

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

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

For the quarterly period ended June 30, 2023
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)
Delaware (Federal Realty OP LP)
(State of Organization)

87-3916363
52-0782497
(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)

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

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

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		Federal Realty OP LP	
Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Large Accelerated Filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Non-Accelerated Filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
		Emerging growth company <input type="checkbox"/>		Emerging growth company <input type="checkbox"/>

If an emerging growth company, indicate by checkmark if the registrant has elected not to 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.

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 Exchange Act).

Federal Realty Investment Trust Yes No Federal Realty OP LP Yes No

The number of Federal Realty Investment Trust's common shares outstanding on July 28, 2023 was 81,523,260.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended June 30, 2023, of Federal Realty Investment Trust and Federal Realty OP, LP. Unless stated otherwise or the context otherwise requires, references to "Federal Realty Investment Trust," the "Parent Company" or the "Trust" mean Federal Realty Investment Trust; and references to "Federal Realty OP LP" or the "Operating Partnership" mean Federal Realty OP LP. The term "the Company," "we," "us," and "our" refer to the Parent Company and its business and operations conducted through its directly and indirectly owned subsidiaries, including the Operating Partnership. References to "shares" and "shareholders" refer to the shares and shareholders of the Parent Company and not the limited partnership interests for limited partners of the Operating Partnership.

The Parent Company is a real estate investment trust ("REIT") that owns 100% of the limited liability company interests of, is the sole member of, and exercises exclusive control over Federal Realty GP LLC (the "General Partner"), which is the sole general partner of the Operating Partnership. As of June 30, 2023, the Parent Company owned 100% of the outstanding partnership units (the "OP Units") in the Operating Partnership.

The Company believes combining the quarterly reports on Form 10-Q of the Parent Company and the Operating Partnership into this single report provides the following benefits:

- Enhances investors' understanding of the Parent Company and the Operating Partnership by enabling investors to view the businesses as a whole in the same manner as management views and operates the business;
- Eliminates duplicate disclosure and provides a more streamlined and readable presentation; and
- Creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

Management operates the Parent Company and the Operating Partnership as one business. Since the Operating Partnership is managed by the Parent Company, and the Parent Company conducts substantially all of its operations through the Operating Partnership, the management of the Parent Company consists of the same individuals as the management of the Operating Partnership.

We believe it is important to understand the few differences between the Parent Company and the Operating Partnership in the context of how the Parent Company and the Operating Partnership operate as a consolidated company. The Parent Company is a REIT, whose only material asset is its direct and indirect interest in the Operating Partnership. As a result, the Parent Company does not conduct business itself other than issuing public equity from time to time. The Parent Company is not expected to incur any material indebtedness. The Operating Partnership holds substantially all of our assets and retains the ownership interests in the Company's joint ventures. Except for net proceeds from public equity issuances by the Parent Company, which are contributed to the Operating Partnership in exchange for OP Units, the Operating Partnership generates all capital required by the Company's business. Sources of this capital include the Operating Partnership's operations, its direct or indirect incurrence of indebtedness, and the issuance of partnership units.

Stockholders' equity, partner capital, and non-controlling interests are the primary areas of difference between the unaudited Condensed Consolidated Financial Statements of the Parent Company and those of the Operating Partnership. The Operating Partnership's capital currently includes OP Units owned by the Parent Company, and may in the future include OP Units owned by third parties. OP Units owned by third parties, if any, are accounted for in capital in the Operating Partnership's financial statements and in non-controlling interests in the Parent Company's financial statements.

The Parent Company consolidates the Operating Partnership for financial reporting purposes, and the Parent Company does not have assets other than its investment in the Operating Partnership. Therefore, while stockholders' equity and partners' capital differ as discussed above, the assets and liabilities of the Parent Company and the Operating Partnership are the same on their respective financial statements.

In order to highlight the differences between the Parent Company and the Operating Partnership, there are sections in this report that separately discuss the Parent Company and the Operating Partnership, including separate financial statements (but combined footnotes), separate controls and procedures sections, and separate Exhibit 31 and 32 certifications. In the sections that combine disclosure for the Parent Company and the Operating Partnership, this report refers to actions or holdings as being actions or holdings of the Company.

**FEDERAL REALTY INVESTMENT TRUST
FEDERAL REALTY OP LP
QUARTERLY REPORT ON FORM 10-Q
QUARTER ENDED JUNE 30, 2023**

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Federal Realty Investment Trust
Consolidated Balance Sheets

	June 30, 2023	December 31, 2022
	(In thousands, except share and per share data)	
	(Unaudited)	
ASSETS		
Real estate, at cost		
Operating (including \$2,008,167 and \$1,997,583 of consolidated variable interest entities, respectively)	\$ 9,732,833	\$ 9,441,945
Construction-in-progress (including \$11,441 and \$8,477 of consolidated variable interest entities, respectively)	667,554	662,554
	10,400,387	10,104,499
Less accumulated depreciation and amortization (including \$388,881 and \$362,921 of consolidated variable interest entities, respectively)	(2,839,550)	(2,715,817)
Net real estate	7,560,837	7,388,682
Cash and cash equivalents	98,064	85,558
Accounts and notes receivable, net	195,689	197,648
Mortgage notes receivable, net	9,222	9,456
Investment in partnerships	34,942	145,205
Operating lease right of use assets, net	88,215	94,569
Finance lease right of use assets, net	44,891	45,467
Prepaid expenses and other assets	247,016	267,406
TOTAL ASSETS	\$ 8,278,876	\$ 8,233,991
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Mortgages payable, net (including \$190,562 and \$191,827 of consolidated variable interest entities, respectively)	\$ 319,208	\$ 320,615
Notes payable, net	633,095	601,077
Senior notes and debentures, net	3,479,333	3,407,701
Accounts payable and accrued expenses	187,027	190,340
Dividends payable	90,441	90,263
Security deposits payable	29,292	28,508
Operating lease liabilities	76,928	77,743
Finance lease liabilities	67,655	67,660
Other liabilities and deferred credits	237,317	237,699
Total liabilities	5,120,296	5,021,606
Commitments and contingencies (Note 6)		
Redeemable noncontrolling interests	178,149	178,370
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), 392,878 shares issued and outstanding	9,822	9,822
Common shares of beneficial interest, \$.01 par, 200,000,000 and 100,000,000 shares authorized, respectively, 81,515,511 and 81,342,959 shares issued and outstanding, respectively	820	818
Additional paid-in capital	3,832,983	3,821,801
Accumulated dividends in excess of net income	(1,098,432)	(1,034,186)
Accumulated other comprehensive income	5,496	5,757
Total shareholders' equity of the Trust	2,900,689	2,954,012
Noncontrolling interests	79,742	80,003
Total shareholders' equity	2,980,431	3,034,015
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 8,278,876	\$ 8,233,991

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

Federal Realty Investment Trust
Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
(In thousands, except per share data)				
REVENUE				
Rental income	\$ 280,388	\$ 263,830	\$ 553,186	\$ 520,337
Mortgage interest income	291	269	552	533
Total revenue	<u>280,679</u>	<u>264,099</u>	<u>553,738</u>	<u>520,870</u>
EXPENSES				
Rental expenses	55,610	51,169	110,815	107,380
Real estate taxes	32,381	31,265	64,947	61,825
General and administrative	11,913	13,604	24,458	25,946
Depreciation and amortization	78,974	74,461	157,611	146,135
Total operating expenses	<u>178,878</u>	<u>170,499</u>	<u>357,831</u>	<u>341,286</u>
Gain on sale of real estate	—	—	1,702	—
OPERATING INCOME	<u>101,801</u>	<u>93,600</u>	<u>197,609</u>	<u>179,584</u>
OTHER INCOME/(EXPENSE)				
Other interest income	2,422	133	3,054	253
Interest expense	(42,884)	(32,074)	(82,109)	(63,647)
Income from partnerships	1,665	2,808	2,181	3,005
NET INCOME	<u>63,004</u>	<u>64,467</u>	<u>120,735</u>	<u>119,195</u>
Net income attributable to noncontrolling interests	(2,505)	(2,791)	(4,901)	(5,535)
NET INCOME ATTRIBUTABLE TO THE TRUST	<u>60,499</u>	<u>61,676</u>	<u>115,834</u>	<u>113,660</u>
Dividends on preferred shares	(2,008)	(2,008)	(4,016)	(4,018)
NET INCOME AVAILABLE FOR COMMON SHAREHOLDERS	<u>\$ 58,491</u>	<u>\$ 59,668</u>	<u>\$ 111,818</u>	<u>\$ 109,642</u>
EARNINGS PER COMMON SHARE, BASIC:				
Net income available for common shareholders	<u>\$ 0.72</u>	<u>\$ 0.75</u>	<u>\$ 1.37</u>	<u>\$ 1.38</u>
Weighted average number of common shares	<u>81,214</u>	<u>79,202</u>	<u>81,178</u>	<u>78,826</u>
EARNINGS PER COMMON SHARE, DILUTED:				
Net income available for common shareholders	<u>\$ 0.72</u>	<u>\$ 0.75</u>	<u>\$ 1.37</u>	<u>\$ 1.38</u>
Weighted average number of common shares	<u>81,214</u>	<u>79,202</u>	<u>81,178</u>	<u>78,855</u>
COMPREHENSIVE INCOME	<u>\$ 64,066</u>	<u>\$ 66,689</u>	<u>\$ 120,461</u>	<u>\$ 125,333</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO THE TRUST	<u>\$ 61,449</u>	<u>\$ 63,701</u>	<u>\$ 115,573</u>	<u>\$ 119,257</u>

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

Federal Realty Investment Trust
Consolidated Statements of Shareholders' Equity
For the Three and Six Months Ended June 30, 2023
(Unaudited)

Shareholders' Equity of the Trust

	Preferred Shares		Common Shares		Additional Paid-in Capital	Accumulated Dividends in Excess of Net Income	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Shareholders' Equity
	Shares	Amount	Shares	Amount					
(In thousands, except share data)									
BALANCE AT MARCH 31, 2023	398,878	\$ 159,822	81,511,204	\$ 820	\$ 3,828,930	\$ (1,068,892)	\$ 4,546	\$ 79,015	\$ 3,004,241
Net income, excluding \$1,551 attributable to redeemable noncontrolling interests	—	—	—	—	—	60,499	—	954	61,453
Other comprehensive income - change in fair value of interest rate swaps, excluding \$112 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	950	—	950
Dividends declared to common shareholders (\$1.08 per share)	—	—	—	—	—	(88,031)	—	—	(88,031)
Dividends declared to preferred shareholders	—	—	—	—	—	(2,008)	—	—	(2,008)
Distributions declared to noncontrolling interests, excluding \$1,867 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	—	(1,154)	(1,154)
Common shares issued, net	—	—	32	—	(59)	—	—	—	(59)
Shares issued under dividend reinvestment plan	—	—	4,967	—	482	—	—	—	482
Share-based compensation expense, net of forfeitures	—	—	—	—	3,696	—	—	—	3,696
Shares withheld for employee taxes	—	—	(692)	—	(66)	—	—	—	(66)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	927	927
BALANCE AT JUNE 30, 2023	<u>398,878</u>	<u>\$ 159,822</u>	<u>81,515,511</u>	<u>\$ 820</u>	<u>\$ 3,832,983</u>	<u>\$ (1,098,432)</u>	<u>\$ 5,496</u>	<u>\$ 79,742</u>	<u>\$ 2,980,431</u>
BALANCE AT DECEMBER 31, 2022	398,878	\$ 159,822	81,342,959	\$ 818	\$ 3,821,801	\$ (1,034,186)	\$ 5,757	\$ 80,003	\$ 3,034,015
Net income, excluding \$3,219 attributable to redeemable noncontrolling interests	—	—	—	—	—	115,834	—	1,682	117,516
Other comprehensive loss - change in fair value of interest rate swaps, excluding \$13 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	(261)	—	(261)
Dividends declared to common shareholders (\$2.16 per share)	—	—	—	—	—	(176,064)	—	—	(176,064)
Dividends declared to preferred shareholders	—	—	—	—	—	(4,016)	—	—	(4,016)
Distributions declared to noncontrolling interests, excluding \$3,427 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	—	(2,202)	(2,202)
Common shares issued, net	—	—	57,096	1	6,191	—	—	—	6,192
Shares issued under dividend reinvestment plan	—	—	9,631	—	905	—	—	—	905
Share-based compensation expense, net of forfeitures	—	—	141,234	1	8,129	—	—	—	8,130
Shares withheld for employee taxes	—	—	(42,932)	—	(4,711)	—	—	—	(4,711)
Conversion of downREIT OP units	—	—	7,523	—	668	—	—	(668)	—
Contributions from noncontrolling interests	—	—	—	—	—	—	—	927	927
BALANCE AT JUNE 30, 2023	<u>398,878</u>	<u>\$ 159,822</u>	<u>81,515,511</u>	<u>\$ 820</u>	<u>\$ 3,832,983</u>	<u>\$ (1,098,432)</u>	<u>\$ 5,496</u>	<u>\$ 79,742</u>	<u>\$ 2,980,431</u>

Federal Realty Investment Trust
Consolidated Statements of Shareholders' Equity
For the Three and Six Months Ended June 30, 2022
(Unaudited)

	Shareholders' Equity of the Trust								
	Preferred Shares		Common Shares		Additional Paid-in Capital	Accumulated Dividends in Excess of Net Income	Accumulated Other Comprehensive Income (loss)	Noncontrolling Interests	Total Shareholders' Equity
	Shares	Amount	Shares	Amount					
	(In thousands, except share data)								
BALANCE AT MARCH 31, 2022	405,896	\$ 159,997	79,417,472	\$ 799	\$ 3,572,591	\$ (1,101,154)	\$ 1,525	\$ 80,819	\$ 2,714,577
Net income, excluding \$1,792 attributable to redeemable noncontrolling interests	—	—	—	—	—	61,676	—	999	62,675
Other comprehensive income - change in fair value of interest rate swaps, excluding \$197 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	2,025	—	2,025
Dividends declared to common shareholders (\$1.07 per share)	—	—	—	—	—	(84,977)	—	—	(84,977)
Dividends declared to preferred shareholders	—	—	—	—	—	(2,008)	—	—	(2,008)
Distributions declared to noncontrolling interests, excluding \$2,394 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	—	(866)	(866)
Common shares issued, net	—	—	1,473,928	14	176,689	—	—	—	176,703
Shares issued under dividend reinvestment plan	—	—	4,230	—	509	—	—	—	509
Share-based compensation expense, net of forfeitures	—	—	(4,786)	—	3,500	—	—	—	3,500
Shares withheld for employee taxes	—	—	(306)	—	(37)	—	—	—	(37)
Conversion of preferred shares	(7,018)	(175)	1,675	—	175	—	—	—	—
Conversion of downREIT OP units	—	—	4,591	—	408	—	—	(408)	—
Adjustment to redeemable noncontrolling interests	—	—	—	—	4,326	—	—	—	4,326
BALANCE AT JUNE 30, 2022	<u>398,878</u>	<u>\$ 159,822</u>	<u>80,896,804</u>	<u>\$ 813</u>	<u>\$ 3,758,161</u>	<u>\$ (1,126,463)</u>	<u>\$ 3,550</u>	<u>\$ 80,544</u>	<u>\$ 2,876,427</u>
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
Net income, excluding \$3,527 attributable to redeemable noncontrolling interests	—	—	—	—	—	113,660	—	2,008	115,668
Other comprehensive income - change in fair value of interest rate swaps, excluding \$541 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	5,597	—	5,597
Dividends declared to common shareholders (\$2.14 per share)	—	—	—	—	—	(169,173)	—	—	(169,173)
Dividends declared to preferred shareholders	—	—	—	—	—	(4,018)	—	—	(4,018)
Distributions declared to noncontrolling interests, excluding \$4,138 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	—	(2,625)	(2,625)
Common shares issued, net	—	—	2,203,697	22	259,430	—	—	—	259,452
Shares issued under dividend reinvestment plan	—	—	8,000	—	1,011	—	—	—	1,011
Share-based compensation expense, net of forfeitures	—	—	104,105	1	7,678	—	—	—	7,679
Shares withheld for employee taxes	—	—	(38,576)	—	(4,638)	—	—	—	(4,638)
Conversion of preferred shares	(7,018)	(175)	1,675	—	175	—	—	—	—
Conversion of downREIT OP units	—	—	14,598	—	1,385	—	—	(1,385)	—
Adjustment to redeemable noncontrolling interests	—	—	—	—	4,326	—	—	—	4,326
BALANCE AT JUNE 30, 2022	<u>398,878</u>	<u>\$ 159,822</u>	<u>80,896,804</u>	<u>\$ 813</u>	<u>\$ 3,758,161</u>	<u>\$ (1,126,463)</u>	<u>\$ 3,550</u>	<u>\$ 80,544</u>	<u>\$ 2,876,427</u>

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

Federal Realty Investment Trust
Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
	2023	2022
(In thousands)		
OPERATING ACTIVITIES		
Net income	\$ 120,735	\$ 119,195
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	157,611	146,135
Gain on sale of real estate	(1,702)	—
Income from partnerships	(2,181)	(3,005)
Straight-line rent	(5,021)	(9,832)
Share-based compensation expense	7,445	7,020
Other, net	(2,611)	(2,449)
Changes in assets and liabilities, net of effects of acquisitions and dispositions:		
Decrease (increase) in accounts receivable, net	3,018	(10,252)
Decrease in prepaid expenses and other assets	13,505	18,115
Decrease in accounts payable and accrued expenses	(1,431)	(5,578)
Increase in security deposits and other liabilities	2,908	1,172
Net cash provided by operating activities	292,276	260,521
INVESTING ACTIVITIES		
Acquisition of real estate	(59,568)	(100,022)
Capital expenditures - development and redevelopment	(104,666)	(150,524)
Capital expenditures - other	(50,913)	(44,024)
Proceeds from sale of real estate	12,626	874
Investment in partnerships	—	(417)
Distribution from partnerships in excess of earnings	7,569	3,665
Leasing costs	(9,247)	(9,629)
Repayment of mortgage and other notes receivable, net	—	18
Net cash used in investing activities	(204,199)	(300,059)
FINANCING ACTIVITIES		
Net borrowings under revolving credit facility	31,500	—
Issuance of senior notes, net of costs	345,685	—
Repayment of senior notes	(275,000)	—
Repayment of mortgages, finance leases and notes payable	(1,636)	(17,798)
Issuance of common shares, net of costs	6,246	259,597
Dividends paid to common and preferred shareholders	(179,043)	(171,450)
Shares withheld for employee taxes	(4,711)	(4,638)
Contributions from noncontrolling interests	927	—
Distributions to and redemptions of redeemable noncontrolling interests	(5,637)	(6,779)
Net cash (used in) provided by financing activities	(81,669)	58,932
Increase in cash, cash equivalents and restricted cash	6,408	19,394
Cash, cash equivalents, and restricted cash at beginning of year	96,348	175,163
Cash, cash equivalents, and restricted cash at end of period	\$ 102,756	\$ 194,557

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

**Federal Realty OPLP
Consolidated Balance Sheets**

	June 30, 2023	December 31, 2022
	(In thousands, except unit data)	
	(Unaudited)	
ASSETS		
Real estate, at cost		
Operating (including \$2,008,167 and \$1,997,583 of consolidated variable interest entities, respectively)	\$ 9,732,833	\$ 9,441,945
Construction-in-progress (including \$11,441 and \$8,477 of consolidated variable interest entities, respectively)	667,554	662,554
	<u>10,400,387</u>	<u>10,104,499</u>
Less accumulated depreciation and amortization (including \$388,881 and \$362,921 of consolidated variable interest entities, respectively)	(2,839,550)	(2,715,817)
Net real estate	7,560,837	7,388,682
Cash and cash equivalents	98,064	85,558
Accounts and notes receivable, net	195,689	197,648
Mortgage notes receivable, net	9,222	9,456
Investment in partnerships	34,942	145,205
Operating lease right of use assets, net	88,215	94,569
Finance lease right of use assets, net	44,891	45,467
Prepaid expenses and other assets	247,016	267,406
TOTAL ASSETS	<u>\$ 8,278,876</u>	<u>\$ 8,233,991</u>
LIABILITIES AND CAPITAL		
Liabilities		
Mortgages payable, net (including \$190,562 and \$191,827 of consolidated variable interest entities, respectively)	\$ 319,208	\$ 320,615
Notes payable, net	633,095	601,077
Senior notes and debentures, net	3,479,333	3,407,701
Accounts payable and accrued expenses	187,027	190,340
Dividends payable	90,441	90,263
Security deposits payable	29,292	28,508
Operating lease liabilities	76,928	77,743
Finance lease liabilities	67,655	67,660
Other liabilities and deferred credits	237,317	237,699
Total liabilities	5,120,296	5,021,606
Commitments and contingencies (Note 6)		
Redeemable noncontrolling interests	178,149	178,370
Partner capital		
Preferred units, 398,878 units issued and outstanding	154,788	154,788
Common units, 81,515,511 and 81,342,959 units issued and outstanding, respectively	2,740,405	2,793,467
Accumulated other comprehensive income	5,496	5,757
Total partner capital	2,900,689	2,954,012
Noncontrolling interests in consolidated partnerships	79,742	80,003
Total capital	2,980,431	3,034,015
TOTAL LIABILITIES AND CAPITAL	<u>\$ 8,278,876</u>	<u>\$ 8,233,991</u>

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

Federal Realty OPLP
Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
(In thousands, except per unit data)				
REVENUE				
Rental income	\$ 280,388	\$ 263,830	\$ 553,186	\$ 520,337
Mortgage interest income	291	269	552	533
Total revenue	<u>280,679</u>	<u>264,099</u>	<u>553,738</u>	<u>520,870</u>
EXPENSES				
Rental expenses	55,610	51,169	110,815	107,380
Real estate taxes	32,381	31,265	64,947	61,825
General and administrative	11,913	13,604	24,458	25,946
Depreciation and amortization	78,974	74,461	157,611	146,135
Total operating expenses	<u>178,878</u>	<u>170,499</u>	<u>357,831</u>	<u>341,286</u>
Gain on sale of real estate	—	—	1,702	—
OPERATING INCOME	<u>101,801</u>	<u>93,600</u>	<u>197,609</u>	<u>179,584</u>
OTHER INCOME/(EXPENSE)				
Other interest income	2,422	133	3,054	253
Interest expense	(42,884)	(32,074)	(82,109)	(63,647)
Income from partnerships	1,665	2,808	2,181	3,005
NET INCOME	<u>63,004</u>	<u>64,467</u>	<u>120,735</u>	<u>119,195</u>
Net income attributable to noncontrolling interests	(2,505)	(2,791)	(4,901)	(5,535)
NET INCOME ATTRIBUTABLE TO THE PARTNERSHIP	<u>60,499</u>	<u>61,676</u>	<u>115,834</u>	<u>113,660</u>
Distributions on preferred units	(2,008)	(2,008)	(4,016)	(4,018)
NET INCOME AVAILABLE FOR COMMON UNIT HOLDERS	<u>\$ 58,491</u>	<u>\$ 59,668</u>	<u>\$ 111,818</u>	<u>\$ 109,642</u>
EARNINGS PER COMMON UNIT, BASIC:				
Net income available for common unit holders	<u>\$ 0.72</u>	<u>\$ 0.75</u>	<u>\$ 1.37</u>	<u>\$ 1.38</u>
Weighted average number of common units	<u>81,214</u>	<u>79,202</u>	<u>81,178</u>	<u>78,826</u>
EARNINGS PER COMMON UNIT, DILUTED:				
Net income available for common unit holders	<u>\$ 0.72</u>	<u>\$ 0.75</u>	<u>\$ 1.37</u>	<u>\$ 1.38</u>
Weighted average number of common units	<u>81,214</u>	<u>79,202</u>	<u>81,178</u>	<u>78,855</u>
COMPREHENSIVE INCOME	<u>\$ 64,066</u>	<u>\$ 66,689</u>	<u>\$ 120,461</u>	<u>\$ 125,333</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PARTNERSHIP	<u>\$ 61,449</u>	<u>\$ 63,701</u>	<u>\$ 115,573</u>	<u>\$ 119,257</u>

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

Federal Realty OPLP
Consolidated Statements of Capital
For the Three and Six Months Ended June 30, 2023
(Unaudited)

	Preferred Units	Common Units	Accumulated Other Comprehensive Income (Loss)	Total Partner Capital	Noncontrolling Interests in Consolidated Partnerships	Total Capital
(In thousands, except unit data)						
BALANCE AT MARCH 31, 2023	\$ 154,788	\$ 2,765,892	\$ 4,546	\$ 2,925,226	\$ 79,015	\$ 3,004,241
Net income, excluding \$1,551 attributable to redeemable noncontrolling interests	2,008	58,491	—	60,499	954	61,453
Other comprehensive income - change in fair value of interest rate swaps, excluding \$112 attributable to redeemable noncontrolling interests	—	—	950	950	—	950
Distributions declared to common unit holders	—	(88,031)	—	(88,031)	—	(88,031)
Distributions declared to preferred unit holders	(2,008)	—	—	(2,008)	—	(2,008)
Distributions declared to noncontrolling interests in consolidated partnerships, excluding \$1,867 attributable to redeemable noncontrolling interests	—	—	—	—	(1,154)	(1,154)
Common units issued as a result of common stock issued by Parent Company, net of issuance costs	—	(59)	—	(59)	—	(59)
Common units issued under dividend reinvestment plan	—	482	—	482	—	482
Share-based compensation expense, net of forfeitures	—	3,696	—	3,696	—	3,696
Common units withheld for employee taxes	—	(66)	—	(66)	—	(66)
Contributions from noncontrolling interests	—	—	—	—	927	927
BALANCE AT JUNE 30, 2023	<u>\$ 154,788</u>	<u>\$ 2,740,405</u>	<u>\$ 5,496</u>	<u>\$ 2,900,689</u>	<u>\$ 79,742</u>	<u>\$ 2,980,431</u>
BALANCE AT DECEMBER 31, 2022	\$ 154,788	\$ 2,793,467	\$ 5,757	\$ 2,954,012	\$ 80,003	\$ 3,034,015
Net income, excluding \$3,219 attributable to redeemable noncontrolling interests	4,016	111,818	—	115,834	1,682	117,516
Other comprehensive loss - change in fair value of interest rate swaps, excluding \$13 attributable to redeemable noncontrolling interest	—	—	(261)	(261)	—	(261)
Distributions declared to common unit holders	—	(176,064)	—	(176,064)	—	(176,064)
Distributions declared to preferred unit holders	(4,016)	—	—	(4,016)	—	(4,016)
Distributions declared to noncontrolling interests in consolidated partnerships, excluding \$3,427 attributable to redeemable noncontrolling interests	—	—	—	—	(2,202)	(2,202)
Common units issued as a result of common stock issued by Parent Company, net of issuance costs	—	6,192	—	6,192	—	6,192
Common units issued under dividend reinvestment plan	—	905	—	905	—	905
Share-based compensation expense, net of forfeitures	—	8,130	—	8,130	—	8,130
Common units withheld for employee taxes	—	(4,711)	—	(4,711)	—	(4,711)
Conversion of downREIT OP units	—	668	—	668	(668)	—
Contributions from noncontrolling interests	—	—	—	—	927	927
BALANCE AT JUNE 30, 2023	<u>\$ 154,788</u>	<u>\$ 2,740,405</u>	<u>\$ 5,496</u>	<u>\$ 2,900,689</u>	<u>\$ 79,742</u>	<u>\$ 2,980,431</u>

Federal Realty OPLP
Consolidated Statements of Capital
For the Three and Six Months Ended June 30, 2022
(Unaudited)

	Preferred Units	Common Units	Accumulated Other Comprehensive Income (Loss)	Total Partner Capital	Noncontrolling Interests in Consolidated Partnerships	Total Capital
	(In thousands, except unit data)					
BALANCE AT MARCH 31, 2022	\$ 154,963	\$ 2,477,270	\$ 1,525	\$ 2,633,758	\$ 80,819	\$ 2,714,577
Net income, excluding \$1,792 attributable to redeemable noncontrolling interests	2,008	59,668	—	61,676	999	62,675
Other comprehensive income - change in fair value of interest rate swaps, excluding \$197 attributable to redeemable noncontrolling interests	—	—	2,025	2,025	—	2,025
Distributions declared to common unit holders	—	(84,977)	—	(84,977)	—	(84,977)
Distributions declared to preferred unit holders	(2,008)	—	—	(2,008)	—	(2,008)
Distributions declared to noncontrolling interests in consolidated partnerships, excluding \$2,394 attributable to redeemable noncontrolling interests	—	—	—	—	(866)	(866)
Common units issued as a result of common stock issued by Parent Company, net of issuance costs	—	176,703	—	176,703	—	176,703
Common units issued under dividend reinvestment plan	—	509	—	509	—	509
Share-based compensation expense, net of forfeitures	—	3,500	—	3,500	—	3,500
Common units withheld for employee taxes	—	(37)	—	(37)	—	(37)
Conversion of preferred units	(175)	175	—	—	—	—
Conversion of downREIT OP units	—	408	—	408	(408)	—
Adjustment to redeemable noncontrolling interests	—	4,326	—	4,326	—	4,326
BALANCE AT JUNE 30, 2022	<u>\$ 154,788</u>	<u>\$ 2,637,545</u>	<u>\$ 3,550</u>	<u>\$ 2,795,883</u>	<u>\$ 80,544</u>	<u>\$ 2,876,427</u>
BALANCE AT DECEMBER 31, 2021	\$ 154,963	\$ 2,427,686	\$ (2,047)	\$ 2,580,602	\$ 82,546	\$ 2,663,148
Net income, excluding \$3,527 attributable to redeemable noncontrolling interests	4,018	109,642	—	113,660	2,008	115,668
Other comprehensive income - change in fair value of interest rate swaps, excluding \$541 attributable to redeemable noncontrolling interests	—	—	5,597	5,597	—	5,597
Distributions declared to common unit holders	—	(169,173)	—	(169,173)	—	(169,173)
Distributions declared to preferred unit holders	(4,018)	—	—	(4,018)	—	(4,018)
Distributions declared to noncontrolling interests in consolidated partnerships, excluding \$4,138 attributable to redeemable noncontrolling interests	—	—	—	—	(2,625)	(2,625)
Common units issued as a result of common stock issued by Parent Company, net of issuance costs	—	259,452	—	259,452	—	259,452
Common units issued under dividend reinvestment plan	—	1,011	—	1,011	—	1,011
Share-based compensation expense, net of forfeitures	—	7,679	—	7,679	—	7,679
Common units withheld for employee taxes	—	(4,638)	—	(4,638)	—	(4,638)
Conversion of preferred units	(175)	175	—	—	—	—
Conversion and redemption of downREIT OP units	—	1,385	—	1,385	(1,385)	—
Adjustment to redeemable noncontrolling interests	—	4,326	—	4,326	—	4,326
BALANCE AT JUNE 30, 2022	<u>\$ 154,788</u>	<u>\$ 2,637,545</u>	<u>\$ 3,550</u>	<u>\$ 2,795,883</u>	<u>\$ 80,544</u>	<u>\$ 2,876,427</u>

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

Federal Realty OP LP
Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
	2023	2022
(In thousands)		
OPERATING ACTIVITIES		
Net income	\$ 120,735	\$ 119,195
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	157,611	146,135
Gain on sale of real estate	(1,702)	—
Income from partnerships	(2,181)	(3,005)
Straight-line rent	(5,021)	(9,832)
Share-based compensation expense	7,445	7,020
Other, net	(2,611)	(2,449)
Changes in assets and liabilities, net of effects of acquisitions and dispositions:		
Decrease (increase) in accounts receivable, net	3,018	(10,252)
Decrease in prepaid expenses and other assets	13,505	18,115
Decrease in accounts payable and accrued expenses	(1,431)	(5,578)
Increase in security deposits and other liabilities	2,908	1,172
Net cash provided by operating activities	292,276	260,521
INVESTING ACTIVITIES		
Acquisition of real estate	(59,568)	(100,022)
Capital expenditures - development and redevelopment	(104,666)	(150,524)
Capital expenditures - other	(50,913)	(44,024)
Proceeds from sale of real estate	12,626	874
Investment in partnerships	—	(417)
Distribution from partnerships in excess of earnings	7,569	3,665
Leasing costs	(9,247)	(9,629)
Repayment of mortgage and other notes receivable, net	—	18
Net cash used in investing activities	(204,199)	(300,059)
FINANCING ACTIVITIES		
Net borrowings under revolving credit facility	31,500	—
Issuance of senior notes, net of costs	345,685	—
Repayment of senior notes	(275,000)	—
Repayment of mortgages, finance leases and notes payable	(1,636)	(17,798)
Issuance of common units, net of costs	6,246	259,597
Distributions to common and preferred unit holders	(179,043)	(171,450)
Shares withheld for employee taxes	(4,711)	(4,638)
Contributions from noncontrolling interests	927	—
Distributions to and redemptions of redeemable noncontrolling interests	(5,637)	(6,779)
Net cash (used in) provided by financing activities	(81,669)	58,932
Increase in cash, cash equivalents and restricted cash	6,408	19,394
Cash, cash equivalents, and restricted cash at beginning of year	96,348	175,163
Cash, cash equivalents, and restricted cash at end of period	\$ 102,756	\$ 194,557

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

Federal Realty Investment Trust
Federal Realty OP LP
Notes to Consolidated Financial Statements
June 30, 2023
(Unaudited)

NOTE 1—BUSINESS AND ORGANIZATION

Federal Realty Investment Trust (the "Parent Company" and the "Trust") is an equity real estate investment trust ("REIT"). Federal Realty OP LP (the "Operating Partnership") is the entity through which the Parent Company conducts substantially all of its operations and owns all of its assets. The Parent Company owns 100% of the limited liability company interests of, is sole member of and exercises exclusive control over Federal Realty GP LLC ("the General Partner"), which in turn, is the sole general partner of the Operating Partnership. The Parent Company specializes in the ownership, management, and redevelopment of retail and mixed-use properties through the Operating Partnership, and has no other substantial assets or liabilities other than through its investment in the Operating Partnership. 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 June 30, 2023, we owned or had a majority interest in community and neighborhood shopping centers and mixed-use properties which are operated as 102 predominantly retail real estate projects.

We operate in a manner intended to enable the Trust 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.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited interim consolidated financial statements of the Parent Company and Operating Partnership have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been omitted pursuant to those rules and regulations, although we believe that the disclosures made are adequate to make the information not misleading. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in our latest Annual Report on Form 10-K. In the opinion of management, all adjustments (consisting of normal, recurring adjustments) necessary for a fair presentation for the periods presented have been included. The results of operations for the three and six months ended June 30, 2023 are not necessarily indicative of the results that may be expected for the full year.

Principles of Consolidation

As discussed in the [Explanatory Note](#), we have combined the quarterly reports on Form 10-Q of the Parent Company and the Operating Partnership into this single report. As a result, we present two sets of consolidated financial statements. Both sets of consolidated financial statements include the accounts of the entity, its corporate subsidiaries, and all entities in which it has a controlling interest or has been determined to be the primary beneficiary of a variable interest entity. The Parent Company's consolidated financial statements include the accounts of the Operating Partnership and its subsidiaries as the Parent Company, through its ownership and control over the General Partner, exercises exclusive control over the Operating Partnership. 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.

Recently Issued Accounting Pronouncements

Standard	Description	Effect on the financial statements or significant matters
ASU 2023-01, March 2023, <i>Leases (Topic 842) Common Control Arrangements</i>	<p>This ASU requires all lessees in a lease with a lessor under common control to (1) amortize leasehold improvements over their useful life to the common control group, as long as the lessee controls the use of the underlying asset through a lease and (2) account for the leasehold improvements as a transfer of assets between entities under common control through an adjustment to equity when the lessee no longer controls the use of the underlying asset.</p> <p>The guidance may be applied prospectively to new and existing leasehold improvements, with the remaining balance of existing leasehold improvements amortized over their remaining useful life to the common control group or retrospectively, through a cumulative-effect adjustment to opening retained earnings.</p> <p>The guidance is effective in fiscal years beginning after December 15, 2023, and interim periods withing those fiscal years. Early adoption is permitted.</p>	We do not expect this ASU to have an impact on our consolidated financial statements.
ASU 2020-04, March 2020, <i>Reference Rate Reform (Topic 848)</i>	<p>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.</p> <p>ASU 2022-06 extended the period for which this guidance can be immediately applied through December 24, 2024.</p>	During the three months ended June 30, 2023, the LIBOR based mortgage loan related to our unconsolidated Assembly Row hotel investment was refinanced. The resulting new mortgage loan and related swaps are SOFR based. The \$54.3 million mortgage loan at Hoboken and related interest rate swaps were transitioned from LIBOR to SOFR effective July 1, 2023. Consequently, we applied the related practical expedients to the hedging relationship for the Hoboken loan and continue to apply hedge accounting. The critical terms of the loan and interest rate swaps continue to match subsequent to the transition from LIBOR to SOFR and the transition did not have a significant impact to our financial results, financial position, or cash flows.

Consolidated Statements of Cash Flows—Supplemental Disclosures

The following tables provide supplemental disclosures related to the Consolidated Statements of Cash Flows:

	Six Months Ended	
	June 30,	
	2023	2022
	(In thousands)	
SUPPLEMENTAL DISCLOSURES:		
Total interest costs incurred	\$ 93,256	\$ 72,824
Interest capitalized	(11,147)	(9,177)
Interest expense	\$ 82,109	\$ 63,647
Cash paid for interest, net of amounts capitalized	\$ 75,389	\$ 61,973
Cash paid for income taxes	\$ 779	\$ 607
NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
Shares issued under dividend reinvestment plan	\$ 851	\$ 866
DownREIT operating partnership units redeemed for common shares	\$ 668	\$ 1,385
5.417% Series 1 Cumulative Convertible Preferred Shares redeemed for common shares	\$ —	\$ 175

	June 30, 2023	December 31, 2022
(In thousands)		
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:		
Cash and cash equivalents	\$ 98,064	\$ 85,558
Restricted cash (1)	4,692	10,790
Total cash, cash equivalents, and restricted cash	<u>\$ 102,756</u>	<u>\$ 96,348</u>

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

NOTE 3—REAL ESTATE

On January 31, 2023, we acquired the 168,000 square foot portion of Huntington Square shopping center that was not previously owned, as well as the fee interest in the land underneath the portion of the shopping center which we controlled under a long-term ground lease for \$35.5 million. As a result of this transaction, we now own the entire fee interest in this 243,000 square foot property and the "operating lease right of use assets, net" on our consolidated balance sheet decreased by \$5.3 million. Approximately \$4.1 million and \$1.3 million of net assets acquired were allocated to other assets for "acquired lease costs" and "above market leases," respectively.

On May 26, 2023, we exercised our option and acquired the 22.3% tenancy in common ("TIC") interest from our co-owner at Escondido Promenade for \$30.5 million, bringing our ownership interest to 100%. As a result of the transaction, we gained control of this property, and effective May 26, 2023, we have consolidated this property. Approximately \$1.8 million and \$0.2 million of net assets associated with the 22.3% interest acquired were allocated to other assets for "acquired lease costs" and "above market leases," respectively, and \$1.1 million of net assets associated with the 22.3% interest acquired were allocated to other liabilities for "below market leases."

During the six months ended June 30, 2023, we sold one retail property for \$13.2 million, resulting in a gain on sale of \$1.6 million.

NOTE 4—DEBT

On April 12, 2023, we issued \$350.0 million of fixed rate senior unsecured notes that mature on May 1, 2028 and bear interest at 5.375%. The notes were offered at 99.590% of the principal amount with a yield to maturity of 5.468%. The net proceeds, after issuance discount, underwriting fees, and other costs were \$345.7 million.

On June 1, 2023, we repaid our \$275.0 million 2.75% senior unsecured notes at maturity.

During the three and six months ended June 30, 2023, the maximum amount of borrowings outstanding under our \$1.25 billion revolving credit facility was \$77.5 million and \$80.5 million, respectively. The weighted average amount of borrowings outstanding was \$18.0 million and \$33.7 million, respectively, and the weighted average interest rate, before amortization of debt fees, was 5.8% and 5.5%, respectively, for the three and six months ended June 30, 2023. At June 30, 2023, our revolving credit facility had \$31.5 million 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 June 30, 2023, we were in compliance with all default related debt covenants.

NOTE 5—FAIR VALUE OF FINANCIAL INSTRUMENTS

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:

	June 30, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
Mortgages and notes payable, net	\$ 952,303	\$ 924,891	\$ 921,692	\$ 895,654
Senior notes and debentures, net	\$ 3,479,333	\$ 3,103,590	\$ 3,407,701	\$ 3,048,456

As of June 30, 2023, we have two interest rate swap agreements with notional amounts of \$54.3 million that are measured at fair value on a recurring basis. The interest rate swap agreements fix the interest rate on \$54.3 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 June 30, 2023 was an asset of \$6.0 million and is included in "prepaid expenses and other assets" on our consolidated balance sheets. For the three and six months ended June 30, 2023, the value of our interest rate swaps increased \$1.1 million and decreased \$0.1 million, respectively (including \$0.4 million and \$0.8 million, respectively, reclassified from other comprehensive income as a decrease to interest expense). A summary of our financial assets that are measured at fair value on a recurring basis, by level within the fair value hierarchy is as follows:

	June 30, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(In thousands)							
Interest rate swaps	\$ —	\$ 6,015	\$ —	\$ 6,015	\$ —	\$ 6,144	\$ —	\$ 6,144

One of our equity method investees has two interest rate swaps which qualify for cash flow hedge accounting. For the three and six months ended June 30, 2023, our share of the change in fair value of the related swaps included in "accumulated other comprehensive income" was a decrease of less than \$0.1 million and \$0.1 million, respectively.

NOTE 6—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.

Under the terms of certain partnership agreements, the partners have the right to exchange their operating partnership units for cash or common shares, at our option. A total of 637,031 downREIT operating partnership units are outstanding which have a total fair value of approximately \$61.6 million, which is calculated by multiplying the outstanding number of downREIT partnership units by our closing stock price on June 30, 2023.

NOTE 7—SHAREHOLDERS' EQUITY

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

	Six Months Ended June 30,			
	2023		2022	
	Declared	Paid	Declared	Paid
Common shares	\$ 2.160	\$ 2.160	\$ 2.140	\$ 2.140
5.417% Series 1 Cumulative Convertible Preferred shares	\$ 0.677	\$ 0.677	\$ 0.677	\$ 0.677
5.0% Series C Cumulative Redeemable Preferred shares (1)	\$ 0.625	\$ 0.625	\$ 0.625	\$ 0.625

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

We have an at-the-market ("ATM") equity program under which we may from time to time offer and sell common shares having an aggregate offering price of up to \$500.0 million. The 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.

No common shares were sold under the ATM equity program in the three months ended June 30, 2023. For the six months ended June 30, 2023, we issued 57,034 common shares at a weighted average price per share of \$111.64 for net cash proceeds of \$6.2 million including paying \$0.1 million in commissions and \$0.1 million in additional offering expenses related to the sales of these common shares. We have the remaining capacity to issue up to \$445.6 million in common shares under our ATM equity program as of June 30, 2023.

Effective May 4, 2023, our Declaration of Trust was amended to increase the number of authorized common shares of beneficial interest to 200,000,000.

NOTE 8—SHARE-BASED COMPENSATION PLANS

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
	(In thousands)			
Grants of common shares, restricted stock units, and options	\$ 3,696	\$ 3,500	\$ 8,130	\$ 7,679
Capitalized share-based compensation	(348)	(300)	(685)	(659)
Share-based compensation expense	<u>\$ 3,348</u>	<u>\$ 3,200</u>	<u>\$ 7,445</u>	<u>\$ 7,020</u>

NOTE 9—EARNINGS PER SHARE AND UNIT

We have calculated earnings per share ("EPS") and earnings per unit ("EPU") under the two-class method. The two-class method is an earnings allocation methodology whereby EPS and EPU for each class of common stock and partnership units, respectively, and participating securities is calculated according to dividends or distributions declared and participation rights in undistributed earnings. For both the three and six months ended June 30, 2023 and 2022, we had 0.3 million weighted average unvested shares and units outstanding, which are considered participating securities. Therefore, we have allocated our earnings for basic and diluted EPS and EPU between common shares and units and unvested shares and units; the portion of earnings allocated to the unvested shares and units is reflected as "earnings allocated to unvested shares" or "earnings allocated to unvested units" in the reconciliations below.

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

- exercise of 1,829 stock options for the three and six months ended June 30, 2023,
- conversions of downREIT operating partnership units for both the three and six months ended June 30, 2023 and 2022,
- conversions of 5.417% Series 1 Cumulative Convertible Preferred Shares and units for both the three and six months ended June 30, 2023 and 2022, and

- the issuance of 1.5 million and 0.7 million shares and units issuable under common share forward sales agreements for the three and six months ended June 30, 2022, respectively.

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

Federal Realty Investment Trust Earnings per Share

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
(In thousands, except per share data)				
NUMERATOR				
Net income	\$ 63,004	\$ 64,467	\$ 120,735	\$ 119,195
Less: Preferred share dividends	(2,008)	(2,008)	(4,016)	(4,018)
Less: Income from operations attributable to noncontrolling interests	(2,505)	(2,791)	(4,901)	(5,535)
Less: Earnings allocated to unvested shares	(324)	(300)	(651)	(607)
Net income available for common shareholders, basic and diluted	<u>\$ 58,167</u>	<u>\$ 59,368</u>	<u>\$ 111,167</u>	<u>\$ 109,035</u>
DENOMINATOR				
Weighted average common shares outstanding, basic	81,214	79,202	81,178	78,826
Effect of dilutive securities:				
Open forward contracts for share issuances	—	—	—	29
Weighted average common shares outstanding, diluted	<u>81,214</u>	<u>79,202</u>	<u>81,178</u>	<u>78,855</u>
EARNINGS PER COMMON SHARE, BASIC AND DILUTED:				
Net income available for common shareholders	<u>\$ 0.72</u>	<u>\$ 0.75</u>	<u>\$ 1.37</u>	<u>\$ 1.38</u>

Federal Realty OP LP Earnings per Unit

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
(In thousands, except per unit data)				
NUMERATOR				
Net income	\$ 63,004	\$ 64,467	\$ 120,735	\$ 119,195
Less: Preferred unit distributions	(2,008)	(2,008)	(4,016)	(4,018)
Less: Income from operations attributable to noncontrolling interests	(2,505)	(2,791)	(4,901)	(5,535)
Less: Earnings allocated to unvested units	(324)	(300)	(651)	(607)
Net income available for common unit holders, basic and diluted	<u>\$ 58,167</u>	<u>\$ 59,368</u>	<u>\$ 111,167</u>	<u>\$ 109,035</u>
DENOMINATOR				
Weighted average common units outstanding, basic	81,214	79,202	81,178	78,826
Effect of dilutive securities:				
Common unit issuances relating to open common share forward contracts	—	—	—	29
Weighted average common units outstanding, diluted	<u>81,214</u>	<u>79,202</u>	<u>81,178</u>	<u>78,855</u>
EARNINGS PER COMMON UNIT, BASIC AND DILUTED:				
Net income available for common unit holders	<u>\$ 0.72</u>	<u>\$ 0.75</u>	<u>\$ 1.37</u>	<u>\$ 1.38</u>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

The following discussion should be read in conjunction with the consolidated interim financial statements and notes thereto appearing in Item 1 of this report and the more detailed information contained in our Annual Report on [Form 10-K](#) for the year ended December 31, 2022 filed with the Securities and Exchange Commission (the "SEC") on February 8, 2023.

Certain statements included in this Quarterly Report on Form 10-Q are forward-looking statements. Those statements include statements regarding the intent, belief or current expectations of the Company 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;
- risks that we may not be able to proceed with or obtain necessary approvals for any redevelopment or renovation project, and that completion of anticipated or ongoing property 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 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 the Trust's 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 the Trust's 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;
- 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.

Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements that we make, including those in this Quarterly Report on Form 10-Q. You should carefully review the risks and the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2022 and under Part II, Item 1A in this Quarterly Report on Form 10-Q, before making any investments in us.

Overview

Federal Realty Investment Trust (the "Parent Company" or the "Trust") is an equity real estate investment trust ("REIT"). Federal Realty OP LP (the "Operating Partnership") is the entity through which the Trust conducts substantially all of its operations and owns substantially all of its assets. The Trust owns 100% of the limited liability company interests of, and is sole member and exercises exclusive control over Federal Realty GP LLC ("the General Partner"), which in turn, is the sole general partner of the Operating Partnership. Unless stated otherwise or the context otherwise requires, "we," "our," and "us" means the Trust and its business and operations conducted through its directly and indirectly owned subsidiaries, including the Operating Partnership. We specialize in the ownership, management, and redevelopment of high quality retail and mixed-use properties. As of June 30, 2023, we owned or had a majority interest in community and neighborhood shopping centers and mixed-use properties which are operated as 102 predominantly retail real estate projects comprising approximately 26.0 million square feet. In total, the real estate projects were 94.3% leased and 92.8% occupied at June 30, 2023.

General Economic Conditions

Given the higher levels of inflation, rising interest rates, and potentially worsening economic conditions, we continue to monitor and address risks related to the general state of the economy. 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 2022 Annual Report on [Form 10-K](#), will continue to mitigate the impact to our cash flow caused by tenants not timely paying contractual rent.

See further discussion of the impact of current economic conditions on our business throughout Item 2.

Critical Accounting Policies

There have been no significant changes to the critical accounting policies disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2022 Annual Report on [Form 10-K](#).

Property Acquisition and Disposition

On January 31, 2023, we acquired the 168,000 square foot portion of Huntington Square shopping center that was not previously owned, as well as the fee interest in the land underneath the portion of the shopping center which we controlled under a long-term ground lease for \$35.5 million. As a result of this transaction, we now own the entire fee interest in this 243,000 square foot property and the "operating lease right of use assets" on our consolidated balance sheet decreased by \$5.3 million. Approximately \$4.1 million and \$1.3 million of net assets acquired were allocated to other assets for "acquired lease costs" and "above market leases," respectively.

On May 26, 2023, we exercised our option and acquired the 22.3% tenancy in common ("TIC") interest from our co-owner at Escondido Promenade for \$30.5 million, bringing our ownership interest to 100%. As a result of the transaction, we gained control of this property, and effective May 26, 2023, we have consolidated this property. Approximately \$1.8 million and \$0.2 million of net assets associated with the 22.3% interest acquired were allocated to other assets for "acquired lease costs" and "above market leases," respectively, and \$1.1 million of net assets associated with the 22.3% acquired were allocated to other liabilities for "below market leases."

During the six months ended June 30, 2023, we sold one retail property for \$13.2 million, resulting in a gain on sale of \$1.6 million.

Debt and Equity Transactions

For the six months ended June 30, 2023, we issued 57,034 common shares at a weighted average price per share of \$111.64 for net cash proceeds of \$6.2 million including paying \$0.1 million in commissions and \$0.1 million in additional offering expenses related to the sales of these common shares. We have the remaining capacity to issue up to \$445.6 million in common shares under our ATM equity program as of June 30, 2023.

On April 12, 2023, we issued \$350.0 million of fixed rate senior unsecured notes that mature on May 1, 2028 and bear interest at 5.375%. The notes were offered at 99.590% of the principal amount with a yield to maturity of 5.468%. The net proceeds, after issuance discount, underwriting fees, and other costs were \$345.7 million. The net proceeds of these notes, or "green bonds," will be allocated to the financing and refinancing of recently completed and future eligible green projects, which includes (i) investments in acquisitions of buildings; (ii) building developments or redevelopments; (iii) renovations in existing buildings; and (iv) tenant improvement projects, in each case that have received, or are expected to receive, in the three years prior to the issuance of the notes or during the term of the notes, a LEED Gold or Platinum certification (or environmentally equivalent successor standards). Net proceeds will be available for repayment of indebtedness, or may be invested in short-term income-producing investments or may be used to temporarily repay current and/or future amounts outstanding under our revolving credit facility.

Effective May 4, 2023, our Declaration of Trust was amended to increase the number of authorized common shares of beneficial interest to 200,000,000.

On June 1, 2023, we repaid our \$275.0 million 2.75% senior unsecured notes at maturity.

Recently Issued Accounting Pronouncements

See Note 2 to the consolidated financial statements.

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, construction costs and salaries and related costs of personnel directly involved, are capitalized. We capitalized certain external and internal costs related to both development and redevelopment activities of

\$100 million and \$5 million, respectively, for the six months ended June 30, 2023, and \$140 million and \$5 million for the six months ended June 30, 2022. We capitalized external and internal costs related to other property improvements of \$45 million and \$2 million, respectively, for the six months ended June 30, 2023, and \$49 million and \$2 million, respectively, for the six months ended June 30, 2022. We capitalized external and internal costs related to leasing activities of \$7 million and \$2 million, respectively, for both the six months ended June 30, 2023 and 2022. The amount of capitalized internal costs for salaries and related benefits for development and redevelopment activities, other property improvements, and leasing activities were \$5 million, \$2 million, and \$2 million, respectively, for both the six months ended June 30, 2023 and 2022. Total capitalized costs were \$161 million and \$205 million for the six months ended June 30, 2023 and 2022, respectively.

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 redevelopments and expansions, and
- expansion of our portfolio through property acquisitions.

Although the general economic impacts of the elevated levels of inflation and rising interest rates are impacting us in the short-term, our long-term focus has not changed. See our Annual Report on Form 10-K filed on February 8, 2023, for discussion of our long-term strategies.

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. We continue to experience strong demand for our commercial space as evidenced by the 2.1 million square feet of comparable space leasing we've completed in the last twelve months, and the 1.5% spread between our leased rate of 94.3% and our occupied rate of 92.8%. During 2023, we have seen an uptick in tenants filing for bankruptcy compared to the prior two years. As a result, we are expecting approximately 300,000 square feet of anchor space to become vacant during the third quarter. This will negatively impact our occupancy and net income in the short term, however, we expect to be able to re-lease the space at similar or better aggregate rents over the next several quarters. Additionally, the effects of high levels of inflation and rising interest rates continue to negatively impact our business with the largest current impacts being increased material costs, higher interest costs, and higher operating costs. We continue to see impacts of increased costs for certain construction and other materials that support our development and redevelopment activities. Worsening supply chain disruptions could also 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, staffing issues due to labor shortages, or are otherwise impacted by worsening economic conditions, 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 duration and severity of the current economic environment will depend on future developments, which are highly uncertain and cannot be fully predicted, however, we seek to position the Company to continue to participate in the resulting economic recovery.

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

- 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 160,000 square feet of the office space is pre-leased to two tenants and approximately 5,000 square feet of retail space is pre-leased. 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 \$315 million and \$330 million.
- Throughout the portfolio, we currently have redevelopment projects underway with a projected total cost of approximately \$228 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 broader, as well as local, economic conditions, inflation, higher interest rates, and higher operating costs.

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 the Operating Partnership, as well as through assumed mortgages and property sales.

At June 30, 2023, the leasable square feet in our properties was 94.3% leased and 92.8% 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.

Lease Rollovers

For the second quarter of 2023, we signed leases for a total of 603,000 square feet of retail space including 576,000 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 129,000 square feet, with an average rental increase of 13% on a cash basis. Renewals for comparable spaces were signed for 447,000 square feet at a 5% average rental increase on a cash basis. Tenant improvements and incentives for comparable spaces were \$16.63 per square foot, of which \$68.17 per square foot was for new leases and \$1.79 per square foot was for renewals for the three months ended June 30, 2023.

For the six months ended June 30, 2023, we signed leases for a total of 1,127,000 square feet of retail space including 1,081,000 square feet of comparable space leases (leases for which there was a prior tenant) at an average rental increase of 9% on a cash basis. New leases for comparable spaces were signed for 371,000 square feet, with an average rental increase of 11% on a cash basis. Renewals for comparable spaces were signed for 710,000 square feet at a 8% average rental increase on a cash basis. Tenant improvements and incentives for comparable spaces were \$27.29 per square foot, of which \$75.36 per square foot was for new leases and \$2.17 per square foot was for renewals for the six months ended June 30, 2023.

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 spaces reported in this 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. 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 2.0 million square feet of retail space each year. We expect the volume in 2023 will be in line with these historical averages. 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 2023 generally become effective over the following two years though some may not become effective until 2026 and beyond. Further, there is a 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.

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 three and six months ended June 30, 2023, all or a portion of 94 properties were considered comparable properties and eight properties were considered non-comparable properties. For the six months ended June 30, 2023, one property was moved from comparable properties to non-comparable properties, four properties and one portion of a property were moved from acquisitions to comparable properties, and one property was removed from comparable properties, as it was sold; all compared to the designations as of December 31, 2022. 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 on 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.

RESULTS OF OPERATIONS - THREE MONTHS ENDED JUNE 30, 2023 AND 2022

	2023	2022	Change	
			Dollars	%
			(Dollar amounts in thousands)	
Rental income	\$ 280,388	\$ 263,830	\$ 16,558	6.3 %
Mortgage interest income	291	269	22	8.2 %
Total property revenue	280,679	264,099	16,580	6.3 %
Rental expenses	55,610	51,169	4,441	8.7 %
Real estate taxes	32,381	31,265	1,116	3.6 %
Total property expenses	87,991	82,434	5,557	6.7 %
Property operating income (1)	192,688	181,665	11,023	6.1 %
General and administrative expense	(11,913)	(13,604)	1,691	(12.4)%
Depreciation and amortization	(78,974)	(74,461)	(4,513)	6.1 %
Operating income	101,801	93,600	8,201	8.8 %
Other interest income	2,422	133	2,289	1,721.1 %
Interest expense	(42,884)	(32,074)	(10,810)	33.7 %
Income from partnerships	1,665	2,808	(1,143)	(40.7)%
Total other, net	(38,797)	(29,133)	(9,664)	33.2 %
Net income	63,004	64,467	(1,463)	(2.3)%
Net income attributable to noncontrolling interests	(2,505)	(2,791)	286	(10.2)%
Net income attributable to the Trust	\$ 60,499	\$ 61,676	\$ (1,177)	(1.9)%

(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 the three months ended June 30, 2023 and 2022 is as follows:

	2023	2022
	(in thousands)	
Operating income	\$ 101,801	\$ 93,600
General and administrative	11,913	13,604
Depreciation and amortization	78,974	74,461
Property operating income	\$ 192,688	\$ 181,665

Property Revenues

Total property revenue increased \$16.6 million, or 6.3%, to \$280.7 million in the three months ended June 30, 2023 compared to \$264.1 million in the three months ended June 30, 2022. The percentage occupied at our shopping centers was 92.8% and 92.0% at June 30, 2023 and 2022, respectively. 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 \$16.6 million, or 6.3%, to \$280.4 million in the three months ended June 30, 2023 compared to \$263.8 million in the three months ended June 30, 2022 due primarily to the following:

- an increase of \$9.1 million from 2022 and 2023 acquisitions,
- an increase of \$6.9 million from non-comparable properties primarily driven by occupancy increases at Assembly Row Phase III, CocoWalk, Darien Commons, and Pike & Rose Phase III,
- an increase of \$5.2 million from comparable properties primarily related to higher rental rates of \$5.0 million, a \$2.9 million increase in recoveries from tenants, higher average occupancy of approximately \$1.4 million, partially offset by a \$3.9 million decrease in termination fee income, and
- an increase of \$0.8 million from improving demand at our Pike & Rose hotel,

partially offset by

- a decrease of \$3.9 million from property sales, and
- a decrease of \$1.5 million from Escondido Promenade, which was deconsolidated in the third quarter of 2022 and recorded as an equity method investment through May 2023. Effective May 26, 2023, we gained control of and reconsolidated the property (see Note 3 to the consolidated financial statements for additional information).

Property Expenses

Total property expenses increased \$5.6 million, or 6.7%, to \$88.0 million in the three months ended June 30, 2023 compared to \$82.4 million in the three months ended June 30, 2022. Changes in the components of property expenses are discussed below.

Rental Expenses

Rental expenses increased \$4.4 million, or 8.7%, to \$55.6 million in the three months ended June 30, 2023 compared to \$51.2 million in the three months ended June 30, 2022. This increase is primarily due to the following:

- an increase of \$2.7 million from comparable properties due primarily to higher repairs and maintenance costs driven by inflationary impacts, higher utilities, increase in management fees on higher revenues, and an increase in insurance costs,
- an increase of \$1.7 million from 2022 and 2023 acquisitions,
- an increase of \$1.0 million from non-comparable properties driven by openings at Assembly Row Phase III and Darien Commons, and
- an increase of \$0.5 million increase in operating expenses at our Pike & Rose hotel as a result of higher occupancy.

partially offset by

- a decrease of \$1.3 million from 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 19.8% in the three months ended June 30, 2023 from 19.4% in the three months ended June 30, 2022.

Real Estate Taxes

Real estate tax expense increased \$1.1 million, or 3.6%, to \$32.4 million in the three months ended June 30, 2023 compared to \$31.3 million in the three months ended June 30, 2022. This increase is primarily due to an increase of \$1.3 million from 2022 acquisitions, partially offset by a decrease of \$0.6 million from property sales.

Property Operating Income

Property operating income increased \$11.0 million, or 6.1%, to \$192.7 million in the three months ended June 30, 2023 compared to \$181.7 million in the three months ended June 30, 2022. This increase is primarily driven by higher rental rates and occupancy at comparable properties, 2022 and 2023 acquisitions, the 2022 openings at Assembly Row Phase III and CocoWalk, partially offset by 2022 property sales and the deconsolidation of Escondido Promenade during the third quarter of 2022 through May 26, 2023, when we gained control and reconsolidated the property.

Other Operating

General and Administrative

General and administrative expense decreased \$1.7 million, or 12.4%, to \$11.9 million in the three months ended June 30, 2023 compared to \$13.6 million in the three months ended June 30, 2022. This decrease is due primarily to higher amounts allocated to operations as a result of higher revenues and net lower personnel related costs.

Depreciation and Amortization

Depreciation and amortization expense increased \$4.5 million, or 6.1%, to \$79.0 million in the three months ended June 30, 2023 from \$74.5 million in the three months ended June 30, 2022. This increase is due primarily to property acquisitions, placing redevelopment properties into service, and our investment in comparable properties, partially offset by accelerated depreciation in 2022 as a result of redevelopment activities at Huntington Shopping Center and 2022 property sales.

Operating Income

Operating income increased \$8.2 million, or 8.8%, to \$101.8 million in the three months ended June 30, 2023 compared to \$93.6 million in the three months ended June 30, 2022. This increase is primarily driven by higher rental rates and occupancy at comparable properties, 2022 and 2023 acquisitions, and the 2022 openings at Assembly Row Phase III and CocoWalk, partially offset by 2022 property sales and the deconsolidation of Escondido Promenade during the third quarter of 2022 through May 26, 2023, when we gained control and reconsolidated the property.

Other

Other Interest Income

Other interest income increased \$2.3 million to \$2.4 million in the three months ended June 30, 2023 compared to \$0.1 million in the three months ended June 30, 2022. This increase is primarily driven by interest earned on the proceeds of our April 2023 senior unsecured note issuance until the June 1, 2023 payoff of our 2.75% senior notes.

Interest Expense

Interest expense increased \$10.8 million, or 33.7%, to \$42.9 million in the three months ended June 30, 2023 compared to \$32.1 million in the three months ended June 30, 2022. This increase is due primarily to the following:

- an increase of \$8.1 million due to a higher overall weighted average borrowing rate, and
- an increase of \$4.0 million due to higher weighted average borrowings,

partially offset by,

- an increase of \$1.2 million in capitalized interest.

Gross interest costs were \$48.6 million and \$36.6 million in the three months ended June 30, 2023 and 2022, respectively. Capitalized interest was \$5.8 million and \$4.6 million for the three months ended June 30, 2023 and 2022, respectively.

Income from Partnerships

Income from partnerships decreased \$1.1 million, or 40.7%, to \$1.7 million in the three months ended June 30, 2023 compared to \$2.8 million in the three months ended June 30, 2022. This decrease is primarily driven by lower income at our restaurant joint ventures largely attributable to forgiveness of certain loans in the prior year.

RESULTS OF OPERATIONS - SIX MONTHS ENDED JUNE 30, 2023 AND 2022

	2023	2022	Change	
			Dollars	%
(Dollar amounts in thousands)				
Rental income	\$ 553,186	\$ 520,337	\$ 32,849	6.3 %
Mortgage interest income	552	533	19	3.6 %
Total property revenue	553,738	520,870	32,868	6.3 %
Rental expenses	110,815	107,380	3,435	3.2 %
Real estate taxes	64,947	61,825	3,122	5.0 %
Total property expenses	175,762	169,205	6,557	3.9 %
Property operating income (1)	377,976	351,665	26,311	7.5 %
General and administrative expense	(24,458)	(25,946)	1,488	(5.7)%
Depreciation and amortization	(157,611)	(146,135)	(11,476)	7.9 %
Gain on sale of real estate	1,702	—	1,702	100.0 %
Operating income	197,609	179,584	18,025	10.0 %
Other interest income	3,054	253	2,801	1,107.1 %
Interest expense	(82,109)	(63,647)	(18,462)	29.0 %
Income from partnerships	2,181	3,005	(824)	27.4 %
Total other, net	(76,874)	(60,389)	(16,485)	27.3 %
Net income	120,735	119,195	1,540	1.3 %
Net income attributable to noncontrolling interests	(4,901)	(5,535)	634	(11.5)%
Net income attributable to the Trust	\$ 115,834	\$ 113,660	\$ 2,174	1.9 %

(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 the six months ended June 30, 2023 and 2022 is as follows:

	2023	2022
(in thousands)		
Operating income	\$ 197,609	\$ 179,584
General and administrative	24,458	25,946
Depreciation and amortization	157,611	146,135
Gain on sale of real estate	(1,702)	—
Property operating income	\$ 377,976	\$ 351,665

Property Revenues

Total property revenue increased \$32.9 million, or 6.3%, to \$553.7 million in the six months ended June 30, 2023 compared to \$520.9 million in the six months ended June 30, 2022. The percentage occupied at our shopping centers was 92.8% and 92.0% at June 30, 2023 and 2022, respectively. 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 \$32.8 million, or 6.3%, to \$553.2 million in the six months ended June 30, 2023 compared to \$520.3 million in the six months ended June 30, 2022 due primarily to the following:

- an increase of \$19.2 million from 2022 and 2023 acquisitions,
- an increase of \$13.2 million from non-comparable properties primarily driven by occupancy increases at Assembly Row Phase III, CocoWalk, Darien Commons, and Pike & Rose Phase III,
- an increase of \$9.9 million from comparable properties primarily related to higher rental rates of \$9.5 million, higher average occupancy of approximately \$3.1 million, a \$1.6 million increase in recoveries from tenants, and

higher percentage rent, parking income, and specialty leasing income of \$1.0 million, partially offset by a \$4.0 million decrease in termination fee income, and a \$1.0 million increase in collectibility related adjustments, and

- an increase of \$1.8 million from improving demand at our Pike & Rose hotel,

partially offset by

- a decrease of \$7.3 million from property sales, and
- a decrease of \$4.1 million from Escondido Promenade, which was deconsolidated in the third quarter of 2022 and recorded as an equity method investment through May 2023. Effective May 26, 2023, we gained control and reconsolidated the property (see Note 3 to the consolidated financial statements for additional information).

Property Expenses

Total property expenses increased \$6.6 million, or 3.9%, to \$175.8 million in the six months ended June 30, 2023 compared to \$169.2 million in the six months ended June 30, 2022. Changes in the components of property expenses are discussed below.

Rental Expenses

Rental expenses increased \$3.4 million, or 3.2%, to \$110.8 million in the six months ended June 30, 2023 compared to \$107.4 million in the six months ended June 30, 2022 due primarily to the following:

- an increase of \$3.4 million from 2022 acquisitions,
- an increase of \$1.6 million from non-comparable properties driven by openings at Assembly Row Phase III and Darien Commons,
- an increase of \$0.9 million increase in operating expenses at our Pike & Rose hotel as a result of higher occupancy, and
- an increase of \$0.7 million from comparable properties due primarily to higher repairs and maintenance costs and other operating costs driven by inflationary impacts, increase in management fees on higher revenues, and increase in utilities and insurance costs, offset by lower snow removal costs

partially offset by

- a decrease of \$2.7 million from property sales, and
- a decrease of \$0.7 million from the deconsolidation of Escondido Promenade during the third quarter of 2022 through May 26, 2023, when we gained control and reconsolidated the property.

As a result of the changes in rental income and rental expenses as discussed above, rental expenses as a percentage of rental income decreased to 20.0% in the six months ended June 30, 2023 from 20.6% in the six months ended June 30, 2022.

Real Estate Taxes

Real estate tax expense increased \$3.1 million, or 5.0%, to \$64.9 million in the six months ended June 30, 2023 compared to \$61.8 million in the six months ended June 30, 2022. This increase is primarily due to the following:

- an increase of \$2.8 million from 2022 acquisitions, and
- an increase of \$1.1 million from comparable properties primarily due to higher assessments and successful tax appeals recorded during 2022,

partially offset by

- a decrease of \$0.9 million from property sales.

Property Operating Income

Property operating income increased \$26.3 million, or 7.5%, to \$378.0 million in the six months ended June 30, 2023 compared to \$351.7 million in the six months ended June 30, 2022. This increase is primarily driven by higher rental rates and occupancy at comparable properties, 2022 and 2023 acquisitions, the 2022 openings at Assembly Row Phase III, CocoWalk, and Pike & Rose Phase III, and higher specialty leasing, percentage rent, and parking income, partially offset by 2022 property sales and the deconsolidation of Escondido Promenade during the third quarter of 2022 through May 26, 2023, when we gained control and reconsolidated the property.

Other Operating

General and Administrative

General and administrative expense decreased \$1.5 million, or 5.7%, to \$24.5 million in the six months ended June 30, 2023 compared to \$25.9 million in the six months ended June 30, 2022. This decrease is due primarily to higher amounts allocated to operations as a result of higher revenues and net lower personnel related costs.

Depreciation and Amortization

Depreciation and amortization expense increased \$11.5 million, or 7.9%, to \$157.6 million in the six months ended June 30, 2023 from \$146.1 million in the six months ended June 30, 2022. This increase is due primarily to property acquisitions, our investment in comparable properties, placing redevelopment properties into service, and openings at Pike & Rose Phase III, partially offset by 2022 property sales and accelerated depreciation in 2022 as a result of redevelopment activities at Huntington Shopping Center.

Gain on Sale of Real Estate

The \$1.7 million gain on sale of real estate for the six months ended June 30, 2023 is due primarily to the sale of one retail property.

Operating Income

Operating income increased \$18.0 million, or 10.0%, to \$197.6 million in the six months ended June 30, 2023 compared to \$179.6 million in the six months ended June 30, 2022. This increase is primarily driven by higher rental rates and occupancy at comparable properties, 2022 and 2023 acquisitions, the 2022 openings at Assembly Row Phase III, CocoWalk, and Pike & Rose Phase III, and higher specialty leasing, percentage rent and parking income, partially offset by 2022 property sales and the deconsolidation of Escondido Promenade during the third quarter of 2022 through May 26, 2023, when we gained control and reconsolidated the property.

Other

Other Interest Income

Other interest income increased \$2.8 million to \$3.1 million in the six months ended June 30, 2023 compared to \$0.3 million in the six months ended June 30, 2022. This increase is primarily driven by interest earned on the proceeds of our April 2023 senior unsecured note issuance until the June 1, 2023 payoff of our 2.75% senior unsecured notes.

Interest Expense

Interest expense increased \$18.5 million, or 29.0%, to \$82.1 million in the six months ended June 30, 2023 compared to \$63.6 million in the six months ended June 30, 2022. This increase is due primarily to the following:

- an increase of \$14.5 million due to a higher overall weighted average borrowing rate, and
- an increase of \$5.9 million due to higher weighted average borrowings,

partially offset by

- an increase of \$2.0 million in capitalized interest.

Gross interest costs were \$93.3 million and \$72.8 million in the six months ended June 30, 2023 and 2022, respectively. Capitalized interest was \$11.1 million and \$9.2 million for the six months ended June 30, 2023 and 2022, respectively.

Income from Partnerships

Income from partnerships decreased \$0.8 million, or 27.4%, to \$2.2 million in the six months ended June 30, 2023 compared to \$3.0 million in the six months ended June 30, 2022. This decrease is primarily driven by lower income at our restaurant joint ventures largely attributable to higher forgiveness of certain loans in the prior year.

Net income attributable to noncontrolling interests

Net income attributable to noncontrolling interests decreased \$0.6 million, or 11.5%, to \$4.9 million in the six months ended June 30, 2023 compared to \$5.5 million in the six months ended June 30, 2022. This decrease is due primarily to the deconsolidation of Escondido Promenade during the third quarter of 2022 through May 26, 2023, when we gained control and reconsolidated the property.

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, the Trust is generally required to make annual distributions to shareholders of at least 90% of our taxable income (cash dividends paid in the six months ended June 30, 2023 were approximately \$179.9 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 an unsecured \$1.25 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.

As of June 30, 2023, we had cash and cash equivalents of \$98.1 million and \$31.5 million outstanding on our \$1.25 billion revolving credit facility. For the six months ended June 30, 2023, the weighted average amount of borrowings outstanding on our revolving credit facility was \$33.7 million, and the weighted average interest rate, before amortization of debt fees, was 5.5%. We also have the capacity to issue up to \$445.6 million in common shares under our ATM equity program.

On April 12, 2023, we issued \$350.0 million of fixed rate senior unsecured notes that mature on May 1, 2028 and bear interest at 5.375% for net proceeds, after issuance discount, underwriting fees, and other costs of \$345.7 million. On June 1, 2023 we repaid our \$275.0 million of 2.75% senior unsecured notes at maturity. We have no other debt maturing for the remainder of 2023. During 2024, we have \$600.0 million of 3.95% senior unsecured notes maturing. Our \$600.0 million unsecured term loan has an initial maturity in April 2024, however, there are two one-year extensions at our option that would extend the maturity to April 2026, if exercised.

Our overall capital requirements for the remainder of 2023 will be impacted by the overall economic environment including impacts of inflation, higher interest rates, and a potential recession, as well as acquisition opportunities and the level and general timing of our redevelopment and development activities. We currently have development and redevelopment projects in various stages of constructions with remaining costs of \$219 million. We expect to incur the majority of these costs in the next two years. We expect overall capital costs to be at levels largely consistent with 2022, or slightly reduced as we complete current redevelopment projects, prepare vacant space for new tenants, and complete the current phase and start on the next phase of our larger mixed use development projects.

We believe cash flow from operations, the cash on our balance sheet, and our \$1.25 billion revolving credit facility will allow us to continue to operate our business in the short-term. Given our ability to access the capital markets, we also expect debt or equity to be available to us, although newly issued debt would likely be at higher interest rates than we currently have outstanding. 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. We expect these sources of liquidity and opportunities for operating flexibility to allow us to meet our financial obligations over the long 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

	Six Months Ended June 30,	
	2023	2022
	(In thousands)	
Net cash provided by operating activities	\$ 292,276	\$ 260,521
Net cash used in investing activities	(204,199)	(300,059)
Net cash (used in) provided by financing activities	(81,669)	58,932
Increase in cash, cash equivalents and restricted cash	6,408	19,394
Cash, cash equivalents, and restricted cash at beginning of year	96,348	175,163
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 102,756</u>	<u>\$ 194,557</u>

Net cash provided by operating activities increased \$31.8 million to \$292.3 million during the six months ended June 30, 2023 from \$260.5 million during the six months ended June 30, 2022. The increase was primarily attributable to higher net income before adjusting for non-cash items and the gain on real estate and higher collections related to year end recovery billings.

Net cash used in investing activities decreased \$95.9 million to \$204.2 million during the six months ended June 30, 2023 from \$300.1 million during the six months ended June 30, 2022. The decrease was primarily attributable to:

- a \$40.5 million decrease in acquisition of real estate due to the January 2023 Huntington Square acquisition and the acquisition of our partner's 22.3% TIC interest in Escondido Promenade (see Note 3 to the consolidated

financial statements for additional information), as compared to to the April 2022 acquisition of a shopping center in Kingstowne, Virginia,

- a \$39.0 million decrease in capital expenditures, and
- \$12.6 million of net proceeds from the sale of one retail property during the six months ended June 30, 2023.

Net cash provided by financing activities decreased \$140.6 million to \$81.7 million used during the six months ended June 30, 2023 from \$58.9 million provided during the six months ended June 30, 2022. The decrease was primarily attributable to:

- \$275.0 million from the June 2023 repayment of our \$275.0 million 2.75% senior unsecured notes,
- a \$253.4 million decrease in net proceeds from the issuance of common shares under our ATM program, and
- a \$7.6 million increase in dividends paid to common and preferred shareholders due to an increase in the number of outstanding shares, as well as an increase to the common share dividend rate.

partially offset by

- \$345.7 million in net proceeds from the issuance of \$350.0 million of 5.375% senior unsecured notes in April 2023,
- \$31.5 million of net borrowings on our revolving credit facility during the six months ended June 30, 2023, and
- the \$16.1 million mortgage loan repayment on one of the buildings at our Hoboken property in June 2022.

Debt Financing Arrangements

The following is a summary of our total debt outstanding as of June 30, 2023:

Description of Debt	Original Debt Issued	Principal Balance as of June 30, 2023	Stated Interest Rate as of June 30, 2023	Maturity Date
(Dollars in thousands)				
Mortgages payable				
<i>Secured fixed rate</i>				
Azalea	Acquired	\$ 40,000	3.73 %	November 1, 2025
Bell Gardens	Acquired	11,685	4.06 %	August 1, 2026
Plaza El Segundo		125,000	3.83 %	June 5, 2027
The Grove at Shrewsbury (East)		43,600	3.77 %	September 1, 2027
Brook 35		11,500	4.65 %	July 1, 2029
Hoboken (24 Buildings) (1)		56,450	SOFR + 1.95%	December 15, 2029
Various Hoboken (14 Buildings) (2)	Acquired	30,381	Various	Various through 2029
Chelsea	Acquired	4,234	5.36 %	January 15, 2031
Subtotal		320,738		
Net unamortized debt issuance costs and premium		(1,530)		
Total mortgages payable, net		319,208		
Notes payable				
Term loan (3) (5)		600,000	SOFR + 0.85%	April 16, 2024
Revolving credit facility (3) (4) (5)		1,250,000	SOFR + 0.775%	April 5, 2027
Various		7,749	Various	Various through 2059
Subtotal		634,253		
Net unamortized debt issuance costs		(1,158)		
Total notes payable, net		633,095		
Senior notes and debentures (5)				
<i>Unsecured fixed rate</i>				
3.95% notes		600,000	3.95 %	January 15, 2024
1.25% notes		400,000	1.25 %	February 15, 2026
7.48% debentures		50,000	7.48 %	August 15, 2026
3.25% notes		475,000	3.25 %	July 15, 2027
6.82% medium term notes		40,000	6.82 %	August 1, 2027
5.375% notes		350,000	5.375 %	May 1, 2028
3.20% notes		400,000	3.20 %	June 15, 2029
3.50% notes		400,000	3.50 %	June 1, 2030
4.50% notes		550,000	4.50 %	December 1, 2044
3.625% notes		250,000	3.625 %	August 1, 2046
Subtotal		3,494,200		
Net unamortized debt issuance costs and premium		(14,867)		
Total senior notes and debentures, net		3,479,333		
Total debt, net		\$ 4,431,636		

(1) On November 26, 2019, we entered into two interest rate swap agreements that fix the interest rate on this mortgage loan at 3.67%. The reference rate for the mortgage loan and related interest rate swaps was amended from LIBOR to SOFR in May 2023. The amendment is effective for interest payments subsequent to July 1, 2023.

(2) The interest rates on these mortgages range from 3.91% to 5.00%.

(3) Our revolving credit facility SOFR loans bear interest at Daily Simple SOFR or Term SOFR, and our term loan bears interest at Term SOFR as defined in the credit agreement, plus 0.10%, plus a spread, based on our current credit rating.

(4) The maximum amount drawn under our revolving credit facility during the six months ended June 30, 2023 was \$80.5 million and the weighted average interest rate on borrowings under our revolving credit facility, before amortization of debt fees, was 5.5%.

(5) The Operating Partnership is the obligor under our revolving credit facility, term loan, and senior notes and debentures.

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 June 30, 2023, we were in compliance with all 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 June 30, 2023:

	Unsecured	Secured	Total
	(In thousands)		
2023	\$ 551	\$ 1,559	\$ 2,110
2024	1,200,671 (1)	3,299	1,203,970
2025	418	47,630	48,048
2026	429,276	26,240	455,516
2027	546,537 (2)	178,278	724,815
Thereafter	1,951,000	63,732	2,014,732
	<u>\$ 4,128,453</u>	<u>\$ 320,738</u>	<u>\$ 4,449,191 (3)</u>

- (1) Our \$600.0 million term loan matures on April 16, 2024, plus two one-year extensions at our option to April 16, 2026.
- (2) Our \$1.25 billion revolving credit facility matures on April 5, 2027, plus two six-month extensions at our option to April 5, 2028. As of June 30, 2023, there was \$31.5 million outstanding under this credit facility.
- (3) The total debt maturities differ from the total reported on the consolidated balance sheets due to the unamortized net debt issuance costs and premium/discount on mortgage loans, notes payable, and senior notes as of June 30, 2023.

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 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 SOFR rate. In addition, we evaluate the default risk of the counterparty 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 June 30, 2023, we have two interest rate swap agreements that effectively fix the 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 100% of its outstanding \$39.0 million of debt through May 2025 at 6.39%, and 50% of its outstanding debt from June 2025 through May 2028 at 6.03%. All swaps were designated and qualify as cash flow hedges. Hedge ineffectiveness has not impacted earnings as of June 30, 2023.

REIT Qualification

We intend to maintain the Trust's 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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(In thousands, except per share data)			
Net income	\$ 63,004	\$ 64,467	\$ 120,735	\$ 119,195
Net income attributable to noncontrolling interests	(2,505)	(2,791)	(4,901)	(5,535)
Gain on sale of real estate	—	—	(1,702)	—
Depreciation and amortization of real estate assets	70,486	65,727	140,990	128,704
Amortization of initial direct costs of leases	7,567	5,882	15,352	11,675
Funds from operations	138,552	133,285	270,474	254,039
Dividends on preferred shares (1)	(1,875)	(1,875)	(3,750)	(3,750)
Income attributable to downREIT operating partnership units	688	701	1,381	1,407
Income attributable to unvested shares	(505)	(467)	(987)	(904)
Funds from operations available for common shareholders	\$ 136,860	\$ 131,644	\$ 267,118	\$ 250,792
Weighted average number of common shares, diluted (1)(2)	81,945	79,952	81,911	79,608
Funds from operations available for common shareholders, per diluted share (2)	\$ 1.67	\$ 1.65	\$ 3.26	\$ 3.15

- (1) For the three and six months ended June 30, 2023 and 2022, 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) The weighted average common shares used to compute FFO per diluted common share includes downREIT 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 share for all periods presented but is anti-dilutive for the computation of dilutive EPS for these periods.

ITEM 3. 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 2059) 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 June 30, 2023, we had \$3.8 billion of fixed-rate debt outstanding, including \$54.3 million of mortgage payables for which the rate is 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 June 30, 2023 had been 1.0% higher, the fair value of those debt instruments on that date would have decreased by approximately \$163.8 million. If market interest rates used to calculate the fair value on our fixed-rate debt instruments at June 30, 2023 had been 1.0% lower, the fair value of those debt instruments on that date would have increased by approximately \$182.6 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 June 30, 2023, we had \$631.5 million of variable rate debt outstanding (the principal balance on our unsecured term loan and \$31.5 million outstanding on our revolving credit facility). 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 \$6.3 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 \$6.3 million with a corresponding increase in our net income and cash flows for the year.

ITEM 4. CONTROLS AND PROCEDURES

Controls and Procedures (Federal Realty Investment Trust)

Periodic Evaluation and Conclusion of Disclosure Controls and Procedures

An evaluation has been performed, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Trust's disclosure controls and procedures as of June 30, 2023. Based on this evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that the Trust's disclosure controls and procedures were effective as of June 30, 2023 to provide reasonable assurance that information required to be disclosed in the Trust's reports filed or submitted under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and (ii) accumulated and communicated to the Trust's management including its principal executive and principal financial officer as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There has been no change in the Trust's internal control over financial reporting during the quarterly period covered by this report that materially affected, or is reasonably likely to materially affect, the Trust's internal control over financial reporting.

Controls and Procedures (Federal Realty OPLP)

Periodic Evaluation and Conclusion of Disclosure Controls and Procedures

An evaluation has been performed, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Operating Partnership's disclosure controls and procedures as of June 30, 2023. Based on this evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that the Operating Partnership's disclosure controls and procedures were effective as of June 30, 2023 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and (ii) accumulated and communicated to the Operating Partnership's management including its principal executive and principal financial officer as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There has been no change in the Operating Partnership's internal control over financial reporting during the quarterly period covered by this report that materially affected, or is reasonably likely to materially affect, the Operating Partnership's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There have been no material developments in any of our legal proceedings since the disclosure contained in our Annual Report to Form 10-K for the fiscal year ended December 31, 2022 filed with the SEC on February 8, 2023.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed in our Annual Report to our Form 10-K for the year ended December 31, 2022 filed with the SEC on February 8, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Under the terms of various 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 common shares, at our option.

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 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

A list of exhibits to this Quarterly Report on Form 10-Q is set forth on the Exhibit Index immediately preceding such exhibits and is incorporated herein by reference.

EXHIBIT INDEX

Exhibit No.	Description
3.1	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 and Articles of Amendment of Amended and Restated Declaration of Trust dated May 4, 2023 (filed herewith)
31.1	Rule 13a-14(a) Certification of Chief Executive Officer - Federal Realty Investment Trust (filed herewith)
31.2	Rule 13a-14(a) Certification of Chief Financial Officer - Federal Realty Investment Trust (filed herewith)
31.3	Rule 13a-14(a) Certification of Chief Executive Officer - Federal Realty OP LP (filed herewith)
31.4	Rule 13a-14(a) Certification of Chief Financial Officer - Federal Realty OP LP (filed herewith)
32.1	Section 1350 Certification of Chief Executive Officer - Federal Realty Investment Trust (filed herewith)
32.2	Section 1350 Certification of Chief Financial Officer - Federal Realty Investment Trust (filed herewith)
32.3	Section 1350 Certification of Chief Executive Officer - Federal Realty OP LP (filed herewith)
32.4	Section 1350 Certification of Chief Financial Officer - Federal Realty OP LP (filed herewith)
101	The following materials from Federal Realty Investment Trust and Federal Realty OP LP's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, 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)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto authorized.

August 2, 2023

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

/s/ Donald C. Wood

**Donald C. Wood,
Chief Executive Officer and Trustee
(Principal Executive Officer)**

August 2, 2023

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

/s/ Daniel Guglielmon

**Daniel Guglielmon,
Executive Vice President
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)**

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 (15th) 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 (1st) 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 8th day of December, 2021.

ATTEST:

/s/ Darlene Hough

Name: Darlene Hough

Title: Assistant Secretary

FRT HOLDCO REIT

/s/ Dawn M. Becker

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.

/s/ Dawn M. Becker

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 8th day of December, 2021.

ATTEST:

/s/ Darlene Hough

Name: Darlene Hough

Title: Assistant Secretary

FRT HOLDCO REIT

/s/ Dawn M. Becker

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.

/s/ Dawn M. Becker

Dawn M. Becker, Vice President - General Counsel and Secretary

ARTICLES OF AMENDMENT OF AMENDED AND RESTATED DECLARATION OF TRUST OF FEDERAL REALTY INVESTMENT TRUST

Federal Realty Investment Trust, 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 its Amended and Restated Declaration of Trust, as amended, and currently in effect (“Declaration of Trust”).

SECOND: The Board of Trustees of the Company (“Board”) has unanimously adopted resolutions to amend the 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 and permitted pursuant to Section 6.1 of the Declaration of Trust. Notwithstanding the foregoing, the Company submitted the amendment of the Declaration of Trust to increase the number of authorized common shares of beneficial interest to its shareholders on a non-binding advisory basis and the shareholders voted on a non-binding advisory basis to approve the amendment of the Declaration of Trust to increase to the number of authorized common shares of beneficial interest.

THIRD: The Declaration of Trust of the Company is hereby amended by deleting the second sentence of Section 6.1 in its entirety and inserting the following in lieu thereof:

“The Trust has authority to issue 200,000,000 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”).”

FOURTH: Immediately prior to the above amendment, the Company had authority to issue 100,000,000 common shares of beneficial interest, \$.01 par value per share, and 15,000,000 preferred shares of beneficial interest, \$.01 par value per share. The aggregate par value of all authorized shares of beneficial interest of all classes was \$1,150,000.

FIFTH: Pursuant to the foregoing amendment, the Company has authority to issue 200,000,000 common shares of beneficial interest, \$.01 par value per share, and 15,000,000 preferred shares of beneficial interest, \$.01 par value per share. The aggregate par value of all authorized shares of beneficial interest of all classes was \$2,150,000.

SIXTH: The preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption of any class or series of shares of beneficial interest of the Company are not changed by this amendment.

[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 3rd day of May, 2023.

ATTEST:

/s/ Darlene Hough

Name: Darlene Hough

Title: Assistant Secretary

FEDERAL REALTY INVESTMENT TRUST

/s/ Dawn M. Becker

Name: Dawn M. Becker

Title: Vice President - General Counsel and Secretary

THE UNDERSIGNED officer of Federal Realty Investment Trust 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.

/s/ Dawn M. Becker

Dawn M. Becker, Vice President - General Counsel and Secretary

CERTIFICATION

I, *Donald C. Wood*, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q 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.

August 2, 2023

/s/ Donald C. Wood

Donald C. Wood,
Chief Executive Officer and Trustee
(Principal Executive Officer)

CERTIFICATION

I, *Daniel Guglielmon*e, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q 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.

August 2, 2023

/s/ Daniel Guglielmon

Daniel Guglielmon
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 quarterly report on Form 10-Q 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.

August 2, 2023

/s/ Donald C. Wood

Donald C. Wood,
Chief Executive Officer and Trustee
(Principal Executive Officer)

CERTIFICATION

I, *Daniel Guglielmon*e, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q 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.

August 2, 2023

/S/ Daniel Guglielmon

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 Investment Trust (the “Company”), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2023 (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.

August 2, 2023

/s/ Donald C. Wood

Donald C. Wood,
Chief Executive Officer and Trustee
(Principal Financial and 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 Quarterly Report on Form 10-Q for the period ended June 30, 2023 (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.

August 2, 2023

/s/ Daniel Guglielmon

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 Quarterly Report on Form 10-Q for the period ended June 30, 2023 (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.

August 2, 2023

/s/ Donald C. Wood

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 Quarterly Report on Form 10-Q for the period ended June 30, 2023 (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.

August 2, 2023

/S/ Daniel Guglielmon

Daniel Guglielmon,
Executive Vice President -
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)