,636,132
Number of common shares outstanding	78,603	76,727	75,541

(1) Property operating income is a non-GAAP measure that consists of rental income and mortgage interest income, less rental expenses and real estate taxes. This measure is used internally to evaluate the performance of property operations and we consider it to be a significant measure. Property operating income should not be considered an alternative measure of operating results or cash flow from operations as determined in accordance with GAAP. The reconciliation of operating income to property operating income for 2021, 2020, and 2019 is as follows:

	2021	2020	2019
	(in thousands)		
Operating income	\$ 394,725	\$ 289,524	\$ 470,911
General and administrative	49,856	41,680	42,754
Depreciation and amortization	279,976	255,027	239,758
Impairment charge	—	57,218	—
Gain on sale of real estate and change in control of interest, net of tax	(89,950)	(98,117)	(116,393)
Property operating income	\$ 634,607	\$ 545,332	\$ 637,030

(2) Funds from operations "FFO" is a supplemental non-GAAP measure. See "Liquidity and Capital Resources" in this Item 7. for further discussion.

(3) EBITDA for Real Estate ("EBITDAre") is a non-GAAP measure that NAREIT defines as: net income computed in accordance with GAAP plus net interest expense, income tax expense, depreciation and amortization, gain or loss on sale of real estate, impairments of real estate, and adjustments to reflect the entity's share of EBITDAre of unconsolidated

affiliates. We calculate EBITDAre consistent with the NAREIT definition. As EBITDA is a widely known and understood measure of performance, management believes EBITDAre represents an additional non-GAAP performance measure, independent of a company's capital structure that will provide investors with a uniform basis to measure the enterprise value of a company. EBITDAre also approximates a key performance measure in our debt covenants, but it should not be considered an alternative measure of operating results or cash flow from operations as determined in accordance with GAAP.

The reconciliation of net income to EBITDAre for the periods presented is as follows:

	2021	2020	2019
	(In thousands)		
Net income	\$ 269,081	\$ 135,888	\$ 360,542
Interest expense	127,698	136,289	109,623
Other interest income	(809)	(1,894)	(1,266)
Early extinguishment of debt	—	11,179	—
Provision (benefit) for income tax	118	(194)	772
Depreciation and amortization	279,976	255,027	239,758
Gain on sale of real estate and change in control of interest	(89,950)	(98,117)	(116,779)
Impairment charge	—	57,218	—
Adjustments of EBITDAre of unconsolidated affiliates	3,678	6,417	6,917
EBITDAre	\$ 589,792	\$ 501,813	\$ 599,567

- (4) Fixed charges consist of interest on borrowed funds (including capitalized interest), amortization of debt discount/ premiums and debt costs, costs related to the early extinguishment of debt, and the portion of rent expense representing an interest factor. Excluding the \$11.2 million early extinguishment of debt charge from fixed charges in 2020, the ratio of EBITDAre to combined fixed charges and preferred share dividends is 2.9x. Excluding the \$11.9 million charge related to the buyout of the Kmart lease at Assembly Square Marketplace in 2019, our ratio of EBITDAre to combined fixed charges and preferred share dividends remained 4.2x.

### Impacts of COVID-19 Pandemic

We continue to monitor and address risks related to the COVID-19 pandemic. Since March 2020 when the World Health Organization characterized COVID-19 as a global pandemic, we have been and continue to be impacted by COVID-19 and the actions taken by federal, state, and local government to prevent its spread. These actions included the closure of nonessential businesses and ordering residents to generally stay at home at the onset of the pandemic, phased reopenings and capacity limitations, and now generally lifted restrictions. While the overall economy is showing signs of recovery from the initial impacts of COVID-19, workforce shortages, global supply chain bottlenecks and shortages, inflation, as well as COVID-19 variants are impacting the pace of recovery. Closures and restrictions, along with general concern over the spread of COVID-19, required a significant number of tenants to close their operations or to significantly limit the amount of business they are able to conduct, which impacted their ability to timely pay rent as required under our leases and also caused many tenants to close their business permanently. While improving, our cash flow and results of operations in the year ended December 31, 2021 continued to be materially adversely impacted, with vacancy levels remaining above historical levels. Although virtually all of our leases required the tenants to pay rent even while they were not operating, we entered into numerous agreements to abate, defer, and/or restructure tenant rent payments for varying periods of time, all with the objective of collecting as much cash as reasonably possible and maintaining occupancy to the maximum extent. We believe those actions will position many of our tenants to be able to return to payment of contractual rent as soon as possible after the impacts from the pandemic have subsided.

We believe that the actions we have taken to improve our financial position and maximize our liquidity, as described further in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2020 Annual Report on Form 10-K, will continue to mitigate the impact to our cash flow caused by tenants not timely paying contractual rent. Throughout 2021, we continued to maintain levels of cash significantly in excess of the cash balances we have historically maintained which has adversely impacted our financial results; however, we believe that such action was prudent to position us with what we expect to be sufficient liquidity to allow us to continue fully operating as our operating revenues begin to return to more typical levels. As of December 31, 2021, there is no outstanding balance on our \$1.0 billion revolving credit facility, and we have cash and cash equivalents of \$162.1 million.

Additional discussion of the impact of COVID-19 on our results and long-term operations can be found throughout Item 7 and Item 1A. Risk Factors.

### **Corporate Responsibility**

We actively endeavor to operate and develop our properties in a sustainable, responsible, and effective manner with the objective being to drive long-term growth and aid in value creation for our shareholders, tenants, employees, and local communities. We have aligned our program and efforts with the United Nations Sustainable Development Goals, as described in our ESG Policy and our 2020 Corporate Responsibility Report, which are provided only for informational purposes on our website and not incorporated herein.

Our development activities have been heavily focused on owning, developing and operating properties that are certified under the U.S. Green Building Council's® ("USGBC") Leadership in Energy and Environmental Design™ (LEED®) rating system which serves as a third-party verification that a building or community was designed and built to mitigate its environmental footprint. We currently have 18 LEED certified buildings and our Pike & Rose project has achieved LEED for Neighborhood Development Stage 3 Gold certification. The COVID-19 pandemic has also increased our focus on owning, developing and operating healthier buildings. To that end, our new corporate headquarters space at our 909 Rose Avenue building has earned a Fitwel certification developed by the U.S. Centers for Disease Control and Prevention (CDC) together with the General Services Administration (GSA). This certification assesses a building's impact on seven distinct categories related to overall health and well-being.

We are also committed to implementing sustainable business practices at our operating properties that focus on energy efficiency, water conservation and waste minimization and have established energy and greenhouse gas (GHG) emissions reduction targets. To achieve these targets, we are actively addressing energy efficiency projects on site such as upgrading to LED lighting; and to address emissions we are procuring green energy, reducing electric consumption, and increasing our onsite solar generation capacity. We have installed on-site solar systems at 25 of our properties with a capacity of over 13 MW with more projects actively in progress. Our current capacity placed us in the top 5 among real estate companies for onsite capacity in the most recent Solar Energy Industry Association's annual Solar Means Business Report. We are also actively installing electric vehicle car charging stations in numerous properties throughout our portfolio. We currently have over 300 charging stations in operation with more under construction.

We also understand that we face risks presented by climate change and are working to evaluate our risk exposure. In our 2020 Corporate Responsibility Report, we provided a disclosure pursuant to the Task Force on Climate Related Financial Disclosure and we intend to provide that disclosure annually.

We are also highly committed to our employees and fostering a work environment that promotes growth, development and personal well-being. Our four core values are accountability, excellence, innovation and integrity and we seek to attract and retain talented professionals who embrace those values. All of our efforts with respect to corporate responsibility are overseen by our Board of Trustees.

### **Critical Accounting Policies and Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, referred to as "GAAP", requires management to make estimates and assumptions that in certain circumstances affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and revenues and expenses. These estimates are prepared using management's best judgment, after considering past and current events and economic conditions. In addition, information relied upon by management in preparing such estimates includes internally generated financial and operating information, external market information, when available, and when necessary, information obtained from consultations with third party experts. Actual results could differ from these estimates. A discussion of possible risks which may affect these estimates is included in "Item 1A. Risk Factors" of this report. Management considers an accounting estimate to be critical if changes in the estimate could have a material impact on our consolidated results of operations or financial condition.

Our significant accounting policies are more fully described in Note 2 to the consolidated financial statements; however, the most critical accounting policies, which are most important to the portrayal of our financial condition and results of operations, and involve the use of complex estimates and significant assumptions as to future uncertainties and, therefore, may result in actual amounts that differ from estimates, are as follows:

### *Collectibility of Lease Income*

Our leases with our tenants are classified as operating leases. When collection of substantially all lease payments during the lease term is considered probable, the lease qualifies for accrual accounting. When collection of substantially all lease payments during the lease term is not considered probable, total lease revenue is limited to the lesser of revenue recognized under accrual accounting or cash received. Determining the probability of collection of substantially all lease payments during a lease term requires significant judgment. This determination is impacted by numerous factors including our assessment of the tenant's credit worthiness, economic conditions, tenant sales productivity in that location, historical experience with the tenant and tenants operating in the same industry, future prospects for the tenant and the industry in which it operates, and the length of the lease term. If leases currently classified as probable are subsequently reclassified as not probable, any outstanding lease receivables (including straight-line rent receivables) would be written-off with a corresponding decrease in rental income. For example, in the event that our collectibility determinations were not accurate and we were required to write off additional receivables equaling 1% of rental income, our rental income and net income would decrease by \$9.5 million. If leases currently classified as not probable are subsequently changed to probable, any lease receivables (including straight-line rent receivables) are reinstated with a corresponding increase to rental income.

Since March 2020, federal, state, and local governments have taken various actions to mitigate the spread of COVID-19. These actions included the closure of nonessential businesses and ordering residents to generally stay at home at the onset of the pandemic, phased re-openings and capacity limitations, and now generally lifted restrictions. While the overall economy is showing signs of recovery from the initial impacts of COVID-19, workforce shortages, global supply chain bottlenecks and shortages, inflation, as well as COVID-19 variants are impacting the recovery. Closures and restrictions, along with the general concern over the spread of COVID-19, required a significant number of tenants to close their operations or to significantly limit the amount of business they were able to conduct, which impacted their ability to timely pay rent as required under our leases and also caused many tenants to close their business permanently. As a result, we revised our collectibility assumptions for many of our tenants most significantly impacted by COVID-19. Accordingly, during the years ended December 31, 2021 and 2020, we recognized collectibility related adjustments of \$24.0 million and \$106.6 million, respectively. This includes changes in our collectibility assessments from probable to not probable, disputed rents, and any rent abatements directly related to COVID-19, as well as the write-off of \$0.7 million and \$12.7 million, respectively of straight-line rent receivables related to tenants changed to a cash basis of revenue recognition during the years ended December 31, 2021 and 2020. As of December 31, 2021 and 2020, the revenue from approximately 34% and 35% of our tenants (based on total commercial leases), respectively, is being recognized on a cash basis. As of December 31, 2021 and 2020, our straight-line rent receivables balance was \$110.7 million and \$103.3 million, respectively, and is included in "accounts and notes receivable, net" on our consolidated balance sheet.

### *Other revenue recognition policies*

When we enter into a transaction to sell a property or a portion of a property, we evaluate the recognition of the sale under ASC 610-20, "Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets." In accordance with ASC 610-20, we apply the guidance in ASC 606, "Revenue from Contracts with Customers," to determine whether and when control transfers and how to measure the associated gain or loss. We determine the transaction price based on the consideration we expect to receive. Variable consideration is included in the transaction price to the extent it is probable that a significant reversal of a gain recognized will not occur. We analyze the risk of a significant gain reversal and if necessary limit the amount of variable consideration recognized in order to mitigate this risk. The estimation of variable consideration requires us to make assumptions and apply significant judgment. The existence and amount of variable consideration can vary significantly among transactions. Historically, our property sales have had variable consideration of less than 1% of total expected consideration; however, we had one transaction in 2019 where the variable consideration was approximately \$45.5 million.

### *Real Estate Acquisitions*

Upon acquisition of operating real estate properties, we estimate the fair value of assets and liabilities acquired including land, building, improvements, leasing costs, intangibles such as acquired leases, assumed debt, and current assets and liabilities, if any. Based on these estimates, we allocate the purchase price to the applicable assets and liabilities. We utilize methods similar to those used by independent appraisers in estimating the fair value of acquired assets and liabilities. The value allocated to acquired leases is amortized over the related lease term and reflected as rental income in the statement of operations. We consider qualitative and quantitative factors in evaluating the likelihood of a tenant exercising a below market renewal option and include such renewal options in the calculation of in-place lease value when we consider these to be bargain renewal options. If the value of below market lease intangibles includes renewal option periods, we include such renewal periods in the amortization period utilized. If a tenant vacates its space prior to contractual termination of its lease, the unamortized balance of any acquired lease value is written off to rental income.

During 2021, we acquired properties with a total purchase price of \$440.9 million. \$4.6 million, or 1% of the total purchase price was allocated to above market lease assets and \$57.3 million, or 13% was allocated to below market lease liabilities. If the amounts allocated in 2021 to below market lease liabilities and building assets were each reduced by 5% of the total purchase price, annual below market lease liability amortization increasing rental income would decrease by approximately \$2.5 million (using the weighted average life of below market liabilities at each respective acquired property) and annual depreciation expense would decrease by approximately \$0.6 million (using a depreciable life of 35 years).

#### *Long-Lived Assets and Impairment*

There are estimates and assumptions made by management in preparing the consolidated financial statements for which the actual results will be determined over long periods of time. This includes the recoverability of long-lived assets, including our properties that have been acquired or redeveloped and our investment in certain joint ventures. Management's evaluation of impairment includes review for possible indicators of impairment as well as, in certain circumstances, undiscounted and discounted cash flow analysis. Since most of our investments in real estate are wholly-owned or controlled assets which are held for use, a property with impairment indicators is first tested for impairment by comparing the undiscounted cash flows, taking into account the anticipated hold period, including residual value, to the current net book value of the property. If the undiscounted cash flows are less than the net book value, the property is written down to expected fair value.

The calculation of both discounted and undiscounted cash flows requires management to make estimates of future cash flows including revenues, operating expenses, required maintenance and development expenditures, market conditions, demand for space by tenants and rental rates over long periods. Because our properties typically have a long life, the assumptions used to estimate the future recoverability of book value requires significant management judgment. We are also required to estimate the anticipated hold period. A change in the expected holding period from a long term hold to a short term would cause a significant change in the undiscounted cash flows and could result in an impairment charge. Actual results could be significantly different from the estimates. These estimates have a direct impact on net income, because recording an impairment charge results in a negative adjustment to net income.

#### **Recently Adopted and Recently Issued Accounting Pronouncements**

See Note 2 to the consolidated financial statements.

#### **2021 Acquisitions and Dispositions**

On January 4, 2021, we acquired our partner's 20% interest in our joint venture arrangement related to the Pike & Rose hotel for \$2.3 million, and repaid the \$31.5 million mortgage loan encumbering the hotel. As a result of the transaction, we gained control of the hotel, and effective January 4, 2021, we have consolidated this asset. We also recognized a gain on acquisition of the controlling interest of \$2.1 million related to the difference between the carrying value and fair value of the previously held equity interest.

On February 22, 2021, we acquired the fee interest at our Mount Vernon Plaza property in Alexandria, Virginia for \$5.6 million. As a result of this transaction, the "operating lease right of use assets" and "operating lease liabilities" on our consolidated balance sheet decreased by \$9.8 million. We now own the entire fee interest on this property.

During the year ended December 31, 2021, we acquired the following properties:

<u>Date Acquired</u>	<u>Property</u>	<u>City/State</u>	<u>Gross Leasable Area (GLA)</u> <u>(in square feet)</u>	<u>Ownership %</u>	<u>Gross Value</u> <u>(in millions)</u>
April 30, 2021	Chesterbrook (1)	McLean, Virginia	90,000	80 %	\$ 32.1 (2)
June 1, 2021	Grossmont Center (1)	La Mesa, California	933,000	60 %	\$ 175.0 (3)
June 14, 2021	Camelback Colonnade (1)	Phoenix, Arizona	642,000	98 %	\$ 162.5 (4)
June 14, 2021	Hilton Village (1)	Scottsdale, Arizona	93,000	98 %	\$ 37.5 (5)
September 2, 2021	Twinbrooke Shopping Centre	Fairfax, Virginia	106,000	100 %	\$ 33.8 (6)

(1) These acquisitions were completed through newly formed joint ventures, for which we own the controlling interest listed above, and therefore, these properties are consolidated in our financial statements.

(2) Approximately \$1.9 million and \$0.6 million of net assets acquired were allocated to other assets for "acquired lease costs" and "above market leases," respectively, and \$8.0 million of net assets acquired were allocated to other liabilities for "below market leases."

- (3) Approximately \$12.3 million and \$2.6 million of net assets acquired were allocated to other assets for "acquired lease costs" and "above market leases," respectively, and \$14.7 million of net assets acquired were allocated to other liabilities for "below market leases."
- (4) Approximately \$11.6 million of net assets acquired were allocated to other assets for "acquired lease costs" and \$28.3 million were allocated to other liabilities for "below market leases."
- (5) The land is controlled under a long-term ground lease that expires on December 31, 2076, for which we have recorded a \$10.4 million "operating lease right of use asset" (net of a \$1.3 million above market liability) and an \$11.6 million "operating lease liability." Approximately \$2.7 million and \$1.1 million of net assets acquired were allocated to other assets for "acquired lease costs" and "above market leases," respectively, and \$3.6 million were allocated to other liabilities for "below market leases."
- (6) Approximately \$1.2 million and \$0.3 million of net assets acquired were allocated to other assets for "acquired lease costs" and "above market leases," respectively, and \$2.7 million of net assets acquired were allocated to other liabilities for "below market leases."

During the year ended December 31, 2021, we sold two properties and a portion of three properties for a total sales price of \$141.6 million, which resulted in a net gain of \$88.3 million.

### 2021 Significant Debt and Equity Transactions

On February 24, 2021, we replaced our existing at-the-market ("ATM") equity program with a new ATM equity program in which we may from time to time offer and sell common shares having an aggregate offering price of up to \$500.0 million. On May 7, 2021, we amended this ATM equity program, which reset the limit to \$500.0 million. The new ATM equity program also allows shares to be sold through forward sales contracts. We intend to use the net proceeds to fund potential acquisition opportunities, fund our development and redevelopment pipeline, repay indebtedness and/or for general corporate purposes.

For the year ended December 31, 2021, we issued 847,471 common shares at a weighted average price per share of \$104.19 for net cash proceeds of \$87.0 million including paying \$0.9 million in commissions and \$0.4 million in additional offering expenses related to the sales of these common shares.

We also entered into forward sales contracts for the year ended December 31, 2021 for 2,999,955 common shares under our ATM equity program at a weighted average offering price of \$120.22. During 2021, we settled a portion of the forward sales agreements entered into during the year by issuing 796,300 common shares for net proceeds of \$85.7 million.

The forward price that we will receive upon physical settlement of the remaining forward sale agreements is subject to the adjustment for (i) commissions, (ii) a floating interest rate factor equal to a specified daily rate less a spread, (iii) the forward purchasers' stock borrowing costs and (iv) scheduled dividends during the term of the forward sale agreements. The remaining open forward shares may be settled at any time on or before multiple required settlement dates ranging from June 2022 to December 2022. As of December 31, 2021, we had the capacity to issue up to \$175.0 million in common shares under our ATM equity program.

On April 16, 2021, we repaid \$100.0 million of our existing \$400.0 million term loan, amended the agreement on the remaining \$300.0 million to lower the current spread over LIBOR from 135 basis points to 80 basis points based on our current credit rating, and extended the initial maturity date to April 16, 2024, along with two one-year extensions, at our option.

In 2021, we repaid the following mortgage loans, at par, prior to their original maturity date:

Property	Repayment Date	Principal (in millions)
Sylmar Towne Center	February 5, 2021	\$ 16.2
Plaza Del Sol	September 1, 2021	\$ 7.9
Montrose Crossing	October 12, 2021	\$ 64.1
The AVENUE at White Marsh	November 2, 2021	\$ 52.7

### Capitalized Costs

Certain external and internal costs directly related to the development, redevelopment and leasing of real estate, including pre-construction costs, real estate taxes, insurance, and construction costs and salaries and related costs of personnel directly involved, are capitalized. We capitalized external and internal costs related to both development and redevelopment activities of \$356 million and \$10 million, respectively, for 2021 and \$404 million and \$9 million, respectively, for 2020. We capitalized external and internal costs related to other property improvements of \$64 million and \$4 million, respectively, for 2021 and \$64 million and \$3 million, respectively, for 2020. We capitalized external and internal costs related to leasing activities of \$19 million and \$3 million, respectively, for 2021 and \$11 million and \$2 million, respectively, for 2020. The amount of capitalized



internal costs for salaries and related benefits for development and redevelopment activities, other property improvements, and leasing activities were \$10 million, \$3 million, and \$3 million, respectively, for 2021 and \$9 million, \$3 million, and \$2 million, respectively, for 2020. Total capitalized costs were \$456 million for 2021 and \$494 million for 2020, respectively.

### **Corporate Reorganization**

In January of 2022, we completed the UPREIT reorganization described in the Explanatory Note at the beginning of this Annual Report. Prior to the UPREIT Reorganization, our business was conducted through the Predecessor. This Annual Report pertains to the business and results of operations of the Predecessor for its fiscal year ended December 31, 2021. As a result of the UPREIT reorganization, the Parent Company became the successor issuer to the Predecessor under the Exchange Act. The Parent Company and the Partnership have elected to co-file this Annual Report of the Predecessor to ensure continuity of information to investors. For additional information on our UPREIT reorganization, please see our Current Reports on Form 8-K filed with the SEC on January 3, 2022 and January 5, 2022.

### **Outlook**

Our long-term growth strategy is focused on growth in earnings, funds from operations, and cash flows primarily through a combination of the following:

- growth in our comparable property portfolio,
- growth in our portfolio from property development and redevelopments, and
- expansion of our portfolio through property acquisitions.

While the ongoing COVID-19 pandemic is impacting us in the short-term, our long-term focus has not changed. Our comparable property growth is primarily driven by increases in rental rates on new leases and lease renewals, changes in portfolio occupancy, and the redevelopment of those assets. Over the long-term, the infill nature and strong demographics of our properties provide a strategic advantage allowing us to maintain relatively high occupancy and generally increase rental rates. However, our occupancy levels and ability to increase rental rates will be adversely impacted in the short-term as a result of COVID-19. We believe the locations and nature of our centers and diverse tenant base partially mitigates any potential negative changes in the economic environment. However, any significant reduction in our tenants' abilities to pay base rent, percentage rent or other charges, will adversely affect our financial condition and results of operations. We seek to maintain a mix of strong national, regional, and local retailers. At December 31, 2021, no single tenant accounted for more than 2.7% of annualized base rent.

Federal, state, and local governments have taken various actions to mitigate the spread of COVID-19, including initially ordering closures of non-essential businesses and ordering residents to generally stay at home. While many of these restrictions have since been lifted, they required a significant number of tenants to close their operations or to significantly limit the amount of business they were able to conduct in their stores. These closures and restrictions, along with general concerns over the spread of COVID-19 have impacted the tenants' ability to timely pay rent as required under our leases and also caused many tenants to close their business permanently. While we are seeing signs of considerable improvement, these economic hardships have adversely impacted our business, and continue to have a negative effect on our financial results during 2021. With very few exceptions, our leases require tenants to continue to pay rent even while closed as a result of the pandemic, and while many tenants did not pay rents and other charges during a portion of 2020, the majority of our tenants have resumed paying all or a portion of their rent and/or other charges as their businesses were able to reopen. Our percentage of contractual rent actually collected has continued to increase since the low point in April 2020, including some tenants paying past due amounts. As of December 31, 2021, we have entered into agreements with approximately 32% of our tenants (based on total commercial leases) to defer rent payments to later periods, largely through 2022, although some extend beyond. While increasing monthly cash collection rates is a positive trend driven by government mandated restrictions gradually being lifted and improved outlook by some tenants, we expect that our rent collections will continue to be below our tenants' contractual rent obligations and historical levels into 2022, which will continue to adversely impact our results of operations. We are also experiencing a lower level of occupancy than in our past, largely due to the pandemic, which will adversely impact our results until we can release the space and the tenant commences paying rent as well as limit future vacancies caused by the pandemic. We are, however, experiencing strong demand for our commercial space as evidenced by the 2.1 million square feet of comparable space retail leasing we've completed in 2021, as well as our overall leased percentage at 93.6%, compared to our occupied percentage of only 91.1%. We have begun to see impacts of overall supply chain disruptions affecting the broader economy, including significantly longer lead times, limited availability, and increased costs for certain construction and other materials that support our leasing, development, and redevelopment activities. If disruptions continue to worsen, they could result in extended timeframes and/or increased costs for completion of our projects and tenant build-outs, which could delay the commencement of rent payments under new leases. Similarly, if our tenants experience significant disruptions in supply chains supporting their own products, or staffing issues due to labor shortages, their ability to pay rent may be adversely affected. We continue to



monitor these macroeconomic developments and are working with our tenants and our vendors to limit the overall impact to our business.

The extent of such impact from COVID-19 will depend on future developments, which are highly uncertain and cannot be predicted. Depending upon the duration of tenant closures, future operating restrictions, and the overall economic downturn resulting from COVID-19, we may find that even deferred rents are difficult to collect, and we may experience higher vacancy levels. While the duration and severity of the economic impact resulting from COVID-19 is unknown, we seek to position the Trust to continue to participate in the resulting economic recovery.

We continue to have several development projects in process being delivered as follows:

- Phase III of Assembly Row includes 277,000 square feet of office space, 56,000 square feet of retail space, and 500 residential units. The expected costs for Phase III are between \$465 million and \$485 million with spaces being delivered beginning in the second quarter of 2021. At December 31, 2021, 162,000 square feet of office space has been delivered, all of the units in the residential building have been delivered, and 23,000 square feet of retail space has opened.
- Phase III at Pike & Rose includes a 212,000 square foot office building (which includes 7,000 square feet of ground floor retail space). The building is expected to cost between \$128 million and \$135 million. At December 31, 2021, approximately 162,000 square feet of office and retail space has been delivered, of which approximately 45,000 square feet is our new corporate headquarters.
- Phase IV at Pike & Rose is a 276,000 square foot office building (which includes 10,000 square feet of ground floor retail space). Approximately 105,000 square feet of the office space is pre-leased to a single tenant. The building is expected to cost between \$185 million and \$200 million, and begin delivering in late 2023.
- The first phase of construction on Santana West includes an eight story 376,000 square foot office building, which is expected to cost between \$250 million and \$270 million.
- Throughout the portfolio, we currently have redevelopment projects underway with a projected total cost of approximately \$313 million that we expect to stabilize over the next several years.

The above includes our best estimates based on information currently known, however, the completion of construction, final costs, and the timing of leasing and openings may be further impacted by the current environment including the duration and severity of the economic impacts of COVID-19 and supply chain disruptions affecting the broader economy.

The development of future phases of Assembly Row, Pike & Rose and Santana Row will be pursued opportunistically based on, among other things, market conditions, tenant demand, and our evaluation of whether those phases will generate an appropriate financial return.

We continue to review acquisition opportunities that complement our portfolio and provide long-term growth opportunities. Initially, some of our acquisitions do not contribute significantly to earnings growth; however, we believe they provide long-term re-leasing growth, redevelopment opportunities, and other strategic opportunities. Any growth from acquisitions is contingent on our ability to find properties that meet our qualitative standards at prices that meet our financial hurdles. Changes in interest rates may affect our success in achieving earnings growth through acquisitions by affecting both the price that must be paid to acquire a property, as well as our ability to economically finance the property acquisition. Generally, our acquisitions are initially financed by available cash and/or borrowings under our revolving credit facility which may be repaid later with funds raised through the issuance of new equity or new long-term debt. We may also finance our acquisitions through the issuance of common shares, preferred shares, or units in our operating partnership (see "Corporate Reorganization" discussion in this Item 7), as well as through assumed mortgages and property sales.

At December 31, 2021, the leasable square feet in our properties was 93.6% leased and 91.1% occupied. The leased rate is higher than the occupied rate due to leased spaces that are being redeveloped or improved or that are awaiting permits and, therefore, are not yet ready to be occupied. Our occupancy and leased rates are subject to variability over time due to factors including acquisitions, the timing of the start and stabilization of our redevelopment projects, lease expirations and tenant closings and bankruptcies.

### **Comparable Properties**

Throughout this section, we have provided certain information on a "comparable property" basis. Information provided on a comparable property basis includes the results of properties that we owned and operated for the entirety of both periods being compared except for properties that are currently under development or are being repositioned for significant redevelopment and investment. For the year ended December 31, 2021 and the comparison of 2021 and 2020, all or a portion of 95 properties were considered comparable properties and seven were considered non-comparable properties. For the year ended December 31, 2021, two portions of properties were moved from non-comparable properties to comparable properties, one

property and two portions of properties were moved from acquisitions to comparable properties, one property was moved from comparable properties to non-comparable properties, two properties and one portion of a property were removed from comparable properties as they were sold, and two portions of properties were removed from non-comparable properties, as they were sold, compared to the designations as of December 31, 2020. While there is judgment surrounding changes in designations, we typically move non-comparable properties to comparable properties once they have stabilized, which is typically considered 90% physical occupancy or when the growth expected from the redevelopment has been included in the comparable periods. We typically remove properties from comparable properties when the repositioning of the asset has commenced and has or is expected to have a significant impact to property operating income within the calendar year. Acquisitions are moved to comparable properties once we have owned the property for the entirety of comparable periods and the property is not under development or being repositioned for significant redevelopment and investment. Comparable property information replaces our previous same center designations.

**YEAR ENDED DECEMBER 31, 2021 COMPARED TO YEAR ENDED DECEMBER 31, 2020**

	2021	2020	Change	
			Dollars	%
	(Dollar amounts in thousands)			
Rental income	\$ 948,842	\$ 832,171	\$ 116,671	14.0 %
Mortgage interest income	2,382	3,323	(941)	(28.3)%
Total property revenue	951,224	835,494	115,730	13.9 %
Rental expenses	198,121	170,920	27,201	15.9 %
Real estate taxes	118,496	119,242	(746)	(0.6)%
Total property expenses	316,617	290,162	26,455	9.1 %
Property operating income (1)	634,607	545,332	89,275	16.4 %
General and administrative expense	(49,856)	(41,680)	(8,176)	19.6 %
Depreciation and amortization	(279,976)	(255,027)	(24,949)	9.8 %
Impairment charge	—	(57,218)	57,218	100.0 %
Gain on sale of real estate and change in control of interest	89,950	98,117	(8,167)	(8.3)%
Operating income	394,725	289,524	105,201	36.3 %
Other interest income	809	1,894	(1,085)	(57.3)%
Interest expense	(127,698)	(136,289)	8,591	(6.3)%
Early extinguishment of debt	—	(11,179)	11,179	100.0 %
Income (loss) from partnerships	1,245	(8,062)	9,307	115.4 %
Total other, net	(125,644)	(153,636)	27,992	(18.2)%
Net income	269,081	135,888	133,193	98.0 %
Net income attributable to noncontrolling interests	(7,583)	(4,182)	(3,401)	81.3 %
Net income attributable to the Trust	\$ 261,498	\$ 131,706	\$ 129,792	98.5 %

(1) Property operating income is a non-GAAP measure. See "Summary Financial Information" in this Item 7 for further discussion.

**Property Revenues**

Total property revenue increased \$115.7 million, or 13.9%, to \$951.2 million in 2021 compared to \$835.5 million in 2020. The percentage occupied at our shopping centers was 91.1% at December 31, 2021 compared to 90.2% at December 31, 2020. The most significant driver of the increase in property revenues is the generally lifted COVID-19 restrictions during 2021, as compared to 2020 when COVID-19 government imposed closures and restrictions were generally still in effect. Changes in the components of property revenue are discussed below.

**Rental Income**

Rental income consists primarily of minimum rent, cost reimbursements from tenants and percentage rent, and is net of collectibility related adjustments. Rental income increased \$116.7 million, or 14.0%, to \$948.8 million in 2021 compared to \$832.2 million in 2020 due primarily to the following:

- an \$82.6 million decrease in collectibility related impacts including rent abatements across all properties, primarily due to higher collection rates in 2021 as tenants begin to recover from the initial impacts of COVID-19, and moving a large number of tenants from accrual basis to cash basis in 2020,
- an increase of \$32.2 million primarily from 2021 acquisitions (see Note 3 to the consolidated financial statements for additional information), and
- an increase of \$25.4 million from non-comparable properties driven by the opening of Phase III at Assembly Row in 2021 and our Phase III office building at Pike & Rose in 2020, redevelopment related occupancy increases at CocoWalk, the opening of our new office building at Santana Row in early 2020, higher net termination fees, and the opening of Freedom Plaza in 2020,

partially offset by

- a decrease of \$17.1 million from property sales, and
- a decrease of \$6.1 million at comparable properties due primarily to lower average occupancy of approximately \$14.1 million, lower net termination fees and legal fee income of \$5.1 million, and a \$2.1 million decrease in recoveries primarily related to real estate tax recoveries, partially offset by higher percentage rent, specialty leasing, and parking income of \$7.2 million, primarily due to the impact of COVID-19 related closures and restrictions in 2020, and higher rental rates of \$6.7 million.

#### *Mortgage Interest Income*

Mortgage interest income decreased \$0.9 million, or 28.3%, to \$2.4 million in 2021 compared to \$3.3 million in 2020 primarily due to the payoff of two mortgage notes receivable in May 2021 (see Note 2 to the consolidated financial statements for additional information).

#### **Property Expenses**

Total property expenses increased \$26.5 million, or 9.1%, to \$316.6 million in 2021 compared to \$290.2 million in 2020. Changes in the components of property expenses are discussed below.

#### *Rental Expenses*

Rental expenses increased \$27.2 million, or 15.9%, to \$198.1 million in 2021 compared to \$170.9 million in 2020. This increase is primarily due to the following:

- an increase of \$19.3 million from comparable properties due to higher repairs and maintenance costs, demolition costs, and utilities, as 2020 had lower costs as a result of COVID-19 impacts, higher snow removal costs, and higher insurance costs,
- an increase of \$8.8 million primarily from 2021 acquisitions, and
- an increase of \$6.1 million from non-comparable properties driven by the opening of Phase III at Assembly Row in 2021, the Phase III office building at Pike & Rose in 2020, the CocoWalk redevelopment in late 2020, and the opening of our new office building at Santana Row in early 2020,

partially offset by

- a decrease of \$5.0 million from our property sales.

As a result of the changes in rental income and rental expenses as discussed above, rental expenses as a percentage of rental income increased to 20.9% for the year ended December 31, 2021 from 20.5% for the year ended December 31, 2020.

#### *Real Estate Taxes*

Real estate tax expense decreased \$0.7 million, or 0.6% to \$118.5 million in 2021 compared to \$119.2 million in 2020 due primarily to the following:

- a decrease of \$3.5 million from our property sales, and
- a decrease of \$3.3 million from comparable properties primarily due to a true-up of supplemental taxes at several of our California properties billed in 2020 and prior year tax refunds recorded in 2021,

partially offset by

- an increase of \$3.1 million from 2021 acquisitions, and
- an increase of \$2.9 million from non-comparable properties due primarily to the opening of Phase III at Assembly Row in 2021, the opening of our new office building at Santana Row in early 2020, increases in assessments as a result of our redevelopment activities, and the Phase III office building at Pike & Rose in 2020.

#### **Property Operating Income**

Property operating income increased \$89.3 million, or 16.4%, to \$634.6 million in 2021 compared to \$545.3 million in 2020. This increase is primarily due to the lifting of COVID-19 restrictions during 2021, which resulted in lower collectibility related adjustments and higher specialty leasing, percentage rent, and parking income. Also contributing to the increases were property acquisitions, placing redevelopment properties into service, the opening of Phase III at Assembly Row in 2021, and the opening of our new office building at Santana Row in early 2020, partially offset by lower average occupancy, property dispositions, higher repairs and maintenance and utilities expense, and higher snow removal expense.

## Other Operating

### *General and Administrative Expense*

General and administrative expense increased \$8.2 million, or 19.6%, to \$49.9 million in 2021 from \$41.7 million in 2020. This increase is due primarily to higher personnel related costs.

### *Depreciation and Amortization*

Depreciation and amortization expense increased \$24.9 million, or 9.8%, to \$280.0 million in 2021 from \$255.0 million in 2020. This increase is due primarily to 2021 property acquisitions, accelerated depreciation related to the demolition of one of our buildings in the early stages of redevelopment, the opening of Phase III of Assembly Row and the Pike & Rose, placing redevelopment properties into service, and the acquisition of the previously unconsolidated Pike & Rose hotel joint venture in January 2021, partially offset by 2020 property sales and the lower write-off of lease related assets for vacating tenants.

### *Impairment Charge*

The \$57.2 million impairment charge for the year ended December 31, 2020 relates to The Shops at Sunset Place. See Note 3 to the consolidated financial statements for further discussion.

### *Gain on Sale of Real Estate and Change in Control of Interest*

The \$90.0 million gain on sale of real estate for the year ended December 31, 2021 is due to the sale of two properties and portions of three properties, as well as the \$2.1 million gain relating to the acquisition of the previously unconsolidated Pike & Rose hotel joint venture (see Note 3 to the consolidated financial statements for additional information).

The \$98.1 million gain on sale of real estate, net of tax for the year ended December 31, 2020 is due to the sale of three properties and one building.

## Operating Income

Operating income increased \$105.2 million, or 36.3%, to \$394.7 million in 2021 compared to \$289.5 million in 2020. This increase is primarily due to the lifting of COVID-19 restrictions, which resulted in lower collectibility related adjustments and higher specialty leasing, percentage rent, and parking income compared to 2020. Also contributing to the increases were the prior year impairment charge related to The Shops at Sunset Place, property acquisitions, placing redevelopment properties into service, the opening of Phase III at Assembly Row in 2021, and the opening of our new office building at Santana Row in early 2020, partially offset by lower average occupancy, higher personnel related costs, property dispositions, higher repairs and maintenance and utilities expense, a lower gain on sales of real estate, and higher snow removal expense.

## Other

### *Interest Expense*

Interest expense decreased \$8.6 million, or 6.3%, to \$127.7 million in 2021 compared to \$136.3 million in 2020. This decrease is due primarily to the following:

- a decrease of \$6.2 million due to a lower overall weighted average borrowing rate, and
- a decrease of \$3.2 million due to lower weighted average borrowings,

partially offset by

- a decrease of \$0.8 million in capitalized interest.

Gross interest costs were \$150.3 million and \$159.7 million in 2021 and 2020, respectively. Capitalized interest was \$22.6 million and \$23.4 million in 2021 and 2020, respectively.

### *Early Extinguishment of Debt*

The \$11.2 million early extinguishment of debt charge for the year ended December 31, 2020 relates to the make-whole premium paid as part of the early redemption of our \$250 million 3.00% senior notes on December 31, 2020 and the related write-off of the unamortized discount and debt fees.

### *Income (loss) from Partnerships*

Income (loss) from partnerships increased \$9.3 million or 115.4% to \$1.2 million of income in 2021 compared to a loss of \$8.1 million in 2020. This increase is due primarily to the acquisition of the previously unconsolidated Pike & Rose hotel joint venture in January 2021 and improved operating results at our restaurant joint ventures and at our Assembly Row hotel joint venture, largely the result of the easing of COVID-19 closures and restrictions.

### **Net income attributable to noncontrolling interests**

Net income attributable to noncontrolling interests increased \$3.4 million, or 81.3%, to \$7.6 million in 2021 compared to \$4.2 million in 2020. The increase is primarily due to The Shops at Sunset Place prior year impairment charge and 2021 acquisitions.

Discussions of year-to-year comparisons between 2020 and 2019 can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 filed with the Securities and Exchange Commission on February 11, 2021.

### **Liquidity and Capital Resources**

Due to the nature of our business and strategy, we typically generate significant amounts of cash from operations which is largely paid to our common and preferred shareholders in the form of dividends because as a REIT, we are generally required to make annual distributions to shareholders of at least 90% of our taxable income (cash dividends paid in 2021 were approximately \$337.4 million). Remaining cash flow from operations after dividend payments is used to fund recurring and non-recurring capital projects (such as tenant improvements and redevelopments), and regular debt service requirements (including debt service relating to additional or replacement debt, as well as scheduled debt maturities). We maintain a \$1.0 billion revolving credit facility to fund short term cash flow needs and also look to the public and private debt and equity markets, joint venture relationships, and property dispositions to fund capital expenditures on a long-term basis.

During 2021, we have continued to see improvements in overall cash collections from tenants as compared to 2020, although not yet at pre-COVID-19 levels (see further discussion under the "Outlook" section of this Item 2). While the overall economic impacts of the pandemic are unknown, we have taken multiple steps to strengthen our financial position, maximize liquidity, and to provide maximum flexibility during these uncertain times, including maintaining levels of cash in excess of the cash balances we have historically maintained.

As of December 31, 2021, there is no balance outstanding on our \$1.0 billion unsecured revolving credit facility and we had cash and cash equivalents of \$162.1 million. We also had outstanding forward sales agreements for net proceeds of \$264.0 million as of December 31, 2021, and the capacity to issue up to \$175.0 million in common shares under the ATM program. We have no debt maturing until June 2023.

For the year ended 2021, the weighted average amount of borrowings outstanding on our revolving credit facility was \$19.6 million, and the weighted average interest rate, before amortization of debt fees, was 0.9%.

Our overall capital requirements during 2022 will be impacted by the extent and duration of COVID-19 related closures and restrictions, impacts on our cash collections, and overall economic impacts that might occur including supply chain issues. Cash requirements will also be impacted by acquisition opportunities and the level and general timing of our redevelopment and development activities. While the amount of future expenditures will depend on numerous factors, we expect to continue to see elevated levels of investment as we continue to invest in our overall portfolio to better position our properties for a post-COVID environment, costs to prepare vacant space for new tenants, and investments to complete the current phase and start on the next phase of our larger mixed-use development projects although at a slightly reduced level from 2021, largely due to deliveries in 2021 of our third phase of Assembly Row.

We believe that the cash on our balance sheet together with rents we collect, as well as our \$1.0 billion revolving credit facility will allow us to continue to operate our business through the remainder of the COVID-19 pandemic. Given our ability to access the capital markets, we also expect debt or equity to be available to us. We also have the ability to delay the timing of certain development and redevelopment projects as well as limit future acquisitions, reduce our operating expenditures, or re-evaluate our dividend policy.

While we have seen improvements from the initial negative impacts of the COVID-19 pandemic, it has continued to affect our overall business during the year ended December 31, 2021, and we expect it will continue to negatively impact our business in the short term, we intend to operate with and to maintain our long term commitment to a conservative capital structure that will

allow us to maintain strong debt service coverage and fixed-charge coverage ratios as part of our commitment to investment-grade debt ratings.

### Summary of Cash Flows

	Year Ended December 31,	
	2021	2020
	(In thousands)	
Net cash provided by operating activities	\$ 471,352	\$ 369,929
Net cash used in investing activities	(660,118)	(368,383)
Net cash (used in) provided by financing activities	(452,967)	661,736
(Decrease) increase in cash and cash equivalents	(641,733)	663,282
Cash, cash equivalents, and restricted cash, beginning of year	816,896	153,614
Cash, cash equivalents, and restricted cash, end of year	\$ 175,163	\$ 816,896

Net cash provided by operating activities increased \$101.4 million to \$471.4 million during 2021 from \$369.9 million during 2020. The increase was primarily attributable to higher net income before non-cash items and the timing of cash receipts including higher accounts receivable and lower prepaid rent balances in 2020 as a result of the COVID-19 pandemic.

Net cash used in investing activities increased \$291.7 million to \$660.1 million during 2021 from \$368.4 million during 2020. The increase was primarily attributable to:

- a \$356.9 million increase in acquisition of real estate primarily due to 2021 property acquisitions (see Note 3 to the consolidated financial statements for additional information), and
- a \$45.6 million decrease in proceeds from sales of real estate, resulting from the sale of two properties and a portion of three properties in 2021, as compared to the sale of three properties, one building, and the two remaining condominium units at our Pike & Rose property in 2020,

partially offset by

- a \$54.5 million decrease in net capital expenditures and leasing costs,
- a \$41.4 million increase in net repayments and acquisitions of mortgages and other notes receivable primarily due to the \$31.1 million payoff of two mortgage notes receivable in May 2021, as compared to the \$9.6 million acquisition of two mortgage notes receivable in September 2020, and
- \$12.9 million paid in 2020 relating to the partial sale under threat of condemnation at San Antonio Center in 2019.

Net cash provided by financing activities decreased \$1.1 billion to \$453.0 million used during 2021 from \$661.7 million provided during 2020. The decrease was primarily attributable to:

- a \$1.1 billion decrease due to net proceeds of \$700.1 million from the issuance of \$400.0 million of 3.50% unsecured senior notes and the \$300.0 million reopening of our 3.95% unsecured senior notes in May 2020, and \$394.2 million in net proceeds from our \$400.0 million of 1.25% unsecured senior notes in October 2020,
- \$398.7 million in net proceeds from our unsecured term loan in May 2020,
- a \$207.4 million increase in repayment of mortgages, finance leases, and notes payable primarily due to the \$140.9 million net repayments of four mortgage loans in 2021 (see Note 5 to the consolidated financial statements for more information), the \$100.0 million repayment of our \$400.0 million term loan which was amended in April 2021, and the \$31.5 million repayment of the mortgage loan encumbering the Pike & Rose hotel in January 2021, partially offset by the \$60.6 million payoff of the mortgage loan on The Shops at Sunset Place in December 2020 and the \$3.6 million payoff of the mortgage loan on 29th Place, both in December 2020, and
- an \$11.1 million increase in dividends paid to shareholders due to an increase in the common share dividend rate and an increase in the number of common shares outstanding,

partially offset by,

- \$510.4 million from the December 2020 redemptions of our \$250.0 million 2.55% unsecured senior notes and our \$250.0 million 3.00% unsecured senior notes, with a make-whole premium of \$10.4 million,

- \$73.8 million increase in net proceeds from the issuance of 1.6 million common shares under our ATM program for net proceeds of \$172.7 million (see Note 8 to our consolidated financial statements for additional details on these transactions), as compared to 1.1 million common shares for net proceeds of \$98.8 million in 2020, and
- a \$10.8 million decrease in distributions to and redemptions of noncontrolling interests primarily due to the 2020 acquisition of one of our partner's interests in the partnership that owns our Plaza El Segundo property for \$7.3 million.

### Cash Requirements

The following table provides a summary of material cash requirements comprising our fixed, noncancelable obligations as of December 31, 2021:

	Cash Requirements by Period		
	Total	Next Twelve Months	Greater than Twelve Months
	(In thousands)		
Fixed and variable rate debt (principal only) (1)	\$ 4,063,414	\$ 4,095	4,059,319
Fixed and variable rate debt - our share of unconsolidated real estate partnerships (principal only)(2)	28,560	418	28,142
Lease obligations (minimum rental payments) (3)	352,162	11,001	341,161
Redevelopments/capital expenditure contracts	319,171	267,490	51,681
Real estate commitments (4)	98,691	—	98,691
Total estimated cash requirements	<u>\$ 4,861,998</u>	<u>\$ 283,004</u>	<u>\$ 4,578,994</u>

(1) The weighted average interest rate on our fixed and variable rate debt is 3.3% as of December 31, 2021.

(2) The weighted average interest rate on the fixed and variable rate debt related to our unconsolidated real estate partnerships is 4.24% as of December 31, 2021.

(3) This includes minimum rental payments related to both finance and operating leases.

(4) This includes the liability related to the sale under threat of condemnation at San Antonio Center as further discussed in Note 7 to the consolidated financial statements.

In addition to the amounts set forth in the table above and other liquidity requirements previously discussed, the following potential commitments exist:

(a) Under the terms of the Congressional Plaza partnership agreement, a minority partner has the right to require us and the other minority partner to purchase its 26.63% interest in Congressional Plaza at the interest's then-current fair market value. If the other minority partner defaults in their obligation, we must purchase the full interest. Based on management's current estimate of fair market value as of December 31, 2021, our estimated liability upon exercise of the put option would range from approximately \$67 million to \$71 million.

(b) Under the terms of various other partnership agreements, the partners have the right to exchange their operating partnership units for cash or the same number of our common shares, at our option. As of December 31, 2021, a total of 666,831 downREIT operating partnership units are outstanding.

(c) Two of the members in Plaza El Segundo have the right to require us to purchase their 10.0% and 11.8% ownership interests at the interests' then-current fair market value. If the members fail to exercise their put options, we have the right to purchase each of their interests on or after December 30, 2026 at fair market value. Based on management's current estimate of fair market value as of December 31, 2021, our estimated maximum liability upon exercise of the put option would range from approximately \$25 million to \$28 million.

(d) The other member in The Grove at Shrewsbury and Brook 35 has the right to require us to purchase all of its approximately 4.1% interest in The Grove at Shrewsbury and approximately 6.5% interest in Brook 35 at the interests' then-current fair market value. Based on management's current estimate of fair market value as of December 31, 2021, our estimated maximum liability upon exercise of the put option would range from \$6 million to \$7 million.

(e) Effective September 18, 2023, the other member in Hoboken has the right to require us to purchase all of its 10% ownership interest at the interest's then-current fair market value. Based on management's current estimate of fair market value as of December 31, 2021, our estimated maximum liability upon exercise of the put option would range from \$9 million to \$10 million.



(f) Effective June 14, 2026, the other member in Cambelback Colonnade and Hilton Village has the right to require us to purchase all of its 2.0% ownership interest at the interest's then-current fair market value. Based on management's current estimate of fair value as of December 31, 2021, our estimated maximum liability upon exercise of the put option would range from \$4 million to \$5 million.

(g) Effective June 1, 2029, the other member in Grossmont Center has the right to require us to purchase all of its 40.0% ownership interest at the interest's then-current fair market value. Based on management's current estimate of fair value as of December 31, 2021, our estimated maximum liability upon exercise of the put option would range from \$68 million to \$73 million.

(h) At December 31, 2021, we had letters of credit outstanding of approximately \$4.8 million.

#### *Off-Balance Sheet Arrangements*

At December 31, 2021, we have two real estate related equity method investments with total debt outstanding of \$79.8 million, of which our share is \$28.6 million. Our investment in these ventures at December 31, 2021 was \$8.9 million.

Other than the items disclosed in the Cash Requirements table, we have no off-balance sheet arrangements as of December 31, 2021 that are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, cash requirements, or capital resources.

### Debt Financing Arrangements

The following is a summary of our total debt outstanding as of December 31, 2021:

Description of Debt	Original Debt Issued	Principal Balance as of December 31, 2021	Stated Interest Rate as of December 31, 2021	Maturity Date
(Dollars in thousands)				
<b>Mortgages payable</b>				
<i>Secured fixed rate</i>				
Azalea	Acquired	\$ 40,000	3.73 %	November 1, 2025
Bell Gardens	Acquired	12,127	4.06 %	August 1, 2026
Plaza El Segundo		125,000	3.83 %	June 5, 2027
The Grove at Shrewsbury (East)	43,600	43,600	3.77 %	September 1, 2027
Brook 35	11,500	11,500	4.65 %	July 1, 2029
Hoboken (24 Buildings) (1)	56,450	56,450	LIBOR + 1.95%	December 15, 2029
Various Hoboken (14 Buildings)	Acquired	31,817	Various (2)	Various through 2029
Chelsea	Acquired	4,851	5.36 %	January 15, 2031
Hoboken (1 Building) (3)	Acquired	16,234	3.75 %	July 1, 2042
Subtotal		341,579		
Net unamortized debt issuance costs and premium		(1,586)		
Total mortgages payable, net		339,993		
<b>Notes payable</b>				
Revolving credit facility (4)	1,000,000	—	LIBOR + 0.775%	January 19, 2024
Term Loan	400,000	300,000	LIBOR + 0.80%	April 16, 2024
Various	7,239	2,635	11.31 %	Various through 2028
Subtotal		302,635		
Net unamortized debt issuance costs		(1,169)		
Total notes payable, net		301,466		
<b>Senior notes and debentures</b>				
<i>Unsecured fixed rate</i>				
2.75% notes	275,000	275,000	2.75 %	June 1, 2023
3.95% notes	600,000	600,000	3.95 %	January 15, 2024
1.25% notes	400,000	400,000	1.25 %	February 15, 2026
7.48% debentures	50,000	29,200	7.48 %	August 15, 2026
3.25% notes	475,000	475,000	3.25 %	July 15, 2027
6.82% medium term notes	40,000	40,000	6.82 %	August 1, 2027
3.20% notes	400,000	400,000	3.20 %	June 15, 2029
3.50% notes	400,000	400,000	3.50 %	June 1, 2030
4.50% notes	550,000	550,000	4.50 %	December 1, 2044
3.625% notes	250,000	250,000	3.625 %	August 1, 2046
Subtotal		3,419,200		
Net unamortized debt issuance costs and premium		(13,112)		
Total senior notes and debentures, net		3,406,088		
<b>Total debt, net</b>		<b>\$ 4,047,547</b>		

- 1) On November 26, 2019, we entered into two interest rate swap agreements that fix the interest rate on the mortgage loan at 3.67%.
- 2) The interest rates on these mortgages range from 3.91% to 5.00%.
- 3) This mortgage loan has a fixed interest rate, however, the rate resets every five years until maturity. The current interest rate is fixed until July 1, 2022, and the loan is prepayable at par anytime after this date.
- 4) The maximum amount drawn under our revolving credit facility during 2021 was \$150.0 million and the weighted average effective interest rate on borrowings under our revolving credit facility, before amortization of debt fees, was 0.9%.

Our revolving credit facility, unsecured term loan, and other debt agreements include financial and other covenants that may limit our operating activities in the future. As of December 31, 2021, we were in compliance with all of the financial and other covenants related to our revolving credit facility, term loan, and senior notes. Additionally, we were in compliance with all of the financial and other covenants that could trigger a loan default on our mortgage loans. If we were to breach any of these financial and other covenants and did not cure the breach within an applicable cure period, our lenders could require us to repay

the debt immediately and, if the debt is secured, could immediately begin proceedings to take possession of the property securing the loan. Many of our debt arrangements, including our public notes and our revolving credit facility, are cross-defaulted, which means that the lenders under those debt arrangements can put us in default and require immediate repayment of their debt if we breach and fail to cure a default under certain of our other debt obligations. As a result, any default under our debt covenants could have an adverse effect on our financial condition, our results of operations, our ability to meet our obligations and the market value of our shares. Our organizational documents do not limit the level or amount of debt that we may incur.

The following is a summary of our scheduled principal repayments as of December 31, 2021:

	Unsecured	Secured	Total
	(In thousands)		
2022	\$ 744	\$ 3,351	\$ 4,095
2023	275,758	3,549	279,307
2024	900,659 (1) (2)	3,688	904,347
2025	383	48,033	48,416
2026	429,254	26,657	455,911
Thereafter	2,115,037	256,301	2,371,338
	<u>\$ 3,721,835</u>	<u>\$ 341,579</u>	<u>\$ 4,063,414</u> (3)

- 1) Our \$300.0 million term loan matures on April 16, 2024, plus two one-year extensions, at our option.
- 2) Our \$1.0 billion revolving credit facility matures on January 19, 2024, plus two six-month extensions at our option. As of December 31, 2021, there was no outstanding balance under this credit facility.
- 3) The total debt maturities differ from the total reported on the consolidated balance sheet due to the unamortized net debt issuance costs and premium/discount on mortgage loans, notes payable, and senior notes as of December 31, 2021.

#### *Interest Rate Hedging*

We may use derivative instruments to manage exposure to variable interest rate risk. We generally enter into interest rate swaps to manage our exposure to variable interest rate risk and treasury locks to manage the risk of interest rates rising prior to the issuance of debt. We enter into derivative instruments that qualify as cash flow hedges and do not enter into derivative instruments for speculative purposes.

Interest rate swaps associated with cash flow hedges are recorded at fair value on a recurring basis. Effectiveness of cash flow hedges is assessed both at inception and on an ongoing basis. The effective portion of changes in fair value of the interest rate swaps associated with cash flow hedges is recorded in other comprehensive income (loss) which is included in "accumulated other comprehensive loss" on the balance sheet and statement of shareholders' equity. Cash flow hedges become ineffective if critical terms of the hedging instrument and the debt instrument do not perfectly match such as notional amounts, settlement dates, reset dates, calculation period and LIBOR rate. In addition, the default risk of the counterparty is evaluated by monitoring the credit worthiness of the counterparty which includes reviewing debt ratings and financial performance. If a cash flow hedge is deemed ineffective, the ineffective portion of changes in fair value of the interest rate swaps associated with cash flow hedges is recognized in earnings in the period affected.

As of December 31, 2021, we have two interest rate swap agreements that effectively fix the interest rate on a mortgage payable associated with our Hoboken portfolio at 3.67%. Our Assembly Row hotel joint venture is also a party to two interest rate swap agreements that effectively fix their debt at 5.206%. All swaps were designated and qualify as cash flow hedges. Hedge ineffectiveness has not impacted our earnings in 2021, 2020 and 2019.

#### *REIT Qualification*

We intend to maintain our qualification as a REIT under Section 856(c) of the Code. As a REIT, we generally will not be subject to corporate federal income taxes on income we distribute to our shareholders as long as we satisfy certain technical requirements of the Code, including the requirement to distribute at least 90% of our taxable income to our shareholders.

## Funds From Operations

Funds from operations (“FFO”) is a supplemental non-GAAP financial measure of real estate companies’ operating performance. The National Association of Real Estate Investment Trusts (“NAREIT”) defines FFO as follows: net income, computed in accordance with U.S. GAAP, plus real estate related depreciation and amortization, and excluding gains and losses on the sale of real estate or changes in control, net of tax, and impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity. We compute FFO in accordance with the NAREIT definition, and we have historically reported our FFO available for common shareholders in addition to our net income and net cash provided by operating activities. It should be noted that FFO:

- does not represent cash flows from operating activities in accordance with GAAP (which, unlike FFO, generally reflects all cash effects of transactions and other events in the determination of net income);
- should not be considered an alternative to net income as an indication of our performance; and
- is not necessarily indicative of cash flow as a measure of liquidity or ability to fund cash needs, including the payment of dividends.

We consider FFO available for common shareholders a meaningful, additional measure of operating performance primarily because it excludes the assumption that the value of the real estate assets diminishes predictably over time, as implied by the historical cost convention of GAAP and the recording of depreciation. We use FFO primarily as one of several means of assessing our operating performance in comparison with other REITs. Comparison of our presentation of FFO to similarly titled measures for other REITs may not necessarily be meaningful due to possible differences in the application of the NAREIT definition used by such REITs.

An increase or decrease in FFO available for common shareholders does not necessarily result in an increase or decrease in aggregate distributions because our Board of Trustees is not required to increase distributions on a quarterly basis. However, we must distribute at least 90% of our annual taxable income to remain qualified as a REIT. Therefore, a significant increase in FFO will generally require an increase in distributions to shareholders although not necessarily on a proportionate basis.

The reconciliation of net income to FFO available for common shareholders is as follows:

	Year Ended December 31,		
	2021	2020	2019
	(In thousands, except per share data)		
Net income	\$ 269,081	\$ 135,888	\$ 360,542
Net income attributable to noncontrolling interests	(7,583)	(4,182)	(6,676)
Gain on sale of real estate and change in control of interests, net	(89,892)	(91,922)	(116,393)
Impairment charge, net	—	50,728	—
Depreciation and amortization of real estate assets	243,711	228,850	215,139
Amortization of initial direct costs of leases	26,051	20,415	19,359
Funds from operations	441,368	339,777	471,971
Dividends on preferred shares (1)	(8,042)	(8,042)	(7,500)
Income attributable to operating partnership units	2,998	3,151	2,703
Income attributable to unvested shares	(1,581)	(1,037)	(1,355)
Funds from operations available for common shareholders (2)	<u>\$ 434,743</u>	<u>\$ 333,849</u>	<u>\$ 465,819</u>
Weighted average number of common shares, diluted (1)(2)(3)	<u>78,072</u>	<u>76,261</u>	<u>75,514</u>
Funds from operations available for common shareholders, per diluted share (2)	<u>\$ 5.57</u>	<u>\$ 4.38</u>	<u>\$ 6.17</u>

(1) For the year ended December 31, 2019, dividends on our Series 1 preferred stock were not deducted in the calculation of FFO available to common shareholders, as the related shares were dilutive and included in “weighted average common shares, diluted.”

(2) For the year ended December 31, 2020, FFO available for common shareholders includes a \$11.2 million charge related to early extinguishment of debt. If this charge was excluded, our FFO available for common shareholders for 2020 would have been \$345.0 million, and FFO available for common shareholders, per diluted share would have been \$4.52. For the year ended December 31, 2019, FFO available for common shareholders includes an \$11.9 million charge relating to the buyout of a lease at Assembly Square Marketplace. If this charge was excluded, our FFO

available for common shareholders for 2019 would have been \$477.7 million, and FFO available for common shareholders, per diluted share would have been \$6.33.

- (3) The weighted average common shares used to compute FFO per diluted common share includes operating partnership units that were excluded from the computation of diluted EPS. Conversion of these operating partnership units is dilutive in the computation of FFO per diluted common share but is anti-dilutive for the computation of diluted EPS for the periods presented.

#### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Our use of financial instruments, such as debt instruments, subjects us to market risk which may affect our future earnings and cash flows, as well as the fair value of our assets. Market risk generally refers to the risk of loss from changes in interest rates and market prices. We manage our market risk by attempting to match anticipated inflow of cash from our operating, investing and financing activities with anticipated outflow of cash to fund debt payments, dividends to common and preferred shareholders, investments, capital expenditures and other cash requirements.

We may enter into certain types of derivative financial instruments to further reduce interest rate risk. We use interest rate protection and swap agreements, for example, to convert some of our variable rate debt to a fixed-rate basis or to hedge anticipated financing transactions. We use derivatives for hedging purposes rather than speculation and do not enter into financial instruments for trading purposes.

##### **Interest Rate Risk**

The following discusses the effect of hypothetical changes in market rates of interest on interest expense for our variable rate debt and on the fair value of our total outstanding debt, including our fixed-rate debt. Interest rate risk amounts were determined by considering the impact of hypothetical interest rates on our debt. Quoted market prices were used to estimate the fair value of our marketable senior notes and debentures and discounted cash flow analysis is generally used to estimate the fair value of our mortgages and notes payable. Considerable judgment is necessary to estimate the fair value of financial instruments. This analysis does not purport to take into account all of the factors that may affect our debt, such as the effect that a changing interest rate environment could have on the overall level of economic activity or the action that our management might take to reduce our exposure to the change. This analysis assumes no change in our financial structure.

##### *Fixed Interest Rate Debt*

The majority of our outstanding debt obligations (maturing at various times through 2046) have fixed interest rates which limit the risk of fluctuating interest rates. However, interest rate fluctuations may affect the fair value of our fixed rate debt instruments. At December 31, 2021, we had \$3.7 billion of fixed-rate debt outstanding, including \$56.5 million in mortgage payables that are effectively fixed by two interest rate swap agreements. If market interest rates used to calculate the fair value on our fixed-rate debt instruments at December 31, 2021 had been 1.0% higher, the fair value of those debt instruments on that date would have decreased by approximately \$256.6 million. If market interest rates used to calculate the fair value on our fixed-rate debt instruments at December 31, 2021 had been 1.0% lower, the fair value of those debt instruments on that date would have increased by approximately \$291.7 million.

##### *Variable Interest Rate Debt*

Generally, we believe that our primary interest rate risk is due to fluctuations in interest rates on our outstanding variable rate debt. At December 31, 2021, we had \$300.0 million of variable rate debt outstanding (the principal balance on our unsecured term loan). Based upon this amount of variable rate debt and the specific terms, if market interest rates increased 1.0%, our annual interest expense would increase approximately \$3.0 million with a corresponding decrease in our net income and cash flows for the year. Conversely, if market interest rates decreased 1.0%, our annual interest expense would decrease by approximately \$3.0 million with a corresponding increase in our net income and cash flows for the year.

#### **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

Our consolidated financial statements and supplementary data are included as a separate section of this Annual Report on Form 10-K commencing on page F-1 and are incorporated herein by reference.

#### **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

## ITEM 9A. CONTROLS AND PROCEDURES

### Management's Evaluation of Disclosure Controls and Procedures

The Trust maintains disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Trust's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. Because of inherent limitations, disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of disclosure controls and procedures are met.

Our management, with the participation of the Trust's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Trust's disclosure controls and procedures as of December 31, 2021. Based on that evaluation, the Trust's Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2021, the Trust's disclosure controls and procedures were effective at a reasonable assurance level.

### Management's Evaluation of Internal Control over Financial Reporting

The Trust's management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act as a process designed by, or under the supervision of, the Trust's principal executive and principal financial officers and effected by our Board of Trustees, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America (GAAP) and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and disposition of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorization of management and our Trustees; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of any of our assets in circumstances that could have a material adverse effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We assessed the effectiveness of the Trust's internal control over financial reporting as of December 31, 2021. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)*. Based on that assessment and criteria, management concluded that the Trust's internal control over financial reporting was effective as of December 31, 2021.

Grant Thornton LLP, the independent registered public accounting firm that audited the Trust's consolidated financial statements included in this Annual Report on Form 10-K, has issued an attestation report on the Trust's internal control over financial reporting, which appears on page [E-2](#) of this Annual Report on Form 10-K.

### Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting during our fourth fiscal quarter of 2021 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## ITEM 9B. OTHER INFORMATION

None.

### PART III

Certain information required in Part III is omitted from this Report but is incorporated herein by reference from our Proxy Statement for the 2022 Annual Meeting of Shareholders (as amended or supplemented, the “Proxy Statement”).

#### ITEM 10. TRUSTEES, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The tables and narrative in the Proxy Statement identifying our Trustees and Board committees under the caption “Election of Trustees” and “Corporate Governance”, the sections of the Proxy Statement entitled “Executive Officers” and “Section 16(a) Beneficial Ownership Reporting Compliance” and other information included in the Proxy Statement required by this Item 10 are incorporated herein by reference.

We have adopted a Code of Ethics, which is applicable to our Chief Executive Officer and senior financial officers. The Code of Ethics is available in the Corporate Governance section of the Investors section of our website at [www.federalrealty.com](http://www.federalrealty.com).

#### ITEM 11. EXECUTIVE COMPENSATION

The sections of the Proxy Statement entitled “Summary Compensation Table,” “Compensation Committee Interlocks and Insider Participation,” “Compensation Committee Report,” “Trustee Compensation” and “Compensation Discussion and Analysis” and other information included in the Proxy Statement required by this Item 11 are incorporated herein by reference.

#### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The sections of the Proxy Statement entitled “Share Ownership” and “Equity Compensation Plan Information” and other information included in the Proxy Statement required by this Item 12 are incorporated herein by reference.

#### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND TRUSTEE INDEPENDENCE

The sections of the Proxy Statement entitled “Certain Relationship and Related Transactions” and “Independence of Trustees” and other information included in the Proxy Statement required by this Item 13 are incorporated herein by reference.

#### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The sections of the Proxy Statement entitled “Ratification of Independent Registered Public Accounting Firm” and “Relationship with Independent Registered Public Accounting Firm” and other information included in the Proxy Statement required by this Item 14 are incorporated herein by reference.

### PART IV

#### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

##### (a)(1) Financial Statements

Our consolidated financial statements and notes thereto, together with Reports of Independent Registered Public Accounting Firm are included as a separate section of this Annual Report on Form 10-K commencing on page [F-1](#).

##### (2) Financial Statement Schedules

Our financial statement schedules are included in a separate section of this Annual Report on Form 10-K commencing on page [F-32](#).

##### (3) Exhibits

(b) The following documents are filed as exhibits are filed as part of, or incorporated by reference info, this report:

## EXHIBIT INDEX

Exhibit No.	Description
2.1	Merger Agreement and Plan of Reorganization, dated December 2, 2021, by and among the Predecessor, the Parent Company, and Merger Sub (previously filed as <a href="#">Exhibit 2.1</a> to the Predecessor's Current Report on Form 8-K filed on December 2, 2021 and incorporated herein by reference)
<a href="#">3.1</a>	Amended and Restated Declaration of Trust of the Parent Company dated January 1, 2022, as amended by the Articles of Amendment of Amended and Restated Declaration of Trust dated January 1, 2022 (filed herewith)
3.2	Amended and Restated Bylaws of the Parent Company dated January 1, 2022 (previously filed as <a href="#">Exhibit 3.3</a> to our Current Report on Form 8-K filed on January 3, 2022 and incorporated herein by reference)
3.3	Articles of Merger, dated December 8, 2021, by and among Merger Sub and the Predecessor (previously filed as <a href="#">Exhibit 3.4</a> to the Parent Company's Current Report on Form 8-K filed on January 3, 2022 and incorporated herein by reference)
3.4	Certificate of Limited Partnership of Federal Realty OP LP (previously filed as <a href="#">Exhibit 3.1</a> to our Current Report on Form 8-K filed on January 5, 2022 and incorporated herein by reference)
3.5	Agreement of Limited Partnership of Federal Realty OP LP, dated as of January 5, 2022, by and between Federal Realty GP LLC and the Parent Company (Previously filed as <a href="#">Exhibit 3.2</a> to our Current Report on Form 8-K filed on January 5, 2022 and incorporated herein by reference)
4.1	Specimen Common Share certificate (previously filed as Exhibit 4(i) to the Predecessor's Annual Report on <a href="#">Form 10-K</a> for the year ended December 31, 1999 and incorporated herein by reference)
4.2	** Indenture dated December 1, 1993 related to the Partnership's 7.48% Debentures due August 15, 2026; and 6.82% Medium Term Notes due August 1, 2027; (previously filed as Exhibit 4(a) to the Predecessor's Registration Statement on Form S-3, and amended on Form S-3, filed on December 13, 1993 and incorporated herein by reference)***
4.3	** Indenture dated September 1, 1998 related to the Partnership's 2.75% Notes due 2023; 3.95% Notes due 2024; 4.50% Notes due 2044; 2.55% Notes due 2021; 3.625% Notes due 2046; 3.25% Notes due 2027; 3.20% Notes due 2029; 3.50% Notes due 2030; 1.25% Notes due 2026 (previously filed as <a href="#">Exhibit 4(a)</a> to the Predecessor's Registration Statement on Form S-3 filed on September 17, 1998 and incorporated herein by reference)***
4.4	**First Supplemental Indenture, dated as of January 5, 2022, by and between Federal Realty OP LP and U.S. Bank National Association, with respect to the Partnership's Indenture dated December 1, 1993 related to the Partnership's 7.48% Debentures due August 15, 2026 and 6.82% Medium Term Notes due August 1, 2027 (previously filed as <a href="#">Exhibit 4.1</a> to our Current Report on Form 8-K filed on January 5, 2022 and incorporated herein by reference)
4.5	**First Supplemental Indenture, dated as of January 5, 2022, by and between Federal Realty OP LP and U.S. Bank National Association, with respect to the Partnership's Indenture dated September 1, 1998 related to the Partnership's 2.75% Notes due 2023; 3.95% Notes due 2024; 4.50% Notes due 2044; 2.55% Notes due 2021; 3.625% Notes due 2046; 3.25% Notes due 2027; 3.20% Notes due 2029; 3.50% Notes due 2030; 1.25% Notes due 2026 (previously filed as <a href="#">Exhibit 4.2</a> to our Current Report on Form 8-K filed on January 5, 2022 and incorporated herein by reference)
4.6	Deposit Agreement, dated as of September 29, 2017, by and among Federal Realty Investment Trust, American Stock Transfer and Trust Company, LLC, as Depository, and all holders from time to time of Receipt (previously filed as <a href="#">Exhibit 4.1</a> to the Predecessor's Registration Statement on Form 8-A, filed on September 29, 2017 and incorporated herein by reference)
4.7	Specimen certificate relating to the 5.000% Series C Cumulative Redeemable Preferred Shares of Beneficial Interest (previously filed as <a href="#">Exhibit 4.3</a> to the Predecessor's Registration Statement on Form 8-A, filed on September 29, 2017 and incorporated herein by reference)
4.8	Description of Securities (previously filed as <a href="#">Exhibit 4.8</a> to the Predecessor's Annual Report on Form 10-K for the year ended December 31, 2019 and incorporated here by reference)
10.1	* Severance Agreement between Federal Realty Investment Trust and Donald C. Wood dated February 22, 1999 (previously filed as a portion of <a href="#">Exhibit 10</a> to the Predecessor's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999 (the "1999 1Q Form 10-Q") and incorporated herein by reference)
10.2	* Executive Agreement between Federal Realty Investment Trust and Donald C. Wood dated February 22, 1999 (previously filed as a portion of <a href="#">Exhibit 10</a> to the Predecessor's 1999 1Q Form 10-Q and incorporated herein by reference)
10.3	* Amendment to Executive Agreement between Federal Realty Investment Trust and Donald C. Wood dated February 16, 2005 (previously filed as <a href="#">Exhibit 10.12</a> to the Predecessor's Annual Report on Form 10-K for the year ended December 31, 2004 (the "2004 Form 10-K") and incorporated herein by reference)



<b>Exhibit No.</b>	<b>Description</b>
10.4	* Health Coverage Continuation Agreement between Federal Realty Investment Trust and Donald C. Wood dated February 16, 2005 (previously filed as <a href="#">Exhibit 10.26</a> to the Predecessor's 2004 Form 10-K and incorporated herein by reference)
10.5	* Severance Agreement between Federal Realty Investment Trust and Dawn M. Becker dated April 19, 2000 (previously filed as <a href="#">Exhibit 10.26</a> to the Predecessor's 2005 2Q Form 10-Q and incorporated herein by reference)
10.6	* Amendment to Severance Agreement between Federal Realty Investment Trust and Dawn M. Becker dated February 16, 2005 (previously filed as <a href="#">Exhibit 10.27</a> to the Predecessor's 2004 Form 10-K and incorporated herein by reference)
10.7	Form of Restricted Share Award Agreement for long term vesting and retention awards for shares issued out of the 2010 Plan (previously filed as <a href="#">Exhibit 10.35</a> to the Predecessor's Annual Report on Form 10-K for the year ended December 31, 2010 (the "2010 Form 10-K") and incorporated herein by reference)
10.8	* Amendment to Severance Agreement between Federal Realty Investment Trust and Donald C. Wood dated January 1, 2009 (previously filed as <a href="#">Exhibit 10.26</a> to the Predecessor's Annual Report on Form 10-K for the year ended December 31, 2008 ("the 2008 Form 10-K") and incorporated herein by reference)
10.9	* Second Amendment to Executive Agreement between Federal Realty Investment Trust and Donald C. Wood dated January 1, 2009 (previously filed as <a href="#">Exhibit 10.27</a> to the Predecessor's 2008 Form 10-K and incorporated herein by reference)
10.10	* Amendment to Health Coverage Continuation Agreement between Federal Realty Investment Trust and Donald C. Wood dated January 1, 2009 (previously filed as <a href="#">Exhibit 10.28</a> to the Predecessor's 2008 Form 10-K and incorporated herein by reference)
10.11	* Second Amendment to Severance Agreement between Federal Realty Investment Trust and Dawn M. Becker dated January 1, 2009 (previously filed as <a href="#">Exhibit 10.30</a> to the Predecessor's 2008 Form 10-K and incorporated herein by reference)
10.12	2010 Performance Incentive Plan (previously filed as <a href="#">Appendix A</a> to the Predecessor's Definitive Proxy Statement for the 2010 Annual Meeting of Shareholders and incorporated herein by reference)
10.13	Amendment to 2010 Performance Incentive Plan ("the 2010 Plan") (previously filed as <a href="#">Appendix A</a> to the Predecessor's Proxy Statement for the 2010 Annual Meeting of Shareholders and incorporated herein by reference)
10.14	Form of Restricted Share Award Agreement for awards made under Federal Realty Investment Trust's Long-Term Incentive Award Program and the Trust's Annual Incentive Bonus Program and basic awards with annual vesting for shares issued out of the 2010 Plan (previously filed as <a href="#">Exhibit 10.34</a> to the Predecessor's 2010 Form 10-K and incorporated herein by reference)
10.15	Form of Option Award Agreement for awards made under Federal Realty Investment Trust's Long-Term Incentive Award Program for shares issued out of the 2010 Plan (previously filed as <a href="#">Exhibit 10.38</a> to the Predecessor's 2010 Form 10-K and incorporated herein by reference)
10.16	Form of Option Award Agreement for front loaded awards made under Federal Realty Investment Trust's Long-Term Incentive Award Program for shares issued out of the 2010 Plan (previously filed as <a href="#">Exhibit 10.39</a> to the Predecessor's 2010 Form 10-K and incorporated herein by reference)
10.17	Form of Option Award Agreement for basic options awarded out of the 2010 Plan (previously filed as <a href="#">Exhibit 10.40</a> to the Predecessor's 2010 Form 10-K and incorporated herein by reference)
10.18	Credit Agreement dated as of July 7, 2011, by and among the Predecessor, as Borrower, the financial institutions party thereto and their permitted assignees under Section 12.6., as Lenders, Wells Fargo Bank, National Association, as Administrative Agent, PNC Bank, National Association, as Syndication Agent, Wells Fargo Securities, LLC, as a Lead Arranger and Book Manager, and PNC Capital Markets LLC, as a Lead Arranger and Book Manager (previously filed as <a href="#">Exhibit 10.1</a> to the Trust's Current Report on Form 8-K, filed on July 11, 2011 and incorporated herein by reference)***
10.19	Revised Form of Restricted Share Award Agreement for front loaded awards made under Federal Realty Investment Trust's Long-Term Incentive Award Program for shares issued out of the 2010 Plan (previously filed as <a href="#">Exhibit 10.35</a> to the Predecessor's Annual Report on Form 10-K for the year ended December 31, 2012 (the "2012 Form 10-K") and incorporated herein by reference)
10.20	Revised Form of Restricted Share Award Agreement for long-term vesting and retention awards made under Federal Realty Investment Trust's Long-Term Incentive Award Program for shares issued out of the 2010 Plan (previously filed as <a href="#">Exhibit 10.36</a> to the Predecessor's 2012 Form 10-K and incorporated herein by reference)
10.21	Revised Form of Performance Share Award Agreement for shares awarded out of the 2010 Plan (previously filed as <a href="#">Exhibit 10.37</a> to the Predecessor's 2012 Form 10-K and incorporated herein by reference)

<b>Exhibit No.</b>	<b>Description</b>
10.22	Revised Form of Restricted Share Award Agreement for awards made under Federal Realty Investment Trust's Long-Term Incentive Award Program and the Trust's Annual Incentive Bonus Program and basic awards with annual vesting for shares issued out of the 2010 Plan (previously filed as <a href="#">Exhibit 10.38</a> to the Predecessor's 2012 Form 10-K and incorporated herein by reference)
10.23	First Amendment to the Credit Agreement, dated as of April 22, 2013, by and among the Predecessor, each of the Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent (previously filed as <a href="#">Exhibit 10.1</a> to the Predecessor's Current Report on Form 8-K, filed on April 26, 2013 and incorporated herein by reference)***
10.24	First Amendment to the Credit Agreement, dated as of April 22, 2013, by and among the Predecessor, each of the Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent (previously filed as <a href="#">Exhibit 10.1</a> to the Predecessor's Current Report on Form 8-K, filed on April 26, 2013 and incorporated herein by reference)***
10.25	Second Amendment to Credit Agreement, dated as of April 20, 2016, by and among the Predecessor, each of the Lenders party thereto, and PNC Bank, National Association, as Administrative Agent (previously filed as <a href="#">Exhibit 10.1</a> to the Predecessor's Current Report on Form 8-K, filed on April 26, 2016 and incorporated herein by reference)***
10.26	Severance Agreement between Federal Realty Investment Trust and Daniel Guglielmo dated August 15, 2016 (previously filed as <a href="#">Exhibit 10.36</a> to the Predecessor's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 and incorporated herein by reference)
10.27	Amended and Restated Credit Agreement, dated as of July 25, 2019, by and among the Predecessor, each of the Lenders party thereto, and PNC Bank, National Association, as Administrative Agent (previously filed as <a href="#">Exhibit 10.1</a> to the Predecessor's Current Report on Form 8-K, filed on July 29, 2019 and incorporated herein by reference)***
10.28	2020 Performance Incentive Plan (previously filed as <a href="#">Appendix B</a> to the Predecessor's Definitive Proxy Statement for the 2020 Annual Meeting of Shareholders and incorporated herein by reference)
10.29	Term Loan Agreement dated as of May 6, 2020, by and among the Predecessor, as Borrower, the financial institutions party thereto and their permitted assignees under Section 12.6., as Lenders, PNC Bank, National Association, as Administrative Agent, Regions Bank, Truist Bank, and U.S. Bank National Bank Association as Co-Syndication Agents, PNC Capital Markets, LLC, Regions Capital Markets, Suntrust Robinson Humphrey, Inc., and U.S. Bank National Association, as Joint Lead Arrangers and Book Managers (previously filed as <a href="#">Exhibit 10.1</a> to the Predecessor's Current Report on Form 8-K, filed on May 6, 2020 and incorporated herein by reference)***
10.30	First Amendment to the Credit Agreement, dated as of May 6, 2020, by and among the Predecessor, each of the Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent (previously filed as <a href="#">Exhibit 10.2</a> to the Predecessor's Current Report on Form 8-K, filed on May 6, 2020, and incorporated herein by reference)***
10.31	Form of Restricted Share Award Agreement for awards made under Federal Realty Investment Trust's Long-Term Incentive Award Program and the Trust's Annual Incentive Bonus Program and basic awards with annual vesting for shares issued out of the 2020 Plan (previously filed as <a href="#">Exhibit 10.32</a> to the Predecessor's Annual Report on Form 10-K, filed on February 11, 2021, and incorporated herein by reference)
10.32	Form of Option Award Agreement for awards made under Federal Realty Investment Trust's Long-Term Incentive Award Program for shares issued out of the 2020 Plan (previously filed as <a href="#">Exhibit 10.33</a> to the Predecessor's Annual Report on Form 10-K, filed on February 11, 2021, and incorporated herein by reference)
10.33	Form of Restricted Share Award Agreement for long-term vesting and retention awards made under Federal Realty Investment Trust's Long-Term Incentive Award Program for shares issued out of the 2020 Plan (previously filed as <a href="#">Exhibit 10.34</a> to the Predecessor's Annual Report on Form 10-K, filed on February 11, 2021, and incorporated herein by reference)
10.34	Form of Performance Share Award Agreement for shares awarded out of the 2020 Plan (previously filed as <a href="#">Exhibit 10.35</a> to the Predecessor's Annual Report on Form 10-K, filed on February 11, 2021, and incorporated herein by reference)
10.35	Form of Option Award Agreement for basic options awarded out of the 2020 Plan (previously filed as <a href="#">Exhibit 10.36</a> to the Predecessor's Annual Report on Form 10-K, filed on February 11, 2021, and incorporated herein by reference)
10.36	Form of Performance Award Agreement for Jeffrey S. Berkes, dated February 10, 2021 (previously filed as <a href="#">Exhibit 10.1</a> to the Predecessor's Current Report on Form 8-K, filed on February 12, 2021, and incorporated herein by reference)
10.37	Amended and Restated Severance Agreement between Federal Realty Investment Trust and Jeffrey S. Berkes, dated February 10, 2021 (previously filed as <a href="#">Exhibit 10.2</a> to the Predecessor's Current Report on Form 8-K, filed on February 12, 2021 and incorporated herein by reference)

Exhibit No.	Description
10.38	First Amendment to Term Loan Agreement, dated as of April 16, 2021, by and among the Predecessor, as borrower, the Lenders, New Lenders, Departing Lenders (as each such term is defined therein) and PNC Bank, National Association, as Administrative Agent (previously filed as <a href="#">Exhibit 10.1</a> to the Predecessor's Current Report on Form 8-K, filed on April 19, 2021, and incorporated herein by reference)***
10.39	Omnibus Assignment, Assumption and Amendment entered into between the Predecessor and the Parent Company (previously filed as <a href="#">Exhibit 10.1</a> to our Current Report on Form 8-K, filed on January 3, 2022 and incorporated herein by reference)
10.40	Second Amendment to Amended and Restated Credit Agreement and Consent, dated as of January 1, 2022, by and among the Predecessor, as borrower, each of the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent (previously filed as <a href="#">Exhibit 10.2</a> to the Trust's Current Report on Form 8-K filed on January 3, 2022 and incorporated herein by reference)***
10.41	Second Amendment to Term Loan Agreement and Consent, dated as of January 1, 2022, by and among the Predecessor, as borrower, each of the lenders party thereto and PNC Bank, National Association, as administrative agent (previously filed as <a href="#">Exhibit 10.3</a> to the Trust's Current Report on Form 8-K filed on January 3, 2022 and incorporated herein by reference)***
21.1	<a href="#">Subsidiaries of Federal Realty Investment Trust and Federal Realty OP LP (filed herewith)</a>
23.1	<a href="#">Consent of Grant Thornton LLP (filed herewith)</a>
31.1	<a href="#">Rule 13a-14(a) Certification of Chief Executive Officer - Federal Realty Investment Trust (filed herewith)</a>
31.2	<a href="#">Rule 13a-14(a) Certification of Chief Financial Officer - Federal Realty Investment Trust (filed herewith)</a>
31.3	<a href="#">Rule 13a-14(a) Certification of Chief Executive Officer - Federal Realty OP LP (filed herewith)</a>
31.4	<a href="#">Rule 13a-14(a) Certification of Chief Financial Officer - Federal Realty OP LP (filed herewith)</a>
32.1	<a href="#">Section 1350 Certification of Chief Executive Officer - Federal Realty Investment Trust (filed herewith)</a>
32.2	<a href="#">Section 1350 Certification of Chief Financial Officer - Federal Realty Investment Trust (filed herewith)</a>
32.3	<a href="#">Section 1350 Certification of Chief Executive Officer - Federal Realty OP LP (filed herewith)</a>
32.4	<a href="#">Section 1350 Certification of Chief Financial Officer - Federal Realty OP LP (filed herewith)</a>
101	The following materials from this Annual Report on Form 10-K for the year ended December 31, 2021, formatted in XBRL (Extensible Business Reporting Language): (1) the Consolidated Balance Sheets, (2) the Consolidated Statements of Comprehensive Income, (3) the Consolidated Statement of Shareholders' Equity, (4) the Consolidated Statements of Cash Flows, and (5) Notes to Consolidated Financial Statements that have been detail tagged.
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

\* Management contract or compensatory plan required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.

\*\* Pursuant to Regulation S-K Item 601(b)(4)(iii), the Trust and the Partnership by this filing agrees, upon request, to furnish to the Securities and Exchange Commission a copy of other instruments defining the rights of holders of long-term debt of the Trust and the Partnership.

\*\*\*Upon completion of the UPREIT reorganization described in the Explanatory Note at the beginning of this Annual Report, the Partnership became the successor to Federal Realty Investment Trust's rights and obligations under this instrument.

## ITEM 16. FORM 10-K SUMMARY

None.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized this February 10, 2022.

Federal Realty Investment Trust  
Federal Realty OP LP

By:                     /s/ DONALD C. WOOD                      
**Donald C. Wood**  
**Chief Executive Officer and Trustee**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant and in the capacity and on the dates indicated. Each person whose signature appears below hereby constitutes and appoints each of Donald C. Wood and Dawn M. Becker as his or her attorney-in-fact and agent, with full power of substitution and resubstitution for him or her in any and all capacities, to sign any or all amendments to this Report and to file same, with exhibits thereto and other documents in connection therewith, granting unto such attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary in connection with such matters and hereby ratifying and confirming all that such attorney-in-fact and agent or his or her substitutes may do or cause to be done by virtue hereof.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>                    /s/ DONALD C. WOOD                    </u> <b>Donald C. Wood</b>	Chief Executive Officer and Trustee (Principal Executive Officer)	February 10, 2022
<u>                    /s/ DANIEL GUGLIELMONE                    </u> <b>Daniel Guglielmon</b>	Executive Vice President - Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	February 10, 2022
<u>                    /s/ DAVID W. FAEDER                    </u> <b>David W. Faeder</b>	Non -Executive Chairman	February 10, 2022
<u>                    /s/ ELIZABETH I. HOLLAND                    </u> <b>Elizabeth I. Holland</b>	Trustee	February 10, 2022
<u>                    /s/ NICOLE Y. LAMB-HALE                    </u> <b>Nicole Y. Lamb-Hale</b>	Trustee	February 10, 2022
<u>                    /s/ ANTHONY P. NADER, III                    </u> <b>Anthony P. Nader, III</b>	Trustee	February 10, 2022
<u>                    /s/ MARK S. ORDAN                    </u> <b>Mark S. Ordan</b>	Trustee	February 10, 2022
<u>                    /s/ GAIL P. STEINEL                    </u> <b>Gail P. Steinel</b>	Trustee	February 10, 2022

**Item 8 and Item 15(a)(1) and (2)**  
**Index to Consolidated Financial Statements and Schedules**

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Report of Independent Registered Public Accounting Firm ( PCAOB ID Number 248)	<a href="#">F-2</a>
Report of Independent Registered Public Accounting Firm ( PCAOB ID Number 248)	<a href="#">F-3</a>
Consolidated Balance Sheets	<a href="#">F-5</a>
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Notes to Consolidated Financial Statements	<a href="#">F-9</a>
<i>Financial Statement Schedules</i>	
Schedule III—Summary of Real Estate and Accumulated Depreciation	<a href="#">F-32</a>
Schedule IV—Mortgage Loans on Real Estate	<a href="#">F-40</a>

All other schedules have been omitted either because the information is not applicable, not material, or is disclosed in our consolidated financial statements and related notes.

## Report of Independent Registered Public Accounting Firm

Trustees and Shareholders  
Federal Realty Investment Trust

### Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Federal Realty Investment Trust (a Maryland real estate investment trust) and subsidiaries (collectively, the "Trust") as of December 31, 2021, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Trust maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in the 2013 *Internal Control-Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Trust as of and for the year ended December 31, 2021, and our report dated February 10, 2022 expressed an unqualified opinion on those financial statements.

### Basis for opinion

The Trust's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Evaluation of Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Trust's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Trust in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

New York, New York  
February 10, 2022

## Report of Independent Registered Public Accounting Firm

Trustees and Shareholders  
Federal Realty Investment Trust

### Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Federal Realty Investment Trust (a Maryland real estate investment trust) and subsidiaries (collectively, the "Trust") as of December 31, 2021 and 2020, the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and financial statement schedules included under Item 15(a)(2) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Trust's internal control over financial reporting as of December 31, 2021, based on criteria established in the 2013 *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 10, 2022 expressed an unqualified opinion.

### Basis for opinion

These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on the Trust's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Trust in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical audit matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Lease Collectibility Assessment*

In order to recognize rental revenue on an accrual basis, the Trust must determine whether substantially all the rents due under a lease arrangement are collectible. If the Trust reaches the conclusion that substantially all of the rents are not collectible for a specific lease, then rental revenue under that arrangement can only be recognized when cash payment from the tenant is received.

Significant judgment is exercised by the Trust when making a collectibility assessment and includes the following considerations which require challenging and subjective auditor judgment in the execution of our audit procedures:

- Creditworthiness of the tenant
- Current economic conditions
- Historical experience with the tenant and other tenants operating in the same industry

Our audit procedures related to the collectibility assessment included the following:

- We assessed the design and tested the operating effectiveness of internal controls relating to the collectibility assessment process.

- We evaluated management’s accounting policies related to this assessment.
- We verified the completeness of the population of tenants that management evaluated.
- We researched recent publicly available information such as bankruptcy filings, industry journals, and periodicals, and for any of the Trust’s tenants identified in our research, we evaluated whether such information was considered in management’s collectibility assessment.
- For a selection of tenant receivables where collectibility was deemed as probable, we inspected and evaluated management’s documentation supporting the collectibility assessment.
- We recalculated the aging for a selection of tenant receivable balances using supporting documentation.
- For a selection of leases, we evaluated the collectibility assessment conclusion reached by management and performed the following procedures for each selection:
  - Verified that management’s accounting policies related to the collectibility assessment were followed.
  - Obtained from management documentation such as tenant collection history and any direct correspondence and evaluated management’s considerations supporting the collectibility assessment conclusion reached.
  - Researched publicly available information to independently verify the completeness and accuracy of management’s information used to make the collectibility assessment.

/s/ GRANT THORNTON LLP

We have served as the Trust’s auditor since 2002.

New York, New York  
February 10, 2022



**Federal Realty Investment Trust**  
**Consolidated Balance Sheets**

	December 31,	
	2021	2020
(In thousands, except share and per share data)		
<b>ASSETS</b>		
Real estate, at cost		
Operating (including \$2,207,648 and \$1,703,202 of consolidated variable interest entities, respectively)	\$ 8,814,791	\$ 7,771,981
Construction-in-progress (including \$18,752 and \$44,896 of consolidated variable interest entities, respectively)	607,271	810,889
	9,422,062	8,582,870
Less accumulated depreciation and amortization (including \$389,950 and \$335,735 of consolidated variable interest entities, respectively)	(2,531,095)	(2,357,692)
Net real estate	6,890,967	6,225,178
Cash and cash equivalents	162,132	798,329
Accounts and notes receivable	169,007	159,780
Mortgage notes receivable, net	9,543	39,892
Investment in partnerships	13,027	22,128
Operating lease right of use assets	90,743	92,248
Finance lease right of use assets	49,832	51,116
Prepaid expenses and other assets	237,069	218,953
<b>TOTAL ASSETS</b>	<b>\$ 7,622,320</b>	<b>\$ 7,607,624</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Liabilities		
Mortgages payable, net (including \$335,301 and \$413,681 of consolidated variable interest entities, respectively)	\$ 339,993	\$ 484,111
Notes payable, net	301,466	402,776
Senior notes and debentures, net	3,406,088	3,404,488
Accounts payable and accrued expenses	235,168	228,641
Dividends payable	86,538	83,839
Security deposits payable	25,331	20,388
Operating lease liabilities	72,661	72,441
Finance lease liabilities	72,032	72,049
Other liabilities and deferred credits	206,187	152,424
Total liabilities	4,745,464	4,921,157
Commitments and contingencies (Note 7)		
Redeemable noncontrolling interests	213,708	137,720
Shareholders' equity		
Preferred shares, authorized 15,000,000 shares, \$.01 par:		
5.0% Series C Cumulative Redeemable Preferred Shares, (stated at liquidation preference \$25,000 per share), 6,000 shares issued and outstanding	150,000	150,000
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, 78,603,305 and 76,727,394 shares issued and outstanding, respectively	790	771
Additional paid-in capital	3,488,794	3,297,305
Accumulated dividends in excess of net income	(1,066,932)	(988,272)
Accumulated other comprehensive loss	(2,047)	(5,644)
Total shareholders' equity of the Trust	2,580,602	2,464,157
Noncontrolling interests	82,546	84,590
Total shareholders' equity	2,663,148	2,548,747
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 7,622,320</b>	<b>\$ 7,607,624</b>

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

**Federal Realty Investment Trust**  
**Consolidated Statements of Comprehensive Income**

	Year Ended December 31,		
	2021	2020	2019
	(In thousands, except per share data)		
<b>REVENUE</b>			
Rental income	\$ 948,842	\$ 832,171	\$ 932,738
Mortgage interest income	2,382	3,323	3,050
Total revenue	<u>951,224</u>	<u>835,494</u>	<u>935,788</u>
<b>EXPENSES</b>			
Rental expenses	198,121	170,920	187,831
Real estate taxes	118,496	119,242	110,927
General and administrative	49,856	41,680	42,754
Depreciation and amortization	279,976	255,027	239,758
Total operating expenses	<u>646,449</u>	<u>586,869</u>	<u>581,270</u>
Impairment charge	—	(57,218)	—
Gain on sale of real estate and change in control of interest, net of tax	89,950	98,117	116,393
<b>OPERATING INCOME</b>	<u>394,725</u>	<u>289,524</u>	<u>470,911</u>
<b>OTHER INCOME/(EXPENSE)</b>			
Other interest income	809	1,894	1,266
Interest expense	(127,698)	(136,289)	(109,623)
Early extinguishment of debt	—	(11,179)	—
Income (loss) from partnerships	1,245	(8,062)	(2,012)
<b>NET INCOME</b>	<u>269,081</u>	<u>135,888</u>	<u>360,542</u>
Net income attributable to noncontrolling interests	(7,583)	(4,182)	(6,676)
<b>NET INCOME ATTRIBUTABLE TO THE TRUST</b>	<u>261,498</u>	<u>131,706</u>	<u>353,866</u>
Dividends on preferred shares	(8,042)	(8,042)	(8,042)
<b>NET INCOME AVAILABLE FOR COMMON SHAREHOLDERS</b>	<u>\$ 253,456</u>	<u>\$ 123,664</u>	<u>\$ 345,824</u>
<b>EARNINGS PER COMMON SHARE, BASIC</b>			
Net income available for common shareholders	<u>\$ 3.26</u>	<u>\$ 1.62</u>	<u>\$ 4.61</u>
Weighted average number of common shares	<u>77,336</u>	<u>75,515</u>	<u>74,766</u>
<b>EARNINGS PER COMMON SHARE, DILUTED</b>			
Net income available for common shareholders	<u>\$ 3.26</u>	<u>\$ 1.62</u>	<u>\$ 4.61</u>
Weighted average number of common shares	<u>77,368</u>	<u>75,515</u>	<u>74,766</u>
<b>NET INCOME</b>	<u>\$ 269,081</u>	<u>\$ 135,888</u>	<u>\$ 360,542</u>
Other comprehensive income (loss) - change in value of interest rate swaps	3,917	(5,302)	(397)
<b>COMPREHENSIVE INCOME</b>	<u>272,998</u>	<u>130,586</u>	<u>360,145</u>
Comprehensive income attributable to noncontrolling interests	(7,903)	(3,711)	(6,676)
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO THE TRUST</b>	<u>\$ 265,095</u>	<u>\$ 126,875</u>	<u>\$ 353,469</u>

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

**Federal Realty Investment Trust**  
**Consolidated Statement of Shareholders' Equity**

	Shareholders' Equity of the Trust								
	Preferred Shares		Common Shares		Additional Paid-in Capital	Accumulated Dividends in Excess of Net Income	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Shareholders' Equity
	Shares	Amount	Shares	Amount					
	(In thousands, except share data)								
BALANCE AT DECEMBER 31, 2018	405,896	\$ 159,997	74,249,633	\$ 745	\$ 3,004,442	\$ (818,877)	\$ (416)	\$ 121,439	\$ 2,467,330
January 1, 2019 adoption of new accounting standard	—	—	—	—	—	(7,098)	—	—	(7,098)
Net income, excluding \$3,430 attributable to redeemable noncontrolling interests	—	—	—	—	—	353,866	—	3,246	357,112
Other comprehensive loss - change in value of interest rate swaps	—	—	—	—	—	—	(397)	—	(397)
Dividends declared to common shareholders (\$4.14 per share)	—	—	—	—	—	(310,973)	—	—	(310,973)
Dividends declared to preferred shareholders	—	—	—	—	—	(8,042)	—	—	(8,042)
Distributions declared to noncontrolling interests, excluding \$4,094 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	—	(9,961)	(9,961)
Common shares issued, net	—	—	1,069,740	11	142,705	—	—	—	142,716
Shares issued under dividend reinvestment plan	—	—	15,909	—	2,095	—	—	—	2,095
Share-based compensation expense, net of forfeitures	—	—	111,555	1	13,329	—	—	—	13,330
Shares withheld for employee taxes	—	—	(34,320)	—	(4,626)	—	—	—	(4,626)
Conversion and redemption of OP units	—	—	128,287	2	14,102	—	—	(14,176)	(72)
Contributions from noncontrolling interests, excluding \$9,961 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	—	243	243
Adjustment to redeemable noncontrolling interests	—	—	—	—	(5,525)	—	—	—	(5,525)
BALANCE AT DECEMBER 31, 2019	405,896	\$ 159,997	75,540,804	\$ 759	\$ 3,166,522	\$ (791,124)	\$ (813)	\$ 100,791	\$ 2,636,132
January 1, 2020 adoption of new accounting standard - See Note 2	—	—	—	—	—	(510)	—	—	(510)
Net income, excluding \$2,228 attributable to redeemable noncontrolling interests	—	—	—	—	—	131,706	—	1,954	133,660
Other comprehensive loss - change in value of interest rate swaps, excluding \$471 attributable to redeemable noncontrolling interest	—	—	—	—	—	—	(4,831)	—	(4,831)
Dividends declared to common shareholders (\$4.22 per share)	—	—	—	—	—	(320,302)	—	—	(320,302)
Dividends declared to preferred shareholders	—	—	—	—	—	(8,042)	—	—	(8,042)
Distributions declared to noncontrolling interests, excluding \$1,197 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	—	(8,874)	(8,874)
Common shares issued, net	—	—	1,080,882	11	98,828	—	—	—	98,839
Shares issued under dividend reinvestment plan	—	—	24,491	—	2,072	—	—	—	2,072
Share-based compensation expense, net of forfeitures	—	—	114,251	1	13,242	—	—	—	13,243
Shares withheld for employee taxes	—	—	(33,034)	—	(4,052)	—	—	—	(4,052)
Conversion and redemption of OP units	—	—	—	—	(30)	—	—	(3,290)	(3,320)
Contributions from noncontrolling interests, excluding \$19,335 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	—	120	120
Purchase of noncontrolling interests	—	—	—	—	(1,210)	—	—	(6,111)	(7,321)
Adjustment to redeemable noncontrolling interests	—	—	—	—	21,933	—	—	—	21,933
BALANCE AT DECEMBER 31, 2020	405,896	\$ 159,997	76,727,394	\$ 771	\$ 3,297,305	\$ (988,272)	\$ (5,644)	\$ 84,590	\$ 2,548,747
Net income, excluding \$4,296 attributable to redeemable noncontrolling interests	—	—	—	—	—	261,498	—	3,287	264,785
Other comprehensive income - change in value of interest rate swaps, excluding \$320 attributable to redeemable noncontrolling interest	—	—	—	—	—	—	3,597	—	3,597
Dividends declared to common shareholders (\$4.26 per share)	—	—	—	—	—	(332,116)	—	—	(332,116)
Dividends declared to preferred shareholders	—	—	—	—	—	(8,042)	—	—	(8,042)
Distributions declared to noncontrolling interests, excluding \$5,268 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	—	(4,341)	(4,341)
Common shares issued, net	—	—	1,643,845	17	172,736	—	—	—	172,753
Shares issued under dividend reinvestment plan	—	—	19,758	—	1,955	—	—	—	1,955
Share-based compensation expense, net of forfeitures	—	—	164,553	2	14,432	—	—	—	14,434
Shares withheld for employee taxes	—	—	(29,031)	—	(2,998)	—	—	—	(2,998)
Conversion and redemption of OP units	—	—	76,786	—	7,474	—	—	(7,573)	(99)
Contributions from noncontrolling interests, excluding \$74,530 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	—	6,583	6,583
Adjustment to redeemable noncontrolling interests	—	—	—	—	(2,110)	—	—	—	(2,110)
BALANCE AT DECEMBER 31, 2021	405,896	\$ 159,997	78,603,305	\$ 790	\$ 3,488,794	\$ (1,066,932)	\$ (2,047)	\$ 82,546	\$ 2,663,148

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

**Federal Realty Investment Trust**  
**Consolidated Statements of Cash Flows**

	Year Ended December 31,		
	2021	2020	2019
	(In thousands)		
<b>OPERATING ACTIVITIES</b>			
Net income	\$ 269,081	\$ 135,888	\$ 360,542
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	279,976	255,027	239,758
Impairment charge	—	57,218	—
Gain on sale of real estate and change in control of interest, net of tax	(89,950)	(98,117)	(116,393)
Early extinguishment of debt	—	11,179	—
(Income) loss from partnerships	(1,245)	8,062	2,012
Other, net	389	6,142	169
Changes in assets and liabilities, net of effects of acquisitions and dispositions:			
Decrease (increase) in accounts receivable, net	1,214	(6,032)	(16,128)
Increase in prepaid expenses and other assets	(5,607)	(3,260)	(10,253)
Increase in accounts payable and accrued expenses	6,782	5,621	2,327
Increase (decrease) in security deposits and other liabilities	10,712	(1,799)	(115)
Net cash provided by operating activities	471,352	369,929	461,919
<b>INVESTING ACTIVITIES</b>			
Acquisition of real estate	(366,466)	(9,589)	(204,516)
Capital expenditures - development and redevelopment	(368,786)	(433,872)	(327,074)
Capital expenditures - other	(71,728)	(68,064)	(82,836)
Costs associated with property sold under threat of condemnation, net	—	(12,924)	—
Proceeds from sale of real estate	137,868	183,461	321,997
Investment in partnerships	(3,115)	(3,348)	(1,052)
Distribution from partnerships in excess of earnings	2,970	1,301	2,765
Leasing costs	(21,990)	(15,080)	(25,459)
Repayment (issuance) of mortgage and other notes receivable, net	31,129	(10,268)	(357)
Net cash used in investing activities	(660,118)	(368,383)	(316,532)
<b>FINANCING ACTIVITIES</b>			
Costs to amend revolving credit facility	—	(638)	(4,012)
Issuance of senior notes, net of costs	—	1,094,283	399,913
Redemption and retirement of senior notes	—	(510,360)	—
Issuance of notes payable, net of costs	—	398,722	—
Repayment of mortgages, finance leases, and notes payable	(277,643)	(70,237)	(301,029)
Issuance of common shares, net of costs	172,981	99,177	143,027
Dividends paid to common and preferred shareholders	(335,656)	(324,596)	(313,649)
Shares withheld for employee taxes	(2,998)	(4,052)	(4,626)
Contributions from noncontrolling interests	133	—	404
Distributions to and redemptions of noncontrolling interests	(9,784)	(20,563)	(20,133)
Net cash (used in) provided by financing activities	(452,967)	661,736	(100,105)
(Decrease) increase in cash, cash equivalents, and restricted cash	(641,733)	663,282	45,282
Cash, cash equivalents, and restricted cash at beginning of year	816,896	153,614	108,332
Cash, cash equivalents, and restricted cash at end of year	\$ 175,163	\$ 816,896	\$ 153,614

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

**Federal Realty Investment Trust**  
**Notes to Consolidated Financial Statements**  
**December 31, 2021, 2020 and 2019**

**NOTE 1—BUSINESS AND ORGANIZATION**

Federal Realty Investment Trust (the “Trust”) is an equity real estate investment trust (“REIT”) specializing in the ownership, management, and redevelopment of retail and mixed-use properties. Our properties are located primarily in communities where we believe retail demand exceeds supply, in strategically selected metropolitan markets in the Mid-Atlantic and Northeast regions of the United States, California, and South Florida. As of December 31, 2021, we owned or had a majority interest in community and neighborhood shopping centers and mixed-use properties which are operated as 104 predominantly retail real estate projects.

We operate in a manner intended to enable us to qualify as a REIT for federal income tax purposes. A REIT that distributes at least 90% of its taxable income to its shareholders each year and meets certain other conditions is not taxed on that portion of its taxable income which is distributed to its shareholders.

See Note 15 for a discussion of the UPREIT reorganization we completed in January of 2022.

**Impacts of COVID-19 Pandemic**

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus disease (“COVID-19”) as a pandemic. While we continue to expect the impact to our properties will be temporary in nature, the extent of the future effects of COVID-19 on our business, results of operations, cash flows, and growth prospects is highly uncertain and will ultimately depend on future developments, none of which can be predicted with any certainty.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation**

Our consolidated financial statements include the accounts of the Trust, its corporate subsidiaries, and all entities in which the Trust has a controlling interest or has been determined to be the primary beneficiary of a variable interest entity (“VIE”). The equity interests of other investors are reflected as noncontrolling interests or redeemable noncontrolling interests. All significant intercompany transactions and balances are eliminated in consolidation. We account for our interests in joint ventures, which we do not control, using the equity method of accounting.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, referred to as “GAAP,” requires management to make estimates and assumptions that in certain circumstances affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and revenues and expenses. These estimates are prepared using management’s best judgment, after considering past, current and expected events and economic conditions. Actual results could differ from these estimates.

**Revenue Recognition and Accounts Receivable**

Our leases with our tenants are classified as operating leases. When collection of substantially all lease payments during the lease term is considered probable, the lease qualifies for accrual accounting. Lease payments are recognized on a straight-line basis from the point in time when the tenant controls the space through the term of the related lease. Variable lease payments relating to percentage rent are recognized at the end of the lease year or earlier if we have determined the required sales level is achieved. Real estate tax and other cost reimbursements are recognized on an accrual basis over the periods in which the related expenditures are incurred. Many of our leases contain tenant options that enable the tenant to extend the term of the lease at expiration at pre-established rental rates that often include fixed rent increases, consumer price index adjustments or other market rate adjustments from the prior base rent. For a tenant to terminate its lease agreement prior to the end of the agreed term, we may require that they pay a fee to cancel the lease agreement. Lease termination fees are generally recognized on the termination date if the tenant has relinquished control of the space. When a lease is terminated early but the tenant continues to control the space under a modified lease agreement, the lease termination fee is generally recognized evenly over the remaining term of the modified lease agreement. Lease concessions (unrelated to the COVID-19 pandemic) are evaluated to determine whether the concession represents a modification of the original lease contract. Modifications generally result in a reassessment of the lease term and lease classification, and remeasurement of lease payments received. Remeasured lease payments are recognized on a straight-line basis over the remaining term of the modified lease contract.

In April 2020, the Financial Accounting Standards Board ("FASB") issued interpretive guidance relating to the accounting for lease concessions provided as a result of the COVID-19 pandemic that allows entities to treat the concession as if it was a part of the existing contract instead of applying lease modification accounting. This guidance is only applicable to the COVID-19 pandemic related lease concessions that do not result in a substantial increase in the rights of the lessor or the obligations of the lessee. We have elected this option relating to qualifying rent deferral and rent abatement agreements. For qualifying lease modifications with rent deferrals, this results in no change to our revenue recognition but an increase in the lease receivable balance until the deferred rent has been repaid. For qualifying lease modifications that include rent abatement concessions, this results in a direct reduction of rental income in the current period. As of December 31, 2021, we executed rent deferral agreements related to the COVID-19 pandemic representing approximately \$46 million of rent. We have subsequently collected approximately \$27 million of those amounts previously deferred. As of December 31, 2021, we have entered into rent abatement agreements related to the COVID-19 pandemic totaling \$26 million and \$48 million of rents due in 2021 and 2020, respectively.

When collection of substantially all lease payments during the lease term is not considered probable, total lease revenue is limited to the lesser of revenue recognized under accrual accounting or cash received. Determining the probability of collection of substantially all lease payments during a lease term requires significant judgment. This determination is impacted by numerous factors including our assessment of the tenant's credit worthiness, economic conditions, tenant sales productivity in that location, historical experience with the tenant and tenants operating in the same industry, future prospects for the tenant and the industry in which it operates, and the length of the lease term. If leases currently classified as probable are subsequently reclassified as not probable, any outstanding lease receivables (including straight-line rent receivables) would be written-off with a corresponding decrease in rental income. If leases currently classified as not probable are subsequently changed to probable, any lease receivables (including straight-line rent receivables) are re-instated with a corresponding increase to rental income.

Since March 2020, federal, state, and local governments have taken various actions to mitigate the spread of COVID-19. These actions included the closure of nonessential businesses and ordering residents to generally stay at home at the onset of the pandemic, phased re-openings and capacity limitations, and now generally lifted restrictions. While the overall economy is showing signs of recovery from the initial impacts of COVID-19, workforce shortages, global supply chain bottlenecks and shortages, inflation, as well as COVID-19 variants are impacting the recovery. Closures and restrictions, along with the general concern over the spread of COVID-19, required a significant number of tenants to close their operations or to significantly limit the amount of business they were able to conduct, which impacted their ability to timely pay rent as required under our leases and also caused many tenants to close their business permanently. As a result, we revised our collectibility assumptions for many of our tenants most significantly impacted by COVID-19. Accordingly, during the years ended December 31, 2021 and 2020, we recognized collectibility related adjustments of \$24.0 million and \$106.6 million, respectively. This includes changes in our collectibility assessments from probable to not probable, disputed rents, and any rent abatements directly related to COVID-19, as well as the write-off of \$0.7 million and \$12.7 million, respectively of straight-line rent receivables related to tenants changed to a cash basis of revenue recognition during the years ended December 31, 2021 and 2020. As of December 31, 2021 and 2020, the revenue from approximately 34% and 35% of our tenants (based on total commercial leases), respectively, is being recognized on a cash basis. As of December 31, 2021 and 2020, our straight-line rent receivables balance was \$110.7 million and \$103.3 million, respectively, and is included in "accounts and notes receivable, net" on our consolidated balance sheet.

#### *Other revenue recognition policies*

Sales of real estate are recognized generally upon the transfer of control, which usually occurs when the real estate is legally sold. When we enter into a transaction to sell a property or a portion of a property, we evaluate the recognition of the sale under ASC 610-20, "Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets." In accordance with ASC 610-20, we apply the guidance in ASC 606, "Revenue from Contracts with Customers," to determine whether and when control transfers and how to measure the associated gain or loss. We determine the transaction price based on the consideration we expect to receive. Variable consideration is included in the transaction price to the extent it is probable that a significant reversal of a gain recognized will not occur. We analyze the risk of a significant gain reversal and if necessary limit the amount of variable consideration recognized in order to mitigate this risk. The estimation of variable consideration requires us to make assumptions and apply significant judgment.

#### **Real Estate**

Land, buildings and improvements are recorded at cost. Depreciation is computed using the straight-line method. Estimated useful lives range generally from 35 years to a maximum of 50 years on buildings and major improvements. Minor improvements, furniture and equipment are capitalized and depreciated over useful lives ranging from 2 to 20 years. Maintenance and repairs that do not improve or extend the useful lives of the related assets are charged to operations as

incurred. Tenant improvements are capitalized and depreciated over the life of the related lease or their estimated useful life, whichever is shorter. If a tenant vacates its space prior to contractual termination of its lease, the undepreciated balance of any tenant improvements are written off if they are replaced or have no future value. In 2021, 2020 and 2019, real estate depreciation expense was \$245.1 million, \$227.9 million and \$215.4 million, respectively, including amounts from real estate sold.

Our methodology of allocating the cost of acquisitions to assets acquired and liabilities assumed is based on estimated fair values, replacement cost and/or appraised values. When we acquire operating real estate properties, the purchase price is allocated to land, building, improvements, leasing costs, intangibles such as acquired leases, assumed debt, if any, and to current assets and liabilities acquired, if any. The value allocated to acquired leases is amortized over the related lease term and reflected as rental income in the consolidated statements of comprehensive income. We consider qualitative and quantitative factors in evaluating the likelihood of a tenant exercising a below market renewal option and include such renewal options in the calculation of acquired lease value when we consider these to be bargain renewal options. If the value of below market lease intangibles includes renewal option periods, we include such renewal periods in the amortization period utilized. If a tenant vacates its space prior to contractual termination of its lease, the unamortized balance of any acquired lease value is written off to rental income.

Transaction costs related to asset acquisitions, such as broker fees, transfer taxes, legal, accounting, valuation, and other professional and consulting fees, are capitalized as part of the acquisition cost. The acquisition of an operating shopping center typically qualifies as an asset acquisition.

Prior to the adoption of ASU 2016-02, "Leases," when applicable, as lessee, we classified our leases of land and building as operating or capital leases. We were required to use judgment and make estimates in determining the lease term, the estimated economic life of the property and the interest rate to be used in determining whether or not the lease meets the qualification of a capital lease. Subsequently, capital leases are now considered "finance leases."

We capitalize certain costs related to the development and redevelopment of real estate including pre-construction costs, real estate taxes, insurance, construction costs and salaries and related costs of personnel directly involved, are capitalized. Additionally, we capitalize interest costs related to development and redevelopment activities. Capitalization of these costs begin when the activities and related expenditures commence and cease when the project is substantially complete and ready for its intended use at which time the project is placed in service and depreciation commences. Additionally, we make estimates as to the probability of certain development and redevelopment projects being completed. If we determine the development or redevelopment is no longer probable of completion, we expense all capitalized costs which are not recoverable.

### **Long-Lived Assets and Impairment**

There are estimates and assumptions made by management in preparing the consolidated financial statements for which the actual results will be determined over long periods of time. This includes the recoverability of long-lived assets, including our properties that have been acquired or redeveloped and our investment in certain joint ventures. Management's evaluation of impairment includes review for possible indicators of impairment as well as, in certain circumstances, undiscounted and discounted cash flow analysis. Since most of our investments in real estate are wholly-owned or controlled assets which are held for use, a property with impairment indicators is first tested for impairment by comparing the undiscounted cash flows, including residual value, to the current net book value of the property. If the undiscounted cash flows are less than the net book value, the property is written down to expected fair value.

The calculation of both discounted and undiscounted cash flows requires management to make estimates of future cash flows including revenues, operating expenses, required maintenance and development expenditures, market conditions, demand for space by tenants and rental rates over long periods. Because our properties typically have a long life, the assumptions used to estimate the future recoverability of book value requires significant management judgment. Actual results could be significantly different from the estimates. These estimates have a direct impact on net income, because recording an impairment charge results in a negative adjustment to net income.

### **Cash and Cash Equivalents**

We define cash and cash equivalents as cash on hand, demand deposits with financial institutions and short term liquid investments with an initial maturity, when purchased, under three months. Cash balances in individual banks may exceed the federally insured limit by the Federal Deposit Insurance Corporation (the "FDIC"). At December 31, 2021, we had \$167.3 million in excess of the FDIC insured limit.



### **Prepaid Expenses and Other Assets**

Prepaid expenses and other assets consist primarily of lease costs, prepaid property taxes and acquired above market leases. Capitalized lease costs are incremental direct costs incurred which were essential to originate a successful leasing arrangement and would not have been incurred had the leasing transaction not taken place. These costs include third party commissions related to obtaining a lease. Capitalized lease costs are amortized over the initial life of the related lease which generally ranges from three to ten years. We view these lease costs as part of the up-front initial investment we made in order to generate a long-term cash inflow and therefore, we classify cash outflows related to leasing costs as an investing activity in our consolidated statements of cash flows. If a tenant vacates its space prior to the contractual termination of its lease, the unamortized balance of any previously capitalized lease costs are written off. See the "Leases" section in this note for further discussion regarding the change in accounting for lease costs.

### **Debt Issuance Costs**

Costs related to the issuance of debt instruments are deferred and are amortized as interest expense over the estimated life of the related issue using the straight-line method which approximates the effective interest method. If a debt instrument is paid off prior to its original maturity date, the unamortized balance of debt issuance costs are written off to interest expense or, if significant, included in "early extinguishment of debt." Debt issuance costs related to our revolving credit facility are classified as an asset and are included in "prepaid expenses and other assets" in our consolidated balance sheets. All other debt issuance costs are presented as a direct deduction from the carrying amount of the debt liability.

### **Derivative Instruments**

We may use derivative instruments to manage exposure to variable interest rate risk. We generally enter into interest rate swaps to manage our exposure to variable interest rate risk and treasury locks to manage the risk of interest rates rising prior to the issuance of debt. We enter into derivative instruments that qualify as cash flow hedges and do not enter into derivative instruments for speculative purposes.

Interest rate swaps associated with cash flow hedges are recorded at fair value on a recurring basis. Effectiveness of cash flow hedges is assessed both at inception and on an ongoing basis. The effective portion of changes in fair value of the interest rate swaps associated with cash flow hedges is recorded in other comprehensive income (loss) which is included in accumulated other comprehensive income (loss) on the balance sheet and statement of shareholders' equity. Cash flow hedges become ineffective if critical terms of the hedging instrument and the debt instrument do not perfectly match such as notional amounts, settlement dates, reset dates, calculation period and LIBOR rate. In addition, the default risk of the counterparty is evaluated by monitoring the credit worthiness of the counterparty which includes reviewing debt ratings and financial performance. If a cash flow hedge is deemed ineffective, the ineffective portion of changes in fair value of the interest rate swaps associated with cash flow hedges is recognized in earnings in the period affected.

At December 31, 2021, we have two interest rate swap agreements that effectively fix the interest rate on a mortgage payable associated with our Hoboken property at 3.67%. Both swaps were designated and qualify for cash flow hedge accounting. As of December 31, 2021, our Assembly Row hotel joint venture is a party to two interest rate swap agreements that effectively fix the interest rate on the joint venture's mortgage debt at 5.206%. Both swaps were designated and qualify as cash flow hedges. Hedge ineffectiveness has not impacted earnings in 2021, 2020 and 2019.

### **Mortgage Notes Receivable**

We have invested in certain mortgage loans that, because of their nature, qualify as loan receivables. At the time of investment, we did not intend for the arrangement to be anything other than a financing and did not contemplate a real estate investment. We evaluate each investment to determine whether the loan arrangement qualifies as a loan, joint venture or real estate investment and the appropriate accounting thereon. Such determination affects our balance sheet classification of these investments and the recognition of interest income derived therefrom.

Mortgage notes receivable are recorded at cost, net of any valuation adjustments. Effective January 1, 2020, (upon the adoption of ASU 2016-13, "Financial Instruments - Credit Losses," as amended and interpreted), we account for mortgage notes receivable using the "expected credit loss" model, and accordingly impairment losses are estimated and recorded for the entire life of the loan. Prior to the implementation of ASC 326, we recognized impairment losses as incurred. Interest income is accrued as earned. Mortgage notes receivable are considered past due based on the contractual terms of the note agreement. On a quarterly basis, we evaluate the collectability of each mortgage note receivable and update our expected credit loss model based on various factors which may include payment history, expected fair value of the collateral securing the loan, internal and external credit information and/or economic trends. A loan is considered impaired when it is probable that we will be unable to collect all amounts due under the existing contractual terms. When a loan is considered impaired, the amount of the loss accrual



is calculated by comparing the carrying amount of the mortgage note receivable to the present value of expected future cash flows. As our loans are collateralized by mortgages, these loans have risk characteristics similar to the risks in owning commercial real estate.

On May 11, 2021, two of our outstanding mortgage notes receivable were repaid. Including interest, the net proceeds were \$33.8 million. As a result of the transaction, our mortgage notes receivable, net of valuation allowance, decreased \$30.3 million. At December 31, 2021, we had three mortgage notes receivable with an aggregate carrying amount, net of valuation adjustments of \$9.5 million, and a weighted average interest rate of 10.9%.

### **Share Based Compensation**

We grant share based compensation awards to employees and trustees typically in the form of restricted common shares, common shares, and options. We measure share based compensation expense based on the grant date fair value of the award and recognize the expense ratably over the requisite service period, which is typically the vesting period. See Note 12 for further discussion regarding our share based compensation plans and policies.

### **Variable Interest Entities**

Certain entities that do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties or in which equity investors do not have the characteristics of a controlling financial interest qualify as VIEs. VIEs are required to be consolidated by their primary beneficiary. The primary beneficiary of a VIE has both the power to direct the activities that most significantly impact economic performance of the VIE and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

On January 4, 2021, we acquired our partner's interest in the Pike & Rose hotel joint venture, which was previously considered a variable interest in a VIE. See Note 3 for additional details of this transaction. Our equity method investments in the Assembly Row hotel joint venture and the La Alameda shopping center and our mortgage notes receivable are considered variable interests in a VIE. As we do not control the activities that most significantly impact the economic performance of the joint ventures related to the Assembly Row hotel, the La Alameda shopping center, or the borrower entities related to our mortgage notes receivable, we are not the primary beneficiary and do not consolidate. As of December 31, 2021 and 2020, our investment in the Assembly Row hotel and La Alameda shopping center joint ventures and maximum exposure to loss was \$8.9 million and \$9.9 million, respectively, and \$8.8 million for our Pike & Rose hotel joint venture as of December 31, 2020. As of December 31, 2021 and 2020, our investment in mortgage notes receivable and maximum exposure to loss was \$9.5 million and \$39.9 million, respectively.

In addition, we have 21 entities that meet the criteria of a VIE in which we hold a variable interest. For each of these entities, we control the significant operating decisions and consequently have the power to direct the activities that most significantly impact the economic performance of the entities. As we also have the obligation to absorb the majority of the losses and/or the right to receive a majority of the benefits for each of these entities, all are consolidated in our financial statements. Net real estate assets related to VIEs included in our consolidated balance sheets were approximately \$1.8 billion and \$1.4 billion as of December 31, 2021 and 2020, respectively, and mortgages related to VIEs included in our consolidated balance sheets were approximately \$335.3 million and \$413.7 million, as of December 31, 2021 and 2020, respectively.

### **Redeemable Noncontrolling Interests**

We have certain noncontrolling interests that are redeemable for cash upon the occurrence of an event that is not solely in our control and therefore are classified outside of permanent equity. We adjust the carrying amounts of these noncontrolling interests that are currently redeemable to redemption value at the balance sheet date. Adjustments to the carrying amount to reflect changes in redemption value are recorded as adjustments to additional paid-in capital in shareholders' equity. These amounts are classified within the mezzanine section of the consolidated balance sheets.

The following table provides a rollforward of the redeemable noncontrolling interests:

	Year Ended December 31,	
	2021	2020
	(In thousands)	
Beginning balance	\$ 137,720	\$ 139,758
Contributions	74,530	19,335
Net income	4,296	2,228
Other comprehensive income (loss) - change in value of interest rate swaps	320	(471)
Distributions & redemptions	(5,268)	(1,197)
Change in redemption value	2,110	(21,933)
Ending balance	<u>\$ 213,708</u>	<u>\$ 137,720</u>

### Leases

We adopted ASC 842 effective January 1, 2019 under the modified retrospective approach and elected the optional transition method to apply the provisions of ASC 842 as of the adoption date, rather than the earliest period presented. We elected to apply certain adoption related practical expedients for all leases that commenced prior to the election date. These practical expedients included not reassessing whether any expired or existing contracts were or contained leases; not reassessing the lease classification for any expired or existing leases; and not reassessing initial direct costs for any existing leases. We also elected the practical expedient for lessors to combine our lease and non-lease components (primarily impacts common area maintenance recoveries).

#### Lessor

We recorded a charge to the opening accumulated dividends in excess of net income of \$7.1 million in 2019 as a result of the adoption of ASC 842. This charge was attributable to the write off certain direct leasing costs recorded under the previous lease accounting rules for leases which had not commenced as well as the write off of unreserved receivables (including straight-line receivables) for leases where we had determined the collection of substantially all the lease payments required for the term is not probable.

#### Lessee

We have ground leases at 12 properties which are accounted for as operating leases. The operating lease right of use ("ROU") assets and related liabilities are shown separately on the face of our consolidated balance sheet and reflect the present value of the minimum lease payments. A key input in the calculation is the discount rate. As the rate implied in the lease agreements is not readily determinable, we utilize our incremental borrowing rate that correspond to the remaining term of the lease, our credit spread, and an adjustment to reflect the collateralized payment terms present in the lease. Our operating lease agreements may include options to extend the lease term or terminate it early. We include options to extend or terminate leases in the ROU operating lease asset and liability when it is reasonably certain we will exercise these options. Operating lease expense is recognized on a straight-line basis over the non-cancellable lease term and is included in rental expenses in our consolidated statements of operations. We elected to apply the short-term lease exemption within ASC 842, and as such we have not recorded an ROU asset or lease liability for leases with terms of less than 12 months.

### Income Taxes

We operate in a manner intended to enable us to qualify as a REIT for federal income tax purposes. A REIT that distributes at least 90% of its taxable income to its shareholders each year and meets certain other conditions is not taxed on that portion of its taxable income which is distributed to its shareholders. Therefore, federal income taxes on our taxable income have been and are generally expected to be immaterial. We are obligated to pay state taxes, generally consisting of franchise or gross receipts taxes in certain states. Such state taxes also have not been material.

We have elected to treat certain of our subsidiaries as taxable REIT subsidiaries, which we refer to as a TRS. In general, a TRS may engage in any real estate business and certain non-real estate businesses, subject to certain limitations under the Internal Revenue Code of 1986, as amended (the "Code"). A TRS is subject to federal and state income taxes. Our TRS activities have not been material.

With few exceptions, we are no longer subject to U.S. federal, state, and local tax examinations by tax authorities for years before 2017. As of December 31, 2021 and 2020, we had no material unrecognized tax benefits. While we currently have no material unrecognized tax benefits, as a policy, we recognize penalties and interest accrued related to unrecognized tax benefits as income tax expense.

### **Segment Information**

Our primary business is the ownership, management, and redevelopment of retail and mixed-use properties. We review operating and financial information for each property on an individual basis and therefore, each property represents an individual operating segment. We evaluate financial performance using property operating income, which consists of rental income, and mortgage interest income, less rental expenses and real estate taxes. No individual commercial or residential property constitutes more than 10% of our revenues or property operating income and we have no operations outside of the United States of America. Therefore, we have aggregated our properties into one reportable segment as the properties share similar long-term economic characteristics and have other similarities including the fact that they are operated using consistent business strategies, are typically located in major metropolitan areas, and have similar tenant mixes.

### **Forward Equity Sales**

On February 24, 2021, we replaced our existing at-the-market (“ATM”) equity program with a new ATM equity program in which we may from time to time offer and sell common shares having an aggregate offering price of up to \$500.0 million. The new ATM equity program also allows shares to be sold through forward sales contracts. Our forward sales contracts currently meet all the conditions for equity classification; and therefore, we record common stock on the settlement date at the purchase price contemplated by the contract. Furthermore, we consider the potential dilution resulting from forward sales contracts in our earnings per share calculations. We use the treasury method to determine the dilution, if any, from the forward sales contracts during the period of time prior to settlement. See Note 8 to the consolidated financial statements for details of our 2021 forward sales transactions.

## Recent Accounting Pronouncements

### Issued in 2021:

ASU 2021-05, July 2021, *Lessors - Certain Leases with Variable Lease Payments (Topic 842)*

This ASU amends the lessor lease classification in ASC 842 for leases that include variable lease payments that are not based on an index or rate. Under the amended guidance, lessors will classify a lease with variable payments that do not depend on an index or rate as an operating lease if the lease would have been classified as a sales-type lease or a direct financing lease under the previous ASU 842 classification criteria, and sales-type or direct financing lease classification would result in a Day 1 loss.

The adoption of this standard does not have an impact to our consolidated financial statements.

This guidance is effective for annual periods beginning after December 15, 2021, and interim periods therein.

### Issued in 2020:

ASU 2020-04, March 2020, *Reference Rate Reform (Topic 848)*

This ASU provides companies with optional practical expedients to ease the accounting burden for contract modifications associated with transitioning away from LIBOR and other interbank offered rates that are expected to be discontinued as part of reference rate reform. For hedges, the guidance generally allows changes to the reference rate and other critical terms without having to de-designate the hedging relationship, as well as allows the shortcut method to continue to be applied. For contract modifications, changes in the reference rate or other critical terms will be treated as a continuation of the prior contract.

We are still evaluating the impact of reference rate reform and whether we will apply any of these practical expedients.

This guidance can be applied immediately, however, is generally only available through December 31, 2022.

ASU 2020-06, August 2020, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*

This ASU simplifies the accounting for convertible instruments by removing the requirements to separately present certain conversion features in equity, simplifying the settlement assessment that entities are required to perform to determine whether a contract qualifies for equity classification, and generally requiring the use of the if-converted method for all convertible instruments in the diluted EPS calculation and include the effect of potential share settlement (if the effect is more dilutive). The guidance is effective for annual period beginning after December 15, 2021, and interim periods therein.

The adoption of this standard does not have an impact to our consolidated financial statements.

## Consolidated Statements of Cash Flows—Supplemental Disclosures

The following table provides supplemental disclosures related to the Consolidated Statements of Cash Flows:

	Year Ended December 31,		
	2021	2020	2019
	(In thousands)		
<b>SUPPLEMENTAL DISCLOSURES:</b>			
Total interest costs incurred	\$ 150,324	\$ 159,718	\$ 130,110
Interest capitalized	(22,626)	(23,429)	(20,487)
Interest expense	\$ 127,698	\$ 136,289	\$ 109,623
Cash paid for interest, net of amounts capitalized	\$ 123,585	\$ 130,248	\$ 106,180
Cash paid for income taxes	\$ 386	\$ 580	\$ 483
<b>NON-CASH INVESTING AND FINANCING TRANSACTIONS:</b>			
DownREIT operating partnership units issued with acquisition	\$ —	\$ 18,920	\$ —
Mortgage loans assumed with acquisition (1)	\$ —	\$ 8,903	\$ 98,041
DownREIT operating partnership units redeemed for common shares	\$ 7,545	\$ —	\$ 14,105
Settlement of partner loan receivable via dilution of partner interests	\$ —	\$ —	\$ 5,379
Shares issued under dividend reinvestment plan	\$ 1,727	\$ 1,734	\$ 1,784

(1) See our Annual Report on Form 10-K for the year ended December 31, 2020 for additional disclosures relating to the mortgages entered into and assumed as a result of the Hoboken acquisition.

	December 31,	
	2021	2020
	(In thousands)	
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:</b>		
Cash and cash equivalents	\$ 162,132	\$ 798,329
Restricted cash (1)	13,031	18,567
Total cash, cash equivalents, and restricted cash	\$ 175,163	\$ 816,896

(1) Restricted cash balances are included in "prepaid expenses and other assets" on our consolidated balance sheets.

### NOTE 3—REAL ESTATE

#### 2021 Property Acquisitions

On January 4, 2021, we acquired our partner's 20% interest in our joint venture arrangement related to the Pike & Rose hotel for \$2.3 million, and repaid the \$31.5 million mortgage loan encumbering the hotel. As a result of the transaction, we gained control of the hotel, and effective January 4, 2021, we have consolidated this asset. We also recognized a gain on acquisition of the controlling interest of \$2.1 million related to the difference between the carrying value and fair value of the previously held equity interest.

On February 22, 2021, we acquired the fee interest at our Mount Vernon Plaza property in Alexandria, Virginia for \$5.6 million. As a result of this transaction, the "operating lease right of use assets" and "operating lease liabilities" on our consolidated balance sheet decreased by \$9.8 million. We now own the entire fee interest on this property.

During the year ended December 31, 2021, we acquired the following properties:

Date Acquired	Property	City/State	Gross Leasable Area (GLA) (in square feet)	Ownership %	Gross Value (in millions)
April 30, 2021	Chesterbrook (1)	McLean, Virginia	90,000	80 %	\$ 32.1 (2)
June 1, 2021	Grossmont Center (1)	La Mesa, California	933,000	60 %	\$ 175.0 (3)
June 14, 2021	Camelback Colonnade (1)	Phoenix, Arizona	642,000	98 %	\$ 162.5 (4)
June 14, 2021	Hilton Village (1)	Scottsdale, Arizona	93,000	98 %	\$ 37.5 (5)
September 2, 2021	Twinbrooke Shopping Centre	Fairfax, Virginia	106,000	100 %	\$ 33.8 (6)

(1) These acquisitions were completed through newly formed joint ventures, for which we own the controlling interest listed above, and therefore, these properties are consolidated in our financial statements.

- (2) Approximately \$1.9 million and \$0.6 million of net assets acquired were allocated to other assets for "acquired lease costs" and "above market leases," respectively, and \$8.0 million of net assets acquired were allocated to other liabilities for "below market leases."
- (3) Approximately \$12.3 million and \$2.6 million of net assets acquired were allocated to other assets for "acquired lease costs" and "above market leases," respectively, and \$14.7 million of net assets acquired were allocated to other liabilities for "below market leases."
- (4) Approximately \$11.6 million of net assets acquired were allocated to other assets for "acquired lease costs" and \$28.3 million were allocated to other liabilities for "below market leases."
- (5) The land is controlled under a long-term ground lease that expires on December 31, 2076, for which we have recorded a \$10.4 million "operating lease right of use asset" (net of a \$1.3 million above market liability) and an \$11.6 million "operating lease liability." Approximately \$2.7 million and \$1.1 million of net assets acquired were allocated to other assets for "acquired lease costs" and "above market leases," respectively, and \$3.6 million were allocated to other liabilities for "below market leases."
- (6) Approximately \$1.2 million and \$0.3 million of net assets acquired were allocated to other assets for "acquired lease costs" and "above market leases," respectively, and \$2.7 million of net assets acquired were allocated to other liabilities for "below market leases."

### 2021 Property Dispositions

During the year ended December 31, 2021, we sold two properties and a portion of three properties for a total sales price of \$141.6 million, which resulted in a net gain of \$88.3 million.

### 2020 Property Acquisitions

Date Acquired	Property	City/State	Gross Leasable Area (GLA) (in square feet)	Purchase Price (in millions)
January 10, 2020	Fairfax Junction	Fairfax, Virginia	49,000	\$ 22.3 (1)
February 12, 2020	Hoboken (2 mixed-use buildings)	Hoboken, New Jersey	12,000	\$ 14.3 (2)

- (1) This property is adjacent to, and is operated as part of the property acquired in 2019. The purchase price was paid with a combination of cash and the issuance of 163,322 downREIT operating partnership units. Approximately \$0.5 million and \$0.4 million of net assets acquired were allocated to other assets for "above market leases," and other liabilities for "below market leases," respectively.
- (2) The purchase price includes the assumption of \$8.9 million of mortgage debt, and is in addition to the 37 buildings previously acquired in 2019, and was completed through the same joint venture. Less than \$0.1 million and approximately \$3.3 million of net assets acquired were allocated to other assets for "above market leases," and other liabilities for "below market leases," respectively.

### 2020 Impairment

On September 1, 2020, the \$60.6 million non-recourse mortgage loan on The Shops at Sunset Place matured. The mortgage was not repaid, and thus the lender declared the loan in default. We evaluated our long-term plans for the property, taking into account current market conditions and prospective development and redevelopment returns, as well as the impact of COVID-19 on the revenue prospects for the property, and concluded we did not expect to move forward with the planned redevelopment or repay the mortgage balance, and thus, did not expect to be long term holders of the asset. Given these expectations, we recorded an impairment charge of \$57.2 million during the third quarter of 2020.

The fair value estimate used to determine the impairment charge was determined by market comparable data and discounted cash flow analyses. The cash flows utilized in such analyses are comprised of unobservable inputs which include forecasted rental revenue and expenses based upon market conditions and future expectations. The capitalization rates and discount rates utilized in such analyses are based upon unobservable rates that we believe to be within a reasonable range of current market rates for the property. Based on these inputs, we have determined that the \$57 million estimated valuation of the property is classified within Level 3 of the fair value hierarchy.

On December 31, 2020, we sold The Shops at Sunset Place for \$65.5 million and repaid the mortgage loan. The resulting gain of \$9.2 million is included in the cumulative 2020 gain of \$98.1 million noted in the 2020 Property Dispositions section below.

## 2020 Property Dispositions

During the year ended December 31, 2020, we sold three properties (including The Shops at Sunset Place discussed above) and one building for a total sales price of \$186.1 million, which resulted in a net gain of \$98.1 million.

During the year ended December 31, 2020, we closed on the sale of the remaining two condominium units at our Pike & Rose property, receiving proceeds net of closing costs of \$2.1 million.

## NOTE 4—ACQUIRED LEASES

Acquired lease assets comprise of above market leases where we are the lessor and below market leases where we are the lessee. Acquired lease liabilities comprise of below market leases where we are the lessor and above market leases where we are the lessee. As a lessor, acquired above market leases are included in prepaid expenses and other assets, and acquired below market leases are included in other liabilities and deferred credits. In accordance with our adoption of ASC Topic 842, acquired below market leases and acquired above market leases where we are the lessee are included in right of use assets. The following is a summary of our acquired lease assets and liabilities:

	December 31, 2021		December 31, 2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	(in thousands)			
Above market leases, lessor	\$ 46,951	\$ (33,617)	\$ 43,560	\$ (31,661)
Below market leases, lessee	34,604	(5,019)	34,604	(4,190)
Total	<u>\$ 81,555</u>	<u>\$ (38,636)</u>	<u>\$ 78,164</u>	<u>\$ (35,851)</u>
Below market leases, lessor	\$ (230,059)	\$ 78,327	\$ (174,582)	\$ 68,286
Above market leases, lessee	(10,347)	2,654	(9,084)	2,116
Total	<u>\$ (240,406)</u>	<u>\$ 80,981</u>	<u>\$ (183,666)</u>	<u>\$ 70,402</u>

The value allocated to acquired leases where we are the lessor is amortized over the related lease term and reflected as additional rental income for below market leases or a reduction of rental income for above market leases in the consolidated statements of comprehensive income. The related amortization of acquired leases where we are the lessee is reflected as additional rental expense for below market leases or a reduction of rental expenses for above market leases in the consolidated statements of comprehensive income. The following is a summary of acquired lease amortization:

	Year Ended December 31,		
	2021	2020	2019
	(in thousands)		
Amortization of above market leases, lessor	\$ (3,150)	\$ (4,060)	\$ (3,239)
Amortization of below market leases, lessor	11,897	8,406	9,623
Net increase in rental income	<u>\$ 8,747</u>	<u>\$ 4,346</u>	<u>\$ 6,384</u>
Amortization of below market leases, lessee	\$ 828	\$ 828	\$ 828
Amortization of above market leases, lessee	(538)	(525)	(525)
Net increase in rental expense	<u>\$ 290</u>	<u>\$ 303</u>	<u>\$ 303</u>

The following is a summary of the remaining weighted average amortization period for our acquired lease assets and acquired lease liabilities:

	December 31, 2021
Above market leases, lessor	3.2 years
Below market leases, lessee	37.6 years
Below market leases, lessor	18.1 years
Above market leases, lessee	17.6 years

The amortization for acquired leases during the next five years and thereafter, assuming no early lease terminations, is as follows:

	<u>Acquired Lease Assets</u>	<u>Acquired Lease Liabilities</u>
	<u>(In thousands)</u>	
Year ending December 31,		
2022	\$ 3,674	\$ 13,541
2023	3,446	12,962
2024	3,139	12,450
2025	2,126	8,984
2026	1,931	8,622
Thereafter	28,603	102,866
	<u>\$ 42,919</u>	<u>\$ 159,425</u>



**NOTE 5—DEBT**

The following is a summary of our total debt outstanding as of December 31, 2021 and 2020:

Description of Debt	Principal Balance as of December 31,		Stated Interest Rate as of December 31, 2021	Stated Maturity Date as of December 31, 2021
	2021	2020		
<b>Mortgages payable</b>	<b>(Dollars in thousands)</b>			
Sylmar Towne Center	\$ —	\$ 16,236	5.39 %	June 6, 2021
Plaza Del Sol	—	8,041	5.23 %	December 1, 2021
THE AVENUE at White Marsh	—	52,705	3.35 %	January 1, 2022
Montrose Crossing	—	65,596	4.20 %	January 10, 2022
Azalea	40,000	40,000	3.73 %	November 1, 2025
Bell Gardens	12,127	12,408	4.06 %	August 1, 2026
Plaza El Segundo	125,000	125,000	3.83 %	June 5, 2027
The Grove at Shrewsbury (East)	43,600	43,600	3.77 %	September 1, 2027
Brook 35	11,500	11,500	4.65 %	July 1, 2029
Hoboken (24 Buildings) (1)	56,450	56,450	LIBOR + 1.95%	December 15, 2029
Various Hoboken (14 Buildings)	31,817	32,705	Various (2)	Various through 2029
Chelsea	4,851	5,234	5.36 %	January 15, 2031
Hoboken (1 Building) (3)	16,234	16,560	3.75 %	July 1, 2042
Subtotal	341,579	486,035		
Net unamortized debt issuance costs and premium	(1,586)	(1,924)		
Total mortgages payable, net	339,993	484,111		
<b>Notes payable</b>				
Revolving credit facility	—	—	LIBOR + 0.775%	January 19, 2024
Term loan	300,000	400,000	LIBOR + 0.80%	April 16, 2024
Various	2,635	3,270	11.31 %	Various through 2028
Subtotal	302,635	403,270		
Net unamortized debt issuance costs	(1,169)	(494)		
Total notes payable, net	301,466	402,776		
<b>Senior notes and debentures</b>				
2.75% notes	275,000	275,000	2.75 %	June 1, 2023
3.95% notes	600,000	600,000	3.95 %	January 15, 2024
1.25% notes	400,000	400,000	1.25 %	February 15, 2026
7.48% debentures	29,200	29,200	7.48 %	August 15, 2026
3.25% notes	475,000	475,000	3.25 %	July 15, 2027
6.82% medium term notes	40,000	40,000	6.82 %	August 1, 2027
3.20% notes	400,000	400,000	3.20 %	June 15, 2029
3.50% notes	400,000	400,000	3.50 %	June 1, 2030
4.50% notes	550,000	550,000	4.50 %	December 1, 2044
3.625% notes	250,000	250,000	3.625 %	August 1, 2046
Subtotal	3,419,200	3,419,200		
Net unamortized debt issuance costs and premium	(13,112)	(14,712)		
Total senior notes and debentures	3,406,088	3,404,488		
<b>Total debt</b>	<b>\$ 4,047,547</b>	<b>\$ 4,291,375</b>		

- 1) On November 26, 2019, we entered into two interest rate swap agreements that fix the interest rate on the mortgage loan at 3.67%.
- 2) The interest rates on these mortgages range from 3.91% to 5.00%.
- 3) This mortgage loan has a fixed interest rate, however, the rate resets every five years until maturity. The current interest rate is fixed until July 1, 2022, and the loan is prepayable at par anytime after this date.

On April 16, 2021, we repaid \$100.0 million of our existing \$400.0 million term loan, amended the agreement on the remaining \$300.0 million to lower the current spread over LIBOR from 135 basis points to 80 basis points based on our current credit rating, and extended the initial maturity date to April 16, 2024, along with two one-year extensions, at our option.

In 2021, we repaid the following mortgage loans, at par, prior to their original maturity date:

<b>Property</b>	<b>Repayment Date</b>	<b>Principal</b> (in millions)
Sylmar Towne Center	February 5, 2021	\$ 16.2
Plaza Del Sol	September 1, 2021	\$ 7.9
Montrose Crossing	October 12, 2021	\$ 64.1
The AVENUE at White Marsh	November 2, 2021	\$ 52.7

During 2021, 2020 and 2019, the maximum amount of borrowings outstanding under our revolving credit facility was \$150.0 million, \$990.0 million and \$116.5 million, respectively. The weighted average amount of borrowings outstanding was \$19.6 million, \$138.5 million and \$26.8 million, respectively, and the weighted average interest rate, before amortization of debt fees, was 0.9%, 1.5% and 3.2%, respectively. The revolving credit facility requires an annual facility fee of \$1.0 million. At December 31, 2021 and December 31, 2020, our revolving credit facility had no balance outstanding.

Our revolving credit facility, term loan, and certain notes require us to comply with various financial covenants, including the maintenance of minimum shareholders' equity and debt coverage ratios and a maximum ratio of debt to net worth. As of December 31, 2021, we were in compliance with all default related debt covenants.

Scheduled principal payments on mortgages payable, notes payable, senior notes and debentures as of December 31, 2021 are as follows:

	<b>Mortgages Payable</b>	<b>Notes Payable</b>	<b>Senior Notes and Debentures</b>	<b>Total Principal</b>
	(In thousands)			
Year ending December 31,				
2022	\$ 3,351	\$ 744	\$ —	\$ 4,095
2023	3,549	758	275,000	279,307
2024	3,688	300,659 (1)(2)	600,000	904,347
2025	48,033	383	—	48,416
2026	26,657	54	429,200	455,911
Thereafter	256,301	37	2,115,000	2,371,338
	<u>\$ 341,579</u>	<u>\$ 302,635</u>	<u>\$ 3,419,200</u>	<u>\$ 4,063,414</u> (3)

(1) Our \$300.0 million term loan matures on April 16, 2024 plus two one-year extensions, at our option.

(2) Our \$1.0 billion revolving credit facility matures on January 19, 2024, plus two six-month extensions at our option. As of December 31, 2021, there was no balance outstanding under this credit facility.

(3) The total debt maturities differ from the total reported on the consolidated balance sheet due to the unamortized net debt issuance costs and premium/discount on mortgage loans, notes payable, and senior notes as of December 31, 2021.

#### NOTE 6—FAIR VALUE OF FINANCIAL INSTRUMENTS

A fair value measurement is based on the assumptions that market participants would use in pricing an asset or liability in an orderly transaction. The hierarchy for inputs used in measuring fair value are as follows:

- Level 1 Inputs—quoted prices in active markets for identical assets or liabilities
- Level 2 Inputs—observable inputs other than quoted prices in active markets for identical assets and liabilities
- Level 3 Inputs—prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Except as disclosed below, the carrying amount of our financial instruments approximates their fair value. The fair value of our mortgages payable, notes payable and senior notes and debentures is sensitive to fluctuations in interest rates. Quoted market

prices (Level 1) were used to estimate the fair value of our marketable senior notes and debentures and discounted cash flow analysis (Level 2) is generally used to estimate the fair value of our mortgages and notes payable. Considerable judgment is necessary to estimate the fair value of financial instruments. The estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized upon disposition of the financial instruments. A summary of the carrying amount and fair value of our mortgages payable, notes payable and senior notes and debentures is as follows:

	December 31, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
Mortgages and notes payable	\$ 641,459	\$ 655,864	\$ 886,887	\$ 879,390
Senior notes and debentures	\$ 3,406,088	\$ 3,649,776	\$ 3,404,488	\$ 3,761,465

As of December 31, 2021, we have two interest rate swap agreements with notional amounts of \$56.5 million that are measured at fair value on a recurring basis. The interest rate swap agreements fix the interest rate on \$56.5 million of mortgage payables at 3.67% through December 15, 2029. The fair values of the interest rate swap agreements are based on the estimated amounts we would receive or pay to terminate the contracts at the reporting date and are determined using interest rate pricing models and interest rate related observable inputs. The fair value of our swaps at December 31, 2021 was a liability of \$1.5 million and is included in "other liabilities and deferred credits" on our consolidated balance sheet. During 2021, the value of our interest rate swaps increased \$3.2 million (including \$0.9 million reclassified from other comprehensive income to interest expense). A summary of our financial liabilities that are measured at fair value on a recurring basis, by level within the fair value hierarchy is as follows:

	December 31, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(In thousands)							
Interest rate swaps	\$ —	\$ (1,511)	\$ —	\$ (1,511)	\$ —	\$ (4,711)	\$ —	\$ (4,711)

One of our equity method investees has two interest rate swaps which qualify as cash flow hedges. At December 31, 2021 and December 31, 2020, our share of the change in fair value of the related swaps included in "accumulated other comprehensive loss" was an increase of \$0.7 million and a decrease of \$0.5 million, respectively.

#### NOTE 7—COMMITMENTS AND CONTINGENCIES

We are sometimes involved in lawsuits, warranty claims, and environmental matters arising in the ordinary course of business. Management makes assumptions and estimates concerning the likelihood and amount of any potential loss relating to these matters.

We are currently a party to various legal proceedings. We accrue a liability for litigation if an unfavorable outcome is probable and the amount of loss can be reasonably estimated. If an unfavorable outcome is probable and a reasonable estimate of the loss is a range, we accrue the best estimate within the range; however, if no amount within the range is a better estimate than any other amount, the minimum within the range is accrued. Legal fees related to litigation are expensed as incurred. We do not believe that the ultimate outcome of these matters, either individually or in the aggregate, could have a material adverse effect on our financial position or overall trends in results of operations; however, litigation is subject to inherent uncertainties. Also under our leases, tenants are typically obligated to indemnify us from and against all liabilities, costs and expenses imposed upon or asserted against us (1) as owner of the properties due to certain matters relating to the operation of the properties by the tenant, and (2) where appropriate, due to certain matters relating to the ownership of the properties prior to their acquisition by us.

We are self-insured for general liability costs up to predetermined retained amounts per claim, and we believe that we maintain adequate accruals to cover our retained liability. We currently do not maintain third party stop-loss insurance policies to cover liability costs in excess of predetermined retained amounts. Our accrual for self-insurance liability is determined by management and is based on claims filed and an estimate of claims incurred but not yet reported. Management considers a number of factors, including third-party actuarial analysis, previous experience in our portfolio, and future increases in costs of claims, when making these determinations. If our liability costs exceed these accruals, it will reduce our net income.

We reserve for estimated losses, if any, associated with warranties given to a buyer at the time real estate is sold or other potential liabilities relating to that sale, taking any insurance policies into account. These warranties may extend up to ten years and require significant judgment. If changes in facts and circumstances indicate that warranty reserves are understated, we will

accrue additional reserves at such time a liability has been incurred and the costs can be reasonably estimated. Warranty reserves are released once the legal liability period has expired or all related work has been substantially completed.

On December 11, 2019, we received proceeds related to the sale under the threat of condemnation at San Antonio Center as discussed in our Annual Report on Form 10-K for the year ended December 31, 2019. We have indemnified the condemning authority for all costs incurred related to the condemnation proceedings including any payments required to tenants at the property and expect the process will take several years to complete. During 2021, we did not incur any payments, and consequently, at December 31, 2021, our liability remains \$32.6 million to reflect our estimate of the remaining consideration.

At December 31, 2021 and 2020, our reserves for general liability costs were \$5.2 million and \$4.6 million, respectively, and are included in “accounts payable and accrued expenses” in our consolidated balance sheets. Any potential losses which exceed our estimates would result in a decrease in our net income. During 2021 and 2020, we made payments from these reserves of \$1.5 million and \$0.8 million, respectively. Although we consider the reserve to be adequate, there can be no assurance that the reserve will prove to be adequate over-time to cover losses due to the difference between the assumptions used to estimate the reserve and actual losses.

At December 31, 2021, we had letters of credit outstanding of approximately \$4.8 million.

As of December 31, 2021 in connection with capital improvement, development, and redevelopment projects, the Trust has contractual obligations of approximately \$319.2 million.

We are obligated under operating lease agreements on several shopping centers and one office lease requiring minimum annual payments as follows, as of December 31, 2021:

	(In thousands)
Year ending December 31,	
2022	\$ 5,191
2023	5,278
2024	5,455
2025	5,326
2026	4,831
Thereafter	177,395
Total future minimum operating lease payments	203,476
Less amount representing interest	(130,815)
Operating lease liabilities	\$ 72,661

Future minimum lease payments and their present value for properties under finance leases as of December 31, 2021, are as follows:

	(In thousands)
Year ending December 31,	
2022	\$ 5,810
2023	60,013
2024	1,013
2025	1,013
2026	1,013
Thereafter	79,824
Total future minimum finance lease payments	148,686
Less amount representing interest	(76,654)
Finance lease liabilities	\$ 72,032

A master lease for Mercer Mall includes a fixed purchase price option for \$55 million in 2023. If we fail to exercise our purchase option, the owner of Mercer Mall has a put option which would require us to purchase Mercer Mall for \$60 million in 2025.

Under the terms of the Congressional Plaza partnership agreement, a minority partner has the right to require us and the other minority partner to purchase its 26.63% interest in Congressional Plaza at the interest's then-current fair market value. If the other minority partner defaults in their obligation, we must purchase the full interest. Based on management's current estimate of fair market value as of December 31, 2021, our estimated maximum liability upon exercise of the put option would range from approximately \$67 million to \$71 million.

A master lease for Melville Mall, as amended on October 14, 2021, includes a fixed price put option at any time prior to June 30, 2025, requiring us to purchase Melville Mall for approximately \$3.6 million. Additionally, we have the right to purchase Melville Mall in 2026 for approximately \$3.6 million. The consideration is net of a contract amendment fee to be paid by the landlord.

Two of the members in Plaza El Segundo have the right to require us to purchase their 10.0% and 11.8% ownership interests at the interests' then-current fair market value. If the members fail to exercise their put options, we have the right to purchase each of their interests on or after December 30, 2026 at fair market value. Based on management's current estimate of fair market value as of December 31, 2021, our estimated maximum liability upon exercise of the put option would range from approximately \$25 million to \$28 million.

The other member in The Grove at Shrewsbury and Brook 35 has the right to require us to purchase all of its approximately 4.1% interest in The Grove at Shrewsbury and approximately 6.5% interest in Brook 35 at the interests' then-current fair market value. Based on management's current estimate of fair market value as of December 31, 2021, our estimated maximum liability upon exercise of the put option would range from \$6 million to \$7 million.

Effective September 18, 2023, the other member in Hoboken has the right to require us to purchase all of its 10.0% ownership interest at the interest's then-current fair market value. Based on management's current estimate of fair market value as of December 31, 2021, our estimated maximum liability upon exercise of the put option would range from \$9 million to \$10 million.

Effective June 14, 2026, the other member in Cambelback Colonnade and Hilton Village has the right to require us to purchase all of its 2.0% ownership interest at the interest's then-current fair market value. Based on management's current estimate of fair value as of December 31, 2021, our estimated maximum liability upon exercise of the put option would range from \$4 million to \$5 million.

Effective June 1, 2029, the other member in Grossmont Center has the right to require us to purchase all of its 40.0% ownership interest at the interest's then-current fair market value. Based on management's current estimate of fair value as of December 31, 2021, our estimated maximum liability upon exercise of the put option would range from \$68 million to \$73 million.

Under the terms of certain partnership agreements, the partners have the right to exchange their operating partnership units for cash or the same number of our common shares, at our option. A total of 666,831 downREIT operating partnership units are outstanding which have a total fair value of \$90.9 million, based on our closing stock price on December 31, 2021.

#### **NOTE 8—SHAREHOLDERS' EQUITY**

We have a Dividend Reinvestment Plan (the "Plan"), whereby shareholders may use their dividends and optional cash payments to purchase shares. In 2021, 2020 and 2019, 19,758 shares, 24,491 shares, and 15,909 shares, respectively, were issued under the Plan.

As of December 31, 2021, 2020, and 2019, we had 6,000,000 Depositary Shares outstanding, each representing 1/1000th interest of 5.0% Series C Cumulative Redeemable Preferred Share, par value \$0.01 per share ("Series C Preferred Shares"), at the liquidation preference of \$25.00 per depositary share (or \$25,000 per Series C Preferred share). The Series C Preferred Shares accrue dividends at a rate of 5.0% of the \$25,000 liquidation preference per year and are redeemable at our option on or after September 29, 2022. Additionally, they are not convertible and holders of these shares generally have no voting rights, unless we fail to pay dividends for six or more quarters.

As of December 31, 2021, 2020, and 2019, we had 399,896 shares of 5.417% Series 1 Cumulative Convertible Preferred Shares ("Series 1 Preferred Shares") outstanding that have a liquidation preference of \$25 per share and par value \$0.01 per share. The Series 1 Preferred Shares accrue dividends at a rate of 5.417% per year and are convertible at any time by the holders to our common shares at a conversion rate of \$104.69 per share. The Series 1 Preferred Shares are also convertible under certain circumstances at our election. The holders of the Series 1 Preferred Shares have no voting rights.

On February 24, 2021, we replaced our existing at-the-market ("ATM") equity program with a new ATM equity program in which we may from time to time offer and sell common shares having an aggregate offering price of up to \$500.0 million. On

May 7, 2021, we amended this ATM equity program, which resets the limit to \$500.0 million. The new ATM equity program also allows shares to be sold through forward sales contracts. We intend to use the net proceeds to fund potential acquisition opportunities, fund our development and redevelopment pipeline, repay indebtedness and/or for general corporate purposes.

For the year ended December 31, 2021, we issued 847,471 common shares at a weighted average price per share of \$104.19 for net cash proceeds of \$87.0 million including paying \$0.9 million in commissions and \$0.4 million in additional offering expenses related to the sales of these common shares. For the year ended December 31, 2020, we issued 1,080,804 common shares at a weighted average price per share of \$92.51 for net cash proceeds of \$98.8 million and paid \$1.0 million in commissions and \$0.1 million in additional offering expenses related to the sales of these common shares.

We also entered into forward sales contracts for the year ended December 31, 2021 for 2,999,955 common shares under our ATM equity program at a weighted average offering price of \$120.22. During 2021, we settled a portion of the forward sales agreements entered into during the year by issuing 796,300 common shares for net proceeds of \$85.7 million.

The forward price that we will receive upon physical settlement of the remaining forward sale agreements is subject to the adjustment for (i) commissions, (ii) a floating interest rate factor equal to a specified daily rate less a spread, (iii) the forward purchasers' stock borrowing costs and (iv) scheduled dividends during the term of the forward sale agreements. The remaining open forward shares may be settled at any time on or before multiple required settlement dates ranging from June 2022 to December 2022. As of December 31, 2021, we had the capacity to issue up to \$175.0 million in common shares under our ATM equity program.

## NOTE 9—DIVIDENDS

The following table provides a summary of dividends declared and paid per share:

	Year Ended December 31,					
	2021		2020		2019	
	Declared	Paid	Declared	Paid	Declared	Paid
Common shares	\$ 4.260	\$ 4.250	\$ 4.220	\$ 4.210	\$ 4.140	\$ 4.110
5.417% Series 1 Cumulative Convertible Preferred shares	\$ 1.354	\$ 1.354	\$ 1.354	\$ 1.354	\$ 1.354	\$ 1.354
5.0% Series C Cumulative Redeemable Preferred shares (1)	\$ 1.250	\$ 1.250	\$ 1.250	\$ 1.250	\$ 1.250	\$ 1.250

(1) Amount represents dividends per depositary share, each representing 1/1000th of a share.

A summary of the income tax status of dividends per share paid is as follows:

	Year Ended December 31,		
	2021	2020	2019
Common shares			
Ordinary dividend	\$ 3.358	\$ 3.452	\$ 4.110
Capital gain	0.680	—	—
Return of capital	0.212	0.758	—
	<u>\$ 4.250</u>	<u>\$ 4.210</u>	<u>\$ 4.110</u>
5.417% Series 1 Cumulative Convertible Preferred shares			
Ordinary dividend	\$ 1.124	\$ 1.354	\$ 1.354
Capital gain	0.230	—	—
	<u>\$ 1.354</u>	<u>\$ 1.354</u>	<u>\$ 1.354</u>
5.0% Series C Cumulative Redeemable Preferred shares			
Ordinary dividend	\$ 1.038	\$ 1.250	\$ 1.250
Capital gain	0.212	—	—
	<u>\$ 1.250</u>	<u>\$ 1.250</u>	<u>\$ 1.250</u>

On November 4, 2021, the Trustees declared a quarterly cash dividend of \$1.07 per common share, payable January 18, 2022 to common shareholders of record on January 3, 2022.

**NOTE 10— LEASES**

At December 31, 2021, our 104 predominantly retail shopping center and mixed-use properties are located in 12 states and the District of Columbia. There are approximately 3,100 commercial leases and 3,000 residential leases. Our commercial tenants range from sole proprietorships to national retailers and corporations. At December 31, 2021, no one tenant or corporate group of tenants accounted for more than 2.7% of annualized base rent.

Our leases with commercial property and residential tenants are classified as operating leases. Commercial property leases generally range from three to ten years (certain leases with anchor tenants may be longer), and in addition to minimum rents, may provide for percentage rents based on the tenant's level of sales achieved and cost recoveries for the tenant's share of certain operating costs. Leases on apartments are generally for a period of 1 year or less.

As of December 31, 2021, future minimum rentals from noncancelable commercial operating leases (excluding both tenant reimbursements of operating expenses and percentage rent based on tenants' sales) are as follows:

	(In thousands)
Year ending December 31,	
2022	\$ 634,134
2023	596,004
2024	531,652
2025	447,549
2026	376,692
Thereafter	1,675,278
	<u>\$ 4,261,309</u>

The following table provides additional information on our operating and finance leases where we are the lessee:

	Year Ended December 31,		
	2021	2020	2019
	(In thousands)		
<b>LEASE COST:</b>			
Finance lease cost:			
Amortization of right-of-use assets	\$ 1,284	\$ 1,284	\$ 1,284
Interest on lease liabilities	5,828	5,826	5,824
Operating lease cost	5,687	5,946	6,063
Variable lease cost	246	353	487
Total lease cost	<u>\$ 13,045</u>	<u>\$ 13,409</u>	<u>\$ 13,658</u>

**OTHER INFORMATION:**

Cash paid for amounts included in the measurement of lease liabilities

Operating cash flows for finance leases	\$ 5,723	\$ 5,736	\$ 5,759
Operating cash flows for operating leases	\$ 5,288	\$ 5,498	\$ 5,561
Financing cash flows for finance leases	\$ 51	\$ 46	\$ 47

	December 31,	
	2021	2020
Weighted-average remaining term - finance leases	16.3 years	17.3 years
Weighted-average remaining term - operating leases	52.8 years	53.4 years
Weighted-average discount rate - finance leases	8.0 %	8.0 %
Weighted-average discount rate - operating leases	4.5 %	4.4 %
ROU assets obtained in exchange for operating lease liabilities	\$ 10,341	\$ 855

**NOTE 11—COMPONENTS OF RENTAL EXPENSES**

The principal components of rental expenses are as follows:

	Year Ended December 31,		
	2021	2020	2019
	(In thousands)		
Repairs and maintenance	\$ 78,028	\$ 66,845	\$ 73,179
Utilities	27,808	25,065	27,729
Management fees and costs	24,919	23,752	24,930
Payroll	18,341	16,691	16,485
Insurance	14,406	12,439	9,036
Marketing	7,481	6,432	7,427
Ground rent	4,571	4,595	4,803
Other operating (1)	22,567	15,101	24,242
<b>Total rental expenses</b>	<b>\$ 198,121</b>	<b>\$ 170,920</b>	<b>\$ 187,831</b>

(1) Other operating for the year ended December 31, 2019 includes an \$11.9 million charge relating to the buyout of a lease at Assembly Square Marketplace.

**NOTE 12—SHARE-BASED COMPENSATION PLANS**

A summary of share-based compensation expense included in net income is as follows:

	Year Ended December 31,		
	2021	2020	2019
	(In thousands)		
Grants of common shares and options	\$ 14,434	\$ 13,243	\$ 13,330
Capitalized share-based compensation	(1,425)	(1,319)	(1,054)
<b>Share-based compensation expense</b>	<b>\$ 13,009</b>	<b>\$ 11,924</b>	<b>\$ 12,276</b>

As of December 31, 2021, we have grants outstanding under two share-based compensation plans. In May 2020, our shareholders approved the 2020 Performance Incentive Plan ("the 2020 Plan"), which authorized the grant of share options, common shares, and other share-based awards for up to 1,750,000 common shares of beneficial interest. Our 2010 Long Term Incentive Plan, as amended (the "2010 Plan"), which expired in May 2020, authorized the grant of share options, common shares and other share-based awards for up to 2,450,000 common shares of beneficial interest.

Option awards under the plans are required to have an exercise price at least equal to the closing trading price of our common shares on the date of grant. Options and restricted share awards under the plan generally vest over three to seven years and option awards typically have a ten-year contractual term. We pay dividends on unvested shares. Certain options and share awards provide for accelerated vesting if there is a change in control. Additionally, the vesting on certain option and share awards can accelerate in part or in full upon termination without cause.

The fair value of each option award is estimated on the date of grant using the Black-Scholes model. Expected volatilities, term, dividend yields, employee exercises and estimated forfeitures are primarily based on historical data. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The fair value of each share award is determined based on the closing trading price of our common shares on the grant date. No options were granted in 2020 and 2019.



The following table provides a summary of the assumptions used to value options granted in 2021:

	Year Ended December 31, 2021
Volatility	29.3 %
Expected dividend yield	4.1 %
Expected term (in years)	7.5
Risk free interest rate	0.9 %

The weighted-average grant-date fair value of options granted in 2021 was \$16.40 per share. The following table provides a summary of option activity for 2021:

	Shares Under Option	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value (In thousands)
Outstanding at December 31, 2020	682	\$ 152.34		
Granted	3,658	95.77		
Exercised	—	—		
Forfeited or expired	(682)	152.34		
Outstanding at December 31, 2021	3,658	\$ 95.77	9.1	\$ 148
Exercisable at December 31, 2021	—	\$ —	—	\$ —

The following table provides a summary of restricted share activity for 2021:

	Shares	Weighted-Average Grant-Date Fair Value
Unvested at December 31, 2020	233,178	\$ 127.32
Granted	166,746	97.46
Vested	(108,735)	121.77
Forfeited	(2,193)	112.05
Unvested at December 31, 2021	288,996	\$ 112.29

The weighted-average grant-date fair value of stock awarded in 2021, 2020 and 2019 was \$97.46, \$124.55 and \$133.30, respectively. The total vesting-date fair value of shares vested during the year ended December 31, 2021, 2020 and 2019, was \$11.0 million, \$12.4 million and \$13.0 million, respectively.

On February 10, 2021, 10,441 restricted stock units were awarded to an officer that vest at the end of four years. The final awards earned are based on meeting certain market based performance criteria, and may vary from 0% to 200% of the original award. The weighted-average grant-date fair value of stock awarded in 2021 was \$97.01. The following table provides a summary of restricted stock unit activity for 2021:

	Shares	Weighted-Average Grant-Date Fair Value
Unvested at December 31, 2020	—	\$ —
Granted	10,441	97.01
Vested	—	—
Forfeited	—	—
Unvested at December 31, 2021	10,441	\$ 97.01

As of December 31, 2021, there was \$20.0 million of total unrecognized compensation cost related to unvested share-based compensation arrangements (i.e. options and unvested shares) granted under our plans. This cost is expected to be recognized over the next 4.6 years with a weighted-average period of 2.3 years.

Subsequent to December 31, 2021, common shares were awarded under various compensation plans as follows:

<b>Date</b>	<b>Award</b>	<b>Vesting Term</b>	<b>Beneficiary</b>
January 3, 2022	5,135 Shares	Immediate	Trustees
February 9, 2022	103,463 Restricted Shares	3-5 years	Officers and key employees

**NOTE 13—SAVINGS AND RETIREMENT PLANS**

We have a savings and retirement plan in accordance with the provisions of Section 401(k) of the Code. Generally, employees can elect, at their discretion, to contribute a portion of their compensation up to a maximum of \$19,500 for 2021 and 2020, and 19,000 for 2019. Under the plan, we contribute 50% of each employee's elective deferrals up to 5% of eligible earnings. In addition, we may make discretionary contributions within the limits of deductibility set forth by the Code. Our full-time employees are immediately eligible to become plan participants. Employees are eligible to receive matching contributions immediately on their participation; however, these matching payments will not vest until their third anniversary of employment. Our expense for the years ended December 31, 2021, 2020 and 2019 was approximately \$816,000, \$813,000 and \$764,000, respectively.

A non-qualified deferred compensation plan for our officers and certain other employees was established in 1994 that allows the participants to defer a portion of their income. As of December 31, 2021 and 2020, we are liable to participants for approximately \$21.0 million and \$18.0 million, respectively, under this plan. Although this is an unfunded plan, we have purchased certain investments to match this obligation. Our obligation under this plan and the related investments are both included in the accompanying consolidated financial statements.

**NOTE 14—EARNINGS PER SHARE**

We have calculated earnings per share (“EPS”) under the two-class method. The two-class method is an earnings allocation methodology whereby EPS for each class of common stock and participating securities is calculated according to dividends declared and participation rights in undistributed earnings. For 2021 we had 0.3 million, and for 2020 and 2019 we had 0.2 million weighted average unvested shares outstanding, respectively, which are considered participating securities. Therefore, we have allocated our earnings for basic and diluted EPS between common shares and unvested shares; the portion of earnings allocated to the unvested shares is reflected as “earnings allocated to unvested shares” in the reconciliation below.

The following potentially issuable shares were excluded from the diluted EPS calculation because their impact is anti-dilutive:

- exercise of 682 stock options in 2020 and 2019, respectively,
- conversions of downREIT operating partnership units and 5.417% Series 1 Cumulative Convertible Preferred Shares for 2021, 2020, and 2019, respectively, and
- the issuance of 1.8 million shares issuable under forward sales agreements in 2021.

Additionally, 10,441 unvested restricted stock units are excluded from the diluted EPS calculation as the market based performance criteria in the award has not yet been achieved.

	Year Ended December 31,		
	2021	2020	2019
(In thousands, except per share data)			
<b>NUMERATOR</b>			
Net income	\$ 269,081	\$ 135,888	\$ 360,542
Less: Preferred share dividends	(8,042)	(8,042)	(8,042)
Less: Income from operations attributable to noncontrolling interests	(7,583)	(4,182)	(6,676)
Less: Earnings allocated to unvested shares	(1,211)	(992)	(1,007)
Net income available for common shareholders, basic and diluted	<u>\$ 252,245</u>	<u>\$ 122,672</u>	<u>\$ 344,817</u>
<b>DENOMINATOR</b>			
Weighted average common shares outstanding—basic	77,336	75,515	74,766
Effect of dilutive securities:			
Open forward contracts for share issuances	32	—	—
Weighted average common shares outstanding—diluted	<u>77,368</u>	<u>75,515</u>	<u>74,766</u>
<b>EARNINGS PER COMMON SHARE, BASIC</b>			
Net income available for common shareholders	<u>\$ 3.26</u>	<u>\$ 1.62</u>	<u>\$ 4.61</u>
<b>EARNINGS PER COMMON SHARE, DILUTED</b>			
Net income available for common shareholders	<u>\$ 3.26</u>	<u>\$ 1.62</u>	<u>\$ 4.61</u>

**NOTE 15—SUBSEQUENT EVENTS**

In January of 2022, we completed the UPREIT reorganization described in the Explanatory Note at the beginning of this Annual Report. Prior to the UPREIT Reorganization, our business was conducted through the Predecessor. This Annual Report pertains to the business and results of operations of the Predecessor for its fiscal year ended December 31, 2021. As a result of the UPREIT reorganization, the Parent Company became the successor issuer to the Predecessor under the Exchange Act. The Parent Company and the Partnership have elected to co-file this Annual Report of the Predecessor to ensure continuity of information to investors. For additional information on our UPREIT reorganization, please see our Current Reports on Form 8-K filed with the SEC on January 3, 2022 and January 5, 2022.

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COLUMN A Descriptions	COLUMN B Encumbrance	COLUMN C Initial cost to company		COLUMN D Cost Capitalized Subsequent to Acquisition	COLUMN E Gross amount at which carried at close of period			COLUMN F Accumulated Depreciation and Amortization	COLUMN G Date of Construction	COLUMN H Date Acquired	COLUMN I Life on which depreciation in latest income statements is computed
		Land	Building and Improvements		Land	Building and Improvements	Total				
		\$	\$		\$	\$	\$				
29TH PLACE (Virginia)		\$ 10,211	\$ 18,863	\$ 11,035	\$ 10,195	\$ 29,914	\$ 40,109	\$ 15,312	1975 - 2001	5/30/2007	(1)
ANDORRA (Pennsylvania)		2,432	12,346	18,458	2,432	30,804	33,236	22,053	1953	1/12/1988	(1)
ASSEMBLY ROW/ASSEMBLY SQUARE MARKETPLACE (Massachusetts)		93,252	34,196	951,169	69,421	1,009,196	1,078,617	107,931	2005, 2012-2021	2005-2013	(1)
AZALEA (California)	39,800	40,219	67,117	628	40,219	67,745	107,964	11,036	2014	8/2/2017	(1)
BALA CYNWYD (Pennsylvania)		3,565	14,466	48,471	2,683	63,819	66,502	29,407	1955/2020	9/22/1993	(1)
BARCROFT PLAZA (Virginia)		12,617	29,603	7,968	12,617	37,571	50,188	7,320	1963, 1972, 1990, & 2000	1/13/16 & 11/7/16	(1)
BARRACKS ROAD (Virginia)		4,363	16,459	49,352	4,363	65,811	70,174	50,852	1958	12/31/1985	(1)
BELL GARDENS (California)	11,861	24,406	85,947	1,929	24,406	87,876	112,282	18,619	1990, 2003, 2006	8/2/17 & 11/29/18	(1)
BETHESDA ROW (Maryland)		46,579	35,406	168,421	43,904	206,502	250,406	99,202	1945-2008	12/31/93, 6/2/97, 1/20/06, 9/25/08, 9/30/08, & 12/27/10	(1)
BIRCH & BROAD (formerly known as Falls Plaza) (Virginia)		1,798	1,270	20,876	1,819	22,125	23,944	9,741	1960/1962	9/30/67 & 10/05/72	(1)
BRICK PLAZA (New Jersey)		—	24,715	79,632	4,094	100,253	104,347	60,075	1958	12/28/1989	(1)
BRISTOL PLAZA (Connecticut)		3,856	15,959	15,398	3,856	31,357	35,213	20,652	1959	9/22/1995	(1)
BROOK 35 (New Jersey)	11,345	7,128	38,355	4,722	7,128	43,077	50,205	11,296	1986/2004	1/1/2014	(1)
CAMELBACK COLONNADE (Arizona)		52,658	126,646	49	52,658	126,695	179,353	2,655	1977/2019	6/14/2021	(1)
CAMPUS PLAZA (Massachusetts)		16,710	13,412	433	16,710	13,845	30,555	3,381	1970	1/13/2016	(1)
CHELSEA COMMONS (Massachusetts)	4,692	8,689	19,466	2,439	8,669	21,925	30,594	9,596	1962/1969/2008	8/25/06, 1/30/07, & 7/16/08	(1)
CHESTERBROOK (Virginia)		13,042	24,725	509	13,042	25,234	38,276	594	1967/1991	4/30/21	(1)

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		Land	Building and Improvements		Land	Building and Improvements	Total				
COCOWALK (Florida)		32,513	71,536	87,188	48,944	142,293	191,237	16,485	1990/1994, 1922-1973, 2018-2021	5/4/15, 7/1/15, 12/16/15, 7/26/16, 6/30/17, & 8/10/17	(1)
COLORADO BLVD (California)		2,415	3,964	7,109	2,415	11,073	13,488	9,715	1905-1988	8/14/98	(1)
CONGRESSIONAL PLAZA (Maryland)		2,793	7,424	97,556	2,793	104,980	107,773	63,539	1965/2003/2016	4/1/1965	(1)
COURTHOUSE CENTER (Maryland)		1,750	1,869	3,497	1,750	5,366	7,116	3,141	1975	12/17/1997	(1)
CROSSROADS (Illinois)		4,635	11,611	19,769	4,635	31,380	36,015	21,669	1959	7/19/1993	(1)
CROW CANYON COMMONS (California)		27,245	54,575	8,854	27,245	63,429	90,674	30,337	Late 1970's/ 1998/2006	12/29/05 & 2/28/07	(1)
DARIEN COMMONS (Connecticut)		30,368	19,523	48,601	30,368	68,124	98,492	3,561	1920-2009	4/3/13 & 7/20/18	(1)
DEDHAM PLAZA (Massachusetts)		16,658	13,964	17,152	16,658	31,116	47,774	19,358	1959	12/31/93, 12/14/16, 1/29/19, & 3/12/19	(1)
DEL MAR VILLAGE (Florida)		15,624	41,712	16,886	15,587	58,635	74,222	28,150	1982/1994/ 2007	5/30/08, 7/11/08, & 10/14/14	(1)
EAST BAY BRIDGE (California)		29,069	138,035	12,354	29,069	150,389	179,458	46,612	1994-2001, 2011/2012	12/21/2012	(1)
ELLSBURG (New Jersey)		4,028	11,309	20,737	4,013	32,061	36,074	22,684	1959	10/16/1992	(1)
ESCONDIDO PROMENADE (California)		19,117	15,829	19,823	19,117	35,652	54,769	22,092	1987	12/31/96 & 11/10/10	(1)
FAIRFAX JUNCTION (Virginia)		16,768	23,825	1,216	16,768	25,041	41,809	2,724	1981/1986/ 2000	2/8/19 & 1/10/20	(1)
FEDERAL PLAZA (Maryland)		10,216	17,895	43,788	10,216	61,683	71,899	50,473	1970	6/29/1989	(1)
FINLEY SQUARE (Illinois)		9,252	9,544	22,953	9,252	32,497	41,749	24,386	1974	4/27/1995	(1)
FLOURTOWN (Pennsylvania)		1,345	3,943	11,910	1,507	15,691	17,198	7,851	1957	4/25/1980	(1)
FOURTH STREET (California)		13,978	9,909	3,345	13,978	13,254	27,232	2,627	1948,1975	5/19/2017	(1)
FREEDOM PLAZA (California)		—	3,255	40,620	—	43,875	43,875	1,820	2018-2020	6/15/2018	(1)

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		Land	Building and Improvements		Land	Building and Improvements	Total				
FRESH MEADOWS (New York)		24,625	25,255	44,201	24,633	69,448	94,081	48,793	1946-1949	12/5/1997	(1)
FRIENDSHIP CENTER (District of Columbia)		12,696	20,803	2,966	12,696	23,769	36,465	14,158	1998	9/21/2001	(1)
GAITHERSBURG SQUARE (Maryland)		7,701	5,271	23,999	5,973	30,998	36,971	19,397	1966	4/22/1993	(1)
GARDEN MARKET (Illinois)		2,677	4,829	7,305	2,677	12,134	14,811	9,636	1958	7/28/1994	(1)
GEORGETOWNE SHOPPING CENTER (New York)		32,202	49,586	2,728	32,202	52,314	84,516	3,841	1969/2006/2015	11/15/19	(1)
GOVERNOR PLAZA (Maryland)		2,068	4,905	19,619	2,068	24,524	26,592	21,877	1963	10/1/1985	(1)
GRAHAM PARK PLAZA (Virginia)		642	7,629	15,155	653	22,773	23,426	18,267	1971	7/21/1983	(1)
GRATIOT PLAZA (Michigan)		525	1,601	18,168	525	19,769	20,294	18,232	1964	3/29/1973	(1)
GREENLAWN PLAZA (New York)		10,590	20,869	1,278	10,730	22,007	32,737	5,089	1975/2004	1/13/2016	(1)
GREENWICH AVENUE (Connecticut)		7,484	5,445	10,819	7,484	16,264	23,748	6,120	1968	4/12/1995	(1)
GROSSMONT CENTER (California)		125,434	50,311	173	125,434	50,484	175,918	2,093	1961, 1963, 1982-1983, 2002	6/1/2021	(1)
HASTINGS RANCH PLAZA (California)		2,257	22,393	1,055	2,257	23,448	25,705	3,812	1958, 1984, 2006, 2007	2/1/2017	(1)
HAUPPAUGE (New York)		8,791	15,262	9,789	8,420	25,422	33,842	14,452	1963	8/6/1998	(1)
HILTON VILLAGE (Arizona)		—	40,079	28	—	40,107	40,107	772	1982/1989	6/14/21	(1)
HOBOKEN (New Jersey)	104,704	47,460	167,835	1,075	47,462	168,908	216,370	11,389	1887-2006	9/18/19, 11/26/19, 12/19/19, & 2/12/20	(1)
HOLLYWOOD BLVD (California)		8,300	16,920	36,635	8,370	53,485	61,855	20,813	1929/1991	3/22/99 & 6/18/99	(1)
HUNTINGTON (New York)		12,194	16,008	23,585	12,294	39,493	51,787	17,564	1962	12/12/88, 10/26/07, & 11/24/15	(1)
HUNTINGTON SQUARE (New York)		—	10,075	3,621	506	13,190	13,696	5,281	1980/2004-2007	8/16/2010	(1)
IDYLWOOD PLAZA (Virginia)		4,308	10,026	3,212	4,308	13,238	17,546	10,526	1991	4/15/1994	(1)
KINGS COURT (California)		—	10,714	896	—	11,610	11,610	10,410	1960	8/24/1998	(1)
LANCASTER (Pennsylvania)		—	2,103	6,291	432	7,962	8,394	6,230	1958	4/24/1980	(1)

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		Land	Building and Improvements		Land	Building and Improvements	Total				
LANGHORNE SQUARE (Pennsylvania)		720	2,974	20,100	720	23,074	23,794	17,855	1966	1/31/1985	(1)
LAUREL (Maryland)		7,458	22,525	30,379	7,503	52,859	60,362	42,998	1956	8/15/1986	(1)
LAWRENCE PARK (Pennsylvania)		6,150	8,491	36,084	6,161	44,564	50,725	24,724	1972	7/23/1980 & 4/3/17	(1)
LINDEN SQUARE (Massachusetts)		79,382	19,247	52,762	79,346	72,045	151,391	31,683	1960-2008	8/24/2006	(1)
MELVILLE MALL (New York)		35,622	32,882	36,295	35,622	69,177	104,799	22,365	1974	10/16/2006	(1)
MERCER MALL (New Jersey)		5,917	18,358	49,175	5,869	67,581	73,450	37,855	1975	10/14/03 & 1/31/17	(1)
MONTROSE CROSSING (Maryland)		48,624	91,819	27,521	48,624	119,340	167,964	39,706	1960s, 1970s, 1996 & 2011	12/27/11 & 12/19/13	(1)
MOUNT VERNON/SOUTH VALLEY/7770 RICHMOND HWY. (Virginia)		15,769	33,501	43,993	15,851	77,412	93,263	44,668	1966/1972/1987/2001	3/31/03, 3/21/03, & 1/27/06	(1)
NORTH DARTMOUTH (Massachusetts)		9,366	—	3	9,366	3	9,369	2	2004	8/24/2006	(1)
NORTHEAST (Pennsylvania)		938	8,779	24,719	939	33,497	34,436	21,263	1959	8/30/1983	(1)
OLD KEENE MILL (Virginia)		638	998	11,550	638	12,548	13,186	7,002	1968	6/15/1976	(1)
OLD TOWN CENTER (California)		3,420	2,765	32,909	3,420	35,674	39,094	24,723	1962, 1997-1998	10/22/1997	(1)
OLIVO AT MISSION HILLS (California)		15,048	46,732	20,441	15,048	67,173	82,221	6,614	2017-2018	8/2/2017	(1)
PAN AM (Virginia)		8,694	12,929	8,873	8,695	21,801	30,496	17,516	1979	2/5/1993	(1)
PENTAGON ROW (Virginia)		—	2,955	103,692	—	106,647	106,647	56,156	1999 - 2002	1998 & 11/22/10	(1)
PERRING PLAZA (Maryland)		2,800	6,461	26,626	2,800	33,087	35,887	25,356	1963	10/1/1985	(1)
PIKE & ROSE (Maryland)		31,471	10,335	682,962	33,716	691,052	724,768	83,746	1963, 2012-2021	5/18/82, 10/26/07, & 7/31/12	(1)
PIKE 7 PLAZA (Virginia)		14,970	22,799	13,142	14,914	35,997	50,911	20,740	1968	3/31/97 & 7/8/15	(1)
PLAZA DEL MERCADO (Maryland)		10,305	21,553	15,114	10,305	36,667	46,972	8,763	1969	1/13/2016	(1)
PLAZA DEL SOL (California)		5,605	12,331	(55)	5,605	12,276	17,881	1,882	2009	8/2/2017	(1)

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		Land	Building and Improvements		Land	Building and Improvements	Total				
PLAZA EL SEGUNDO/THE POINT (California)	124,521	62,127	153,556	84,287	64,788	235,182	299,970	68,627	2006/2007/2016	12/30/11, 6/14/13, 7/26/13, & 12/27/13	(1)
QUEEN ANNE PLAZA (Massachusetts)		3,319	8,457	6,827	3,319	15,284	18,603	11,427	1967	12/23/1994	(1)
QUINCE ORCHARD (Maryland)		3,197	7,949	29,995	2,928	38,213	41,141	25,984	1975	4/22/1993	(1)
RIVERPOINT CENTER (Illinois)		15,422	104,572	1,609	15,422	106,181	121,603	16,197	1989, 2012	3/31/2017	(1)
ROCKVILLE TOWN SQUARE (Maryland)		—	8,092	36,927	—	45,019	45,019	20,165	2005 - 2007	2006 - 2007	(1)
ROLLINGWOOD APTS. (Maryland)		552	2,246	10,695	774	12,719	13,493	10,529	1960	1/15/1971	(1)
SAN ANTONIO CENTER (California)		26,400	18,462	3,268	26,400	21,730	48,130	5,408	1958, 1964-1965, 1974-1975, 1995-1997	1/9/2015, 9/13/19	(1)
SANTANA ROW (California)		66,682	7,502	1,172,412	57,592	1,189,004	1,246,596	268,804	1999-2006, 2009, 2011, 2014, 2016-2021	3/5/97, 7/13/12, 9/6/12, 4/30/13 & 9/23/13	(1)
SYLMAR TOWNE CENTER (California)		18,522	24,637	2,964	18,522	27,601	46,123	3,936	1973	8/2/2017	(1)
THE AVENUE AT WHITE MARSH (Maryland)		20,682	72,432	30,635	20,685	103,064	123,749	45,759	1997	3/8/2007	(1)
THE GROVE AT SHREWSBURY (New Jersey)	43,070	18,016	103,115	7,759	18,021	110,869	128,890	28,225	1988/1993/2007	1/1/2014 & 10/6/14	(1)
THE SHOPPES AT NOTTINGHAM SQUARE (Maryland)		4,441	12,849	1,446	4,441	14,295	18,736	6,961	2005 - 2006	3/8/2007	(1)
THIRD STREET PROMENADE (California)		22,645	12,709	52,419	25,125	62,648	87,773	36,265	1888-2000	1996-2000	(1)
TOWER SHOPPING CENTER (Virginia)		7,170	10,518	5,210	7,280	15,618	22,898	11,009	1953-1960	8/24/1998	(1)
TOWER SHOPS (Florida)		29,940	43,390	27,794	29,962	71,162	101,124	26,237	1989, 2017	1/19/11 & 6/13/14	(1)
TOWN CENTER OF NEW BRITAIN (Pennsylvania)		1,282	12,285	3,358	1,693	15,232	16,925	7,047	1969	6/29/2006	(1)
TOWSON RESIDENTIAL (FLATS @703) (Maryland)		2,328	—	20,092	2,328	20,092	22,420	2,703	2016-2017	3/8/2007	(1)



**FEDERAL REALTY INVESTMENT TRUST**  
**SCHEDULE III**  
**SUMMARY OF REAL ESTATE AND ACCUMULATED DEPRECIATION**  
**DECEMBER 31, 2021**  
**(Dollars in thousands)**

COLUMN A Descriptions	COLUMN B Encumbrance	COLUMN C Initial cost to company		COLUMN D Cost Capitalized Subsequent to Acquisition	COLUMN E Gross amount at which carried at close of period			COLUMN F Accumulated Depreciation and Amortization	COLUMN G Date of Construction	COLUMN H Date Acquired	COLUMN I Life on which depreciation in latest income statements is computed
		Land	Building and Improvements		Land	Building and Improvements	Total				
TROY HILLS (New Jersey)		3,126	5,193	32,847	5,865	35,301	41,166	25,111	1966	7/23/1980	(1)
TWINBROOKE SHOPPING CENTRE (Virginia)		16,484	18,898	57	16,484	18,955	35,439	263	1977	9/2/2021	(1)
TYSON'S STATION (Virginia)		388	453	5,241	493	5,589	6,082	4,238	1954	1/17/1978	(1)
VILLAGE AT SHIRLINGTON (Virginia)		9,761	14,808	39,526	4,234	59,861	64,095	33,277	1940, 2006-2009	12/21/1995	(1)
WESTGATE CENTER (California)		6,319	107,284	44,549	6,319	151,833	158,152	72,593	1960-1966	3/31/2004	(1)
WHITE MARSH PLAZA (Maryland)		3,478	21,413	1,674	3,514	23,051	26,565	11,094	1987	3/8/2007	(1)
WHITE MARSH OTHER (Maryland)		28,809	—	77	28,839	47	28,886	—	1985	3/8/2007	(1)
WILDWOOD (Maryland)		9,111	1,061	17,219	9,111	18,280	27,391	10,298	1958	5/5/1969	(1)
WILLOW GROVE (Pennsylvania)		1,499	6,643	23,943	1,499	30,586	32,085	22,653	1953	11/20/1984	(1)
WILLOW LAWN (Virginia)		3,192	7,723	94,318	7,790	97,443	105,233	67,685	1957	12/5/1983	(1)
WYNNEWOOD (Pennsylvania)		8,055	13,759	21,055	8,055	34,814	42,869	27,285	1948	10/29/1996	(1)
<b>TOTALS</b>	<b>\$ 339,993</b>	<b>\$ 1,585,097</b>	<b>\$ 2,725,032</b>	<b>\$ 5,111,933</b>	<b>\$ 1,578,280</b>	<b>\$ 7,843,782</b>	<b>\$ 9,422,062</b>	<b>\$ 2,531,095</b>			

(1) Depreciation of building and improvements is calculated based on useful lives ranging from the life of the lease to 50 years.

**FEDERAL REALTY INVESTMENT TRUST**  
**SCHEDULE III**  
**SUMMARY OF REAL ESTATE AND ACCUMULATED DEPRECIATION - CONTINUED**  
**Three Years Ended December 31, 2021**  
**Reconciliation of Total Cost**  
**(in thousands)**

Balance, December 31, 2018	\$ 7,819,472
January 1, 2019 adoption of new accounting standard - See Note 2	(71,859)
Additions during period	
Acquisitions	309,921
Improvements	441,703
Deduction during period—dispositions and retirements of property	(201,105)
Balance, December 31, 2019	8,298,132
Additions during period	
Acquisitions	39,440
Improvements	473,679
Deductions during period	
Impairment of property	(68,484)
Dispositions and retirements of property	(159,897)
Balance, December 31, 2020	8,582,870
Additions during period	
Acquisitions	519,350
Improvements	424,521
Deduction during period—dispositions and retirements of property	(104,679)
Balance, December 31, 2021 (1)	<u>\$ 9,422,062</u>

(1) For Federal tax purposes, the aggregate cost basis is approximately \$8.4 billion as of December 31, 2021.

**FEDERAL REALTY INVESTMENT TRUST**  
**SCHEDULE III**  
**SUMMARY OF REAL ESTATE AND ACCUMULATED DEPRECIATION - CONTINUED**  
**Three Years Ended December 31, 2021**  
**Reconciliation of Accumulated Depreciation and Amortization**  
**(In thousands)**

Balance, December 31, 2018	\$ 2,059,143
January 1, 2019 adoption of new accounting standard - See Note 2	(18,173)
Additions during period—depreciation and amortization expense	215,382
Deductions during period—dispositions and retirements of property	(40,939)
Balance, December 31, 2019	2,215,413
Additions during period—depreciation and amortization expense	229,199
Deductions during period	
Impairment of property	(11,631)
Dispositions and retirements of property	(75,289)
Balance, December 31, 2020	2,357,692
Additions during period—depreciation and amortization expense	246,338
Deductions during period -dispositions and retirements of property	(72,935)
Balance, December 31, 2021	<u>\$ 2,531,095</u>

**FEDERAL REALTY INVESTMENT TRUST**  
**SCHEDULE IV**  
**MORTGAGE LOANS ON REAL ESTATE**  
**Year Ended December 31, 2021**

(Dollars in thousands)

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	
Description of Lien	Interest Rate	Maturity Date	Periodic Payment Terms	Prior Liens	Face Amount of Mortgages	Carrying Amount of Mortgages(1)	Principal Amount of Loans Subject to delinquent Principal or Interest	
Second mortgage on a retail shopping center in Rockville, MD	11.5%	February 2026	Interest only monthly; balloon payment due at maturity	\$ 58,750	(2)	\$ 5,075	\$ 5,075	\$ —
Second mortgage on a retail shopping center in Rockville, MD	10.75%	February 2026	Interest only monthly; balloon payment due at maturity	58,750	(2)	4,500	4,433	—
Second mortgage on a retail shopping center in Baltimore, MD	7.0%	October 2031	Principal and interest monthly; balloon payment due at maturity	4,990	(3)	600	35	—
				<u>\$ 63,740</u>		<u>\$ 10,175</u>	<u>\$ 9,543</u>	<u>\$ —</u>

- (1) The amounts are net of any expected losses in accordance with ASU 2016-13. See note 2 to the consolidated financial statements. For Federal tax purposes, the aggregate tax basis is approximately \$10.2 million as of December 31, 2021.
- (2) These mortgages are both subordinate to a first mortgage of \$58.8 million in total. We do not hold the first mortgage loan on this property. Accordingly, the amount of the prior lien at December 31, 2021 is estimated.
- (3) This mortgage is subordinate to a first mortgage of \$5.0 million. We do not hold the first mortgage loan on this property. Accordingly, the amount of the prior lien at December 31, 2021 is estimated.

**FEDERAL REALTY INVESTMENT TRUST**  
**SCHEDULE IV**  
**MORTGAGE LOANS ON REAL ESTATE - CONTINUED**  
**Three Years Ended December 31, 2021**  
**Reconciliation of Carrying Amount**  
**(In thousands)**

Balance, December 31, 2018 and 2019	\$ 30,429
January 1, 2020 adoption of new accounting standard - See Note 2	(790)
Additions during period:	
Acquisition of loans, net of valuation adjustments	9,560
Issuance of loans	693
Balance, December 31, 2020	39,892
Additions during period:	
Issuance of loans	600
Deductions during period:	
Collection and satisfaction of loans	(30,339)
Valuation adjustments	(610)
Balance, December 31, 2021	<u>\$ 9,543</u>

**FRT HOLDCO REIT**

**ARTICLES OF AMENDMENT AND RESTATEMENT**

FRT Holdco REIT, a Maryland real estate investment trust (the “Company”), hereby certifies to the Maryland State Department of Assessments and Taxation as follows:

FIRST: The Company desires to amend and restate its Declaration of Trust as currently in effect.

SECOND: The amendment to and restatement of the Declaration of Trust of the Company as herein set forth has been duly approved and advised by the Board of Trustees by unanimous vote thereof and approved by the sole shareholder of the Company as required by law.

THIRD: The current address of the principal office of the Company is 909 Rose Avenue, Suite 200, North Bethesda, MD 20852.

FOURTH: The name and address of the Company’s current resident agent is CSC - Lawyers Incorporating Service Company, 7 St. Paul Street, Suite 820, Baltimore, Maryland 21202.

FIFTH: The number of trustees of the Company is currently seven (7), and the names of the trustees currently in office are as follows: David W. Faeder, Elizabeth I. Holland, Nicole Y. Lamb-Hale, Anthony P. Nader, III, Mark S. Ordan, Gail P. Steinel and Donald C. Wood.

SIXTH: These Articles of Amendment and Restatement do not increase the authorized shares of the Company.

SEVENTH: These Articles of Amendment and Restatement shall be effective at 12:00 a.m. Eastern Standard Time on January 1, 2022.

EIGHTH: The following provisions are all the provisions of the Declaration of Trust as hereby amended and restated:

**ARTICLE I**

**NAME**

The name of the Trust (as hereinafter defined) is:

FRT Holdco REIT

Under circumstances in which the Board of Trustees of the Trust (the “Board of Trustees” or “Board”) determines that the use of the name of the Trust is not practicable, the Trust may use any other designation or name for the Trust.

**ARTICLE II**

**FORMATION**

The Trust (the “Trust”) is a real estate investment trust within the meaning of Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland (“Title 8”). The Trust shall not be deemed to be a general partnership, limited partnership, joint venture, joint stock company or a corporation but nothing herein shall preclude the Trust from being treated for tax purposes as an association under the Internal Revenue Code of 1986, as amended (the “Code”).

### ARTICLE III

#### PURPOSES AND POWERS

Section 3.1 Purposes. The purposes for which the Trust has been formed are to invest in and to acquire, hold, develop, redevelop, manage, administer, control, lease and dispose of interests in property, including, without limitation or obligation, engaging in business as a real estate investment trust under the Code or any other lawful activity for which real estate investment trusts may be organized under Title 8 as now or hereafter in force.

Section 3.2 Powers. The Trust has all of the powers granted to real estate investment trusts by Title 8 and all other powers set forth in the Declaration of Trust which are not inconsistent with law and are appropriate to promote and attain the purposes set forth in the Declaration of Trust.

### ARTICLE IV

#### RESIDENT AGENT

The name of the resident agent of the Trust in the State of Maryland is CSC - Lawyers Incorporating Service Company, whose post office address is 7 St. Paul Street, Suite 820, Baltimore, Maryland 21202. The resident agent is a resident of the State of Maryland. The Trust may have such offices or places of business within or outside the State of Maryland as the Board of Trustees may from time to time determine.

### ARTICLE V

#### BOARD OF TRUSTEES

Section 5.1 Powers. Subject to any express limitations contained in the Declaration of Trust or in the Bylaws, (a) the business and affairs of the Trust shall be managed under the direction of the Board of Trustees and (b) the Board shall have full, exclusive and absolute power, control and authority over any and all property of the Trust. The Board may take any action as in its sole judgment and discretion is necessary or appropriate to conduct the business and affairs of the Trust. The Declaration of Trust shall be construed with the presumption in favor of the grant of power and authority to the Board. Any construction of the Declaration of Trust or determination made in good faith by the Board concerning its powers and authority hereunder shall be conclusive. The enumeration and definition of particular powers of the Trustees included in the Declaration of Trust or in the Bylaws shall in no way be construed or deemed by inference or otherwise in any manner to exclude or limit the powers conferred upon the Board or the Trustees under the general laws of the State of Maryland or any other applicable laws.

The Board, without any action by the shareholders of the Trust, shall have and may exercise, on behalf of the Trust, without limitation, the power to terminate the status of the Trust as a real estate investment trust under the Code; to determine that compliance with any restriction or limitations on ownership and transfers of shares of the Trust's beneficial interest set forth in Article VII of the Declaration of Trust is no longer required in order for the Trust to qualify as a REIT; to adopt, amend and repeal Bylaws; to elect officers in the manner prescribed in the Bylaws; to solicit proxies from holders of shares of beneficial interest of the Trust; and to do any other acts and deliver any other documents necessary or appropriate to the foregoing powers.

Section 5.2 Number and Classification. Upon acceptance for record of this Declaration of Trust, the number of Trustees (hereinafter the "Trustees") is seven, which number may be increased or decreased by the Board of Trustees; provided, however, that the total number of Trustees shall be at least five (5) and not more than ten (10). Except for Trustees elected solely by holders of one or more series of Preferred Shares, the Trustees shall be elected at every annual meeting of shareholders in the manner provided in the Bylaws or, in order to fill any vacancy on the Board of Trustees, in the manner provided in the Bylaws.

Subject to the rights of holders of one or more classes or series of Preferred Shares then outstanding, any vacancy on the Board of Trustees (including a vacancy created by an increase in the number of Trustees) may be filled by a majority of the remaining Trustees or, if the remaining Trustees fail to act or there is no remaining Trustee, by the vote of holders of at least a majority of the Common Shares entitled to vote thereon and present in person or by

proxy at any meeting of the shareholders called for that purpose. It shall not be necessary to list in the Declaration of Trust the names and addresses of any Trustees hereafter elected.

Section 5.3 Resignation or Removal. Any Trustee may resign by written notice to the Board, effective upon execution and delivery to the Trust of such written notice or upon any future date specified in the notice. Subject to the rights of holders of one or more classes or series of Preferred Shares to elect or remove one or more Trustees, a Trustee may be removed at any time, (i) with or without cause, at any meeting of the shareholders called for the purpose, by the affirmative vote of the holders of not less than two-thirds of the Shares then outstanding and entitled to vote thereon, or (ii) with cause, by the vote of all the other Trustees. For purposes of this Declaration, “cause”, with respect to the removal of any Trustee, shall mean only (i) conviction of a felony, (ii) declaration of unsound mind by order of a court, (iii) gross dereliction of duty, (iv) conviction of any crime involving moral turpitude, (v) commission of an act that constitutes intentional misconduct or a knowing violation of law if such action in either event results both in an improper substantial personal benefit to such Trustee and a material injury to the Trust or (vi) a unanimous determination by the remaining Trustees that “cause” exists for the removal of the Trustee.

## ARTICLE VI

### SHARES OF BENEFICIAL INTEREST

Section 6.1 Authorized Shares. The beneficial interest of the Trust shall be divided into shares of beneficial interest (the “Shares”). The Trust has authority to issue 100,000,000 common shares of beneficial interest, \$.01 par value per share (“Common Shares”), and 15,000,000 preferred shares of beneficial interest, \$.01 par value per share (“Preferred Shares”), of which 4,000,000 shares are Series A Cumulative Redeemable Preferred Shares (the “Series A Preferred Shares”), 5,750,000 shares are 8½% Series B Cumulative Redeemable Preferred Shares of Beneficial Interest (the “Series B Preferred Shares”), 399,896 shares are 5.417% Series 1 Cumulative Convertible Preferred Shares of Beneficial Interest (the “Series 1 Preferred Shares”) and 6,400 shares are 5.000% Series C Cumulative Redeemable Preferred Shares (the “Series C Preferred Shares”). If shares of one class are classified or reclassified into shares of another class of shares pursuant to this Article VI, the number of authorized shares of the former class shall be automatically decreased and the number of shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of beneficial interest of all classes that the Trust has authority to issue shall not be more than the total number of shares of beneficial interest set forth in the second sentence of this paragraph. The Board of Trustees, without any action by the shareholders of the Trust, may amend the Declaration of Trust from time to time to increase or decrease the aggregate number of Shares or the number of Shares of any class or series that the Trust has authority to issue.

Section 6.2 Common Shares. Subject to the provisions of Article VII, each Common Share entitles the holder thereof to one vote on each matter upon which holders of Common Shares are entitled to vote. The Board of Trustees may reclassify any unissued Common Shares from time to time in one or more classes or series of Shares.

Section 6.3 Preferred Shares. The Board of Trustees may classify any unissued Preferred Shares and reclassify any previously classified but unissued Preferred Shares of any series from time to time, in one or more series of Shares.

Section 6.4 Preferred Share Designations. The preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications, and terms and conditions of redemption of the Series A Preferred Shares, the Series B Preferred Shares, the Series 1 Preferred Shares and the Series C Preferred Shares shall be as set forth on Annexes A, B, C and D hereto, respectively, which are incorporated hereunder by reference.

Section 6.5 Classified or Reclassified Shares. Prior to issuance of classified or reclassified Shares of any class or series, the Board of Trustees by resolution shall (a) designate that class or series to distinguish it from all other classes and series of Shares; (b) specify the number of Shares to be included in the class or series; (c) set, subject to the provisions of Article VII and subject to the express terms of any class or series of Shares outstanding at the time, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series; and (d) cause the Trust to file articles supplementary with the State Department of Assessments and Taxation of Maryland (the “SDAT”). Any of the terms of any class or series of Shares set pursuant to clause (c) of this Section 6.5 may be made dependent upon facts ascertainable outside the Declaration of Trust (including the occurrence of any event, including a determination or action by the Trust or any other person or body) and may vary among holders thereof,



provided that the manner in which such facts or variations shall operate upon the terms of such class or series of Shares is clearly and expressly set forth in the articles supplementary filed with the SDAT.

Section 6.6 Authorization by Board of Share Issuance. The Board of Trustees may authorize the issuance from time to time of Shares of any class or series, whether now or hereafter authorized, or securities or rights convertible into Shares of any class or series, whether now or hereafter authorized, for such consideration (whether in cash, property, past or future services, obligation for future payment or otherwise) as the Board of Trustees may deem advisable (or without consideration in the case of a Share split or Share dividend), subject to such restrictions or limitations, if any, as may be set forth in the Declaration of Trust or the Bylaws of the Trust.

Section 6.7 Dividends and Distributions. The Trust may pay any dividend or make any other distribution to the shareholders as authorized in the Declaration or by the Board of Trustees if, after giving effect to the dividend or distribution, the Trust would be able to pay its debts as they become due in the usual course of its business. The Board of Trustees may from time to time authorize the Trust to pay to shareholders such dividends or distributions in cash or other assets of the Trust or in securities of the Trust or from any other source as the Board of Trustees in its discretion shall determine. The Board of Trustees shall endeavor to authorize the Trust to pay such dividends and distributions as shall be necessary for the Trust to qualify as a real estate investment trust under the Code; however, shareholders shall have no right to any dividend or distribution unless and until authorized by the Board of Trustees and declared by the Trust. The exercise of the powers and rights of the Board of Trustees pursuant to this Section 6.7 shall be subject to the provisions of any class or series of Shares at the time outstanding. Notwithstanding any other provision in the Declaration of Trust, no determination shall be made by the Board of Trustees nor shall any transaction be entered into by the Trust which would cause any Shares or other beneficial interest in the Trust not to constitute "transferable shares" or "transferable certificates of beneficial interest" under Section 856(a)(2) of the Code or which would cause any distribution to constitute a preferential dividend as described in Section 562(c) of the Code.

Section 6.8 General Nature of Shares. All Shares shall be personal property entitling the shareholders only to those rights provided in the Declaration of Trust. The shareholders shall have no interest in the property of the Trust and shall have no right to compel any partition, division, dividend or distribution of the Trust or of the property of the Trust. The death of a shareholder shall not terminate the Trust. The Trust is entitled to treat as shareholders only those persons in whose names Shares are registered as holders of Shares on the beneficial interest ledger of the Trust.

Section 6.9 Fractional Shares. The Trust may, without the consent or approval of any shareholder, issue fractional Shares, eliminate a fraction of a Share by rounding up or down to a full Share, arrange for the disposition of a fraction of a Share by the person entitled to it, or pay cash for the fair value of a fraction of a Share.

Section 6.10 Declaration and Bylaws. All shareholders are subject to the provisions of the Declaration of Trust and the Bylaws of the Trust.

Section 6.11 Divisions and Combinations of Shares. Subject to an express provision to the contrary in the terms of any class or series of beneficial interest hereafter authorized, the Board of Trustees shall have the power to divide or combine the outstanding Shares of any class or series of beneficial interest, without a vote of shareholders, so long as the number of Shares combined into one Share in any such combination or series of combinations within any period of twelve months is not greater than five.

## ARTICLE VII

### RESTRICTION ON TRANSFER AND OWNERSHIP OF SHARES

Section 7.1 Definitions. For the purpose of this Article VII, the following terms shall have the following meanings:

**Aggregate Share Ownership Limit.** The term "Aggregate Share Ownership Limit" shall mean not more than 9.8 percent in value of the aggregate of the outstanding Equity Shares. The value of the outstanding Equity Shares shall be determined by the Board of Trustees in good faith, which determination shall be conclusive for all purposes hereof.

**Beneficial Ownership.** The term “Beneficial Ownership” shall mean ownership of Equity Shares by a Person, whether the interest in Equity Shares is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code. The terms “Beneficial Owner,” “Beneficially Owns” and “Beneficially Owned” shall have the correlative meanings.

**Business Day.** The term “Business Day” shall mean any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in New York City are authorized or required by law, regulation or executive order to close.

**Charitable Beneficiary.** The term “Charitable Beneficiary” shall mean one or more beneficiaries of the Charitable Trust as determined pursuant to Section 7.3.6, provided that each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

**Charitable Trust.** The term “Charitable Trust” shall mean any trust provided for in Section 7.3.1.

**Common Share Ownership Limit.** The term “Common Share Ownership Limit” shall mean not more than 9.8 percent (in value or in number of shares, whichever is more restrictive) of the aggregate number of the outstanding Common Shares. The number and value of outstanding Common Shares shall be determined by the Board of Trustees in good faith, which determination shall be conclusive for all purposes hereof.

**Constructive Ownership.** The term “Constructive Ownership” shall mean ownership of Equity Shares by a Person, whether the interest in Equity Shares is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code. The terms “Constructive Owner,” “Constructively Owns” and “Constructively Owned” shall have the correlative meanings.

**Declaration of Trust.** The term “Declaration of Trust” shall mean this Declaration of Trust as accepted for record by the SDAT, and any amendments thereto.

**Equity Shares.** The term “Equity Shares” shall mean Shares of all classes or series, including, without limitation, Common Shares and Preferred Shares.

**Excepted Holder.** The term “Excepted Holder” shall mean a shareholder of the Trust for whom an Excepted Holder Limit is created by this Article VII or by the Board of Trustees pursuant to Section 7.2.7.

**Excepted Holder Limit.** The term “Excepted Holder Limit” shall mean, provided that the affected Excepted Holder agrees to comply with the requirements established by the Board of Trustees pursuant to Section 7.2.7, and subject to adjustment pursuant to Section 7.2.8, the percentage limit established by the Board of Trustees pursuant to Section 7.2.7.

**Initial Date.** The term “Initial Date” shall mean the date upon which this Declaration of Trust containing this Article VII is accepted for record by the SDAT.

**Market Price.** The term “Market Price” on any date shall mean, with respect to any class or series of outstanding Equity Shares, the Closing Price for such Equity Shares on such date. The “Closing Price” on any date shall mean the last sale price for such Equity Shares, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such Equity Shares, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if such Equity Shares are not listed or admitted to trading on the NYSE, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such Equity Shares are listed or admitted to trading or, if such Equity Shares are not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotation system that may

then be in use or, if such Equity Shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such Equity Shares selected by the Board of Trustees or, in the event that no trading price is available for such Equity Shares, the fair market value of Equity Shares, as determined in good faith by the Board of Trustees, which determination shall be conclusive for all purposes hereof.

NYSE. The term “NYSE” shall mean the New York Stock Exchange.

Person. The term “Person” shall mean an individual, corporation, partnership, limited liability company, estate, trust (including a trust qualified under Sections 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, and a group to which an Excepted Holder Limit applies.

Prohibited Owner. The term “Prohibited Owner” shall mean, with respect to any purported Transfer, any Person who, but for the provisions of Section 7.2.1, would Beneficially Own or Constructively Own Equity Shares, and if appropriate in the context, shall also mean any Person who would have been the record owner of Equity Shares that the Prohibited Owner would have so owned.

REIT. The term “REIT” shall mean a real estate investment trust within the meaning of Section 856 of the Code.

Restriction Termination Date. The term “Restriction Termination Date” shall mean the first day after the Initial Date on which the Board of Trustees determines that it is no longer in the best interests of the Trust to attempt to, or continue to, qualify as a REIT or that compliance with the restrictions and limitations on Beneficial Ownership, Constructive Ownership and Transfers of Equity Shares set forth herein is no longer required in order for the Trust to qualify as a REIT.

SDAT. The term “SDAT” shall mean the State Department of Assessments and Taxation of Maryland.

Transfer. The term “Transfer” shall mean any issuance, sale, transfer, gift, assignment, devise or other disposition, as well as any other event that causes any Person to acquire Beneficial Ownership or Constructive Ownership, or any agreement to take any such actions or cause any such events, of Equity Shares or the right to vote or receive dividends on Equity Shares, including (a) the granting or exercise of any option (or any disposition of any option), (b) any disposition of any securities or rights convertible into or exchangeable for Equity Shares or any interest in Equity Shares or any exercise of any such conversion or exchange right and (c) Transfers of interests in other entities that result in changes in Beneficial or Constructive Ownership of Equity Shares; in each case, whether voluntary or involuntary, whether owned of record, Constructively Owned or Beneficially Owned and whether by operation of law or otherwise. The terms “Transferring” and “Transferred” shall have the correlative meanings.

Trustee. The term “Trustee” shall mean the Person unaffiliated with the Trust and a Prohibited Owner, that is appointed by the Trust to serve as trustee of the Charitable Trust.

## Section 7.2 Equity Shares.

Section 7.2.1 Ownership Limitations. During the period commencing on the Initial Date and prior to the Restriction Termination Date:

### (a) Basic Restrictions.

(i) (1) No Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own Equity Shares in excess of the Aggregate Share Ownership Limit, (2) no Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own Common Shares in excess of the Common Share Ownership Limit and (3) no Excepted Holder shall Beneficially Own or Constructively Own Equity Shares in excess of the Excepted Holder Limit for such Excepted Holder.

(ii) No Person shall Beneficially or Constructively Own Equity Shares to the extent that such Beneficial or Constructive Ownership of Equity Shares would result in the Trust being “closely held” within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year), or otherwise failing to qualify as a REIT (including, but not limited to, Beneficial or Constructive Ownership that would result in the Trust owning (actually or Constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Trust from such tenant would cause the Trust to fail to satisfy any of the gross income requirements of Section 856(c) of the Code).

(iii) Notwithstanding any other provisions contained herein (but subject to Section 7.4), any Transfer of Equity Shares (whether or not such Transfer is the result of a transaction entered into through the facilities of the NYSE or any other national securities exchange or automated inter-dealer quotation system) that, if effective, would result in Equity Shares being beneficially owned by less than 100 Persons (determined under the principles of Section 856(a)(5) of the Code) shall be void ab initio, and the intended transferee shall acquire no rights in such Equity Shares.

(b) Transfer in Trust. If any Transfer of Equity Shares (whether or not such Transfer is the result of a transaction entered into through the facilities of the NYSE or any other national securities exchange or automated inter-dealer quotation system) occurs which, if effective, would result in any Person Beneficially Owning or Constructively Owning Equity Shares in violation of Section 7.2.1(a)(i) or (ii),

(i) then that number of Equity Shares the Beneficial or Constructive Ownership of which otherwise would cause such Person to violate Section 7.2.1(a)(i) or (ii) (rounded to the nearest whole share) shall be automatically transferred to a Charitable Trust for the benefit of a Charitable Beneficiary, as described in Section 7.3, effective as of the close of business on the Business Day prior to the date of such Transfer, and such Person shall acquire no rights in such Equity Shares; or

(ii) if the transfer to the Charitable Trust described in clause (i) of this sentence would not be effective for any reason to prevent the violation of Section 7.2.1(a)(i) or (ii), then the Transfer of that number of Equity Shares that otherwise would cause any Person to violate Section 7.2.1(a)(i) or (ii) shall be void ab initio, and the intended transferee shall acquire no rights in such Equity Shares.

Section 7.2.2 Remedies for Breach. If the Board of Trustees or any duly authorized committee thereof shall at any time determine in good faith that a Transfer or other event has taken place that results in a violation of Section 7.2.1 or that a Person intends to acquire or has attempted to acquire Beneficial or Constructive Ownership of any Equity Shares in violation of Section 7.2.1 (whether or not such violation is intended), the Board of Trustees or a committee thereof shall take such action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, without limitation, causing the Trust to redeem Equity Shares, refusing to give effect to such Transfer on the books of the Trust or instituting proceedings to enjoin such Transfer or other event; provided, however, that any Transfers or attempted Transfers or other events in violation of Section 7.2.1 shall automatically result in the transfer to the Charitable Trust described above, and, where applicable, such Transfer (or other event) shall be void ab initio as provided above irrespective of any action (or non-action) by the Board of Trustees or a committee thereof.

Section 7.2.3 Notice of Restricted Transfer. Any Person who acquires or attempts or intends to acquire Beneficial Ownership or Constructive Ownership of Equity Shares that will or may violate Section 7.2.1(a), or any Person who would have owned Equity Shares that resulted in a transfer to the Charitable Trust pursuant to the provisions of Section 7.2.1(b), shall immediately give written notice to the Trust of such event, or in the case of such a proposed or attempted transaction, give at least 15 days prior written notice, and shall provide to the Trust such other information as the Trust may request in order to determine the effect, if any, of such Transfer on the Trust’s status as a REIT.

Section 7.2.4 Owners Required To Provide Information. From the Initial Date and prior to the Restriction Termination Date:

(a) every owner of more than five percent (or such lower percentage as required by the Code or the Treasury Regulations promulgated thereunder) of the outstanding Equity Shares, within 30 days after the end of each taxable year, shall give written notice to the Trust stating the name and address of such owner, the number of Equity Shares

and other Equity Shares Beneficially Owned and a description of the manner in which such shares are held. Each such owner shall provide to the Trust such additional information as the Trust may request in order to determine the effect, if any, of such Beneficial Ownership on the Trust's status as a REIT and to ensure compliance with the Aggregate Share Ownership Limit.

(b) each Person who is a Beneficial or Constructive Owner of Equity Shares and each Person (including the shareholder of record) who is holding Equity Shares for a Beneficial or Constructive Owner shall provide to the Trust such information as the Trust may request, in good faith, in order to determine the Trust's status as a REIT and to comply with requirements of any taxing authority or governmental authority or to determine such compliance.

Section 7.2.5 Remedies Not Limited. Subject to Section 5.1 of the Declaration of Trust, nothing contained in this Section 7.2 shall limit the authority of the Board of Trustees to take such other action as it deems necessary or advisable to protect the Trust and the interests of its shareholders in preserving the Trust's status as a REIT.

Section 7.2.6 Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Section 7.2, Section 7.3 or any definition contained in Section 7.1, the Board of Trustees shall have the power to determine the application of the provisions of this Section 7.2 or Section 7.3 with respect to any situation based on the facts known to it. In the event Section 7.2 or 7.3 requires an action by the Board of Trustees and the Declaration of Trust fails to provide specific guidance with respect to such action, the Board of Trustees shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of Sections 7.1, 7.2 or 7.3.

Section 7.2.7 Exceptions.

(a) Subject to Section 7.2.1(a)(ii), the Board of Trustees, in its sole discretion, may exempt a Person from the Aggregate Share Ownership Limit and the Common Share Ownership Limit, as the case may be, and may establish or increase an Excepted Holder Limit for such Person if:

(i) the Board of Trustees obtains such representations and undertakings from such Person as are reasonably necessary to ascertain that no individual's Beneficial or Constructive Ownership of such Equity Shares will violate Section 7.2.1(a)(ii);

(ii) such Person does not and represents that it will not own, actually or Constructively, an interest in a tenant of the Trust (or a tenant of any entity owned or controlled by the Trust) that would cause the Trust to own, actually or Constructively, more than a 9.8% interest (as set forth in Section 856(d)(2) (B) of the Code) in such tenant and the Board of Trustees obtains such representations and undertakings from such Person as are reasonably necessary to ascertain this fact (for this purpose, a tenant from whom the Trust (or an entity owned or controlled by the Trust) derives (and is expected to continue to derive) a sufficiently small amount of revenue such that, in the opinion of the Board of Trustees, rent from such tenant would not adversely affect the Trust's ability to qualify as a REIT, shall not be treated as a tenant of the Trust); and

(iii) such Person agrees that any violation or attempted violation of such representations or undertakings (or other action which is contrary to the restrictions contained in Sections 7.2.1 through 7.2.6) will result in such Equity Shares being automatically transferred to a Charitable Trust in accordance with Sections 7.2.1(b) and 7.3.

(b) Prior to granting any exception pursuant to Section 7.2.7(a), the Board of Trustees may require a ruling from the Internal Revenue Service, or an opinion of counsel, in either case in form and substance satisfactory to the Board of Trustees in its sole discretion, as it may deem necessary or advisable in order to determine or ensure the Trust's status as a REIT. Notwithstanding the receipt of any ruling or opinion, the Board of Trustees may impose such conditions or restrictions as it deems appropriate in connection with granting such exception.

(c) Subject to Section 7.2.1(a)(ii), an underwriter which participates in a public offering or a private placement of Equity Shares (or securities convertible into or exchangeable for Equity Shares) may Beneficially Own or Constructively Own Equity Shares (or securities convertible into or exchangeable for Equity Shares) in excess of the Aggregate Share Ownership Limit, the Common Share Ownership Limit or both such limits, but only to the extent necessary to facilitate such public offering or private placement.

(d) The Board of Trustees may only reduce the Excepted Holder Limit for an Excepted Holder: (1) with the written consent of such Excepted Holder at any time, or (2) pursuant to the terms and conditions of the agreements and undertakings entered into with such Excepted Holder in connection with the establishment of the Excepted Holder Limit for that Excepted Holder. No Excepted Holder Limit shall be reduced to a percentage that is less than the Common Share Ownership Limit.

Section 7.2.8 Increase in Aggregate Share Ownership and Common Share Ownership Limits. The Board of Trustees may from time to time increase the Common Share Ownership Limit and the Aggregate Share Ownership Limit.

Section 7.2.9 Legend. Each certificate for Equity Shares issued after the effective date of this Declaration as accepted for record by the SDAT shall bear substantially the following legend:

The shares represented by this certificate are subject to restrictions on Beneficial and Constructive Ownership and Transfer for the purpose of the Trust's maintenance of its status as a Real Estate Investment Trust (a "REIT") under the Internal Revenue Code of 1986, as amended (the "Code"). Subject to certain further restrictions and except as expressly provided in the Trust's Declaration of Trust, (i) no Person may Beneficially or Constructively Own Common Shares of the Trust in excess of 9.8 percent (in value or number of shares) of the outstanding Common Shares of the Trust unless such Person is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (ii) no Person may Beneficially or Constructively Own Equity Shares of the Trust in excess of 9.8 percent of the value of the total outstanding Equity Shares of the Trust, unless such Person is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (iii) no Person may Beneficially or Constructively Own Equity Shares that would result in the Trust being "closely held" under Section 856(h) of the Code or otherwise cause the Trust to fail to qualify as a REIT; and (iv) no Person may Transfer Equity Shares if such Transfer would result in Equity Shares of the Trust being owned by fewer than 100 Persons. Any Person who Beneficially or Constructively Owns or attempts to Beneficially or Constructively Own Equity Shares which cause or will cause a Person to Beneficially or Constructively Own Equity Shares in excess or in violation of the above limitations must immediately notify the Trust. If any of the restrictions on transfer or ownership are violated, the Equity Shares represented hereby will be automatically transferred to a Trustee of a Charitable Trust for the benefit of one or more Charitable Beneficiaries. In addition, upon the occurrence of certain events, attempted Transfers in violation of the restrictions described above may be void ab initio. All capitalized terms in this legend have the meanings defined in the Trust's Declaration of Trust, as the same may be amended from time to time, a copy of which, including the restrictions on transfer and ownership, will be furnished to each holder of Equity Shares of the Trust on request and without charge.

Instead of the foregoing legend, the certificate may state that the Trust will furnish a full statement about certain restrictions on transferability to a shareholder on request and without charge.

Section 7.3 Transfer of Equity Shares in Trust.

Section 7.3.1 Ownership in Trust. Upon any purported Transfer or other event described in Section 7.2.1(b) that would result in a transfer of Equity Shares to a Charitable Trust, such Equity Shares shall be deemed to have been transferred to the Trustee as trustee of a Charitable Trust for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the Business Day prior to the purported Transfer or other event that results in the transfer to the Charitable Trust pursuant to Section 7.2.1(b). The Trustee shall be appointed by the Trust and shall be a Person unaffiliated with the Trust and any Prohibited Owner. Each Charitable Beneficiary shall be designated by the Trust as provided in Section 7.3.6.

Section 7.3.2 Status of Shares Held by the Trustee. Equity Shares held by the Trustee shall be issued and outstanding Equity Shares of the Trust. The Prohibited Owner shall have no rights in the shares held by the Trustee. The Prohibited Owner shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends or other distributions and shall not possess any rights to vote or other rights attributable to the shares held in the Charitable Trust.

Section 7.3.3 Dividend and Voting Rights. The Trustee shall have all voting rights and rights to dividends or other distributions with respect to Equity Shares held in the Charitable Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary. Any dividend or other distribution paid prior to the discovery by the Trust that Equity Shares have been transferred to the Trustee shall be paid with respect to such Equity Shares to the

Trustee upon demand and any dividend or other distribution authorized but unpaid shall be paid when due to the Trustee. Any dividends or distributions so paid over to the Trustee shall be held in trust for the Charitable Beneficiary. The Prohibited Owner shall have no voting rights with respect to shares held in the Charitable Trust and, subject to Maryland law, effective as of the date that Equity Shares have been transferred to the Trustee, the Trustee shall have the authority (at the Trustee's sole discretion) (i) to rescind as void any vote cast by a Prohibited Owner prior to the discovery by the Trust that Equity Shares have been transferred to the Trustee and (ii) to recast such vote in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary; provided, however, that if the Trust has already taken irreversible trust action, then the Trustee shall not have the authority to rescind and recast such vote. Notwithstanding the provisions of this Article VII, until the Trust has received notification that Equity Shares have been transferred into a Charitable Trust, the Trust shall be entitled to rely on its share transfer and other shareholder records for purposes of preparing lists of shareholders entitled to vote at meetings, determining the validity and authority of proxies and otherwise conducting votes of shareholders.

Section 7.3.4 Sale of Shares by Trustee. Within 20 days of receiving notice from the Trust that Equity Shares have been transferred to the Charitable Trust, the Trustee of the Charitable Trust shall sell the shares held in the Charitable Trust to a person, designated by the Trustee, whose ownership of the shares will not violate the ownership limitations set forth in Section 7.2.1(a). Upon such sale, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and to the Charitable Beneficiary as provided in this Section 7.3.4. The Prohibited Owner shall receive the lesser of (1) the price paid by the Prohibited Owner for the shares or, if the Prohibited Owner did not give value for the shares in connection with the event causing the shares to be held in the Charitable Trust (e.g., in the case of a gift, devise or other such transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Charitable Trust and (2) the price per share received by the Trustee from the sale or other disposition of the shares held in the Charitable Trust. Any net sales proceeds in excess of the amount payable to the Prohibited Owner shall be immediately paid to the Charitable Beneficiary. If, prior to the discovery by the Trust that Equity Shares have been transferred to the Trustee, such shares are sold by a Prohibited Owner, then (i) such shares shall be deemed to have been sold on behalf of the Charitable Trust and (ii) to the extent that the Prohibited Owner received an amount for such shares that exceeds the amount that such Prohibited Owner was entitled to receive pursuant to this Section 7.3.4, such excess shall be paid to the Trustee upon demand.

Section 7.3.5 Purchase Right in Shares Transferred to the Trustee. Equity Shares transferred to the Trustee shall be deemed to have been offered for sale to the Trust, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the Charitable Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Trust, or its designee, accepts such offer. The Trust shall have the right to accept such offer until the Trustee has sold the shares held in the Charitable Trust pursuant to Section 7.3.4. Upon such a sale to the Trust, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner.

Section 7.3.6 Designation of Charitable Beneficiaries. By written notice to the Trustee, the Trust shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Charitable Trust such that (i) Equity Shares held in the Charitable Trust would not violate the restrictions set forth in Section 7.2.1(a) in the hands of such Charitable Beneficiary and (ii) each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

Section 7.4 NYSE Transactions. Nothing in this Article VII shall preclude the settlement of any transaction entered into through the facilities of the NYSE or any other national securities exchange or automated inter-dealer quotation system. The fact that the settlement of any transaction occurs shall not negate the effect of any other provision of this Article VII and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Article VII.

Section 7.5 Enforcement. The Trust is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Article VII.

Section 7.6 Non-Waiver. No delay or failure on the part of the Trust or the Board of Trustees in exercising any right hereunder shall operate as a waiver of any right of the Trust or the Board of Trustees, as the case may be, except to the extent specifically waived in writing.

## ARTICLE VIII

### SHAREHOLDERS

Section 8.1 Meetings. There shall be an annual meeting of the shareholders, to be held on proper notice at such time (after the delivery of the annual report) and convenient location as shall be determined by or in the manner prescribed in the Bylaws, for the election of the Trustees, if required, and for the transaction of any other business within the powers of the Trust. Except as otherwise provided in the Declaration of Trust, special meetings of shareholders may be called in the manner provided in the Bylaws. If there are no Trustees, the officers of the Trust shall promptly call a special meeting of the shareholders entitled to vote for the election of successor Trustees. Any meeting may be adjourned and reconvened as the Trustees determine or as provided in the Bylaws.

Section 8.2 Voting Rights. Subject to the provisions of any class or series of Shares then outstanding, the shareholders shall be entitled to vote only on the following matters: (a) election of Trustees as provided in Section 5.2 and the removal of Trustees as provided in Section 5.3; (b) amendment of the Declaration of Trust as provided in Article X; (c) termination of the Trust as provided in Section 12.2; (d) to the extent required by Title 8, merger or consolidation of the Trust, or the sale or disposition of substantially all of the property of the Trust, as provided in Article XI; and (e) such other matters with respect to which the Board of Trustees has adopted a resolution declaring that a proposed action is advisable and directing that the matter be submitted to the shareholders for approval or ratification. Except with respect to the foregoing matters, no action taken by the shareholders at any meeting shall in any way bind the Board of Trustees.

Section 8.3 Preemptive and Appraisal Rights. Except as may be provided by the Board of Trustees in setting the terms of classified or reclassified Shares pursuant to Section 6.5, or as may otherwise be provided by contract, no holder of Shares shall, as such holder, (a) have any preemptive right to purchase or subscribe for any additional Shares of the Trust or any other security of the Trust which it may issue or sell or (b), except as expressly required by Title 8, have any right to require the Trust to pay him the fair value of his Shares in an appraisal or similar proceeding.

Section 8.4 Extraordinary Actions. Except as specifically provided in Section 5.3 (relating to removal of Trustees) and in Section 10.3, notwithstanding any provision of law permitting or requiring any action to be taken or authorized by the affirmative vote of the holders of a greater number of votes, any such action shall be effective and valid if taken or approved by the affirmative vote of holders of Shares entitled to cast a majority of all the votes entitled to be cast on the matter.

Section 8.5 Board Approval. The submission of any action to the shareholders for their consideration shall first be approved by the Board of Trustees.

Section 8.6 Action By Shareholders without a Meeting. Any action by Shareholders may be taken without a meeting, if a majority of Shares entitled to vote on the matter (or such larger proportion of Shares as shall be required to take such action) consent to the action in writing and the written consents are filed with the records of the meetings of Shareholders.

## ARTICLE IX

### LIABILITY LIMITATION, INDEMNIFICATION AND TRANSACTIONS WITH THE TRUST

Section 9.1 Limitation of Shareholder Liability. No shareholder shall be liable for any debt, claim, demand, judgment or obligation of any kind of, against or with respect to the Trust by reason of his being a shareholder, nor shall any shareholder be subject to any personal liability whatsoever, in tort, contract or otherwise, to any person in connection with the property or the affairs of the Trust by reason of his being a shareholder.



Section 9.2 Limitation of Trustee and Officer Liability. To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of trustees and officers of a real estate investment trust, no Trustee or officer of the Trust shall be liable to the Trust or to any shareholder for money damages. Neither the amendment nor repeal of this Section 9.2, nor the adoption or amendment of any other provision of the Declaration of Trust inconsistent with this Section 9.2, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption. In the absence of any Maryland statute limiting the liability of trustees and officers of a Maryland real estate investment trust for money damages in a suit by or on behalf of the Trust or by any shareholder, no Trustee or officer of the Trust shall be liable to the Trust or to any shareholder for money damages except to the extent that (a) the Trustee or officer actually received an improper benefit or profit in money, property or services, for the amount of the benefit or profit in money, property or services actually received; or (b) a judgment or other final adjudication adverse to the Trustee or officer is entered in a proceeding based on a finding in the proceeding that the Trustee's or officer's action or failure to act was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding.

Section 9.3 Indemnification. The Trust shall have the power, to the maximum extent permitted by Maryland law in effect from time to time, to obligate itself to indemnify, and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, (a) any individual who is a present or former shareholder, Trustee or officer of the Trust or (b) any individual who, while a Trustee of the Trust and at the request of the Trust, serves or has served as a director, officer, partner, trustee, employee or agent of another real estate investment trust, corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise from and against any claim or liability to which such person may become subject or which such person may incur by reason of such status. The Trust shall have the power, with the approval of its Board of Trustees, to provide such indemnification and advancement of expenses to a person who served a predecessor of the Trust in any of the capacities described in (a) or (b) above and to any employee or agent of the Trust or a predecessor of the Trust.

Section 9.4 Transactions Between the Trust and its Trustees, Officers, Employees and Agents. Subject to any express restrictions in the Declaration of Trust or adopted by the Trustees in the Bylaws or by resolution, the Trust may enter into any contract or transaction of any kind with any person, including any Trustee, officer, employee or agent of the Trust or any person affiliated with a Trustee, officer, employee or agent of the Trust, whether or not any of them has a financial interest in such transaction.

## ARTICLE X

### AMENDMENTS

Section 10.1 General. The Trust reserves the right from time to time to make any amendment to the Declaration of Trust, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in the Declaration of Trust, of any Shares. All rights and powers conferred by the Declaration of Trust on shareholders, Trustees and officers are granted subject to this reservation. An amendment to the Declaration of Trust (a) shall be signed and acknowledged by at least a majority of the Trustees, or an officer duly authorized by at least a majority of the Trustees, (b) shall be filed for record as provided in Section 13.5 and (c) shall become effective as of the later of the time the SDAT accepts the amendment for record or the time established in the amendment, not to exceed 30 days after the amendment is accepted for record. All references to the Declaration of Trust shall include all amendments thereto.

Section 10.2 By Trustees. The Trustees may amend the Declaration of Trust from time to time, in the manner provided by Title 8, without any action by the shareholders, to qualify as a real estate investment trust under the Code or under Title 8 and as otherwise provided in the Declaration of Trust.

Section 10.3 By Shareholders.

(a) Except as otherwise provided in the Declaration of Trust and in subsection (b) of this Section 10.3, any amendment to the Declaration of Trust shall be valid only if approved by the affirmative vote of two-thirds of all votes entitled to be cast on the matter.

(b) Any amendment to the Declaration of Trust which has been unanimously approved by the Board of Trustees shall require only the affirmative vote of a majority of all votes entitled to be cast on the matter.

## ARTICLE XI

### MERGER, CONSOLIDATION OR SALE OF TRUST PROPERTY

Subject to the provisions of any class or series of Shares at the time outstanding, the Trust may (a) merge the Trust with or into another entity or merge another entity into the Trust, (b) consolidate the Trust with one or more other entities into a new entity or (c) sell, lease, exchange or otherwise transfer all or substantially all of the property of the Trust. Any such action must be approved by the Board of Trustees and, after notice to all shareholders entitled to vote on the matter, by the affirmative vote of two-thirds of all the votes entitled to be cast on the matter.

## ARTICLE XII

### DURATION AND TERMINATION OF TRUST

Section 12.1 Duration. The Trust shall continue perpetually unless terminated pursuant to Section 12.2 or pursuant to any applicable provision of Title 8.

Section 12.2 Termination.

(a) Subject to the provisions of any class or series of Shares at the time outstanding, after approval by a majority of the entire Board of Trustees, the Trust may be terminated at any meeting of shareholders, by the affirmative vote of two-thirds of all the votes entitled to be cast on the matter. Upon the termination of the Trust:

(i) The Trust shall carry on no business except for the purpose of winding up its affairs.

(ii) The Trustees shall proceed to wind up the affairs of the Trust and all of the powers of the Trustees under the Declaration of Trust shall continue, including the powers to fulfill or discharge the Trust's contracts, collect its assets, sell, convey, assign, exchange, transfer or otherwise dispose of all or any part of the remaining property of the Trust to one or more persons at public or private sale for consideration which may consist in whole or in part of cash, securities or other property of any kind, discharge or pay its liabilities and do all other acts appropriate to liquidate its business.

(iii) After paying or adequately providing for the payment of all liabilities, and upon receipt of such releases, indemnities and agreements as they deem necessary for their protection, the Trust may distribute the remaining property of the Trust among the shareholders so that after payment in full or the setting apart for payment of such preferential amounts, if any, to which the holders of any Shares at the time outstanding shall be entitled, the remaining property of the Trust shall, subject to any participating or similar rights of Shares at the time outstanding, be distributed ratably among the holders of Common Shares at the time outstanding.

(b) After termination of the Trust, the liquidation of its business and the distribution to the shareholders as herein provided, a majority of the Trustees shall execute and file with the Trust's records a document certifying that the Trust has been duly terminated, and the Trustees shall be discharged from all liabilities and duties hereunder, and the rights and interests of all shareholders shall cease.

## ARTICLE XIII

### MISCELLANEOUS

Section 13.1 Governing Law. The Declaration of Trust is executed by the undersigned Trustees and delivered in the State of Maryland with reference to the laws thereof, and the rights of all parties and the validity, construction and effect of every provision hereof shall be subject to and construed according to the laws of the State of Maryland without regard to conflicts of laws provisions thereof.

Section 13.2 Reliance by Third Parties. Any certificate shall be final and conclusive as to any person dealing with the Trust if executed by the Secretary or an Assistant Secretary of the Trust, or any executive officer of the Trust, or a Trustee, and if certifying to: (a) the number or identity of Trustees, officers of the Trust or shareholders; (b) the due authorization of the execution of any document; (c) the action or vote taken, and the existence of a quorum, at a meeting of the Board of Trustees or shareholders; (d) a copy of the Declaration of Trust or of the Bylaws as a true and complete copy as then in force; (e) an amendment to the Declaration of Trust; (f) the termination of the Trust; or (g) the existence of any fact relating to the affairs of the Trust. No purchaser, lender, transfer agent or other person shall be bound to make any inquiry concerning the validity of any transaction purporting to be made by the Trust on its behalf or by any officer, employee or agent of the Trust.

Section 13.3 Severability.

(a) The provisions of the Declaration of Trust are severable, and if the Board of Trustees shall determine, with the advice of counsel, that any one or more of such provisions (the "Conflicting Provisions") are in conflict with the Code, Title 8 or other applicable federal or state laws, the Conflicting Provisions, to the extent of the conflict, shall be deemed never to have constituted a part of the Declaration of Trust, even without any amendment of the Declaration of Trust pursuant to Article X and without affecting or impairing any of the remaining provisions of the Declaration of Trust or rendering invalid or improper any action taken or omitted prior to such determination. No Trustee shall be liable for making or failing to make such a determination. In the event of any such determination by the Board of Trustees, the Board shall amend the Declaration of Trust in the manner provided in Section 10.2.

(b) If any provision of the Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such holding shall apply only to the extent of any such invalidity or unenforceability and shall not in any manner affect, impair or render invalid or unenforceable such provision in any other jurisdiction or any other provision of the Declaration of Trust in any jurisdiction.

Section 13.4 Construction. In the Declaration of Trust, unless the context otherwise requires, words used in the singular or in the plural include both the plural and singular and words denoting any gender include all genders. The title and headings of different parts are inserted for convenience and shall not affect the meaning, construction or effect of the Declaration of Trust. In defining or interpreting the powers and duties of the Trust and its Trustees and officers, reference may be made by the Trustees or officers, to the extent appropriate and not inconsistent with the Code or Title 8, to Titles 1 through 3 of the Corporations and Associations Article of the Annotated Code of Maryland. In furtherance and not in limitation of the foregoing, in accordance with the provisions of Title 3, Subtitles 6 and 7, of the Corporations and Associations Article of the Annotated Code of Maryland, the Trust shall be included within the definition of "corporation" for purposes of such provisions.

Section 13.5 Recordation. Any amendment hereto shall be filed with and accepted for record with the SDAT and may also be filed or recorded in such other places as the Trustees deem appropriate, but failure to file for record this Declaration of Trust or any amendment hereto in any office other than the office of the SDAT shall not affect or impair the validity or effectiveness of the Declaration of Trust or any amendment hereto. A restated declaration of trust shall, upon filing, be conclusive evidence of all amendments contained therein and may thereafter be referred to in lieu of the original Declaration of Trust and the various amendments thereto.

Section 13.6 Reserved.

Section 13.7 Unsolicited Takeovers. The Trust shall not elect to be subject to any provision of Subtitle 8 ("Corporations and Real Estate Investment Trusts - Unsolicited Takeovers") of Title 3 of the Corporations and Associations Article of the Annotated Code of Maryland.

## Annex A

### Series A Preferred Shares

1. Number of Shares. The number of shares of Series A Preferred Shares is 4,000,000.
2. Definitions. In this Annex A, the following terms shall have the following meanings:
  - (a) “Board of Trustees” shall mean the Board of Trustees of the Trust or any committee authorized by the Board of Trustees to perform any of its responsibilities with respect to the Series A Preferred Shares.
  - (b) “Business Day” shall mean any day other than a Saturday, Sunday or day on which state or federally chartered banking institutions in New York City, New York are not required to be open.
  - (c) “Call Date” shall have the meaning set forth in Section 6(b).
  - (d) “Capital Gains Amount” shall have the meaning set forth in Section 3(d).
  - (e) “Dividend Payment Date” shall mean the last calendar day (or, if such day is not a Business Day, the next Business Day thereafter) of each January, April, July and October, commencing on October 31, 1997.
  - (f) “Dividend Periods” shall mean quarterly dividend periods commencing on February 1, May 1, August 1 and November 1 of each year and ending on and including the day of the next succeeding Dividend Payment Date (other than the initial Dividend Period, which shall commence on the Issue Date, and other than the Dividend Period during which any Series A Preferred Shares shall be redeemed pursuant to Section 6, which shall end on and include the Call Date with respect to the Series A Preferred Shares being redeemed).
  - (g) “Fully Junior Shares” shall mean the Common Shares and any other class or series of shares of beneficial interest of the Trust now or hereafter issued and outstanding over which the Series A Preferred Shares has preference or priority in both (i) the payment of dividends and (ii) the distribution of assets on any liquidation, dissolution or winding up of the Trust.
  - (h) “Issue Date” shall mean the first date on which the pertinent Series A Preferred Shares are issued and sold.
  - (i) “Junior Shares” shall mean the Common Shares and any other class or series of shares of beneficial interest of the Trust now or hereafter issued and outstanding over which the Series A Preferred Shares has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Trust.
  - (j) “Parity Shares” shall have the meaning set forth in Section 8(b).
  - (k) “Preferred Shares” shall mean the preferred shares of the Trust, \$.01 par value per share.
  - (l) “Series A Preferred Shares” shall have the meaning set forth in Section 6.1.
  - (m) “Set apart for payment” shall be deemed to include, without any action other than the following, the recording by the Trust in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Trustees, the allocation of funds to be so paid on any series or class of shares of beneficial interest of the Trust; provided, however, that if any funds for any class or series of Junior Shares or Fully Junior Shares or any class or series of shares of beneficial interest ranking on a parity with the Series A Preferred Shares as to the payment of dividends are placed in a separate account of the Trust or delivered to a disbursing, paying or other similar agent, then “set apart for payment” with respect to the Series A Preferred Shares shall mean placing such funds in such separate account or delivering such funds to a disbursing, paying or other similar agent.
  - (n) “Total Dividends” shall have the meaning set forth in Section 3(d).

- (o) “Transfer Agent” means American Stock Transfer & Trust Company, or such other agent or agents of the Trust as may be designated by the Board of Trustees or their designee as the transfer agent, registrar and dividend disbursing agent for the Series A Preferred Shares.

3. Dividends.

- (a) The holders of Series A Preferred Shares shall be entitled to receive, when, as and if authorized by the Board of Trustees out of funds legally available for that purpose, cumulative, preferential dividends payable in cash at the rate of \$1.9875 per annum per share. Such dividend shall begin to accrue and shall be fully cumulative from the Issue Date, whether or not in any Dividend Period or Periods there shall be funds of the Trust legally available for the payment of such dividends, and shall be payable quarterly, when, as and if authorized by the Board of Trustees, in arrears on Dividend Payment Dates, commencing on the first Dividend Payment Date after the Issue Date. Such dividends shall be payable in arrears to the holders of record of Series A Preferred Shares, as they appear on the stock records of the Trust at the close of business on the record date, not more than 50 nor less than 10 days preceding the relevant Dividend Payment Date, as shall be fixed by the Board of Trustees. Accrued and unpaid dividends for any past Dividend Periods may be declared and paid on any date and for such interim periods, without reference to any regular Dividend Payment Date, to holders of record on such date, not exceeding 50 days preceding the payment date thereof, as may be fixed by the Board of Trustees. Any dividend payment made on the Series A Preferred Shares shall first be credited against the earliest accrued but unpaid dividend due with respect to the Series A Preferred Shares which remains payable.
- (b) The amount of dividends referred to in Section 3(a) payable for each full Dividend Period for the Series A Preferred Shares shall be computed by dividing the annual dividend rate by four, except that the amount of dividends payable for the initial Dividend Period, and for any Dividend Period shorter than a full Dividend Period, for the Series A Preferred Shares shall be computed on the basis of the actual number of days in such Dividend Period. Holders of Series A Preferred Shares shall not be entitled to any dividends, whether payable in cash, property or shares of stock, in excess of cumulative dividends, as herein provided, on the Series A Preferred Shares. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred Shares that may be in arrears.
- (c) Dividends on Series A Preferred Shares will accrue whether or not the Trust has earnings, whether or not there are funds legally available for the payment of such dividends and whether or not such dividends are declared.
- (d) If, for any taxable year, the Trust elects to designate as “capital gain dividends” (as defined in Section 857 of the Code) any portion (the “Capital Gains Amount”) of the total dividends (within the meaning of the Code) paid or made available for the year to holders of all classes of shares of beneficial interest (the “Total Dividends”), then the portion of the Capital Gains Amount that shall be allocated to holders of Series A Preferred Shares shall be in the same portion that the Total Dividends paid or made available to the holders of Series A Preferred Shares for the year bears to the Total Dividends.
- (e) So long as any Series A Preferred Shares are outstanding, no dividends, except as described in the immediately following sentence, shall be declared or paid or set apart for payment on any class or series of Parity Shares for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series A Preferred Shares for all Dividend Periods terminating on or prior to the dividend payment date for such class or series of Parity Shares. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends declared upon Series A Preferred Shares and all dividends declared upon any other class or series of Parity Shares shall be declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series A Preferred Shares and accumulated and unpaid on such Parity Shares.
- (f) So long as any Series A Preferred Shares are outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Fully Junior Shares) shall be declared or paid or set apart for payment or other distribution declared or

made upon Junior Shares or Fully Junior Shares, nor shall any Junior Shares or Fully Junior Shares be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Shares made for purposes of any employee incentive or benefit plan of the Trust or any subsidiary) for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by the Trust, directly or indirectly (except by conversion into or exchange for shares of Fully Junior Shares), unless in each case (i) the full cumulative dividends on all outstanding Series A Preferred Shares and any other Parity Shares of the Trust shall have been or contemporaneously are declared and paid or declared and set apart for payment for all past Dividend Periods with respect to the Series A Preferred Shares and all past dividend periods with respect to such Parity Shares and (ii) sufficient funds shall have been or contemporaneously are declared and paid or declared and set apart for the payment of the dividend for the current Dividend Period with respect to the Series A Preferred Shares and the current dividend period with respect to such Parity Shares.

- (g) No dividends on Series A Preferred Shares shall be authorized by the Board of Trustees or paid or set apart for payment by the Trust at such time as the terms and provisions of any agreement of the Trust, including any agreement relating to its indebtedness, prohibits such authorization, payment or setting apart for payment or provides that such authorization, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such authorization or payment shall be restricted or prohibited by law.

4. Liquidation Rights.

- (a) In the event of any liquidation, dissolution or winding up of the Trust, whether voluntary or involuntary, before any payment or distribution of the assets of the Trust (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of the Series A Preferred Shares shall be entitled to receive Twenty Five Dollars (\$25.00) per share of Series A Preferred Shares plus an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holders; but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Trust, the assets of the Trust, or proceeds thereof, distributable among the holders of the Series A Preferred Shares shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other shares of any class or series of Parity Shares, then such assets, or the proceeds thereof, shall be distributed among the holders of the Series A Preferred Shares and any such other Parity Shares ratably in accordance with the respective amounts that would be payable on such Series A Preferred Shares and any such other Parity Shares if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Trust with one or more corporations, real estate investment trusts, or other entities, (ii) a sale, lease or transfer of all or substantially all of the Trust's assets, or (iii) a statutory share exchange shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Trust.

- (b) Subject to the rights of the holders of shares of any series or class of beneficial interest ranking on a parity with or prior to the Series A Preferred Shares upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Trust, after payment shall have been made in full to the holders of the Series A Preferred Shares, as provided in this Section 4, any other series or class of Junior Shares or Fully Junior Shares shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series A Preferred Shares shall not be entitled to share therein.

5. Conversion. The Series A Preferred Shares are not convertible or exchangeable for any other property or securities of the Trust.

6. Redemption at the Option of the Trust.

- (a) The Series A Preferred Shares shall not be redeemable by the Trust prior to October 6, 2002. On and after October 6, 2002, the Trust, at its option, may redeem the Series A Preferred Shares, in whole or in part at any time or from time to time, at a redemption price of Twenty-Five Dollars (\$25.00) per share of Series A Preferred Shares, plus the amounts indicated in Section (b).

- (b) Upon any redemption of the Series A Preferred Shares pursuant to this Section 6, the Trust shall pay all accrued and unpaid dividends, if any, thereon ending on or prior to the date of such redemption (the "Call Date"), without interest. If the Call Date falls after a dividend payment record date and prior to the corresponding Dividend Payment Date, then each holder of Series A Preferred Shares at the close of business on such dividend payment record date shall be entitled to the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the redemption of such shares before such Dividend Payment Date. Except as provided above, the Trust shall make no payment or allowance for unpaid dividends, whether or not in arrears, on shares of Series A Preferred Shares called for redemption.
- (c) If full cumulative dividends on the Series A Preferred Shares and any other class or series of Parity Shares of the Trust have not been declared and paid or declared and set apart for payment, the Series A Preferred Shares or Parity Shares may not be redeemed under this Section 6 in part and the Trust may not purchase or acquire the Series A Preferred Shares or any Parity Shares, otherwise than pursuant to a purchase or exchange offer made on the same terms to all holders of Series A Preferred Shares or Parity Shares, as the case may be.
- (d) Notice of the redemption of any Series A Preferred Shares under this Section 6 shall be mailed by first-class mail to each holder of record of Series A Preferred Shares to be redeemed at the address of each such holder as shown on the Trust's records, not less than 30 nor more than 90 days prior to the Call Date. Neither the failure to mail any notice required by this Section 6(d), nor any defect therein or in the mailing thereof, to any particular holder, shall affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date mailed whether or not the holder receives the notice. Each such mailed notice shall state, as appropriate: (1) the Call Date; (2) the number of shares of Series A Preferred Shares to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price per share; (4) the place or places at which certificates for such shares are to be surrendered; and (5) that dividends on the shares to be redeemed shall cease to accrue on such Call Date except as otherwise provided herein. Notice having been mailed as aforesaid, from and after the Call Date (unless the Trust shall fail to make available an amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the Series A Preferred Shares so called for redemption shall cease to accrue, (ii) shares of such Series A Preferred Shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series A Preferred Shares of the Trust shall cease (except the right to receive cash payable under such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required and to receive any dividends payable thereon). The Trust's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Call Date, the Trust shall deposit with a bank or trust company (which may be an affiliate of the Trust) that has an office in Maryland and that has, or is an affiliate of a bank or trust company that has, capital and surplus of at least \$50,000,000, the amount of cash necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the Series A Preferred Shares so called for redemption. No interest shall accrue for the benefit of the holders of Series A Preferred Shares to be redeemed on any cash so set aside by the Trust. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Call Date shall revert to the general funds of the Trust, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Trust for the payment of such cash.

As promptly as practicable after the surrender in accordance with said notice of the certificates for any such shares so redeemed (properly endorsed or assigned for transfer, if the Trust shall so require and if the notice shall so state), such shares shall be exchanged for any cash (without interest thereon) for which such shares have been redeemed. If fewer than all the outstanding Series A Preferred Shares are to be redeemed, shares to be redeemed shall be selected by the Trust from outstanding Series A Preferred Shares not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Trust in its sole discretion to be equitable. If fewer than all the Series A Preferred Shares represented by any certificate are redeemed, then new certificates representing the unredeemed shares shall be issued without cost to the holder thereof.

7. Shares to be Retired. All Series A Preferred Shares which shall have been issued and reacquired in any manner by the Trust shall be restored to the status of authorized but unissued Preferred Shares, without designation as to class or series.
8. Ranking. Any class or series of shares of beneficial interest of the Trust shall be deemed to rank:
- (a) prior to the Series A Preferred Shares, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series A Preferred Shares;
  - (b) on a parity with the Series A Preferred Shares, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series A Preferred Shares, if the holders of such class or series of shares and the Series A Preferred Shares shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other (“Parity Shares”);
  - (c) junior to the Series A Preferred Shares, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such shares shall be Junior Shares; and
  - (d) junior to the Series A Preferred Shares, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, if such shares shall be Fully Junior Shares.
9. Voting. If and whenever six consecutive quarterly dividends payable on the Series A Preferred Shares or any series or class of Parity Shares shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not declared, the number of trustees then constituting the Board of Trustees shall be increased by two, and the holders of Series A Preferred Shares, together with the holders of shares of every other series of Parity Shares, voting as a single class regardless of series, shall be entitled to elect the two additional trustees to serve on the Board of Trustees at any annual meeting of shareholders or special meeting held in place thereof, or at a special meeting of the holders of the Series A Preferred Shares and the Parity Shares called as hereinafter provided. Whenever all arrears in dividends on the Series A Preferred Shares and the Parity Shares then outstanding shall have been paid and dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series A Preferred Shares and the Parity Shares to elect such additional two trustees shall immediately cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six consecutive quarterly dividends), and the terms of office of all persons elected as trustees by the holders of the Series A Preferred Shares and the Parity Shares shall immediately terminate and the number of the Board of Trustees shall be reduced accordingly. At any time after such voting rights shall have been so vested in the holders of Series A Preferred Shares and the Parity Shares, the secretary of the Trust may, and upon the written request of any holder of Series A Preferred Shares (addressed to the secretary at the principal office of the Trust) shall, call a special meeting of the holders of the Series A Preferred Shares and of the Parity Shares for the election of the two trustees to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Trust for a special meeting of the shareholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the secretary within 20 days after receipt of any such request, then any holder of Series A Preferred Shares may call such meeting, upon the notice above provided, and for that purpose shall have access to the share records of the Trust. The trustees elected at any such special meeting shall hold office until the next annual meeting of the shareholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the trustees elected by the holders of the Series A Preferred Shares and the Parity Shares, a successor shall be elected by the Board of Trustees, upon the nomination of the then remaining trustee elected by the holders of the Series A Preferred Shares and the Parity Shares or the successor of such remaining trustee, to serve until the next annual meeting of the shareholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.



So long as any Series A Preferred Shares are outstanding, in addition to any other vote or consent of shareholders required by law or by the Declaration, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Series A Preferred Shares and the Parity Shares, at the time outstanding, acting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

- (a) Any amendment, alteration or repeal of any of the provisions of the Declaration that materially and adversely affects the voting powers, rights or preferences of the holders of the Series A Preferred Shares or the Parity Shares; provided, however, that the amendment of the provisions of the Declaration so as to authorize or create or to increase the authorized amount of shares of any class of any Fully Junior Shares or Junior Shares that are not senior in any respect to the Series A Preferred Shares, or any shares of any class ranking on a parity with the Series A Preferred Shares or the Parity Shares, shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Series A Preferred Shares; and provided further, that if any such amendment, alteration or repeal would materially and adversely affect any voting powers, rights or preferences of the Series A Preferred Shares or another series of Parity Shares that are not enjoyed by some or all of the other series otherwise entitled to vote in accordance herewith, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of all series similarly affected, similarly given, shall be required in lieu of the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Series A Preferred Shares and the Parity Shares otherwise entitled to vote in accordance herewith; or
- (b) A share exchange that affects the Series A Preferred Shares, a consolidation with or merger of the Trust into another entity, or a consolidation with or merger of another entity into the Trust, unless in each such case each share of Series A Preferred Shares (i) shall remain outstanding without a material and adverse change to its terms and rights or (ii) shall be converted into or exchanged for preferred stock of the surviving entity having preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms or conditions of redemption thereof identical to that of a share of Series A Preferred Shares (except for changes that do not materially and adversely affect the holders of the Series A Preferred Shares); or
- (c) The authorization or creation of, or the increase in the authorized amount of, any shares of any class, or any security convertible into shares of any class, ranking prior to the Series A Preferred Shares in the distribution of assets on any liquidation, dissolution or winding up of the Trust or in the payment of dividends; provided, however, that no such vote of the holders of Series A Preferred Shares shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such shares or convertible securities is to be made, as the case may be, provision is made for the redemption of all Series A Preferred Shares at the time outstanding.

For purposes of the foregoing provisions of this Section 9, each share of Series A Preferred Shares shall have one vote per share, except that when shares of any other series of Preferred Shares shall have the right to vote with the Series A Preferred Shares as a single class on any matter, then the Series A Preferred Shares and such other series shall have with respect to such matters one vote per \$25.00 of stated liquidation preference. Except as otherwise required by applicable law or as set forth herein, the Series A Preferred Shares shall not have any relative, participating, optional or other special voting rights and powers, and the consent of the holders thereof shall not be required for the taking of any corporate action.

- 10. Record Holders. The Trust and the Transfer Agent may deem and treat the record holder of any Series A Preferred Shares as the true and lawful owner thereof for all purposes, and neither the Trust nor the Transfer Agent shall be affected by any notice to the contrary.
- 11. Sinking Fund. The Series A Preferred Shares shall not be entitled to the benefits of any retirement or sinking fund.

**Annex B****Series B Preferred Shares**

- (1) **Definitions.** In this Annex B, the following terms shall have the following meanings:
- (a) “Board of Trustees” shall mean the Board of Trustees of the Trust or any committee authorized by the Board of Trustees to perform any of its responsibilities with respect to the Series B Preferred Shares.
  - (b) “Business Day” shall mean any day other than a Saturday, Sunday or day on which state or federally chartered banking institutions in New York City, New York are not required to be open.
  - (c) “Call Date” shall have the meaning set forth in Section 6(b).
  - (d) “Capital Gains Amount” shall have the meaning set forth in Section 4(d).
  - (e) “Dividend Payment Date” shall mean the last calendar day (or, if such day is not a Business Day, the next Business Day thereafter) of each January, April, July and October, commencing on January 31, 2002.
  - (f) “Dividend Periods” shall mean quarterly dividend periods commencing on February 1, May 1, August 1 and November 1 of each year and ending on and including the day of the next succeeding Dividend Payment Date (other than the initial Dividend Period, which shall commence on the Issue Date, and other than the Dividend Period during which any Series B Preferred Shares shall be redeemed pursuant to Section 6, which shall end on and include the Call Date with respect to the Series B Preferred Shares being redeemed).
  - (g) “Fully Junior Shares” shall mean the common shares of beneficial interest (“Common Shares”) and any other class or series of shares of beneficial interest of the Trust now or hereafter issued and outstanding over which the Series B Preferred Shares has preference or priority in both (i) the payment of dividends and (ii) the distribution of assets on any liquidation, dissolution or winding up of the Trust.
  - (h) “Issue Date” shall mean the first date on which the pertinent Series B Preferred Shares are issued and sold.
  - (i) “Junior Shares” shall mean the Common Shares and any other class or series of shares of beneficial interest of the Trust now or hereafter issued and outstanding over which the Series B Preferred Shares has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Trust.
  - (j) “Parity Shares” shall have the meaning set forth in Section 3(b).
  - (k) “Preferred Shares” shall mean the preferred shares of the Trust, \$.01 par value per share.
  - (l) “Series A Preferred Shares” shall mean the Trust’s 7.95% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share.
  - (m) “Series B Preferred Shares” shall have the meaning set forth in Section 2.
  - (n) “Set apart for payment” shall be deemed to include, without any action other than the following, the recording by the Trust in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Trustees, the allocation of funds to be so paid on any series or class of shares of beneficial interest of the Trust; provided, however, that if any funds for any class or series of Junior Shares or Fully Junior Shares or any class or series of shares of beneficial interest ranking on a parity with the Series B Preferred Shares as to the payment of dividends are placed in a separate account of the Trust or delivered to a

disbursing, paying or other similar agent, then “set apart for payment” with respect to the Series B Preferred Shares shall mean placing such funds in such separate account or delivering such funds to a disbursing, paying or other similar agent.

- (o) “Total Dividends” shall have the meaning set forth in Section 4(d).
  - (p) “Transfer Agent” means American Stock Transfer & Trust Company, or such other agent or agents of the Trust as may be designated by the Board of Trustees or their designee as the transfer agent, registrar and dividend disbursing agent for the Series B Preferred Shares.
- (2) Designation and Number. A series of Preferred Shares, designated the 8½% Series B Cumulative Redeemable Preferred Shares of Beneficial Interest” (the “Series B Preferred Shares”), is hereby established. The number of Series B Preferred Shares shall be 5,750,000.
- (3) Rank. Any class or series of shares of beneficial interest of the Trust shall be deemed to rank:
- (a) prior to the Series B Preferred Shares, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series B Preferred Shares;
  - (b) on a parity with the Series B Preferred Shares, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series B Preferred Shares, if the holders of such class or series of shares, which shall include the Series A Preferred Shares, and the Series B Preferred Shares shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other (“Parity Shares”);
  - (c) junior to the Series B Preferred Shares, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such shares shall be Junior Shares; and
  - (d) junior to the Series B Preferred Shares, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, if such shares shall be Fully Junior Shares.
- (4) Dividends.
- (a) The holders of Series B Preferred Shares shall be entitled to receive, when, as and if authorized by the Board of Trustees out of funds legally available for that purpose, cumulative, preferential dividends payable in cash at the rate of \$2.125 per annum per share. Such dividends shall begin to accrue and shall be fully cumulative from the Issue Date, whether or not in any Dividend Period or Periods there shall be funds of the Trust legally available for the payment of such dividends, and shall be payable quarterly, when, as and if authorized by the Board of Trustees, in arrears on Dividend Payment Dates, commencing on the first Dividend Payment Date after the Issue Date. Such dividends shall be payable in arrears to the holders of record of Series B Preferred Shares, as they appear on the stock records of the Trust at the close of business on the record date, not more than 50 nor less than 10 days preceding the relevant Dividend Payment Date, as shall be fixed by the Board of Trustees. Accrued and unpaid dividends for any past Dividend Periods may be declared and paid on any date and for such interim periods, without reference to any regular Dividend Payment Date, to holders of record on such date, not exceeding 50 days preceding the payment date thereof, as may be fixed by the Board of Trustees. Any dividend payment made on the Series B Preferred Shares shall first be credited against the earliest accrued but unpaid dividend due with respect to the Series B Preferred Shares which remains payable.
  - (b) The amount of dividends referred to in Section 4(a) payable for each full Dividend Period for the Series B Preferred Shares shall be computed by dividing the annual dividend rate by four, except that the amount of dividends payable for the initial Dividend Period, and for any Dividend Period shorter than a full Dividend Period, for the Series B Preferred Shares shall be computed on the basis of the

actual number of days in such Dividend Period. Holders of Series B Preferred Shares shall not be entitled to any dividends, whether payable in cash, property or shares of stock, in excess of cumulative dividends, as herein provided, on the Series B Preferred Shares. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series B Preferred Shares that may be in arrears.

- (c) Dividends on Series B Preferred Shares will accrue whether or not the Trust has earnings, whether or not there are funds legally available for the payment of such dividends and whether or not such dividends are declared.
- (d) If, for any taxable year, the Trust elects to designate as “capital gain dividends” (as defined in Section 857 of the Code) any portion (the “Capital Gains Amount”) of the total dividends (within the meaning of the Code) paid or made available for the year to holders of all classes of shares of beneficial interest (the “Total Dividends”), then the portion of the Capital Gains Amount that shall be allocated to holders of Series B Preferred Shares shall be in the same portion that the Total Dividends paid or made available to the holders of Series B Preferred Shares for the year bears to the Total Dividends.
- (e) So long as any Series B Preferred Shares are outstanding, no dividends, except as described in the immediately following sentence, shall be declared or paid or set apart for payment on any class or series of Parity Shares for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series B Preferred Shares for all Dividend Periods terminating on or prior to the dividend payment date for such class or series of Parity Shares. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends declared upon Series B Preferred Shares and all dividends declared upon any other class or series of Parity Shares shall be declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series B Preferred Shares and accumulated and unpaid on such Parity Shares.
- (f) So long as any Series B Preferred Shares are outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Fully Junior Shares) shall be declared or paid or set apart for payment or other distribution declared or made upon Junior Shares or Fully Junior Shares, nor shall any Junior Shares or Fully Junior Shares be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Shares made for purposes of any employee incentive or benefit plan of the Trust or any subsidiary) for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by the Trust, directly or indirectly (except by conversion into or exchange for shares of Fully Junior Shares), unless in each case (i) the full cumulative dividends on all outstanding Series B Preferred Shares and any other Parity Shares of the Trust shall have been or contemporaneously are declared and paid or declared and set apart for payment for all past Dividend Periods with respect to the Series B Preferred Shares and all past dividend periods with respect to such Parity Shares and (ii) sufficient funds shall have been or contemporaneously are declared and paid or declared and set apart for the payment of the dividend for the current Dividend Period with respect to the Series B Preferred Shares and the current dividend period with respect to such Parity Shares.
- (g) No dividends on Series B Preferred Shares shall be authorized by the Board of Trustees or paid or set apart for payment by the Trust at such time as the terms and provisions of any agreement of the Trust, including any agreement relating to its indebtedness, prohibits such authorization, payment or setting apart for payment or provides that such authorization, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such authorization or payment shall be restricted or prohibited by law.

(5) Liquidation Preference.

- (a) In the event of any liquidation, dissolution or winding up of the Trust, whether voluntary or involuntary, before any payment or distribution of the assets of the Trust (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of the Series B Preferred Shares shall be entitled to receive Twenty Five Dollars (\$25.00) per share of Series B Preferred Shares plus an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon

to the date of final distribution to such holders; but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Trust, the assets of the Trust, or proceeds thereof, distributable among the holders of the Series B Preferred Shares shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other shares of any class or series of Parity Shares, then such assets, or the proceeds thereof, shall be distributed among the holders of the Series B Preferred Shares and any such other Parity Shares ratably in accordance with the respective amounts that would be payable on such Series B Preferred Shares and any such other Parity Shares if all amounts payable thereon were paid in full. For the purposes of this Section 5, (i) a consolidation or merger of the Trust with one or more corporations, real estate investment trusts, or other entities, (ii) a sale, lease or transfer of all or substantially all of the Trust's assets, or (iii) a statutory share exchange shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Trust.

- (b) Subject to the rights of the holders of shares of any series or class of beneficial interest ranking on a parity with or prior to the Series B Preferred Shares upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Trust, after payment shall have been made in full to the holders of the Series B Preferred Shares, as provided in this Section 5, any other series or class of Junior Shares or Fully Junior Shares shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series B Preferred Shares shall not be entitled to share therein.

(6) Redemption at the Option of the Trust.

- (a) The Series B Preferred Shares shall not be redeemable by the Trust prior to November 27, 2006. On and after November 27, 2006, the Trust, at its option, may redeem the Series B Preferred Shares, in whole or in part at any time or from time to time, at a redemption price of Twenty-Five Dollars (\$25.00) per share of Series B Preferred Shares, plus the amounts indicated in Section (b).
- (b) Upon any redemption of the Series B Preferred Shares pursuant to this Section 6, the Trust shall pay all accrued and unpaid dividends, if any, thereon ending on or prior to the date of such redemption (the "Call Date"), without interest. If the Call Date falls after a dividend payment record date and prior to the corresponding Dividend Payment Date, then each holder of Series B Preferred Shares at the close of business on such dividend payment record date shall be entitled to the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the redemption of such shares before such Dividend Payment Date. Except as provided above, the Trust shall make no payment or allowance for unpaid dividends, whether or not in arrears, on shares of Series B Preferred Shares called for redemption.
- (c) If full cumulative dividends on the Series B Preferred Shares and any other class or series of Parity Shares of the Trust have not been declared and paid or declared and set apart for payment, the Series B Preferred Shares or Parity Shares may not be redeemed under this Section 6 in part and the Trust may not purchase or acquire the Series B Preferred Shares or any Parity Shares, otherwise than pursuant to a purchase or exchange offer made on the same terms to all holders of Series B Preferred Shares or Parity Shares, as the case may be.
- (d) Notice of the redemption of any Series B Preferred Shares under this Section 6 shall be mailed by first-class mail to each holder of record of Series B Preferred Shares to be redeemed at the address of each such holder as shown on the Trust's records, not less than 30 nor more than 90 days prior to the Call Date. Neither the failure to mail any notice required by this Section 6(d), nor any defect therein or in the mailing thereof, to any particular holder, shall affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date mailed whether or not the holder receives the notice. Each such mailed notice shall state, as appropriate: (1) the Call Date; (2) the number of shares of Series B Preferred Shares to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price per share; (4) the place or places at which certificates for such shares are to be surrendered; and (5) that dividends on the shares to be redeemed shall cease to accrue on such Call Date except as otherwise provided herein. Notice having been mailed as aforesaid, from

and after the Call Date (unless the Trust shall fail to make available an amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the Series B Preferred Shares so called for redemption shall cease to accrue, (ii) shares of such Series B Preferred Shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series B Preferred Shares of the Trust shall cease (except the right to receive cash payable under such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required and to receive any dividends payable thereon). The Trust's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Call Date, the Trust shall deposit with a bank or trust company (which may be an affiliate of the Trust) that has an office in Maryland and that has, or is an affiliate of a bank or trust company that has, capital and surplus of at least \$50,000,000, the amount of cash necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the Series B Preferred Shares so called for redemption. No interest shall accrue for the benefit of the holders of Series B Preferred Shares to be redeemed on any cash so set aside by the Trust. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Call Date shall revert to the general funds of the Trust, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Trust for the payment of such cash.

As promptly as practicable after the surrender in accordance with said notice of the certificates for any such shares so redeemed (properly endorsed or assigned for transfer, if the Trust shall so require and if the notice shall so state), such shares shall be exchanged for any cash (without interest thereon) for which such shares have been redeemed. If fewer than all the outstanding Series B Preferred Shares are to be redeemed, shares to be redeemed shall be selected by the Trust from outstanding Series B Preferred Shares not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Trust in its sole discretion to be equitable. If fewer than all the Series B Preferred Shares represented by any certificate are redeemed, then new certificates representing the unredeemed shares shall be issued without cost to the holder thereof.

(7) Voting Rights.

If and whenever six consecutive quarterly dividends payable on the Series B Preferred Shares or any series or class of Parity Shares shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not declared, the number of trustees then constituting the Board of Trustees shall be increased by two, and the holders of Series B Preferred Shares, together with the holders of shares of every other series of Parity Shares, voting as a single class regardless of series, shall be entitled to elect the two additional trustees to serve on the Board of Trustees at any annual meeting of shareholders or special meeting held in place thereof, or at a special meeting of the holders of the Series B Preferred Shares and the Parity Shares called as hereinafter provided. Whenever all arrears in dividends on the Series B Preferred Shares and the Parity Shares then outstanding shall have been paid and dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series B Preferred Shares and the Parity Shares to elect such additional two trustees shall immediately cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six consecutive quarterly dividends), and the terms of office of all persons elected as trustees by the holders of the Series B Preferred Shares and the Parity Shares shall immediately terminate and the number of the Board of Trustees shall be reduced accordingly. At any time after such voting rights shall have been so vested in the holders of Series B Preferred Shares and the Parity Shares, the secretary of the Trust may, and upon the written request of any holder of Series B Preferred Shares (addressed to the secretary at the principal office of the Trust) shall, call a special meeting of the holders of the Series B Preferred Shares and of the Parity Shares for the election of the two trustees to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Trust for a special meeting of the shareholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the secretary within 20 days after receipt of any such request, then any holder of Series B Preferred Shares may call such meeting, upon the notice above provided, and for that purpose shall have access to the share records of the Trust. The trustees elected at any such special meeting shall hold office until the next annual meeting of the shareholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the trustees elected by the holders of the Series B Preferred Shares and the Parity Shares, a successor shall be elected by the Board of Trustees, upon the nomination of the then remaining trustee elected by the holders of the Series B Preferred Shares and the Parity

Shares or the successor of such remaining trustee, to serve until the next annual meeting of the shareholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

So long as any Series B Preferred Shares are outstanding, in addition to any other vote or consent of shareholders required by law or by the Declaration, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Series B Preferred Shares and the Parity Shares, at the time outstanding, acting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

- (a) Any amendment, alteration or repeal of any of the provisions of the Declaration that materially and adversely affects the voting powers, rights or preferences of the holders of the Series B Preferred Shares or the Parity Shares; provided, however, that the amendment of the provisions of the Declaration so as to authorize or create or to increase the authorized amount of shares of any class of any Fully Junior Shares or Junior Shares that are not senior in any respect to the Series B Preferred Shares, or any shares of any class ranking on a parity with the Series B Preferred Shares or the Parity Shares, shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Series B Preferred Shares; and provided further, that if any such amendment, alteration or repeal would materially and adversely affect any voting powers, rights or preferences of the Series B Preferred Shares or another series of Parity Shares that are not enjoyed by some or all of the other series otherwise entitled to vote in accordance herewith, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of all series similarly affected, similarly given, shall be required in lieu of the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Series B Preferred Shares and the Parity Shares otherwise entitled to vote in accordance herewith; or
- (b) A share exchange that affects the Series B Preferred Shares, a consolidation with or merger of the Trust into another entity, or a consolidation with or merger of another entity into the Trust, unless in each such case each share of Series B Preferred Shares (i) shall remain outstanding without a material and adverse change to its terms and rights or (ii) shall be converted into or exchanged for preferred stock of the surviving entity having preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms or conditions of redemption thereof identical to that of a share of Series B Preferred Shares (except for changes that do not materially and adversely affect the holders of the Series B Preferred Shares); or
- (c) The authorization or creation of, or the increase in the authorized amount of, any shares of any class, or any security convertible into shares of any class, ranking prior to the Series B Preferred Shares in the distribution of assets on any liquidation, dissolution or winding up of the Trust or in the payment of dividends; provided, however, that no such vote of the holders of Series B Preferred Shares shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such shares or convertible securities is to be made, as the case may be, provision is made for the redemption of all Series B Preferred Shares at the time outstanding.

For purposes of the foregoing provisions of this Section 7, each share of Series B Preferred Shares shall have one vote per share, except that when shares of any other series of Preferred Shares shall have the right to vote with the Series B Preferred Shares as a single class on any matter, then the Series B Preferred Shares and such other series shall have with respect to such matters one vote per \$25.00 of stated liquidation preference. Except as otherwise required by applicable law or as set forth herein, the Series B Preferred Shares shall not have any relative, participating, optional or other special voting rights and powers, and the consent of the holders thereof shall not be required for the taking of any corporate action.

- (8) Conversion. The Series B Preferred Shares are not convertible into or exchangeable for any other property or securities of the Trust at the option of holders thereof.
- (9) Application of Article VII. The Series B Preferred Shares are subject to the provisions of Article VII of the Declaration of Trust at the option of holders thereof.

- (10) Shares to be Retired. All Series B Preferred Shares which shall have been issued and reacquired in any manner by the Trust shall be restored to the status of authorized but unissued Preferred Shares, without designation as to class or series.
- (11) Record Holders. The Trust and the Transfer Agent may deem and treat the record holder of any Series B Preferred Shares as the true and lawful owner thereof for all purposes, and neither the Trust nor the Transfer Agent shall be affected by any notice to the contrary.
- (12) Sinking Fund. The Series B Preferred Shares shall not be entitled to the benefits of any retirement or sinking fund.



**Annex C**

**Series 1 Preferred Shares**

(1) **Definitions.** In this Annex C, the following terms shall have the following meanings:

(a) “Board” or “Board of Trustees” shall mean the Board of Trustees of the Trust or any committee authorized by the Board of Trustees to perform any of its responsibilities with respect to the Series 1 Preferred Shares.

(b) “Business Day” shall mean any day other than a Saturday, Sunday or day on which state or federally chartered banking institutions in New York City, New York are not required to be open.

(c) “Capital Gains Amount” shall have the meaning set forth in Section 4(d).

(d) [Intentionally Omitted.]

(e) “Code” shall mean the Internal Revenue Code of 1986, as amended.

(f) “Common Shares” shall mean the common shares of beneficial interest of the Trust, par value \$0.01 per share.

(g) “Constituent Person” shall have the meaning set forth in Section 7(f).

(h) “Conversion Price” shall have the meaning set forth in Section 7(e).

(i) “Current Market Price” of publicly traded common shares or any other class of shares of beneficial interest or other security of the Trust or any other issuer for any day shall mean the last reported sales price, regular way, on such day or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the New York Stock Exchange (“NYSE”) or, if such security is not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such security is listed or admitted for trading or, if not listed or admitted for trading on any national securities exchange, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by the National Association of Securities Dealers (NASD) or, if bid and asked prices for such security on such day shall not have been reported by the NASD, the average of the bid and asked prices on such day as furnished by any NYSE member firm regularly making a market in such security and selected for such purpose by the Chief Executive Officer of the Trust or the Board.

(j) “Dividend Payment Date” shall mean (i) the date on which a regular, quarterly dividend (excluding any special or other extraordinary dividends) is paid on the Common Shares or, if no regular, quarterly dividend is paid on the Common Shares in respect of a given Dividend Period, then (ii) the fifteenth (15<sup>th</sup>) calendar day (or, if such day is not a Business Day, the next Business Day thereafter) of the month following the end of the applicable Dividend Period, commencing on the first Dividend Payment Date occurring after April 1, 2007.

(k) “Dividend Periods” shall mean quarterly dividend periods commencing on the first (1<sup>st</sup>) day of each calendar quarter of each year and ending on and including the last day of each calendar quarter of each year (other than the initial Dividend Period, which shall commence on the Issue Date and end on the last day of the calendar quarter in which the Issue Date occurs).

(l) “Elevated Price Level” shall have the meaning set forth in Section 7(b).

(m) “Fair Market Value” shall mean the average of the daily Current Market Prices of a Common Share during the five consecutive Trading Days selected by the Trust commencing not more than 20 Trading Days before, and ending not later than, the earlier of the day in question and the day before the “ex date” with respect to the issuance or distribution requiring such computation. The term “ex date” when used with respect to any issuance or distribution, means the first day on which the Common Shares trade regular way, without the right to receive such issuance or distribution, on the exchange or in the market, as the case may be, used to determine that day's Current Market Price.

(n) “Initial Mandatory Conversion Trigger Price” shall mean \$115.50.

(o) “Initial Optional Conversion Price” shall mean \$104.69.

(p) “Issue Date” shall mean the first date on which the pertinent Series 1 Preferred Shares are issued and sold.

(q) “Junior Shares” shall mean the Common Shares and any other class or series of shares of beneficial interest of the Trust now or hereafter issued and outstanding over which the Series 1 Preferred Shares has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Trust.

(r) “Liquidation Price” shall mean twenty-five dollars (\$25.00) per Series 1 Preferred Share.

(s) “Mandatory Conversion Date” shall have the meaning set forth in Section 7(b).

(t) “Mandatory Conversion Trigger Price” shall have the meaning set forth in Section 7(e).

(u) “Mandatory Conversion Notice” shall have the meaning set forth in Section 7(b).

(v) “Non-Electing Share” shall have the meaning set forth in Section 7(f).

(w) “Optional Conversion Date” shall have the meaning set forth in Section 7(a).

(x) “Optional Conversion Notice” shall have the meaning set forth in Section 7(a).

(y) “Optional Conversion Price” shall have the meaning set forth in Section 7(e).

(z) “Parity Shares” shall have the meaning set forth in Section 3(b).

(aa) “Preferred Shares” shall mean the preferred shares of the Trust, \$.01 par value per share.

(bb) “Series 1 Preferred Shares” shall have the meaning set forth in Section 2.

(cc) “Set apart for payment” shall be deemed to include, without any action other than the following, the recording by the Trust in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Trustees, the allocation of funds to be so paid on any series or class of shares of beneficial interest of the Trust; provided, however, that if any funds for any class or series of Junior Shares or any class or series of shares of beneficial interest ranking on a parity with the Series 1 Preferred Shares as to the payment of dividends are placed in a separate account of the Trust or delivered to a disbursing, paying or other similar agent, then “set apart for payment” with respect to the Series 1 Preferred Shares shall mean placing such funds in such separate account or delivering such funds to a disbursing, paying or other similar agent.

(dd) “Total Dividends” shall have the meaning set forth in Section 4(c).

(ee) “Trading Day” shall mean any day on which the securities in question are traded on the New York Stock Exchange, or if such securities are not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading on any national securities exchange, in the applicable securities market in which the securities are traded.

(ff) “Transaction” shall have the meaning set forth in Section 7(f).

(gg) “Transfer Agent” shall mean American Stock Transfer & Trust Company, or such other agent or agents of the Trust as may be designated by the Board of Trustees or their designee as the transfer agent, registrar and dividend disbursing agent for the Series 1 Preferred Shares.

(2) Designation and Number. A series of Preferred Shares, designated the “5.417% Series 1 Cumulative Convertible Preferred Shares of Beneficial Interest” (the “Series 1 Preferred Shares”), is hereby established. The number of Series 1 Preferred Shares shall be 399,896.

(3) Rank. Any class or series of shares of beneficial interest of the Trust shall be deemed to rank:

(a) prior to the Series 1 Preferred Shares, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series 1 Preferred Shares;

(b) on a parity with the Series 1 Preferred Shares, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series 1 Preferred Shares, if the holders of such class or series of shares, which shall include the Series 1 Preferred Shares, shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other (“Parity Shares”); and

(c) junior to the Series 1 Preferred Shares, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such shares shall be Junior Shares.

(4) Dividends.

(a) The holders of Series 1 Preferred Shares shall be entitled to receive, when, as and if authorized by the Board of Trustees out of funds legally available for that purpose, cumulative, preferential dividends payable in cash at the rate of 5.417% of the Liquidation Price per year (an amount of \$1.35425 per annum per share). Such dividends shall begin to accrue and shall be fully cumulative from the Issue Date, whether or not the Trust has earnings, and whether or not in any Dividend Period or Periods there shall be funds of the Trust legally available for the payment of such dividends, and shall be payable quarterly, when, as and if authorized by the Board of Trustees, in arrears, on Dividend Payment Dates, commencing on the first Dividend Payment Date occurring after April 1, 2007. Such dividends shall be payable in arrears to the holders of record of Series 1 Preferred Shares, as they appear on the stock records of the Trust at the close of business on the record date as shall be fixed by the Board of Trustees. Accrued and unpaid dividends for any past Dividend Periods may be declared and paid on any date and for such interim periods, without reference to any regular Dividend Payment Date, to holders of record on such date, as may be fixed by the Board of Trustees. Any dividend payment made on the Series 1 Preferred Shares shall first be credited against the earliest accrued but unpaid dividend due with respect to the Series 1 Preferred Shares which remains payable.

(b) The amount of dividends referred to in Section 4(a) payable for each full Dividend Period for the Series 1 Preferred Shares shall be computed by dividing the annual dividend rate by four, except that the amount of dividends payable for the initial Dividend Period, and for any Dividend Period shorter than a full Dividend Period, shall be computed for the Series 1 Preferred Shares on the basis of the actual number of days in such Dividend Period. Holders of Series 1 Preferred Shares shall not be entitled to any dividends, whether payable in cash, property or shares of stock, in excess of cumulative dividends, as herein provided, on the Series 1 Preferred Shares. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series 1 Preferred Shares that may be in arrears.

(c) If, for any taxable year, the Trust elects to designate as “capital gain dividends” (as defined in Section 857 of the Code) any portion (the “Capital Gains Amount”) of the total dividends (within the meaning of the Code) paid or made available for the year to holders of all classes of shares of beneficial interest (the “Total Dividends”), then the portion of the Capital Gains Amount that shall be allocated to holders of Series 1 Preferred Shares shall be in the same portion that the Total Dividends paid or made available to the holders of Series 1 Preferred Shares for the year bears to the Total Dividends.

(d) So long as any Series 1 Preferred Shares are outstanding, no dividends, except as described in the immediately following sentence, shall be declared or paid or set apart for payment on any class or series of Parity Shares for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series 1 Preferred Shares for all Dividend Periods terminating on or prior to the dividend payment date for such class or series of Parity Shares. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends declared upon Series 1 Preferred Shares and all dividends declared upon any other class or series of Parity Shares shall be declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series 1 Preferred Shares and accumulated and unpaid on such Parity Shares.

(e) So long as any Series 1 Preferred Shares are outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Shares) shall be declared or paid or set apart for payment or other distribution declared or made upon Junior Shares, nor shall any Junior Shares be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Shares made for purposes of any employee incentive or benefit plan of the Trust or any subsidiary) for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by the Trust, directly or indirectly (except by conversion into or exchange for shares of Junior Shares), unless in each case (i) the full cumulative dividends on all outstanding Series 1 Preferred Shares and any other Parity Shares of the Trust shall have been or contemporaneously are declared and paid or declared and set apart for payment for all past Dividend Periods with respect to the Series 1 Preferred Shares and all past dividend periods with respect to such Parity Shares and (ii) sufficient funds shall have been or contemporaneously are declared and paid or declared and set apart for payment of the dividend for the current Dividend Period with respect to the Series 1 Preferred Shares and the current dividend period with respect to such Parity Shares.

(f) No dividends on Series 1 Preferred Shares shall be authorized by the Board of Trustees or paid or set apart for payment by the Trust at such time as the terms and provisions of any agreement of the Trust, including any agreement relating to its indebtedness, prohibits such authorization, payment or setting apart for payment or provides that such authorization, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such authorization or payment shall be restricted or prohibited by law.

(5) Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of the Trust, whether voluntary or involuntary, before any payment or distribution of the assets of the Trust (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of the Series 1 Preferred Shares shall be entitled to receive the Liquidation Price per share of Series 1 Preferred Shares plus an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holders; but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Trust, the assets of the Trust, or proceeds thereof, distributable among the holders of the Series 1 Preferred Shares shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other shares of any class or series of Parity Shares, then such assets, or the proceeds thereof, shall be distributed among the holders of the Series 1 Preferred Shares and any such other Parity Shares ratably in accordance with the respective amounts that would be payable on such Series 1 Preferred Shares and any such other Parity Shares if all amounts payable thereon were paid in full. For the purposes of this Section 5: (i) a consolidation or merger of the Trust with one or more corporations, real estate investment trusts or other entities, (ii) a sale, lease or transfer of all or substantially all of the Trust's assets or (iii) a statutory share exchange shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Trust.

(b) Subject to the rights of the holders of shares of any series or class of beneficial interest ranking on a parity with or prior to the Series 1 Preferred Shares upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Trust, after payment shall have been made in full to the holders of the Series 1 Preferred Shares, as provided in this Section 5, any other series or class of Junior Shares shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series 1 Preferred Shares shall not be entitled to share therein.

(6) Voting Rights. The Series 1 Preferred Shares shall have no voting rights.

(7) Conversion.

(a) Holder Conversion Rights.

(1) Subject to the limitations set forth in Section 7(a)(4), holders of Series 1 Preferred Shares shall have the right, at such holder's option at any time after the Issue Date, to convert such shares into a number of fully paid and nonassessable Common Shares determined by dividing (A) the product obtained by multiplying: (i) the number of Series 1 Preferred Shares being converted by (ii) the Liquidation Price; by (B) the Optional Conversion Price as in effect immediately prior to the close of business on the Optional Conversion Date (defined below). All dividends payable on any Series 1 Preferred Shares that are converted shall cease to accrue on the Optional Conversion Date.

(2) Any holder of Series 1 Preferred Shares may exercise its optional right to convert to Common Shares by delivering an irrevocable written notice in the form attached hereto as Exhibit A (the "Optional Conversion Notice") by first class mail, postage prepaid, to the Trust at 1626 East Jefferson Street, Rockville, Maryland 20852, Attention: Chief Accounting Officer.

(3) Within five (5) Business Days after receipt of an Optional Conversion Notice from a holder of Series 1 Preferred Shares, the Trust shall establish a date for closing the conversion ("Optional Conversion Date") which date shall not be more than fifteen (15) days after the date of the Optional Conversion Notice; provided, however, if the Trust receives the Optional Conversion Notice more than seven (7) days after the date thereof, then the Trust shall be entitled to extend the Optional Conversion Date for the number of days after such seven-day period that the Trust received the Optional Conversion Notice. Also within five (5) Business Days after receipt of an Optional Conversion Notice from a holder of Series 1 Preferred Shares, the Trust shall deliver instructions to the Transfer Agent to retire the Series 1 Preferred Shares being converted, reflect such retirement on the books and records of the Trust, issue the number of Common Shares to be issued to the converting holder as a result of such conversion, and reflect such issuance on the books and records of the Trust, in each case whether or

not a certificate representing the Common Shares has been or will be issued and delivered to the converting holder as of such date.

(4) Except as may be approved by the Trust in writing in its sole and absolute discretion, the right for holders to convert Series 1 Preferred Shares to Common Shares shall be subject to the following restrictions and limitations: (A) no conversion shall result in a holder and any related party, after giving effect to the conversion, owning Common Shares of the Trust in excess of the ownership limits specified in the Trust's Declaration of Trust as in effect on the Optional Conversion Date after taking into account the actual and constructive stock ownership rules of the Code and any other additional Common Shares of the Trust which such holder has acquired or intends to acquire prior to the closing of such conversion; (B) no holder of Series 1 Preferred Shares may effect a conversion for Series 1 Preferred Shares having an aggregate value (determined by multiplying the number of Series 1 Preferred Shares to be converted by the Liquidation Price) of less than \$50,000, or, if such holder holds less than \$50,000 of Series 1 Preferred Shares, less than all of the Series 1 Preferred Shares held by such holder; (C) no holder may effect a conversion more than three (3) times during any consecutive twelve-month period; and (D) no holder may effect a conversion within ninety (90) days following the closing of any public offering of Common Shares by the Trust.

(b) Trust Conversion Rights.

(1) The Trust shall have the right, at any time and from time to time, after the Issue Date and after the Elevated Price Level (defined below) has occurred, subject to the provisions of this Section 7(b), to convert all or any outstanding Series 1 Preferred Shares into a number of fully paid and nonassessable Common Shares determined by dividing (A) the product obtained by multiplying: (i) the number of Series 1 Preferred Shares being converted by (ii) the Liquidation Price; by (B) the Optional Conversion Price as in effect immediately prior to the close of business on the Mandatory Conversion Date (defined below). All dividends payable on any Series 1 Preferred Shares that are converted shall cease to accrue on the Mandatory Conversion Date.

(2) The "Elevated Price Level" shall mean any time at which the trailing 200 consecutive Trading Day average closing price of the Common Shares as reported on the New York Stock Exchange (or if such securities are not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading on any national securities exchange, in the applicable securities market in which the securities are traded) is greater than the Mandatory Conversion Trigger Price; provided, however, that the first day of any such 200-Trading Day period shall not be earlier than the Closing Date.

(3) The Trust shall exercise its election to convert Series 1 Preferred Shares by delivering written notice in the form attached hereto as Exhibit B (the "Mandatory Conversion Notice") by first class mail, postage prepaid, to each holder of record of Series 1 Preferred Shares to be converted at the addresses shown on the Trust's records on the date of the Mandatory Conversion Notice. The Trust shall establish a date for closing the conversion ("Mandatory Conversion Date") which date shall not be more than fifteen (15) days after the date of the Mandatory Conversion Notice. In addition to delivering the Mandatory Conversion Notice, the Trust shall also issue a press release containing the information in the Mandatory Conversion Notice, excepting any information that is personal to particular holders, and shall publish such information on its website, provided, however, that failure to issue such press release or publish such information on the Trust's website shall not act to prevent, delay or void any conversion pursuant to this Section 7(b). If fewer than all the outstanding Series 1 Preferred Shares are to be converted pursuant to this Section 7(b), shares to be so converted shall be selected by the Trust by lot or pro rata (as nearly as may be) or by any other method determined by the Trust in its sole discretion to be equitable. Notwithstanding the foregoing, the Trust shall not be entitled to deliver a Mandatory Conversion Notice unless: (i) the Elevated Price Level shall have occurred no more than six (6) months prior to the date of the Mandatory Conversion Notice; and (ii) the Current Market Price of the Common Shares on the date of the Mandatory Conversion Notice shall be equal to or exceed the Mandatory Conversion Price. The Trust shall deliver instructions to the Transfer Agent to retire the Series 1 Preferred Shares being converted, reflect such retirement on the books and records of the Trust, issue the number of Common Shares to be issued to the converting holder as a result of such conversion, and reflect such issuance on the books and records of the Trust, in each case whether or not a certificate representing the Common Shares has been, or will be, issued and delivered to the converting holder as of such date.

(c) Conversion Mechanics.

(1) Generally, all Common Shares issued on conversion will be issued in the same name as the name in which the Series 1 Preferred Shares are issued. If Common Shares are to be issued in any other

name, then the holder or such holder's duly authorized attorney shall deliver to the office of the Trust instruments of transfer, in form satisfactory to the Trust, duly executed by the holder or such holder's duly authorized attorney, and an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Trust demonstrating that such taxes have been paid).

(2) Holders of Series 1 Preferred Shares at the close of business on a record date for any dividend payment shall be entitled to receive the distribution payable on such shares on the corresponding Dividend Payment Date notwithstanding the conversion thereof following such dividend payment record date and prior to such Dividend Payment Date. However, Series 1 Preferred Shares surrendered for conversion during the period between the close of business on any dividend payment record date and the opening of business on the corresponding Dividend Payment Date must be accompanied by payment of an amount equal to the distribution payable on such shares on such Dividend Payment Date. A holder of Series 1 Preferred Shares on a dividend payment record date who (or whose transferee) tenders any such shares for conversion into Common Shares on such Dividend Payment Date will receive the dividend payable by the Trust on such Series 1 Preferred Shares on such date, and the converting holder need not include payment of the amount of such dividend upon surrender of Series 1 Preferred Shares for conversion. Except as provided above, the Trust shall make no payment or allowance for unpaid dividends, whether or not in arrears, on converted shares or for distributions on the Common Shares issued upon such conversion.

(3) As promptly as practicable after the retirement of Series 1 Preferred Shares, as aforesaid, the Trust shall issue and shall deliver to such holder any amounts payable to such holder as a result of any fractional interest in respect of a Common Share arising upon such conversion as provided in Section 7(d).

(4) A conversion shall be deemed to have been effected: (A) in the case of optional conversion pursuant to Section 7(a), immediately prior to the close of business on the Optional Conversion Date set by the Trust; and (B) in the case of a mandatory conversion pursuant to Section 7(b), immediately prior to the close of business on the Mandatory Conversion Date, in each case provided that the provisions of Section 7(a) and Section 7(b), as applicable, have been satisfied; and in each case, the Person or Persons in whose name or names the Common Shares shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares represented thereby at such time on such date, and such conversion shall be at the Mandatory Conversion Price or Optional Conversion Price, as applicable, in effect at such time and on such date unless the share transfer books of the Trust shall be closed on that date, in which event such Person or Persons shall be deemed to have become such holder or holders of record at the close of business on the next succeeding day on which such share transfer books are open, but such conversion shall be at the Mandatory Conversion Price or Optional Conversion Price, as applicable, in effect on the Optional Conversion Date or the Mandatory Conversion Date, as applicable.

(d) Fractional Shares. No fractional shares or scrip representing fractions of Common Shares shall be issued upon conversion of Series 1 Preferred Shares. Instead of any fractional interest in a Common Share that would otherwise be deliverable upon the conversion of a Series 1 Preferred Share, the Trust shall pay to the holder of such share an amount in cash based upon the Current Market Price of Common Shares on the Business Day immediately preceding the date of conversion. If more than one Series 1 Preferred Share shall be surrendered for conversion at one time by the same holder, the number of full Common Shares issuable upon conversion thereof shall be computed on the basis of the aggregate number of Series 1 Preferred Shares so surrendered.

(e) Adjustment of Conversion Price. The Conversion Price shall be adjusted from time to time as follows (for purposes of this Section 7, "Mandatory Conversion Trigger Price" shall refer to the Initial Mandatory Conversion Trigger Price as adjusted from time to time pursuant to this Section 7(e), and "Optional Conversion Price" shall refer to the Initial Optional Conversion Price, as adjusted from time to time pursuant to this Section 7(e), and "Conversion Price" shall refer to the Mandatory Conversion Trigger Price or the Optional Conversion Price, as applicable):

(1) If the Trust shall after the Issue Date: (A) pay or make a distribution on its Common Shares in Common Shares; (B) subdivide its outstanding Common Shares into a greater number of shares; (C) combine its outstanding Common Shares into a smaller number of shares; or (D) issue any shares of beneficial interest by reclassification of its Common Shares, then in each such case the Conversion Price in effect at the opening of business on the day following the date fixed for the determination of shareholders entitled to receive such distribution or at the opening of business on the day following the day on which such subdivision, combination or reclassification becomes effective, as the case may be, shall be adjusted so that the holder of any Series 1 Preferred Shares thereafter surrendered for conversion shall be entitled to receive the number of Common Shares that such holder would have owned or have been entitled to receive after the happening of any of the events described above had such shares been converted immediately prior to the record date in the case of a distribution or the effective date

in the case of a subdivision, combination or reclassification. An adjustment made pursuant to this Section 7(e)(1) shall become effective immediately after the opening of business on the day next following the record date (except as provided in Section 7(i) below) in the case of a dividend and shall become effective immediately after the opening of business on the day next following the effective date in the case of a subdivision, combination or reclassification. Such adjustment(s) shall be made successively whenever any of the events listed above shall occur.

(2) If the Trust shall issue after the Issue Date rights, options or warrants to all holders of Common Shares entitling them (for a period expiring within 45 days after the record date mentioned below) to subscribe for or purchase Common Shares at a price per share less than the Fair Market Value per Common Share on the record date for the determination of shareholders entitled to receive such rights, options or warrants, then the Conversion Price in effect at the opening of business on the day next following such record date shall be adjusted to equal the price determined by multiplying: (A) the Conversion Price in effect immediately prior to the opening of business on the day following the date fixed for such determination by (B) a fraction, the numerator of which shall be the sum of: (1) the number of Common Shares outstanding on the close of business on the date fixed for such determination and (2) the number of Common Shares that the aggregate proceeds to the Trust from the exercise of such rights, options or warrants for Common Shares would purchase at such Fair Market Value, and the denominator of which shall be the sum of: (X) the number of Common Shares outstanding on the close of business on the date fixed for such determination and (Y) the number of additional Common Shares offered for subscription or purchase pursuant to such rights, options or warrants. Such adjustments shall be made successively whenever any such rights, options or warrants are issued, and shall become effective immediately after the opening of business on the day next following such record date (except as provided in Section 7(i) below). In determining whether any rights, options or warrants entitle the holders of Common Shares to subscribe for or purchase Common Shares at less than the Fair Market Value, there shall be taken into account any consideration received by the Trust upon issuance and upon exercise of such rights, options or warrants, the value of such consideration, if other than cash, to be determined by the Chief Executive Officer of the Trust or the Board of Trustees.

(3) No adjustment in the Conversion Price shall be required unless such adjustment would require a cumulative increase or decrease of at least 1% in such price; provided, however, that any adjustments that by reason of this Section 7(e)(3) are not required to be made shall be carried forward and taken into account in any subsequent adjustment until made. Notwithstanding any other provisions of this Section 7, the Trust shall not be required to make any adjustment of the Conversion Price for the issuance of any Common Shares pursuant to any plan providing for the reinvestment of distributions or interest payable on securities of the Trust and the investment of additional optional amounts in Common Shares under such plan. All calculations under this Section 7 shall be made to the nearest cent (with \$.005 being rounded upward) or to the nearest one-ten-thousandth of a share (with .0005 of a share being rounded upward), as the case may be.

(f) Transactions. If the Trust shall be a party to any transaction (including without limitation a merger, consolidation, statutory share exchange, self tender offer for all or substantially all of the Common Shares, sale of all or substantially all of the Trust's assets or recapitalization of the Common Shares and excluding any transaction as to which Section 7(e) applied) (each of the foregoing being referred to herein as a "Transaction"), in each case as a result of which Common Shares shall be converted into the right to receive shares, stock, securities or other property (including cash or any combination thereof), each Series 1 Preferred Share which is not converted into the right to receive shares, stock, securities or other property in connection with such Transaction shall thereafter be convertible into the kind and amount of shares, stock, securities and other property (including cash or any combination thereof) receivable upon the consummation of such Transaction by a holder of that number of Common Shares into which one Series 1 Preferred Share was convertible immediately prior to such Transaction, assuming such holder of Common Shares (1) is not a Person with which the Trust consolidated or into which the Trust merged or which merged into the Trust or to which such sale or transfer was made, as the case may be (a "Constituent Person"), or an affiliate of a Constituent Person and (2) failed to exercise his rights of election, if any, as to the kind or amount of shares, stock, securities and other property (including cash) receivable upon such Transaction (each a "Non-Electing Share") (provided that if the kind or amount of shares, stock, securities and other property (including cash) receivable upon such Transaction by each Non-Electing Share is not the same for each Non-Electing Share, then the kind and amount of shares, stock, securities and other property (including cash) receivable upon such Transaction for each Non-Electing Share shall be deemed to be the kind and amount so receivable per share by a plurality of the Non-Electing Shares). The Trust shall not be a party to any Transaction unless the terms of such Transaction are consistent with the provisions of this Section 7(f), and it shall not consent or agree to the occurrence of any Transaction until the Trust has entered into an agreement with the successor or purchasing entity, as the case may be, for the benefit of the holders of the Series 1 Preferred Shares that will require such successor or purchasing entity, as the case may be, to make provision in its certificate or articles of incorporation or other constituent documents to the end that the provisions of this Section 7(f) shall thereafter

correspondingly be made applicable, as nearly as may reasonably be, in relation to any shares of stock or other securities or property thereafter deliverable upon conversion of the Series 1 Preferred Shares. The provisions of this Section 7(f) shall similarly apply to successive Transactions.

(g) If:

(1) the Trust shall authorize the granting to all holders of the Common Shares of rights, options or warrants to subscribe for or purchase any shares of any class or any other rights, options or warrants; or

(2) there shall be any reclassifications of the Common Shares (other than an event to which Section 7(e)(1) applied) or any consolidation or merger to which the Trust is a party and for which approval of any shareholders of the Trust is required, or a statutory share exchange involving the conversion or exchange of Common Shares into securities or other property, or a self tender offer by the Trust for all or substantially all of its outstanding Common Shares, or the sale or transfer of all or substantially all of the assets of the Trust and for which approval of any stockholder of the Trust is required; or

(3) there shall occur the voluntary or involuntary liquidation, dissolution or winding up of the Trust, then the Trust shall cause to be filed with the Transfer Agent and shall cause to be mailed to the holders of the Series 1 Preferred Shares at their addresses as shown on the share records of the Trust, as promptly as possible, but at least fifteen (15) days prior to the applicable date hereinafter specified, a notice stating: (A) the date on which a record is to be taken for the purpose of such grant of rights, options or warrants, or, if a record is not to be taken, the date as of which the holders of Common Shares of record to be entitled to such grant of rights, options or warrants are to be determined, provided, however, that no such notification need be made in respect of a record or determination date for a grant of rights unless the corresponding adjustment in the Conversion Price would be an increase or decrease of at least 1%; or (B) the date on which such reclassification, consolidation, merger, statutory share exchange, self tender offer, sale, transfer, liquidation, dissolution or winding up is expected to become effective, and the date as of which it is expected that holders of Common Shares of record shall be entitled to exchange their Common Shares for securities or other property, if any, deliverable upon such reclassification, consolidation, merger, statutory share exchange, self tender offer, sale, transfer, liquidation, dissolution or winding up. Failure to give or receive such notice or any defect therein shall not affect the legality or validity of the proceedings described in this Section 7.

(h) Notification of Adjustment. Whenever the Conversion Price is adjusted as herein provided, the Trust shall promptly file with the Transfer Agent an officer's certificate setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error.

(i) In any case in which Section 7(c) provides that an adjustment shall become effective on the date next following the record date for an event, the Trust may defer until the occurrence of such event: (A) issuing to the holder of any Series 1 Preferred Shares converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event over and above the Common Shares issuable upon such conversion before giving effect to such adjustment; and (B) fractionalizing any Series 1 Preferred Share and/or paying to such holder any amount of cash in lieu of any fraction pursuant to Section 7(d).

(j) There shall be no adjustment of the Conversion Price in case of the issuance of any shares of beneficial interest of the Trust in a reorganization, acquisition or other similar transaction except as specifically set forth in this Section 7. If any action or transaction would require adjustment of the Conversion Price pursuant to more than one subsection of this Section 7, only one adjustment shall be made to the Conversion Price, and such adjustment shall be the amount of adjustment that has the highest absolute value.

(k) If the Trust shall take any action affecting the Common Shares, other than action described in this Section 7, that in the opinion of the Board of Trustees would materially adversely affect the conversion rights of the holders of the Series 1 Preferred Shares, the Conversion Price may be adjusted, to the extent permitted by law, in such manner, if any, and at such time, as the Board of Trustees, in its sole discretion, may determine to be equitable in the circumstances.

(l) The Trust covenants that it will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Common Shares, for the purpose of effecting conversion of the Series 1 Preferred Shares, the maximum number of Common Shares deliverable upon the conversion of all outstanding Series 1 Preferred Shares not theretofore converted. For purposes of this Section 7(l), the number of Common Shares that shall be deliverable upon the conversion of all outstanding Series 1 Preferred Shares shall be computed as if at the time of computation all such outstanding shares were held by a single holder.



The Trust covenants that any Common Shares issued upon conversion of the Series 1 Preferred Shares shall be validly issued, fully paid and nonassessable. Before taking any action that would cause an adjustment reducing the Conversion Price below the then par value of the Common Shares deliverable upon conversion of the Series 1 Preferred Shares, the Trust will take any action that, in the opinion of its counsel, may be necessary in order that the Company may validly and legally issue fully paid and nonassessable Common Shares at such adjusted Conversion Price. The Trust shall endeavor to list the Common Shares required to be delivered upon conversion of the Series 1 Preferred Shares, prior to such delivery, upon each national securities exchange, if any, upon which the outstanding Common Shares are listed at the time of such delivery.

(m) The Trust will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of Common Shares or other securities or property on conversion of the Series 1 Preferred Shares pursuant hereto; provided, however, that the Trust shall not be required to pay any tax that may be payable in respect of any transfer involved in the issue or delivery of Common Shares or other securities or property in a name other than that of the holder of the Series 1 Preferred Shares to be converted, and no such issue or delivery shall be made unless and until the Person requesting such issue or delivery has paid to the Trust the amount of any such tax or has established, to the reasonable satisfaction of the Trust, that such tax has been paid.

(8) Application of Article VII. The designations, powers, preferences and relative participating, optional or other special rights, and the qualifications, limitations or restrictions, of the Series 1 Preferred Shares shall be subject in all cases to the provisions of Article VII of the Declaration of Trust regarding limitations on beneficial ownership of the Trust's equity securities.

(9) Shares to be Retired. All Series 1 Preferred Shares which shall have been issued and reacquired in any manner by the Trust shall be restored to the status of authorized but unissued Preferred Shares, without designation as to class or series.

(10) Record Holders. The Trust and the Transfer Agent may deem and treat the record holder of any Series 1 Preferred Shares as the true and lawful owner thereof for all purposes, and neither the Trust nor the Transfer Agent shall be affected by any notice to the contrary.

(11) Sinking Fund. The Series 1 Preferred Shares shall not be entitled to the benefits of any retirement or sinking fund.

(12) Certificates; Registration. The Series 1 Preferred Shares shall not be certificated at any time. Upon issuance, the Series 1 Preferred Shares shall be registered at the Transfer Agent in the names of the holders thereof, as applicable. The holders of the Series 1 Preferred Shares may not transfer the Series 1 Preferred Shares to brokerage accounts to be held in "street name" or otherwise at any time.

EXHIBIT A to Annex C**OPTIONAL CONVERSION NOTICE  
SERIES 1 PREFERRED SHARES****A RESPONSE TO THIS NOTICE IS REQUIRED WITHIN FIVE (5) BUSINESS DAYS AFTER RECEIPT**

\_\_\_\_\_, 20\_\_

Federal Realty Investment Trust  
 909 Rose Avenue  
 Suite 200  
 North Bethesda, MD 20852  
 Attention: Chief Accounting Officer

**Re: Optional Conversion of Series 1 Preferred Shares**

Pursuant to the Declaration of Trust of the Trust as in effect on the date hereof, the undersigned holder of Series 1 Preferred Shares ("Holder") hereby tenders to the Trust for conversion all or a portion of his/her/its Series 1 Preferred Shares into Common Shares of the Trust as follows:

Total Number of Series 1 Preferred Shares Held  
 as of the date of this Notice:

Total Number of Series 1 Preferred Shares to be  
 Converted:

The undersigned Holder hereby represents, warrants, certifies and agrees as of the date of this Optional Conversion Notice and as of the date of the closing of the conversion that:

(a) the undersigned Holder has, and at the closing of the conversion will have, good, marketable and unencumbered title to the Series 1 Preferred Shares being tendered for conversion, free and clear of the rights or interests of any other person or entity;

(b) the undersigned Holder has, and at the closing of the conversion will have, the full right, power and authority to tender and surrender the Series 1 Preferred Shares being tendered for conversion.

(c) the undersigned Holder has obtained the consent or approval of all persons and entities, if any, having the right to consent to or approve such conversion; and

(d) after giving effect to the conversion, the undersigned Holder (or any related party) will not own Common Shares of the Trust in excess of the ownership limit specified in the Trust's Declaration of Trust as in effect on the date hereof after taking into account (i) the actual and constructive stock ownership rules of the Internal Revenue Code of 1986, as amended, and (ii) any other additional Common Shares of the Trust which the undersigned Holder has acquired or intends to acquire prior to the closing the conversion.

If the Common Shares to be issued upon this conversion are to be certificated, then the certificates will be delivered to the address for the Holder currently maintained on the books and records of the Trust unless a different address is specified below. If the Common Shares to be issued upon this conversion are not to be certificated, then the change in the Holder's ownership of Common Shares shall be reflected in the books and records of the Trust and/or Transfer Agent, as applicable.

All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Declaration of Trust of the Trust as in effect on the date hereof.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Holder)

\_\_\_\_\_  
(Printed name of Holder)

\_\_\_\_\_  
(Street Address)

\_\_\_\_\_  
(City) (State) (Zip Code)

\_\_\_\_\_  
(Facsimile Number)

\_\_\_\_\_  
(email address)

\_\_\_\_\_  
Signature Guaranteed by:

EXHIBIT B to Annex C

**MANDATORY CONVERSION NOTICE  
SERIES 1 PREFERRED SHARES**

\_\_\_\_\_, 20\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Re: Mandatory Conversion of Series 1 Preferred Shares**

Dear \_\_\_\_\_:

Pursuant to the Declaration of Trust of the Trust as in effect on the date hereof, the Trust hereby elects to convert to Common Shares all or a portion of your Series 1 Preferred Shares as follows:

Number of Series 1 Preferred Shares  
to be Converted:

Mandatory Conversion Price:  
Number of Common Shares to be  
Issued upon Conversion:

Mandatory Conversion Date:

Amount of Accrued Dividends to be Paid  
on the Mandatory Conversion Date:

Amount of Cash Payable for Fractional  
Shares upon Conversion:

All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Declaration of Trust of the Trust.

Sincerely,

[Name]  
[Title]  
[Address]

Annex D

**Series C Preferred Shares**

**5.000% SERIES C CUMULATIVE REDEEMABLE PREFERRED SHARES**

A. Certain Definitions.

Unless the context otherwise requires, the terms defined in this paragraph (A) shall have, for all purposes of the provisions of the Declaration in respect of the Series C Preferred Shares, the meanings herein specified (with terms defined in the singular having comparable meanings when used in the plural). Capitalized terms used but undefined in this Annex D have the meanings given to them in the Declaration.

Business Day. The term “Business Day” shall mean any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in New York City are authorized or required by law, regulation or executive order to close.

Capital Gains Amount. The term “Capital Gains Amount” shall have the meaning set forth in subparagraph (7) of paragraph (B) below.

Code. The term “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.

Common Equity. The term “Common Equity” shall mean all Common Shares now or hereafter authorized, and any other Shares of the Trust, howsoever designated, authorized after the Initial Issue Date, which have the right (subject always to prior rights of any class or series of Preferred Shares) to participate in the distribution of the assets and earnings of the Trust without limit as to per share amount.

Depository Shares. The term “Depository Shares” shall mean the Depository Shares each representing a one-one thousandth (1/1000) fractional interest in a Series C Preferred Share.

Dividends. The term “Dividends” shall have the meaning set forth in subparagraph (7) of paragraph (B) below.

Dividend Payment Date. The term “Dividend Payment Date” shall have the meaning set forth in subparagraph (2) of paragraph (B) below.

Dividend Period. The term “Dividend Period” with respect to a Series C Preferred Share shall mean the period from, and including, the Initial Issue Date to, but excluding, the first Dividend Payment Date and thereafter, each quarterly period from, and including, the Dividend Payment Date commencing such period to, but excluding, the succeeding Dividend Payment Date.

Initial Issue Date. The term “Initial Issue Date” shall mean the date that Series C Preferred Shares are first issued by the Trust.

IRS. The term “IRS” means the United States Internal Revenue Service.

Junior Shares. The term “Junior Shares” shall mean, as the case may be, (i) the Common Equity and any other class or series of Shares of the Trust which are not entitled to receive any dividends in any Dividend Period unless all dividends required to have been paid or declared and set apart for payment on the Series C Preferred Shares shall have been so paid or declared and set apart for payment or (ii) the Common Equity and any other class or series of Shares of the Trust, which are not entitled to receive any assets upon liquidation, dissolution or winding up of the affairs of the Trust until the Series C Preferred Shares shall have received the entire amount to which such Series C Preferred Shares are entitled upon such liquidation, dissolution or winding up.

Liquidation Preference. The term “Liquidation Preference” shall mean \$25,000.00 per Series C Preferred Share.

Notice. The term “Notice” shall have the meaning set forth in subparagraph (4) of paragraph (D) below.

NYSE. The term “NYSE” shall mean New York Stock Exchange, Inc., including any successor thereto.

Parity Shares. The term “Parity Shares” shall mean, as the case may be, (i) any class or series of Shares of the Trust which are entitled to receive payment of dividends on a parity with the Series C Preferred Shares or (ii) any class or series of Shares of the Trust which are entitled to receive assets upon liquidation, dissolution or winding up of the affairs of the Trust on a parity with the Series C Preferred Shares.

Record Date. The term “Record Date” shall mean the date designated by the Board of Trustees at the time a dividend is authorized as the date for determining shareholders entitled to payment of the dividend; provided, however, that such Record Date shall be the first day of the calendar month in which the applicable Dividend Payment Date falls or such other date designated by the Board of Trustees that is not more than thirty (30) days nor less than ten (10) days prior to such Dividend Payment Date.

Redemption Date. The term “Redemption Date” shall have the meaning set forth in subparagraph (2) of paragraph (D) below.

Redemption Price. The term “Redemption Price” shall mean a price per share equal to \$25,000.00 plus accrued and unpaid dividends thereon, if any, to, but excluding, the Redemption Date, and as adjusted in subparagraph (2) of paragraph (D) below.

Senior Shares. The term “Senior Shares” shall mean, as the case may be, (i) any class or series of Shares of the Trust created after the Initial Issue Date in accordance with subparagraph (1) of paragraph (E) ranking senior to the Series C Preferred Shares in respect of the right to receive dividends or (ii) any class or series of Shares of the Trust created after the Initial Issue Date in accordance with subparagraph (1) of paragraph (E) ranking senior to the Series C Preferred Shares in respect of the right to participate in any distribution upon liquidation, dissolution or winding up of the affairs of the Trust.

Total Dividends. The term “Total Dividends” shall have the meaning set forth in subparagraph (7) of paragraph (B) below.

#### B. Dividends.

1. The record holders of Series C Preferred Shares shall be entitled to receive dividends, when, as and if authorized by the Board of Trustees and declared by the Trust, out of funds legally available for payment of dividends. Such dividends shall be payable by the Trust in cash at the rate of 5.000% per annum of the Liquidation Preference.

2. Dividends on each outstanding Series C Preferred Share shall accrue as set and be cumulative from, and including, the Initial Issue Date. Dividends shall be payable, subject to authorization by our Board of Trustees and declaration by the Trust, quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, commencing on January 15, 2018 (each, a “Dividend Payment Date”). If any Dividend Payment Date occurs on a day that is not a Business Day, any accrued dividends otherwise payable on such Dividend Payment Date shall be paid on the next succeeding Business Day. The amount of dividends payable for each Dividend Period will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends shall be paid to the holders of record of the Series C Preferred Shares as their names shall appear on the Share transfer records of the Trust at the close of business on the Record Date for such dividends. Dividends in respect of any past Dividend Periods that are in arrears may be declared and paid at any time to holders of record on the Record Date therefor. Any dividend payment made on Series C Preferred Shares shall be first credited against the earliest accrued but unpaid dividend due with respect to the Series C Preferred Shares which remains payable.

3. If any Series C Preferred Shares are outstanding, no full dividends shall be declared or paid or set apart for payment on any Parity Share or Junior Share for any period unless full cumulative dividends have been or contemporaneously are declared and paid (contemporaneously with the respective dates that the dividends on the Parity Share or Junior Share are so declared and so paid) or declared and a sum sufficient for the payment thereof set

apart for such payment on the Series C Preferred Shares for all past Dividend Periods. When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the shares of the Series C Preferred Shares and any Parity Shares, all dividends declared upon the shares of the Series C Preferred Shares and any such Parity Shares shall be declared pro rata so that the amount of dividends declared per share on the Series C Preferred Shares and all other such Parity Shares shall in all cases bear to each other the same ratio that accrued and unpaid dividends per share on the shares of the Series C Preferred Shares and all other such Parity Shares bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series C Preferred Shares which may be in arrears.

4. Except as provided in subparagraph (3) of this paragraph (B), unless full cumulative dividends on the Series C Preferred Shares for all past Dividend Periods for which dividends remain unpaid have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment, no dividends (other than in the form of Common Shares or other Junior Shares) shall be declared or paid or set apart for payment or other distribution shall be declared or made upon any Junior Shares or Parity Shares nor shall any Junior Shares or Parity Shares be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such Junior Share or Parity Shares) by the Trust (except by conversion into or exchange for Junior Shares).

5. Notwithstanding anything contained herein to the contrary, no dividends on Series C Preferred Shares shall be authorized by the Board of Trustees or declared by the Trust or paid or set apart for payment by the Trust at such time as the terms and provisions of any agreement of the Trust, including any agreement relating to its indebtedness, prohibits such authorization, declaration, payment or setting apart for payment or provides that such authorization, declaration, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or to the extent such declaration or payment shall be restricted or prohibited by law.

6. Notwithstanding anything contained herein to the contrary, dividends on the Series C Preferred Shares will accrue whether or not the Trust has earnings, whether or not there are funds legally available for the payment of the dividends and whether or not the dividends are authorized or declared. Accrued but unpaid dividends on the Series C Preferred Shares will not bear interest.

7. If, for any taxable year, the Trust elects to designate as "capital gain dividends" (as defined in Section 857 of the Code) any portion (the "Capital Gains Amount") of the dividends (as determined for federal income tax purposes) (the "Dividends") paid or made available for the year to holders of all classes of shares (the "Total Dividends") then, except as required by law, the portion of the Capital Gains Amount that shall be allocable to holders of the Series C Preferred Shares shall be the amount that the aggregate Dividends paid or made available to the holders of the Series C Preferred Shares for the year bears to the Total Dividends.

#### C. Distributions Upon Liquidation, Dissolution or Winding Up.

1. Upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Trust, subject to the prior preferences and other rights of any Senior Shares as to the distribution of assets upon liquidation, dissolution or winding up of the affairs of the Trust, but before any distribution or payment shall be made to the holders of any Junior Shares, the holders of Series C Preferred Shares shall be entitled to be paid out of the assets of the Trust legally available for distribution to its shareholders liquidating distributions in cash or property at its fair market value as determined by the Board of Trustees in the amount of the Liquidation Preference plus an amount equal to all accrued and unpaid dividends to, but excluding, the date of such liquidation, dissolution or winding up. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series C Preferred Shares will have no right or claim to any of the remaining assets of the Trust and shall not be entitled to any other distribution in the event of liquidation, dissolution or winding up of the affairs of the Trust.

2. In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, the legally available assets of the Trust are insufficient to pay the amount of the Liquidation Preference plus an amount equal to all accrued and unpaid dividends on the Series C Preferred Shares and the corresponding amounts payable on Parity Shares upon any such liquidation, dissolution or winding up, then the holders of the Series C Preferred Shares and the holders of such Parity Shares shall share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they otherwise would be respectively entitled. Neither the consolidation or merger of the Trust into or with another entity or entities nor the sale, lease, transfer or conveyance of all or

substantially all of the property or business of the Trust to another trust or any other entity, individually or as part of a series of transactions, shall be deemed a liquidation, dissolution or winding up of the affairs of the Trust within the meaning of this paragraph (C).

D. Redemption by the Trust.

1. The Series C Preferred Shares may be redeemed for cash, in whole or from time to time in part, on any date on or after September 29, 2022 at the option of the Trust at the Redemption Price.

2. Each date fixed for redemption pursuant to subparagraph (1) of this paragraph (D) is called a "Redemption Date." If the Redemption Date is after the Record Date and before the related Dividend Payment Date, the dividend payable on such Dividend Payment Date shall be paid to the holder in whose name the Series C Preferred Shares to be redeemed is registered at the close of business on such Record Date notwithstanding the redemption thereof between such Record Date and the related Dividend Payment Date or the Trust's default in the payment of the dividend due, and the Redemption Price shall not include the amount of such dividend payable on such Dividend Payment Date.

3. In case of redemption of less than all Series C Preferred Shares at the time outstanding, the shares to be redeemed shall be selected by the Trust pro rata from the holders of record of such shares in proportion to the number of shares held by such holders (with adjustments to avoid redemption of fractional shares) or by lot.

4. In order to exercise its redemption option, the Trust shall give written notice ("Notice") of such redemption to each holder of record of the Series C Preferred Shares to be redeemed not less than 30 days or more than 60 days prior to the Redemption Date. The Notice will be mailed by the Trust, postage prepaid, addressed to the respective holders of record of the Series C Preferred Shares to be redeemed at their respective addresses as they appear on the share transfer records of the Trust. The notice of redemption may be contingent on the occurrence of a future event. No failure to give such Notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption of any Series C Preferred Shares, except as to any holder to whom the Trust has failed to give Notice or except as to any holder to whom Notice was defective. In addition to any information required by law or by the applicable rules of any exchange upon which Series C Preferred Shares may be listed or admitted to trading, such Notice shall state: (i) the Redemption Date; (ii) the Redemption Price; (iii) the number of Series C Preferred Shares to be redeemed and, if less than all shares held by the particular holder are to be redeemed, the number of such shares to be redeemed from such holder; (iv) the place or places where certificates for such shares are to be surrendered for payment of the Redemption Price; and (v) that dividends on the shares to be redeemed will cease to accrue on the Redemption Date.

5. Notice having been mailed in accordance with subparagraph (4) of this paragraph (D), from and after the Redemption Date (unless the Trust shall fail to make available an amount of cash necessary to pay the Redemption Price), (i) except as otherwise provided herein, dividends on the Series C Preferred Shares so called for redemption shall cease to accrue, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series C Preferred Shares of the Trust shall cease (except the rights to receive the Redemption Price in cash). The Trust's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Redemption Date, the Trust shall deposit with a bank or trust company (which may be an affiliate of the Trust), cash necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the Series C Preferred Shares so called for redemption. In this case, the Trust's Notice shall (i) specify the office of such bank or trust company as the place of payment of the Redemption Price and (ii) call upon respective holders of record of the Series C Preferred Shares to surrender certificates for such shares, on the Redemption Date fixed in the Notice, for payment of the Redemption Price. No interest shall accrue for the benefit of any holder of Series C Preferred Shares to be redeemed on any cash so set aside by the Trust. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Trust, after which reversion, the holders of such shares so called for redemption shall look only to the general funds of the Trust for the payment of such cash.

6. As promptly as practicable after the surrender of the certificates for any such Series C Preferred Shares so redeemed (properly endorsed or assigned for transfer, if the Trust shall so require and if the Notice shall so state) in accordance with said Notice, the Trust (or the related bank or trust company, if applicable) shall pay to the applicable holders the Redemption Price in cash (without interest thereon). In the event of the redemption of less



than all Series C Preferred Shares at the time outstanding, the shares to be redeemed shall be selected by the Trust pro rata from the holders of record of such shares in proportion to the number of shares held by such holders (with adjustments to avoid redemption of fractional shares) or by lot. If fewer than all the Series C Preferred Shares represented by any certificate are redeemed, then new certificates representing the unredeemed Series C Preferred Shares shall be issued without cost to the holder thereof.

7. Unless full cumulative dividends on all outstanding Series C Preferred Shares for all past Dividend Periods for which dividends remain unpaid shall have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment, (i) no shares of any Series C Preferred Shares shall be redeemed, unless all outstanding Series C Preferred Shares are simultaneously redeemed and (ii) the Trust shall not purchase or otherwise acquire directly or indirectly any Series C Preferred Shares (except by conversion into or exchange for Junior Shares); provided, however, that the foregoing shall not prevent the purchase or acquisition of Series C Preferred Shares pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Series C Preferred Shares.

8. All Series C Preferred Shares redeemed pursuant to this paragraph (D) shall be retired and shall be reclassified as authorized and unissued Preferred Shares, without designation as to class or series, and may thereafter be reissued as shares of any class or series of Preferred Shares.

E. Voting Rights.

1. The holders of record of Series C Preferred Shares shall not be entitled to any voting rights except as hereinafter provided in this paragraph (E) or as required by applicable law. So long as any Series C Preferred Shares are outstanding, the Trust shall not, without the affirmative vote or consent of the holders of at least two-thirds (2/3) of the shares of the Series C Preferred Shares outstanding at the time, given in person or by proxy, either in writing or at a meeting (such Series C Preferred Shares voting separately as a class): (i) authorize or create, or increase the authorized or issued amount of, any class or series of Senior Shares, or reclassify any authorized Shares into Senior Shares, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any Senior Shares; or (ii) amend, alter or repeal the provisions of the Declaration or bylaws, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series C Preferred Shares; except that (1) with respect to the occurrence of any of the events described in (ii) above, so long as the Series C Preferred Shares remain outstanding with the terms of the Series C Preferred Shares materially unchanged or are converted into a security in another entity with the terms materially unchanged, the occurrence of such event will not be deemed to materially and adversely affect the rights, preferences, privileges or voting powers of the Series C Preferred Shares and (2) (A) any increase in the amount of the authorized Series C Preferred Shares or the authorization or issuance of any Parity Shares or Junior Shares or (B) any increase in the number of authorized Series C Preferred Shares or Parity Shares or Junior Shares shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

2. If and whenever dividends payable on Series C Preferred Shares shall be in arrears for six (6) or more Dividend Periods, whether or not consecutive, then the holders of Series C Preferred Shares (voting together as a class with Parity Shares upon which like voting rights have been conferred and are exercisable as provided in subparagraph (5) of this paragraph (E)) shall be entitled at the next annual meeting of the shareholders or at any special meeting of shareholders called for the purpose of electing Trustees to elect two (2) additional trustees. Upon election, such trustees shall become trustees of the Trust and the authorized number of trustees of the Trust shall thereupon be automatically increased by two.

3. Whenever the voting right described in subparagraph (2) of this paragraph (E) shall have vested, such right may be exercised initially either at a special meeting of the holders of Series C Preferred Shares and any Parity Shares entitled to vote as provided in subparagraph (5) of this paragraph (E), called as hereinafter provided, or at any annual meeting of shareholders held for the purpose of electing trustees and, thereafter, at such annual meetings or by the written consent of the holders of Series C Preferred Shares and any such Parity Shares. Such right of the holders of Series C Preferred Shares to elect trustees together with the holders of any such Parity Shares may be exercised until all dividends to which the holders of Series C Preferred Shares shall have been entitled for (i) all previous Dividend Periods and (ii) the current Dividend Period shall have been paid in full, at which time the right of the holders of Series C Preferred Shares to elect trustees together with holders of any such Parity Shares shall cease, the term of such trustees previously elected shall thereupon terminate, and the authorized number of

trustees of the Trust shall thereupon return to the number of authorized trustees otherwise in effect, but subject always to the same provisions for the renewal and divestment of such special voting rights in the case of any such future dividend default or defaults.

4. At any time when the voting right described in subparagraph (2) of this paragraph (E) shall have vested in the holders of Series C Preferred Shares and if such right shall not already have been initially exercised, a proper officer of the Trust shall, upon the written request of any holder of record of Series C Preferred Shares then outstanding, addressed to the Secretary of the Trust, call a special meeting of holders of Series C Preferred Shares together with the holders of any Parity Shares entitled to vote as provided in subparagraph (5) of this paragraph (E). Such meeting shall be held on the earliest practicable date upon the notice required for annual meetings of shareholders at the place for holding annual meetings of shareholders of the Trust or, if none, at a place designated by the Secretary of the Trust. If such meeting shall not be called by a proper officer of the Trust within thirty (30) days after the personal service of such written request upon the Secretary of the Trust, or within thirty (30) days after mailing the same within the United States, by registered mail, addressed to the Secretary of the Trust at its principal office (such mailing to be evidenced by the registry receipt issued by the postal authorities), then the holders of record of ten percent (10%) of the Series C Preferred Shares then outstanding may designate in writing a holder of Series C Preferred Shares to call such meeting at the expense of the Trust, and such meeting may be called by such person so designated upon the notice required for annual meetings of shareholders and shall be held at the place for holding annual meetings of the Trust or, if none, at a place designated by such holder. Any holder of Series C Preferred Shares that would be entitled to vote at such meeting shall have access to the share transfer records of the Trust for the purpose of causing a meeting of shareholders to be called pursuant to the provisions of this paragraph (E). Notwithstanding the provisions of this paragraph (E), however, no such special meeting shall be called if any such request is received less than ninety (90) days before the date fixed for the next ensuing annual or special meeting of shareholders.

5. If, at any time when the holders of Series C Preferred Shares are entitled to elect trustees pursuant to the foregoing provisions of this paragraph (E), the holders of any one or more classes or series of Parity Shares are entitled to elect one or more trustees by reason of any default or event specified in the Declaration, as in effect at the time, and if the terms for such classes or series of Parity Shares so provide, then the voting rights of the Series C Preferred Shares and the one or more classes or series of Parity Shares then entitled to vote shall be combined (with each having a number of votes proportional to the aggregate liquidation preference of its outstanding shares). In such case, the holders of Series C Preferred Shares and of all such classes or series of Parity Shares then entitled to so vote, voting together as a class, shall elect such trustees. If the holders of any such classes or series of Parity Shares have elected such trustees prior to the happening of the default or event providing for the election of trustees by the holders of Series C Preferred Shares, or prior to a written request for the holding of a special meeting being received by the Secretary of the Trust as elsewhere required in subparagraph (4) of paragraph (E) above, then a new election shall be held with all such classes or series of Parity Shares and the Series C Preferred Shares voting together as a single class for such trustee(s), resulting in the termination of the term of such previously elected trustee(s) upon the election of such new trustee(s). If the holders of any such classes or series of Parity Shares are entitled to elect two trustees, the Series C Preferred Shares shall not participate in the election of more than two such trustees, and such trustees whose terms first expire shall be deemed to be the trustees elected by the holders of Series C Preferred Shares; provided, that if at the expiration of such terms the holders of Series C Preferred Shares are entitled to vote in the election of trustees pursuant to the provisions of this paragraph (E), then the Secretary of the Trust shall call a meeting (which meeting may be the annual meeting or a special meeting of shareholders referred to in subparagraph (3) of this paragraph (E)) of holders of Series C Preferred Shares for the purpose of electing replacement trustees (in accordance with the provisions of this paragraph (E)) to be held at or prior to the time of expiration of the expiring terms referred to above.

6. If and for so long as the Series C Preferred Shares are represented by Depositary Shares in accordance with paragraph (J) hereof, then in any matter in which the Series C Preferred Shares is entitled to vote (as expressly provided herein), including any action by written consent, each Series C Preferred Share shall be entitled to one thousand (1000) votes, each of which one thousand (1000) votes may be directed separately by the holder thereof (or by any proxy or proxies of such holder). With respect to each Series C Preferred Share, the holder thereof may designate up to one thousand (1000) proxies, with each such proxy having the right to vote a whole number of votes (totaling one thousand (1000) votes per Series C Preferred Share).

7. Notwithstanding anything contained herein to the contrary, the foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which the vote would otherwise be required shall be effected, all outstanding Series C Preferred Shares shall have been redeemed or called for redemption and sufficient funds shall have been deposited in trust to effect the redemption.

F. Application of Article VII of Declaration

The Series C Preferred Shares are subject to the provisions of Article VII of the Declaration.

G. Exclusion of Other Rights.

Without prejudice to any contractual obligations existing from time to time between the holders of the Series C Preferred Shares and the Trust, the Series C Preferred Shares shall not have any rights granted to or imposed thereupon, including as to dividends, preferences, conversion rights or voting rights, other than those specifically set forth in the Declaration (including this Annex D), nor shall the Series C Preferred Shares have preemptive or subscription rights. The Series C Preferred Shares have no stated maturity and is not subject to any sinking fund or mandatory redemption.

H. Headings of Subdivisions.

The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

I. Severability of Provisions.

If any preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the Series C Preferred Shares set forth in the Declaration are invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the Series C Preferred Shares set forth in the Declaration which can be given effect without the invalid, unlawful or unenforceable provision thereof shall, nevertheless, remain in full force and effect, and no preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the Series C Preferred Shares herein set forth shall be deemed dependent upon any other provision thereof unless so expressed therein.

J. Registration as Depositary Shares.

Series C Preferred Shares shall be registered in the form of Depositary Shares each representing a one-one thousandth fractional interest in a Series C Preferred Share ("Depositary Shares") on, and subject to, such terms and conditions as may be provided for in any agreement binding upon the Trust (whether directly or through merger with any other trust).

IN WITNESS WHEREOF, the undersigned have signed these Articles of Amendment and Restatement on this 8<sup>th</sup> day of December, 2021.

ATTEST:

FRT HOLDCO REIT

\_\_\_\_\_  
Name: Darlene Hough  
Title: Assistant Secretary

\_\_\_\_\_  
Name: Dawn Becker  
Title: Vice President-General Counsel and Secretary

THE UNDERSIGNED officer of FRT Holdco REIT hereby acknowledges in the name and on behalf of said real estate investment trust the foregoing Articles of Amendment and Restatement to be the act of said real estate investment trust and hereby certifies that to the best of her knowledge, information and belief the matters and facts set forth therein with respect to the authorization and approval thereof are true in all material respects under penalties of perjury.

\_\_\_\_\_  
Dawn M. Becker, Vice President-General  
Counsel and Secretary

**ARTICLES OF AMENDMENT OF  
AMENDED AND RESTATED DECLARATION OF TRUST OF  
FRT HOLDCO REIT**

The undersigned, having been authorized by the Board of Trustees (the "Board") of FRT Holdco REIT, a Maryland real estate investment trust (the "Company"), does hereby certify in accordance with the applicable provisions of Maryland law that:

FIRST: Effective as of 12:00 a.m. Eastern Standard Time on January 1, 2022, the declaration of trust of the Company shall be amended and restated (the "Amended and Restated Declaration of Trust") as provided in the Articles of Amendment and Restatement filed by the Company with the Maryland State Department of Assessments and Taxation (the "MSDAT") on December 8, 2021.

SECOND: Effective as of 12:00 a.m. Eastern Standard Time on January 1, 2022, pursuant to Articles of Merger filed with the MSDAT on December 8, 2021, the entity known as Federal Realty Investment Trust, a real estate investment trust formed in the State of Maryland on May 21, 1999, will change its name to "Federal Realty Interim Real Estate Investment Trust."

THIRD: The Board has unanimously adopted resolutions to amend the Amended and Restated Declaration of Trust as hereinafter set forth and has declared that such amendment is advisable. The amendment set forth herein is limited to a change expressly authorized by Section 8-501(e)(2) of the Maryland REIT Law and Section 2-605 of the Maryland General Corporation Law to be made without action by the shareholders of the Company.

FOURTH: These Articles of Amendment shall be effective as of 12:01 a.m. on January 1, 2022.

Therefore, the Amended and Restated Declaration of Trust is hereby amended as follows.

**1. Article 1 – Name.** Article I is hereby amended by deleting "FRT Holdco REIT" and replacing it with "Federal Realty Investment Trust."

[Signature page follows]

**IN WITNESS WHEREOF**, the Company has caused these Articles of Amendment to be signed and executed in its corporate name by its duly authorized officer on this 8<sup>th</sup> day of December, 2021.

ATTEST:

FRT HOLDCO REIT

\_\_\_\_\_  
Name: Darlene Hough  
Title: Assistant Secretary

\_\_\_\_\_  
Name: Dawn M. Becker  
Title: Vice President - General Counsel and Secretary

THE UNDERSIGNED officer of FRT Holdco REIT hereby acknowledges in the name and on behalf of said real estate investment trust the foregoing Articles of Amendment to be the act of said real estate investment trust and hereby certifies that to the best of her knowledge, information and belief the matters and facts set forth therein with respect to the authorization and approval thereof are true in all material respects under penalties of perjury.

\_\_\_\_\_  
Dawn M. Becker, Vice President-General  
Counsel and Secretary

**SUBSIDIARIES OF FEDERAL REALTY INVESTMENT TRUST AND FEDERAL REALTY OP LP**

NAME OF SUBSIDIARY	STATE OF INCORPORATION OR ORGANIZATION
Federal Realty GP LLC	Delaware
FR Associates Limited Partnership	Maryland
Andorra Associates	Pennsylvania
Governor Plaza Associates	Pennsylvania
Shopping Center Associates	Pennsylvania
Berman Enterprises II Limited Partnership	Maryland
FRIT Escondido Promenade, LLC	California
FRIT Leasing & Development Services, Inc.	Delaware
Congressional Plaza Associates, LLC	Maryland
FR Pike 7 Limited Partnership	Delaware
Federal Realty Partners L.P.	Delaware
Federal Realty Partners, LLC	Delaware
FR East Bay Bridge, LLC	Delaware
East Bay Bridge Retail, LLC	Delaware
Federal Realty Management Services, Inc.	Delaware
FRIT Solar, Inc.	Delaware
Santana Row ROF, Inc.	Delaware
FR Mercer Mall, LLC	Delaware
FR Westgate Mall, LLC	Delaware
FR Assembly Square, LLC	Delaware
FR Crow Canyon, LLC	Delaware
FR Linden Square, LLC	Delaware
FR Chelsea Commons Member, LLC	Delaware
FR Chelsea Commons I, LLC	Delaware
FR White Marsh, LLC	Maryland
White Marsh Plaza, LLC	Maryland
White Marsh Plaza Limited Partnership	Maryland
Byron Station, LLC	Maryland
Byron Station Limited Partnership, LLLP	Maryland
The Avenue at White Marsh Business Trust	Maryland
NVI-Avenue, LLC	Maryland
FR Shoppers World, LLC	Delaware
FRIT Florida, LLC	Delaware
FR Rollingwood, LLC	Delaware
FR Montrose Crossing, LLC	Delaware
FR Montrose Crossing Borrower, LLC	Delaware
FRIT CA Operations, Inc.	California
FR Huntington Square, LLC	Delaware
FR Darien, LLC	Delaware
FR Georgetowne, LLC	Delaware
FR Hastings Ranch, LLC	Delaware
FR Riverpoint, LLC	Delaware
Street Retail, Inc.	Maryland
SRI/CM 4th Street JV, LLC	Delaware
SRI Old Town, LLC	California
Street Retail West I, L.P.	Delaware
Street Retail West II, L.P.	Delaware
Street Retail West 3, L.P.	Delaware

Street Retail West 4, L.P.	Delaware
Street Retail West 6, L.P.	Delaware
Street Retail West 7, L.P.	Delaware
Street Retail West 10, L.P.	Delaware
FRIT San Jose Town and Country Village, LLC	California
Assembly Row 5B, LLC	Delaware
SRI Assembly Row B7, LLC	Delaware
SRI Assembly Row B8, LLC	Delaware
SRI Assembly Row B9, LLC	Delaware
Santana Row Services, Inc.	Delaware
SRI/Continental JV, LLC	Delaware
CCA Sepulveda, LLC	Delaware
Rosecrans-Sepulveda Partners 3, LLC	Delaware
PES Partners, LLC	Delaware
The Grove Fee Owner, LLC	Delaware
Route 35 Shrewsbury Limited Partnership	New Jersey
Shrewsbury Commons L.P.	Washington
Sea Girt Limited Partnership	Washington
35 West, LLC	Washington
Merritt Shrewsbury Commons LLC	Washington
Cole Grove West, LLC	Washington
FR 508 Broad, LLC	Delaware
FR San Antonio Center, LLC	Delaware
San Antonio Center II, LLC	Delaware
Pike & Rose Condominium, Inc.	Delaware
PNR Hotel XXVI JV LLC	Delaware
PNR Hotel XXVI Owner LLC	Delaware
PNR Hotel XXVI Operator LLC	Delaware
SR Winchester, LLC	Delaware
Assembly Row Condominium, Inc.	Delaware
SRI Assembly Row Hotel, Inc.	Delaware
Assembly Row Hotel Operator, LLC	Delaware
Assembly Row Hotel, LLC	Delaware
FRIT Shops at Sunset Place, LLC	Delaware
FRIT Shops at Sunset Place Owner, LLC	Delaware
FRIT Shops at Sunset Place Fee Owner, LLC	Delaware
FRIT Cocowalk, LLC	Delaware
FRIT Cocowalk Owner, LLC	Delaware
3112 Commodore Plaza Investments, Inc.	Florida
3131 Commodore Plaza Investments, Inc.	Florida
3206 Grand Avenue, LLC	Delaware
3406 Main Highway, LLC	Delaware
3419 Main Highway Investments, LLC	Florida
FLV Campus Plaza GP, LLC	Delaware
FLV Campus Plaza Limited Partnership	Delaware
FLV Plaza del Mercado, LLC	Delaware
FLV Plaza del Mercado, LP	Delaware
FLV Greenlawn Plaza GP, LLC	Delaware
FLV Greenlawn Plaza, LP	Delaware
FLV Barcroft Plaza GP, LLC	Delaware
FLV Barcroft Plaza, LP	Delaware
FLV Free State GP, LLC	Delaware
FLV Free State Limited Partnership	Delaware
South Gate Joint Venture, LLC	Delaware
Primestor/FRIT JV, LLC	Delaware



Azalea Joint Venture, LLC	Delaware
Prime/FRIT Alameda, LLC	Delaware
Prime/FRIT Bell Gardens, LLC	Delaware
Prime/FRIT El Monte, LLC	Delaware
Prime/FRIT El Portal, LLC	Delaware
Prime/FRIT Los Jardines, LLC	Delaware
Prime/FRIT Mission Hills, LLC	Delaware
Prime/FRIT SCP, LLC	Delaware
Prime/FRIT Sylmar, LLC	Delaware
Prime/FRIT TRS JV, LLC	Delaware
Prime/FRIT Plaza Pacoima, LLC	Delaware
Prime/FRIT Olivo Land, LLC	Delaware
Primestor/FRIT Jordan Downs JV, LLC	Delaware
Primestor Jordan Downs, LLC	Delaware
Primestor Development Investment, LLC	Delaware
RevUp, Inc.	Delaware
FR Fairfax Junction. LLC	Delaware
SRI UNLMTD JV, LLC	Delaware
SRI-WSA Properties I, LLC	Delaware
SRI-WSA Properties II, LLC	Delaware
SRI-WSA 214 Washington, LLC	Delaware
SRI-WSA 302 Washington, LLC	Delaware
SRI-WSA 600 Washington, LLC	Delaware
SRI-WSA 210 14 <sup>th</sup> , LLC	Delaware
SRI-WSA 158 14 <sup>th</sup> , LLC	Delaware
SRI-WSA 1426 Willow, LLC	Delaware
FR Chesterbrook JV, LLC	Delaware
FR Grossmont, LLC	Delaware
FR Hilton Village, LLC	Delaware
FR Camelback Colonnade, LLC	Delaware

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We have issued our reports dated February 10, 2022, with respect to the consolidated financial statements, schedules, and internal control over financial reporting included in the Annual Report of Federal Realty Investment Trust and Federal Realty OP LP on Form 10-K for the year ended December 31, 2021. We consent to the incorporation by reference of said reports in the Registration Statements of Federal Realty Investment Trust and Federal Realty OP LP on Form S-3 (File No. 333-261971, File No. 333-262016, and File No. 333-262024) and on Form S-8 (File No. 333-239351 and File No. 333-147081).

/s/ GRANT THORNTON LLP

New York, New York  
February 10, 2022

## CERTIFICATION

I, Donald C. Wood, certify that:

- 1) I have reviewed this annual report on Form 10-K of Federal Realty Investment Trust;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of trustees (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 10, 2022

/S/ DONALD C. WOOD

**Donald C. Wood,**  
**President, Chief Executive Officer and Trustee**  
**(Principal Executive Officer)**

## CERTIFICATION

I, *Daniel Guglielmo*, certify that:

- 1) I have reviewed this annual report on Form 10-K of Federal Realty Investment Trust;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of trustees (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 10, 2022

/s/ DANIEL GUGLIELMONE

**Daniel Guglielmo,**  
**Executive Vice President -**  
**Chief Financial Officer and Treasurer**  
**(Principal Financial and Accounting Officer)**

## CERTIFICATION

I, Donald C. Wood, certify that:

- 1) I have reviewed this annual report on Form 10-K of Federal Realty OP LP;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of trustees (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 10, 2022

/S/ DONALD C. WOOD

**Donald C. Wood,**  
**President, Chief Executive Officer and Trustee**  
**(Principal Executive Officer)**

## CERTIFICATION

I, *Daniel Guglielmon*e, certify that:

- 1) I have reviewed this annual report on Form 10-K of Federal Realty OP LP;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of trustees (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 10, 2022

/s/ DANIEL GUGLIELMONE

**Daniel Guglielmon**e,  
**Executive Vice President -**  
**Chief Financial Officer and Treasurer**  
**(Principal Financial and Accounting Officer)**

**CERTIFICATION**

**PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Donald C. Wood, the President and Chief Executive Officer of Federal Realty Investment Trust (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Annual Report on Form 10-K for the period ended December 31, 2021 (the "Report"). The undersigned hereby certifies, to the best of his knowledge, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 10, 2022

/S/ DONALD C. WOOD

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**Donald C. Wood,**  
**President, Chief Executive Officer and Trustee**  
**(Principal Executive Officer)**

## CERTIFICATION

**PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Daniel Guglielmon, the Executive Vice President and Chief Financial Officer and Treasurer of Federal Realty Investment Trust (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Annual Report on Form 10-K for the period ended December 31, 2021 (the "Report"). The undersigned hereby certifies, to the best of his knowledge, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 10, 2022

/S/ DANIEL GUGLIELMONE

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**Daniel Guglielmon,**  
**Executive Vice President -**  
**Chief Financial Officer and Treasurer**  
**(Principal Financial and Accounting Officer)**



## CERTIFICATION

**PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Donald C. Wood, the President and Chief Executive Officer of Federal Realty OP LP (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Annual Report on Form 10-K for the period ended December 31, 2021 (the "Report"). The undersigned hereby certifies, to the best of his knowledge, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 10, 2022

/S/ DONALD C. WOOD

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**Donald C. Wood,**  
**President, Chief Executive Officer and Trustee**  
**(Principal Executive Officer)**

## CERTIFICATION

**PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Daniel Guglielmon, the Executive Vice President and Chief Financial Officer and Treasurer of Federal Realty OP LP (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Annual Report on Form 10-K for the period ended December 31, 2021 (the "Report"). The undersigned hereby certifies, to the best of his knowledge, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 10, 2022

/S/ DANIEL GUGLIELMONE

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**Daniel Guglielmon,**  
**Executive Vice President -**  
**Chief Financial Officer and Treasurer**  
**(Principal Financial and Accounting Officer)**