



FEDERAL REALTY INVESTMENT TRUST

2021 Annual Report

Form 10-K & Proxy Statement

Dear Shareholders,

As I write this letter in early 2022 with the Company's strong 2021 comeback year under our belt, I find myself **thankful, energized** and even more **optimistic** about our business prospects than I was before the pandemic.

Thankful for the dedicated team of real estate professionals that make up Federal's workforce. Thankful for their tenacious and tireless pursuit of working with and rebuilding our tenant base after the most disruptive social and economic upheaval in most of our lifetimes. Thankful for their predecessors who, over the past 60 years, carefully amassed and curated what I believe to be the highest quality portfolio of shopping centers and mixed-use communities and one of the strongest balance sheets in the industry. Real estate that was ripe for recovery and a balance sheet that allowed for the time and flexibility to work through it.

Energized by the sheer levels of demand that resulted in 573 commercial leases executed for 2.9 million square feet of space in 2021 raising our portfolio's leased percentage to 93.6%; 140 basis points higher than 12 months earlier. Energized by the \$440 million worth of new properties we were able to acquire and control in 2021 before prices shot up dramatically later in the year and into 2022. Energized by the tough and pragmatic approach to our property redevelopment and expansion program that continued uninterrupted throughout the pandemic. And mostly, energized by the fact that all of this was done without laying off or furloughing one employee while also maintaining our incredible 54-year record of increasing dividends per share to our shareholders throughout the pandemic.



Optimistic because of the renewed validation of the undeniable need for consumer socialization best seen through recovering traffic counts and tenant sales at retailers and restaurants. As important as online ordering is as a convenient channel to the lifestyle of the consumer, it is equally evident that it doesn't replace the in-person shopping or eating experience consumers crave but rather lives side by side to the benefit of everyone. Optimistic because our properties have always focused heavily on placemaking and tenant merchandising with just the right tenant doing business in an environment heavy on comfortable and expansive outdoor seating areas and landscaping; two attributes that feel even more important after two years of restrictions. Optimistic about the surge in popularity of the first ring suburbs of major metropolitan markets where the vast majority of our portfolio lies. Yup, even more optimistic about our business prospects than I was before the pandemic.

The right product, in the right locations, run by the right team, is how I see Federal Realty in a post pandemic world. Is it any wonder that I'm feeling thankful, energized, and optimistic?

And as we look to the future, what's further encouraging to me is the way that our team, top to bottom, has embraced our role as good corporate societal citizens and defenders of the planet and its natural resources. Our latest report on environmental, social and governance principles (ESG), which sits prominently available on our website, does a wonderful job of articulating not only what we stand for, but what we're doing about it. From designing and building the most efficient and sustainable retail and mixed-use environments in the country, to continuous investment and improvement in the long-term efficient operation of those properties, to the exercise of tolerance and understanding, diversity and fairness with respect to our fellow human beings with whom we both work and serve as customers, to the forthright way we deal with inequities head on, ESG isn't just a catchphrase at Federal, but a way of life.

Adding to the Portfolio through Acquisitions

There was a brief period of time between the advent of the pandemic in March 2020 through the beginning of 2021, when the level of covid economic and health uncertainty was so high that it significantly depressed commercial real estate values. We had a decision to make with respect to acquisitions that we were pursuing prior to the pandemic. Either table those negotiations until a later time when the world was more certain and risk losing them altogether or press forward to close those deals at a particularly vulnerable time for all. We decided to persevere and to close and were successful on all fronts. Grossmont Center near San Diego, Camelback Colonnade and Hilton Village in Phoenix and Scottsdale, respectively, and Chesterbrook and Twinbrooke Shopping Centers in Fairfax County, Virginia have added nearly 1.9 million square feet and nearly 140 acres to Federal's high-quality portfolio at favorable prices that couldn't possibly be duplicated today. That initial investment, when coupled with the rent growth and expansion opportunities that these properties bring, afford us a unique growth driver that we're particularly excited about.

Commercial real estate values have recovered mightily since the middle of 2021 and in many instances have surpassed pre-covid values. In hindsight, moving forward seems like the obvious choice. It was anything but in the depths of the global shutdown in 2020. The confidence to take that risk was only made possible due to the flexibility afforded by the strength of our balance sheet and the confidence we had, even in the most uncertain of times, in the recovery of our very high-quality shopping center portfolio located in the first ring suburbs of our country's largest coastal cities.

Adding to the Portfolio through Redevelopment and Expansion

Similar decisions needed to be made concerning the important development initiative that is a core part of our multi-faceted business plan and, as with acquisitions, we chose to persevere and stay on course. We're very glad we did.

We've completed our mixed-use redevelopment of CocoWalk, our \$200 million acquisition and complete renovation of one of Miami's most iconic retail properties. We're now fully leased and are already receiving rave reviews from consumers and investors alike. Just outside of Boston, our \$475 million Phase III mixed-use expansion at Assembly Row is particularly encouraging, with its residential lease up occurring at a pace and at rents well in excess of our expectations and even ahead of what we saw on its sister building pre-pandemic. Stay tuned for additional expansion here. Right behind Assembly Phase III on the construction timetable is the \$270 million Santana Row expansion; this phase is a 376,000 square foot office building across the street at Santana West. The lease up of that building will be another significant source of growth in the years to come. And later in 2022, we're excited to introduce our residential over retail reimagining of Darien Commons, adjacent to the commuter rail station in Darien, Connecticut.

There are more than a dozen other redevelopment and expansion projects underway throughout the portfolio that, while smaller in size and capital commitment, are equally critical to the post pandemic appeal and value creation of our community and regional shopping destinations.

Headwinds and Tailwinds

The specter of inflation and rising interest rates haven't been a major factor in our business for nearly 20 years. All indications suggest that is about to change and while clearly runaway inflation and sky-high interest rates are problematic to commercial real estate values and operating cash flows, modest increases are often a positive. Reasonable annual inflation (say 3-4% annually) and predictable modest increases in market interest rates are often a good thing for our business, particularly in the strong coastal markets where we operate. Just as reasonable increases in costs are often passed on to consumers by retailers and restaurants in the affluent suburbs where we operate, so can rental rate increases and annual rent bumps which are often easier to negotiate during inflationary periods. It's the rate and duration of this inflationary period that is uncertain at this point.

Similarly, labor shortages and supply chain disruptions coming out of the pandemic have been stubbornly persistent and widespread. Hardly any industry is unaffected. As the economy is weaned off the multi-trillion-dollar government stimulus of the past two years, and the new definition of back to work takes shape, labor force changes and supply chain disruptions are bound to continue. We continue to anticipate and proactively look and act in ways to minimize disruption, but the sooner some level of balance is restored, the better. We're looking to 2023 for improvement.

At the same time, the tailwinds helping our business are undeniable. For a portfolio like ours that reaches over 95% leased at the top of cycles, we were as low as 91.5% in September 2020. And while we've made great progress in 2021, we're still only 93.6% leased

at year end. Lots of room to grow and our demand is stronger than ever.

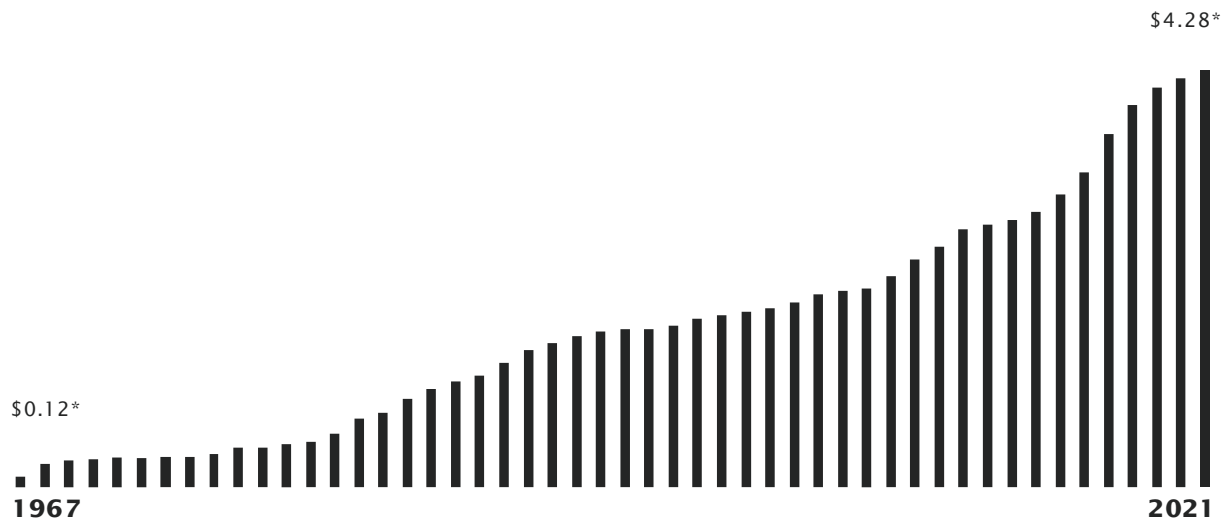
And let's not forget all that redevelopment and expansion capital that has been spent both immediately before and throughout the pandemic that is not yet income producing. Simply leasing up that highly desirable, brand-new space from capital that has already been spent will serve as a growth catalyst for years to come. A clear tailwind.

In Closing

If you're sensing a common theme to the decision making of the past two years, you're right. A strong desire to "stay the course" through adversity always weighs heavily on the calculations. Fundamental to our business plan and mission is our understanding that one of the very important reasons long-term investors choose Federal Realty is their belief that the highest quality real estate serves as a sort of buffer from the natural cyclicity that economic swings cause – even a once in a lifetime global pandemic.

So yes, we have maintained and even increased our common dividend to shareholders over the past two years when we didn't have to, thereby extending our REIT leading record to 54 years. And yes, we maintained our full workforce and team members over the past two years when furloughs and layoffs would have been easily justifiable –and shortsighted. And yes, we plowed forward in completing acquisitions and developments that were underway when most others closed up shop. We worked with tenants, particularly smaller retailers and restaurants, by abating and deferring rent so that our centers would be stronger and better merchandised post pandemic. In short, we take our commitment to our long-term shareholders very seriously by doing all we can to offer a steady stream of growing cash flows over time. We do that by owning, operating, and building what we believe to be the best collection of retail centric shopping centers and mixed-use communities in the country. Our strong recovery in 2021 is testament to that quality and sets us up beautifully for continued growth in 2022 and beyond.

54 consecutive years of increased dividends.



*Annualized dividends per share

I couldn't be more proud of Federal's performance throughout this unprecedented time and it could not have been possible without two final pieces. A strong balance sheet with one of the lowest costs of debt and equity capital in the business that allows the Trust to navigate difficult times with a level of flexibility unavailable to most real estate firms. And finally, a Board of Trustees that is seasoned and dedicated and, importantly,

shares our enthusiasm for what we do for a living, but never loses sight of the shareholders that they represent or the clarity and transparency that they deserve. On behalf of the Board of Trustees and our entire team, I thank you for your support of Federal to date and look forward to being an important part of your investment portfolio for many years to come. I couldn't be more **thankful**, **energized**, and **optimistic** about our future.

Respectfully,

Donald C. Wood
Chief Executive Officer

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

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

For the fiscal year ended December 31, 2021
OR

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

For the transition period from to

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

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

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

(Exact Name of Registrant as Specified in its charter)

Maryland (Federal Realty Investment Trust)

87-3916363

Delaware (Federal Realty OP LP)

52-0782497

(State of Organization)

(IRS Employer Identification No.)

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

(Address of Principal Executive Offices) (Zip Code)

(301) 998-8100

(Registrant's Telephone Number, Including Area Code)

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

Federal Realty Investment Trust

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

Federal Realty OP LP

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

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

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

Federal Realty Investment Trust Yes No

Federal Realty OP LP Yes No

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

Federal Realty Investment Trust Yes No

Federal Realty OP LP Yes No

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

Federal Realty Investment Trust Yes No

Federal Realty OP LP Yes No

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

Federal Realty Investment Trust Yes No

Federal Realty OP LP Yes No

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

Federal Realty Investment Trust

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

Federal Realty OP LP

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

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

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

Federal Realty Investment Trust

Federal Realty OP LP

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

Federal Realty Investment Trust Yes No

Federal Realty OP LP Yes No

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

Federal Realty Investment Trust: \$9.1 billion

Federal Realty OP LP: N/A

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

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

**ANNUAL REPORT ON FORM 10-K
FISCAL YEAR ENDED DECEMBER 31, 2021**

DOCUMENTS INCORPORATED BY REFERENCE

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

EXPLANATORY NOTE

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

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

Throughout this Annual Report, unless the context requires otherwise:

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

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PART I

Forward-Looking Statements

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

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

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

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

ITEM 1. BUSINESS

General

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

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

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

Business Objectives and Strategies

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

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

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

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

Operating Strategies

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

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

Investing Strategies

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

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

Investment Criteria

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

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

Financing Strategies

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

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

Human Capital

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

Diversity and Inclusion

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

Health, Safety, and Wellness

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

Compensation and Benefits

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

Talent Development

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

Community Involvement

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

Tax Status

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

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

Impacts of COVID-19 Pandemic

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

Governmental Regulations Affecting Our Properties

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

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

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

Competition

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

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

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

Available Information

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

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

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

ITEM 1A. RISK FACTORS

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

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

Risk Factors Related to our Real Estate Investments and Operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our development activities have inherent risks.

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

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

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

Redevelopments and acquisitions may fail to perform as expected.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our insurance coverage on our properties may be inadequate.

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

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

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

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

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

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

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

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

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

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

Risk Factors Related to our Funding Strategies and Capital Structure

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If we fail to qualify as a REIT:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General Risk Factors

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

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

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

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

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

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

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

Conversely, payment of dividends on our common shares may be subject to payment in full of the dividends on any preferred shares and payment of interest on any debt securities we may offer.

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

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

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

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

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

We may adjust our business policies without shareholder approval.

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

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

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

General

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

Tenant Diversification

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

Geographic Diversification

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

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

Leases, Lease Terms and Lease Expirations

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

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

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

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

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

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

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

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

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

Retail and Residential Properties

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

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

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

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

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

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

Property, City, State, Zip Code	Year Completed	Year Acquired	Square Feet(1) / Apartment Units	Average Base Rent Per Square Foot(2)	Percentage Leased(3)	Principal Tenant(s)
Idylwood Plaza Falls Church, VA 22030	1991	1994	73,000	\$52.50	100%	Whole Foods
Mount Vernon/South Valley/ 7770 Richmond Hwy Alexandria, VA 22306(6)	1966, 1972,1987 & 2001	2003/2006	565,000	\$19.37	97%	Shoppers Food Warehouse TJ Maxx Home Depot Bed, Bath & Beyond Results Fitness
Old Keene Mill Springfield, VA 22152	1968	1976	91,000	\$35.05	95%	Whole Foods Walgreens Planet Fitness
Pan Am Fairfax, VA 22031	1979	1993	228,000	\$26.18	94%	Safeway Micro Center CVS Michaels
Pentagon Row Arlington, VA 22202	2001-2002	1998/2010	297,000	\$35.63	99%	Harris Teeter TJ Maxx DSW Ulta
Pike 7 Plaza Vienna, VA 22180	1968	1997/2015	172,000	\$48.37	97%	TJ Maxx DSW Crunch Fitness Staples
Tower Shopping Center Springfield, VA 22150	1960	1998	111,000	\$27.20	87%	L.A. Mart Talbots Total Wine & More
Twinbrooke Shopping Centre Fairfax, VA 22032	1977	2021	106,000	\$24.26	89%	Safeway Walgreens
Tyson's Station Falls Church, VA 22043	1954	1978	50,000	\$47.70	88%	Trader Joe's
Village at Shirlington Arlington, VA 22206(4)	1940, 2006-2009	1995	267,000	\$40.62	83%	Harris Teeter CVS AMC Carlyle Grand Café
Willow Lawn Richmond, VA 23230	1957	1983	464,000	\$21.11	96%	Kroger Old Navy Ross Dress For Less Gold's Gym Dick's Sporting Goods
Total — Commercial (9)			25,102,000	\$29.69	94%	
Total — Residential (13)			2,869 units		97%	

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

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

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

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

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

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

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

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

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

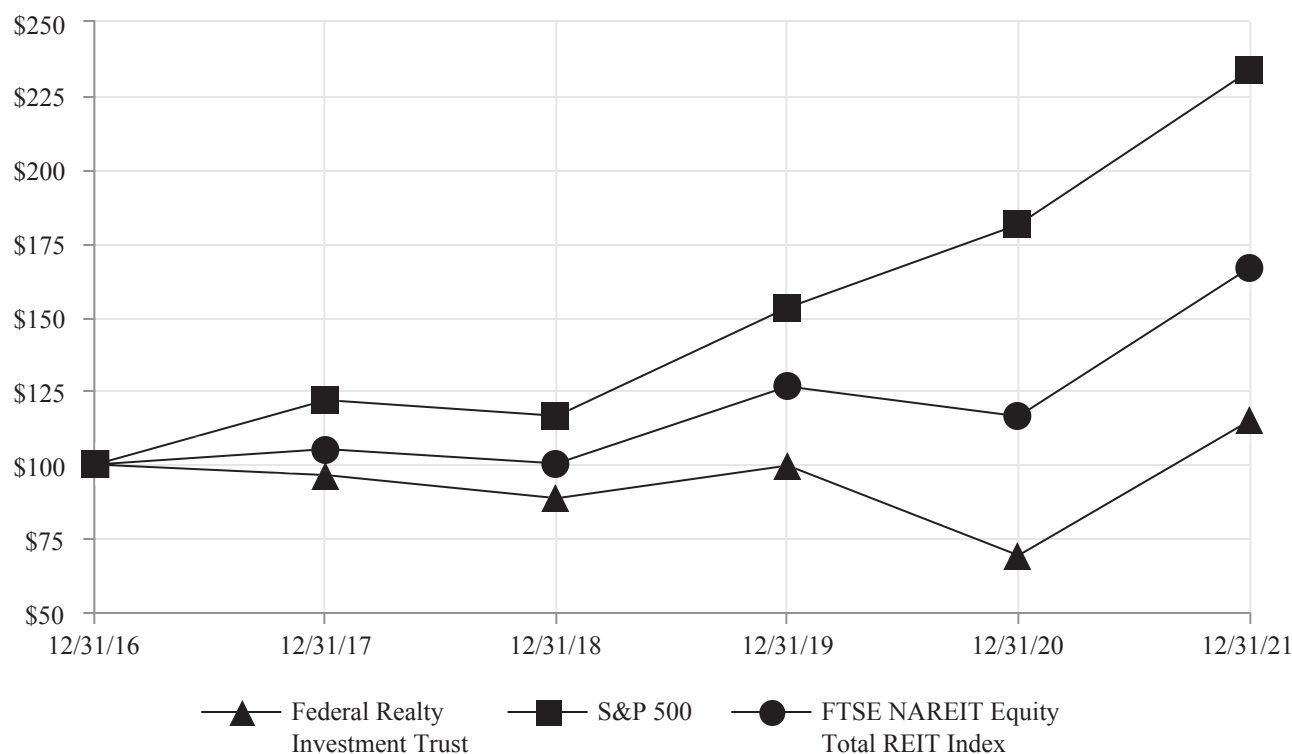
	Year Ended December 31,	
	2021	2020
Ordinary dividend	\$ 3.358	\$ 3.452
Capital gain	0.680	—
Return of capital	0.212	0.758
	\$ 4.250	\$ 4.210

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

Total Stockholder Return Performance

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

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN



Recent Sales of Unregistered Shares

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

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

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

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

ITEM 6. SELECTED FINANCIAL DATA

None.

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

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

Forward-Looking Statements

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

Overview

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

Summary Financial Information

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

Year Ended December 31,		
2021	2020	2019

(In thousands, except per share data and ratios)

Operating Data:

Rental income	\$ 948,842	\$ 832,171	\$ 932,738
Property operating income (1)	\$ 634,607	\$ 545,332	\$ 637,030
Gain on sale of real estate and change in control of interest, net of tax	\$ 89,950	\$ 98,117	\$ 116,393
Operating income	\$ 394,725	\$ 289,524	\$ 470,911
Net income available for common shareholders	\$ 253,456	\$ 123,664	\$ 345,824
Net cash provided by operating activities	\$ 471,352	\$ 369,929	\$ 461,919
Net cash used in investing activities	\$ (660,118)	\$ (368,383)	\$ (316,532)
Net cash (used in) provided by financing activities	\$ (452,967)	\$ 661,736	\$ (100,105)
Earnings per common share, diluted:			
Net income available to common shareholders	\$ 3.26	\$ 1.62	\$ 4.61
Dividends declared per common share	\$ 4.26	\$ 4.22	\$ 4.14

Other Data:

Funds from operations available to common shareholders (2)	\$ 434,743	\$ 333,849	\$ 465,819
Funds from operations available for common shareholders, per diluted share (2)	\$ 5.57	\$ 4.38	\$ 6.17
EBITDAre (3)	\$ 589,792	\$ 501,813	\$ 599,567
Ratio of EBITDAre to combined fixed charges and preferred share dividends (3)(4)	3.6x	2.7x	4.2x

As of December 31,

2021	2020	2019
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(In thousands)

Balance Sheet Data:

Real estate, at cost	\$ 9,422,062	\$ 8,582,870	\$ 8,298,132
Total assets	\$ 7,622,320	\$ 7,607,624	\$ 6,794,992
Total debt	\$ 4,047,547	\$ 4,291,375	\$ 3,356,594
Total shareholders' equity	\$ 2,663,148	\$ 2,548,747	\$ 2,636,132
Number of common shares outstanding	78,603	76,727	75,541

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

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

- (2) Funds from operations "FFO" is a supplemental non-GAAP measure. See "Liquidity and Capital Resources" in this Item 7. for further discussion.
- (3) EBITDA for Real Estate ("EBITDAre") is a non-GAAP measure that NAREIT defines as: net income computed in accordance with GAAP plus net interest expense, income tax expense, depreciation and amortization, gain or loss on sale of real estate, impairments of real estate, and adjustments to reflect the entity's share of EBITDAre of unconsolidated

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

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

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

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

Impacts of COVID-19 Pandemic

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

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

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

Corporate Responsibility

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

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

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

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

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

Critical Accounting Policies and Estimates

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

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

Collectibility of Lease Income

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

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

Other revenue recognition policies

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

Real Estate Acquisitions

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

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

Long-Lived Assets and Impairment

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

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

Recently Adopted and Recently Issued Accounting Pronouncements

See Note 2 to the consolidated financial statements.

2021 Acquisitions and Dispositions

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

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

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

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

- (1) These acquisitions were completed through newly formed joint ventures, for which we own the controlling interest listed above, and therefore, these properties are consolidated in our financial statements.
- (2) Approximately \$1.9 million and \$0.6 million of net assets acquired were allocated to other assets for "acquired lease costs" and "above market leases," respectively, and \$8.0 million of net assets acquired were allocated to other liabilities for "below market leases."

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

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

2021 Significant Debt and Equity Transactions

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

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

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

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

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

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

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

Capitalized Costs

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

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

Corporate Reorganization

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

Outlook

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

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

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

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

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

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

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

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

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

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

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

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

Comparable Properties

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

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

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

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

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

Property Revenues

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

Rental Income

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

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

partially offset by

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

Mortgage Interest Income

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

Property Expenses

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

Rental Expenses

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

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

partially offset by

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

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

Real Estate Taxes

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

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

partially offset by

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

Property Operating Income

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

Other Operating

General and Administrative Expense

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

Depreciation and Amortization

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

Impairment Charge

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

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

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

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

Operating Income

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

Other

Interest Expense

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

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

partially offset by

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

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

Early Extinguishment of Debt

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

Income (loss) from Partnerships

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

Net income attributable to noncontrolling interests

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

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

Liquidity and Capital Resources

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

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

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

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

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

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

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

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

Summary of Cash Flows

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

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

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

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

partially offset by

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

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

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

partially offset by,

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

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

Cash Requirements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Off-Balance Sheet Arrangements

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

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

Debt Financing Arrangements

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

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

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

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

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

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

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

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

Interest Rate Hedging

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

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

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

REIT Qualification

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

Funds From Operations

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

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

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

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

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

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

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

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

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

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

Interest Rate Risk

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

Fixed Interest Rate Debt

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

Variable Interest Rate Debt

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

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

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

Management's Evaluation of Internal Control over Financial Reporting

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

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

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

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

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

Changes in Internal Control Over Financial Reporting

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

ITEM 9B. OTHER INFORMATION

None.

PART III

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

ITEM 10. TRUSTEES, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

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

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

ITEM 11. EXECUTIVE COMPENSATION

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

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

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

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

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

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

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

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

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

(2) Financial Statement Schedules

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

(3) Exhibits

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

EXHIBIT INDEX

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

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

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

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

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

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

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

ITEM 16. FORM 10-K SUMMARY

None.

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

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

Report of Independent Registered Public Accounting Firm

Trustees and Shareholders
Federal Realty Investment Trust

Opinion on internal control over financial reporting

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

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

Basis for opinion

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

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

Definition and limitations of internal control over financial reporting

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

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

/s/ GRANT THORNTON LLP

New York, New York
February 10, 2022

Report of Independent Registered Public Accounting Firm

Trustees and Shareholders
Federal Realty Investment Trust

Opinion on the financial statements

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

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

Basis for opinion

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

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

Critical audit matter

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

Lease Collectibility Assessment

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

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

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

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

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

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

/s/ GRANT THORNTON LLP

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

New York, New York

February 10, 2022

Federal Realty Investment Trust
Consolidated Balance Sheets

	December 31,	
	2021	2020
	(In thousands, except share and per share data)	
ASSETS		
Real estate, at cost		
Operating (including \$2,207,648 and \$1,703,202 of consolidated variable interest entities, respectively)	\$ 8,814,791	\$ 7,771,981
Construction-in-progress (including \$18,752 and \$44,896 of consolidated variable interest entities, respectively)	607,271	810,889
	9,422,062	8,582,870
Less accumulated depreciation and amortization (including \$389,950 and \$335,735 of consolidated variable interest entities, respectively)	(2,531,095)	(2,357,692)
Net real estate	6,890,967	6,225,178
Cash and cash equivalents	162,132	798,329
Accounts and notes receivable	169,007	159,780
Mortgage notes receivable, net	9,543	39,892
Investment in partnerships	13,027	22,128
Operating lease right of use assets	90,743	92,248
Finance lease right of use assets	49,832	51,116
Prepaid expenses and other assets	237,069	218,953
TOTAL ASSETS	\$ 7,622,320	\$ 7,607,624
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Mortgages payable, net (including \$335,301 and \$413,681 of consolidated variable interest entities, respectively)	\$ 339,993	\$ 484,111
Notes payable, net	301,466	402,776
Senior notes and debentures, net	3,406,088	3,404,488
Accounts payable and accrued expenses	235,168	228,641
Dividends payable	86,538	83,839
Security deposits payable	25,331	20,388
Operating lease liabilities	72,661	72,441
Finance lease liabilities	72,032	72,049
Other liabilities and deferred credits	206,187	152,424
Total liabilities	4,745,464	4,921,157
Commitments and contingencies (Note 7)		
Redeemable noncontrolling interests	213,708	137,720
Shareholders' equity		
Preferred shares, authorized 15,000,000 shares, \$.01 par:		
5.0% Series C Cumulative Redeemable Preferred Shares, (stated at liquidation preference \$25,000 per share), 6,000 shares issued and outstanding	150,000	150,000
5.417% Series 1 Cumulative Convertible Preferred Shares, (stated at liquidation preference \$25 per share), 399,896 shares issued and outstanding	9,997	9,997
Common shares of beneficial interest, \$.01 par, 100,000,000 shares authorized, 78,603,305 and 76,727,394 shares issued and outstanding, respectively	790	771
Additional paid-in capital	3,488,794	3,297,305
Accumulated dividends in excess of net income	(1,066,932)	(988,272)
Accumulated other comprehensive loss	(2,047)	(5,644)
Total shareholders' equity of the Trust	2,580,602	2,464,157
Noncontrolling interests	82,546	84,590
Total shareholders' equity	2,663,148	2,548,747
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 7,622,320	\$ 7,607,624

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

Federal Realty Investment Trust
Consolidated Statements of Comprehensive Income

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

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

Federal Realty Investment Trust
Consolidated Statement of Shareholders' Equity

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

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

Federal Realty Investment Trust
Consolidated Statements of Cash Flows

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

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

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

NOTE 1—BUSINESS AND ORGANIZATION

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

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

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

Impacts of COVID-19 Pandemic

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

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

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

Use of Estimates

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

Revenue Recognition and Accounts Receivable

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

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

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

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

Other revenue recognition policies

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

Real Estate

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

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

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

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

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

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

Long-Lived Assets and Impairment

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

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

Cash and Cash Equivalents

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

Prepaid Expenses and Other Assets

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

Debt Issuance Costs

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

Derivative Instruments

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

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

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

Mortgage Notes Receivable

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

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

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

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

Share Based Compensation

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

Variable Interest Entities

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

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

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

Redeemable Noncontrolling Interests

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

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

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

Leases

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

Lessor

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

Lessee

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

Income Taxes

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

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

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

Segment Information

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

Forward Equity Sales

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

Recent Accounting Pronouncements

Issued in 2021:

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

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

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

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

Issued in 2020:

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

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

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

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

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

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

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

Consolidated Statements of Cash Flows—Supplemental Disclosures

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

Year Ended December 31,

	2021	2020	2019
	(In thousands)		
Total interest costs incurred	\$ 150,324	\$ 159,718	\$ 130,110
Interest capitalized	(22,626)	(23,429)	(20,487)
Interest expense	<u>\$ 127,698</u>	<u>\$ 136,289</u>	<u>\$ 109,623</u>
Cash paid for interest, net of amounts capitalized	<u>\$ 123,585</u>	<u>\$ 130,248</u>	<u>\$ 106,180</u>
Cash paid for income taxes	<u>\$ 386</u>	<u>\$ 580</u>	<u>\$ 483</u>

SUPPLEMENTAL DISCLOSURES:

NON-CASH INVESTING AND FINANCING TRANSACTIONS:

DownREIT operating partnership units issued with acquisition	\$ —	\$ 18,920	\$ —
Mortgage loans assumed with acquisition (1)	\$ —	\$ 8,903	\$ 98,041
DownREIT operating partnership units redeemed for common shares	\$ 7,545	\$ —	\$ 14,105
Settlement of partner loan receivable via dilution of partner interests	\$ —	\$ —	\$ 5,379
Shares issued under dividend reinvestment plan	\$ 1,727	\$ 1,734	\$ 1,784

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

December 31,

2021 2020

(In thousands)

RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:

Cash and cash equivalents	\$ 162,132	\$ 798,329
Restricted cash (1)	13,031	18,567
Total cash, cash equivalents, and restricted cash	<u>\$ 175,163</u>	<u>\$ 816,896</u>

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

NOTE 3—REAL ESTATE

2021 Property Acquisitions

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

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

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

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

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

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

2021 Property Dispositions

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

2020 Property Acquisitions

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

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

2020 Impairment

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

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

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

2020 Property Dispositions

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

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

NOTE 4—ACQUIRED LEASES

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

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

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

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

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

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

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

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

NOTE 5—DEBT

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 6—FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

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

NOTE 7—COMMITMENTS AND CONTINGENCIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 8—SHAREHOLDERS' EQUITY

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

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

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

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

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

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

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

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

NOTE 9—DIVIDENDS

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

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

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

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

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

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

NOTE 10— LEASES

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

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

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

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

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

	Year Ended December 31,		
	2021	2020	2019
	(In thousands)		
LEASE COST:			
Finance lease cost:			
Amortization of right-of-use assets	\$ 1,284	\$ 1,284	\$ 1,284
Interest on lease liabilities	5,828	5,826	5,824
Operating lease cost	5,687	5,946	6,063
Variable lease cost	246	353	487
Total lease cost	<u>\$ 13,045</u>	<u>\$ 13,409</u>	<u>\$ 13,658</u>
OTHER INFORMATION:			
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows for finance leases	\$ 5,723	\$ 5,736	\$ 5,759
Operating cash flows for operating leases	\$ 5,288	\$ 5,498	\$ 5,561
Financing cash flows for finance leases	\$ 51	\$ 46	\$ 47
		December 31,	
		2021	2020
Weighted-average remaining term - finance leases		16.3 years	17.3 years
Weighted-average remaining term - operating leases		52.8 years	53.4 years
Weighted-average discount rate - finance leases		8.0 %	8.0 %
Weighted-average discount rate - operating leases		4.5 %	4.4 %
ROU assets obtained in exchange for operating lease liabilities	\$ 10,341	\$	855

NOTE 11—COMPONENTS OF RENTAL EXPENSES

The principal components of rental expenses are as follows:

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

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

NOTE 12—SHARE-BASED COMPENSATION PLANS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 13—SAVINGS AND RETIREMENT PLANS

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

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

NOTE 14—EARNINGS PER SHARE

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

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

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

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

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

NOTE 15—SUBSEQUENT EVENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Dollars in thousands)

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

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

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

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

2022 Annual Meeting Notice

AND PROXY STATEMENT

Letter from our Chairman and our CEO

March 25, 2022

Dear Shareholders:

On behalf of the Board of Trustees and the entire Federal team, we'd like you to join us at our 2022 Annual Meeting of Shareholders. We will hold our meeting virtually so that more shareholders are able to participate. This proxy statement includes important information for how you can join and ask questions at the meeting and about the matters that will be voted on at the meeting.

In looking back on 2021, we began the year with the hope that the most challenging year in our nearly 60-year history was behind us but with little clarity on how quickly our business would rebound from the COVID-inflicted challenges of 2020. We were pleased as industry conditions improved faster than we had anticipated and we were able to end the year collecting about 97% of our contractual rents for the fourth quarter, up significantly from what we were collecting as the governmental lockdowns designed to stop the spread of the virus were felt by many of our retail tenants early in 2020. There were challenges we worked through in 2021 and continue to work through today as our business and the broader economy continue to recover from the pandemic but one thing that remained consistent through these difficult years has been our focus on long-term growth and positioning the company for future success. Our prudent balance sheet management allowed us to take advantage of the economic disruption in the economy and acquire 5 new properties having a gross value of \$440 million. Each of these properties has future growth opportunities and was priced more attractively than if we were to acquire them today. We also continued to deliver on our development pipeline in 2021, placing more than \$486 million of investment into service that will generate additional revenue and create additional long-term value over the next several years.

These accomplishments were only possible through the considerable efforts of our Board and each and every one of our employees. Their ability to address the continuing challenges of the pandemic while also delivering results to position the company for future growth has been extraordinary. We are extremely proud of the work this team has accomplished.

We look forward to your participation in the meeting and want to thank you for your continued support of Federal.

Sincerely,






David W. Faeder
Non-Executive Chairman of the Board



Donald C. Wood
Chief Executive Officer

Notice of Annual Meeting of Shareholders

ANNUAL MEETING PROPOSALS

	Board Recommends
Proposal 1 Election of our seven nominees to serve as trustees for a term of one year	 FOR (see p. 11)
Proposal 2 Approval on an advisory basis of our 2021 executive compensation	 FOR (see p. 19)
Proposal 3 Ratification of the appointment of Grant Thornton, LLP as our registered public accountants for fiscal year 2022	 FOR (see p. 39)

Other business will be transacted as may properly come before the 2022 annual meeting of shareholders (“Annual Meeting”).

Beneficial Owners

If you own shares registered in the name of a broker, bank or other nominee, please follow the instructions they provide on how to vote your shares.

Proxy Voting

Please submit your proxy or voting instructions as soon as possible to instruct how your shares are to be voted at the Annual Meeting, even if you plan to attend the meeting. If you later vote at the Annual Meeting, your previously submitted proxy or voting instructions will not be used.

On behalf of the Board of Trustees

Dawn M. Becker

Executive Vice President-General Counsel
And Secretary

Important Notice Regarding Internet Availability of Proxy Materials

The proxy statement and annual report to shareholders, including our annual report on Form 10-K for the year ended December 31, 2021, are available at www.federalrealty.com. References in this proxy statement to our website are provided for your convenience only and the content on our website does not constitute part of this proxy statement.

LOGISTICS



Date and Time

Wednesday, May 4, 2022
9:00 a.m. Eastern Time



Record Date

Monday, March 14, 2022



Our Annual Meeting will be virtual. To participate, vote or submit questions during the meeting via live webcast, please visit: <https://web.lumiagm.com/202329683>

See page 43 for additional information on how to attend the virtual Annual Meeting.



Mailing Date

This proxy statement was first mailed to shareholders on or about March 25, 2022.

HOW TO VOTE

Shareholders of Record



By Internet

www.voteproxy.com



By Telephone

1-800-776-9437



By Mail

Complete your proxy card and cast your vote by pre-paid mail

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Who We Are

Federal Realty Investment Trust is an S&P 500 company that owns, operates and redevelops high-quality retail based real estate located primarily in major coastal markets and headquartered in North Bethesda, Maryland.

Company Information	Our Properties^[1]	Our Employees^[1]
Established in 1962 Member of the S&P 500	104 properties 25 million SF of commercial space 3,369 residential units	310 employees 6 primary offices Average tenure of 8.7 years

[1] As of 12/31/2021

Company Reorganization

Through the end of 2021, we conducted our business through Federal Realty Investment Trust, a Maryland real estate investment trust (“Old FRT”). Effective as of January 1, 2022, Old FRT completed a holding company merger for the purpose of converting Old FRT into an umbrella partnership real estate investment trust or “UPREIT”. On January 5, 2022, Old FRT converted to a Delaware limited partnership and changed its name to Federal Realty OP LP to complete that conversion. The holding company created for the merger, FRT Holdco REIT, is now the parent company of Old FRT and pursuant to a name change effectuated immediately following the merger, is now known as Federal Realty Investment Trust (“New FRT”). The business, management and trustees of New FRT, and the rights and limitations of the holders of New FRT’s shares of beneficial interest, immediately following the merger were identical to the business, management and trustees of Old FRT, and the rights and limitations of holders of Old FRT’s shares of beneficial interest, immediately prior to the merger. The consolidated assets and liabilities of New FRT immediately following the merger and partnership conversion were the same as the consolidated assets and liabilities of Old FRT immediately prior to the merger and partnership conversion.

New FRT, as the successor to Old FRT, is filing this proxy statement on behalf of itself and Old FRT for 2021 and on behalf of itself for 2022. All references in this proxy statement to “we”, “our”, the “Company”, “Federal” or “Federal Realty” refer to New FRT for itself and as successor to Old FRT, as applicable. More detailed information regarding the holding company merger and partnership conversion of Old FRT can be found in our Form 8-K12B filed with the Securities and Exchange Commission (“SEC”) on January 3, 2022 and our Form 8-K filed with the SEC on January 5, 2022.

Operating Performance Highlights

2021 was characterized by improved operating performance and continued focus and investment on avenues for future growth. COVID-driven governmental shutdowns in 2020 had a significant adverse impact on our ability to collect full rents from our tenants given their inability to operate their businesses and generate revenue. Although 2021 was still impacted by governmental restrictions and the emergence of new strains of COVID, the vast majority of our tenants experienced significant rebounds in their businesses which in turn drove our improved operating performance. Tenant optimism in a post-COVID recovery was also evident in the record volume of leases we signed during the year. We also continued to focus on making smart investments that are expected to lead to future growth. We acquired 5 new properties during 2021, each with potential for significant future value creation, placed significant portions of our development pipeline into service and began our next phase of development at Pike & Rose with a lease in hand for approximately 40% of the building. Following are a few of our 2021 operating performance highlights.

Strong Earnings Growth

>25%

Growth of both net income available for common shareholders and FFO per share compared to 2020*

Record Leasing Activity

573 deals/2.9M square feet

New and renewal leases signed in 2021

Value-Add Acquisitions

\$440 million

Acquired 5 new assets with significant value add potential through re-leasing, renovation and redevelopment

Execution on Development Pipeline

\$486 million

Active major development projects placed into service

\$193 million

New major development starts

300,000 square feet

Executed leases for major development projects

Common Share Dividend

54 years

Consecutive years of common share dividend increases, the longest record in the REIT industry

* FFO per share is a non-GAAP financial measure that we consider significant in our business. See Appendix A for a reconciliation of FFO per share to net income.

Environmental and Social Responsibility Highlights and Commitment

Our corporate responsibility initiatives are set forth in detail in our 2020 Corporate Responsibility Report which is available under the “About Us-Sustainability” tab on our website which can be accessed by using this link https://issuu.com/federalrealty/docs/2020_corporate_responsibility_brochure. This report provides information in alignment with the frameworks established by the Global Reporting Initiative, Task Force for Climate-Related Financial Disclosures and Sustainability Accounting Standards Board as well as detailed information on the demographic make-up of our workforce by classification level. We are planning to provide later this year a new sustainability report for 2021 covering substantially the same topics and providing substantially the same information as is included in the 2020 report. Some of the highlights of our commitment to and progress on environmental and social responsibility topics include the following.

Diversity and Inclusion (as of 12/31/2021)	Women 	Ethnic/Racial Minorities 	Women in Leadership
	Signatory for CEO Action for Diversity and Inclusion		CEO Participating in NAREIT Dividends Through Diversity, Equity & Inclusion CEO Council
Employees (as of 12/31/2021)	96% Employees proud to work at Federal – 2021 engagement survey		15% Of all employees were promoted in 2021
	Pay Equity Third party study found equal pay for equal work throughout the Company	Philanthropic Support 	
Environment (as of 12/31/2021)	Scope 1 and 2 GHG Emissions 30% Reduction Target Decrease landlord controlled emissions between 2019 and 2025		Electric Consumption Landlord Controlled 15% Reduction Target Decrease landlord controlled electric consumption between 2019 and 2025
	\$1.2 billion Invested in LEED certified buildings currently in service	13.1_{MW} Solar power generating capacity in solar arrays at 25% of our properties	274 EV charging stations installed avoiding more than 3,000 metric tons of GHG emissions

Corporate responsibility is an area of focus for our Board of Trustees (“Board”), our management team and the entirety of our Company. It starts with our Board who is fully responsible for overseeing the Company’s approach to matters of environmental and social responsibility. To ensure that all of these matters get the level of attention necessary, the Board has delegated certain responsibilities to its standing committees. The specific responsibilities of each committee for environmental and social matters are described in more detail in the “Overall Risk Management” and “Board Committees” sections below.

For management, primary responsibility for overseeing and driving our environmental and social initiatives has been assigned to our Executive Vice President, General Counsel who is one of our named executive officers. She is supported in those efforts by our Head of Sustainability and a cross-functional ESG council made up of senior members of various functional areas throughout the Company including asset management, development, tenant coordination, transactions, human resources, legal, accounting, marketing and investor relations. This group meets on a regular basis to guide and report on our Company’s ESG initiatives.

We have two primary areas of focus throughout our Company – people, including our employees, vendors, suppliers, contractors, consultants and the communities in which we own our properties and do business, and planet which considers the impact our business and our properties have on the environment. We have aligned all of our efforts with respect to both people and planet with the ten United Nations Sustainable Development Goals that we believe are most relevant to our business.



Our focus on people starts with our employees and our core values of Excellence, Integrity, Accountability and Innovation. At the end of 2021, we had 310 employees who had been with the Company nearly 9 years, on average, and who reflected the diversity of the communities where we do business. We use our annual engagement surveys to gather feedback from our employees to help us ensure that we are creating an environment where our employees can grow and thrive personally and professionally. Our 2021 efforts were primarily focused on advancement opportunities for our current team and diversification of our candidate pool for hiring new positions throughout the Company. These efforts resulted in nearly 15% of our total workforce being promoted in 2021 into a job with increased responsibilities and compensation. Our use of anonymized resumes, focus on non-traditional sources to identify job candidates and a requirement to consider one or more diverse candidates for all positions of director and above resulted in one of the most diverse groups of new hires in our history with 64% of our total hires during 2021 being women and 47% of those new hires being members of ethnic or racial minority groups.

We have a long-standing commitment to being good environmental stewards as it relates to our properties. As long-term owners of real estate, ensuring properties are resilient in all senses of the word is critical. For more than a decade, we have focused our ground-up development efforts on investing in buildings that achieve a level of certification under the Leadership in Energy and Environmental Design (LEED) guidelines demonstrating our commitment to making investment decisions that take into account our building’s long-term environmental impact. That investment has totaled approximately \$1.2 billion in LEED certified buildings already placed in service with another \$1 billion invested and estimated to be invested over the next few years in buildings targeted to achieve LEED Gold certification or better. We have also made a commitment to renewable energy with our investment in on-site solar photovoltaic systems at nearly 25% of our properties. Our focus on decreasing energy usage and using renewable energy are the foundation for our goal to reduce our landlord controlled electric consumption and our Scope 1 and Scope 2 greenhouse gas emissions by 15% and 30%, respectively by 2025.

Our properties also serve as the intersection between people and planet as we design and operate our properties to serve the needs of the local community and reflect the values of that community. Providing places for the community to gather and socialize helps add to the positive impacts our properties have on the local communities.

Governing the Company

The Board is responsible for providing governance and oversight of the strategy, operations and management of the Company with its primary objective being to represent the interests of our shareholders. The Board oversees our senior management to whom it has delegated the authority to manage the day-to-day operations of the Company. The Board has adopted Corporate Governance Guidelines, committee charters, a Code of Business Conduct and a Code of Ethics for our Senior Financial Officers that, together with our Declaration of Trust and Bylaws, form the governance framework for the Board and its committees.

The Board regularly reviews the Corporate Governance Guidelines and other corporate governance documents and from time to time revises them when it believes it is in the best interests of the Company and our shareholders to do so given changing regulatory and governmental requirements and best practices. The following sections provide an overview of our corporate governance structure.

Complete copies of our Corporate Governance Guidelines, committee charters, Code of Business Conduct, Code of Ethics for Senior Financial Officers and other governance documents are available in the Investor/Corporate Governance section of our website at www.federalrealty.com. Printed copies of these documents are available upon written request to our Investor Relations department at 909 Rose Avenue, Suite 200, North Bethesda, Maryland 20852.

Corporate Governance Policies and Procedures

Some of the key governance policies and practices that govern the Company include the following:

Policy	Explanation
Annual election of all trustees	All of our trustees are elected annually.
No shareholder rights plan	The Company does not have a “poison pill”.
Proxy access right	Shareholders satisfying the requirements can include their own qualified trustee nominee in our proxy materials.
Independent Board	All of our trustees are independent other than our chief executive officer.
100% independent Board committees	Each of the Board’s committees is comprised entirely of trustees who are independent.
Active Board oversight of strategy, risk management and environmental, social and governance (“ESG”) initiatives	Our Board provides robust oversight of our strategy, enterprise risk management and ESG initiatives, among other topics.
Independent Non-Executive Chairman	Since 2003, we have had an independent Non-Executive Chairman leading the Board.
Annual Board, committee and individual trustee assessment process	Each of our Board committees and the Board as a whole conduct an annual assessment of its performance. In addition, the chair of the Nominating and Corporate Governance Committee (“Nominating Committee”) conducts a confidential assessment of each individual trustee intended to ensure that each trustee is performing to an acceptable level and to inform decisions on who to nominate for election at the next annual meeting. A similar assessment is performed by our Non-Executive Chairman on the performance of the chair of our Nominating Committee.

Active oversight of other board service by Trustees and management	Our Corporate Governance Guidelines require each Trustee and member of management to obtain approval from the Nominating Committee before accepting a position on any other public, private or non-profit board. Before approving any such additional board service, the Nominating Committee holistically evaluates the impact such additional board service would have on the individual's ability to carry out his or her fiduciary and other obligations to the Company and advises the rest of the Board on the request and ultimate decision.
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Commitment to Board refreshment	The Board continually evaluates the skill sets and perspectives needed to effectively carry out its oversight function. Four of our current six non-management trustees have served on the Board for 5 years or less.
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Active shareholder engagement	We actively engage with our shareholders to understand their perspectives with our Non-Executive Chairman and other members of the Board participating if requested.
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Robust Code of Business Conduct	Our Code of Business Conduct applies to all trustees and employees and reinforces our culture of compliance, ethical conduct and accountability. We also have in place an additional code of ethics for our senior officers who most directly impact our financial reporting.
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Clawback policy	We have adopted a policy applicable to our named executive officers that provides for recovery of certain cash bonuses and equity compensation in the event of a financial restatement under certain circumstances.
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Equity ownership requirements	Our chief executive officer is required to hold shares with a value equal to at least 7 times his base salary and each of our other named executive officers is required to hold shares with a value equal to at least 2 1/2 times his or her base salary and annual bonus. Each trustee is required to hold shares having a value at least equal to 5 times the cash portion of the annual retainer. Named executive officers and trustees have a period of 5 years to meet these requirements.
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Prohibition on hedging and pledging Shares	Our trustees and all employees are prohibited from entering into hedging transactions or pledging any of their shares.
--	--

Board Leadership

Our Board has been led by an independent Non-Executive Chairman since 2003. Mr. Faeder assumed that role after the 2021 annual shareholder meeting when our prior non-executive chairman retired from the Board. With this structure, our chief executive officer is able to develop and oversee the implementation of our business strategy and to lead and manage the day-to-day operations of the Company while Mr. Faeder focuses on Board oversight and governance and acts as a liaison with management. In addition, Mr. Faeder provides input on issues for Board consideration by helping to set and approve agendas for meetings and ensures that sufficient time is allotted for robust discussion of all issues. The Board believes that this structure provides the optimal leadership model to most effectively oversee and manage the Company in execution of its business strategy and objectives.

Trustee Independence

The Board has adopted a standard designed to assist the Board in assessing trustee independence. This standard, included in our Corporate Governance Guidelines, states that a Trustee's position as a director, officer or owner of a company with which we do business does not constitute a material relationship impacting independence so long as payments made by that company do not account for more than five percent (5%) of our gross revenues or more than ten percent (10%) of the gross revenues of that company. The Board performs an annual review of independence of all trustees and nominees. In order to make a determination that an individual is independent, the Board has to affirmatively conclude that the individual does not have any direct or indirect material relationship with the Company. This independence determination takes into account the requirements of our Corporate Governance Guidelines and any additional requirements imposed by law, regulation or the New York Stock Exchange ("NYSE") listing standards and is only made after a thorough review of all relationships that exist between the Company and a trustee.

Based on this review process, the Nominating Committee recommended, and the Board concluded, that all of our Trustees, other than Mr. Wood, our chief executive officer, are independent under all applicable standards for service on the Board and each of its committees. In making this determination, the Board considered certain indirect passive investments Mr. Nader has in two of the Company's tenants and Mr. Wood's previous service on the board of a company of which Mr. Ordan served as chief executive officer. The Board determined that neither of these situations constituted a material relationship with the Company that would interfere with either Mr. Nader's or Mr. Ordan's ability to exercise independent judgment.

Board Meetings

The Board met 5 times in 2021. In addition, our practice is for all trustees to attend all meetings of each of the Board's standing committees. This practice ensures that each Trustee is fully informed on all issues facing the Company and has the opportunity to participate in discussions surrounding those issues. Only trustees who are members of the specific committee are entitled to vote on matters presented to that committee. In addition, at each quarterly meeting, the Trustees meet in executive session with all Trustees and then with just independent Trustees. All Trustees are also expected to attend our annual shareholder meeting.

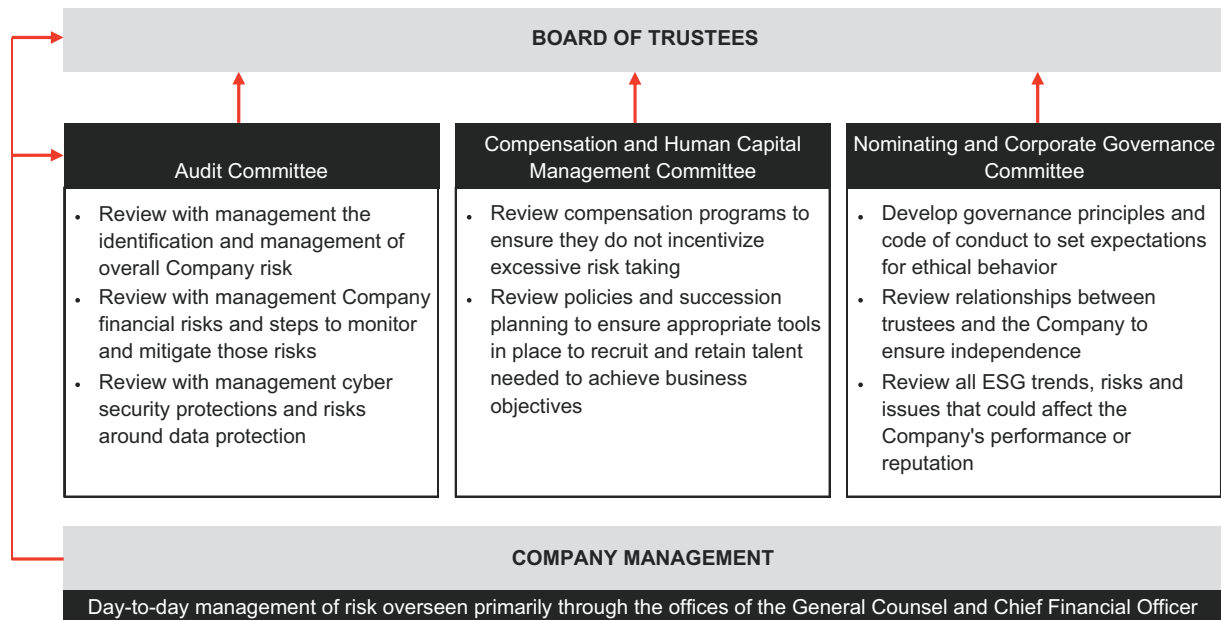
100%

Trustee Attendance

- All 2021 Board meetings
 - All 2021 Board Committee meetings
 - 2021 Annual Shareholder Meeting
-

Overseeing Risk Management

The full Board oversees the Company's corporate-level risk management and management is responsible for the day-to-day management of risk. To assist in its oversight role, the Board's committees are primarily responsible for certain matters relating to the risks inherent in the committees' respective areas of oversight, with each committee regularly reporting and making recommendations to the full Board. Risk oversight responsibilities for our Board and its committees are delegated as set forth below.



Our Board receives regular updates and recommendations from the committees about these activities, and reviews additional risks not specifically within the purview of any committee and risks of a more strategic nature, including operational risks, industry related risks and risks related to the environment, health, safety and security. The Board believes that this structure and division of responsibility is the most effective way to monitor and manage the Company's risk.

Board Committees

The Board has three standing committees – the Audit Committee, the Compensation and Human Capital Management Committee (“Compensation Committee”) and the Nominating Committee. Each committee operates under a written charter that is available in the Investors/Corporate Governance section of our website at www.federalrealty.com. Each committee consists entirely of independent, non-employee trustees.

Audit Committee	Number of Meetings in 2021: 5
Membership	



Gail P. Steinel, Chair (Financial Expert)
David W. Faeder (Financial Expert)
Elizabeth I. Holland (effective August 3, 2021)
Anthony P. Nader, III (Financial Expert)

Primary Responsibilities

- Selects and oversees our independent auditor
- Oversees our financial reporting, including reviewing results with management and our independent auditor
- Oversees internal audit function
- Oversees adequacy and integrity of our financial statements and our financial reporting and disclosure
- Oversees financial risks and risks relating to cybersecurity, data security and information protection
- Reviews and approves any related party transactions requiring disclosure

More information on the Audit Committee is included in the Audit Committee Report and “Proposal 3: Ratification of Independent Registered Public Accounting Firm” beginning on page 39.

Compensation and Human Capital Management Committee	Number of Meetings in 2021: 4
Membership	



Elizabeth I. Holland, Chair (effective August 3, 2021)
Nicole Y. Lamb-Hale
Mark S. Ordan (effective August 3, 2021)
Gail P. Steinel

Primary Responsibilities

- Evaluates performance of our CEO and recommends annual salary, bonus, equity-based incentives and other benefits for our CEO
- Reviews and approves annual salary, bonus, equity-based incentives and other benefits for our other senior officers
- Administers certain other benefit plans of the Company
- Reviews and approves all severance and other agreements with our CEO and other senior officers
- Administers and makes equity awards under our long-term incentive plan
- Oversees our key strategies and human resources policies and practices for all employees

The Compensation Committee Report is included at page 32 of this proxy statement and more detail on the work of the Compensation Committee is included in the “Compensation Discussion and Analysis” beginning on page 19.

Membership



Mark S. Ordan, Chair (effective August 3, 2021)

David W. Faeder (effective August 3, 2021)

Nicole Y. Lamb-Hale

Anthony P. Nader, III

Primary Responsibilities

- Identifies and recommends individuals to stand for election to the Board
- Develops and oversees all corporate governance policies and procedures
- Oversees annual trustee evaluation process
- Recommends members of the Board to serve on its committees
- Oversees corporate responsibility and ESG efforts and monitors priorities and progress on goals

Board and Committee Assessments

Board Assessment

The Board annually assesses its overall performance through the specific, in-depth annual committee and trustee evaluations.

Committee Assessments

Each committee conducts an annual assessment of its performance and the performance of its members in accordance with its committee charter. The review process is led by the chair of the committee.

Individual Trustee Assessments

Each trustee completes a confidential assessment of each other trustee and has a one-on-one interview with the chair of the Nominating Committee to review those individual assessments and receive feedback on his or her assessment by other trustees. The Non-Executive Chairman completes the same process with respect to the chair of the Nominating Committee. Results are communicated to all trustees.

The results of the individual trustee assessments are taken into account in determining which trustees should stand for election at the next annual shareholder meeting and in determining committee assignments and leadership roles.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee currently consists of Ms. Holland, Ms. Lamb-Hale, Mr. Ordan and Ms. Steinel. Prior to August 3, 2021, Mr. Faeder also served on the Compensation Committee. There are no Compensation Committee interlocks and no member of the Compensation Committee serves, or has in the past served, as an employee or officer of the Company.

Communications with the Board

Any shareholder or other interested party may communicate with the Board or any Trustee by sending the communication to our corporate offices at 909 Rose Avenue, Suite 200, North Bethesda, Maryland 20852 in care of our Secretary. All communications should identify the party to whom it is being sent. Any communication which indicates it is for the Board of Trustees or fails to identify a particular Trustee will be deemed to be a communication intended for our Non-Executive Chairman of the Board. Our Secretary will promptly forward to the appropriate Trustee all communications received for the Board or any individual Trustee which relate to our business, operations, financial condition, management, employees or similar matters. Our Secretary will not forward to any Trustee any advertising, solicitation or similar materials.

Related Party Transactions

Our Code of Business Conduct requires that our Trustees and all of our employees deal with the Company on an arms-length basis in any related party transaction. All transactions between us and any of our Trustees, our named executive officers or other vice presidents, or entity in which any of them has an ownership interest, must be approved in advance by the Audit Committee pursuant to our written Code of Business Conduct and Audit Committee charter. Audit Committee approval is not required for us to enter into a lease with an entity in which any of our Trustees is a director, employee or owner so long as the lease is entered into in the ordinary course of business and is negotiated at arms-length and on market terms.

We have no related party transactions with any of our Trustees that are required to be disclosed. None of our named executive officers has any indebtedness to the Company or any relationship with the Company other than as an employee and shareholder. Employment and change-in-control arrangements between the Company and the named executive officers are described in the “Potential Payments on Termination of Employment and Change-in-Control” section below.

Proposal 1: Election of our Trustees

Our Board has seven trustees, all of whom have been nominated to stand for election at the 2022 annual shareholder meeting. All nominees are currently trustees of the Company having previously been elected by our shareholders in May 2021. Our Board has determined that each nominee for election as a trustee at the annual meeting is an independent trustee, except for Mr. Wood who serves as our Chief Executive Officer. Each trustee is elected to hold office until our next annual meeting and until his or her successor is elected and qualified.

You are entitled to cast one vote per share for each of the seven nominees. Proxies may not be voted for more than seven individuals. An “abstention” or “broker non-vote” will have no effect on the outcome of the vote for this proposal. Our Bylaws require that a nominee receive a majority of votes cast in order to be elected. Any nominee who does not receive a majority of votes cast will be required to submit a resignation to the Nominating Committee which would then make a recommendation to the Board as to whether to accept the resignation. The decision by the Board on any resignation would be publicly disclosed, along with the rationale for the decision, within 90 days after the election. We believe this process is a best practice and provides accountability to our shareholders. Over the past 5 years, each of these nominees has received, more than 93% of the votes cast at each shareholder meeting at which he or she stood for election.



Our Board recommends a vote **FOR** each of the seven nominees

Trustee Characteristics and Selection

The Nominating Committee has primary responsibility for identifying and recommending individuals to be added to the Board and stand for election by shareholders. Individuals identified should have the highest personal and professional integrity, demonstrated exceptional intelligence and judgment, have proven leadership skills, be committed to our success, have the requisite skills necessary to advance our long-term strategy, and have the ability to work effectively with our Chief Executive Officer and other members of the Board. In addition, the committee assesses the contribution that a particular candidate’s skills and expertise will make with respect to guiding our strategy and management when considered as a whole with the skills and expertise of other trustees.

To identify, recruit and evaluate qualified candidates for the Board, the Board first looks to individuals known to current Board members through business and other relationships. If the Board is not able to identify qualified candidates in that way, the services of a professional search firm would be used. In addition, any shareholder, or a group of up to 20 shareholders, that has continuously owned for 3 years at least 3% of the Company’s outstanding common shares of beneficial interest can nominate and include in the Company’s annual meeting proxy materials up to the greater of two trustees or 20% of the number of trustees serving on the Board, provided that the shareholder(s) and the nominee(s) satisfy the requirements set forth in our Bylaws. For further information regarding submission of a trustee nominee using the Company’s proxy access Bylaw provision or otherwise, see the “Shareholder Proposals for the 2023 Annual Meeting” section starting at page 45.

Board Diversity and Tenure

A critical consideration for the Board is ensuring that there is diversity on the Board that can bring different viewpoints to discussions that reflect their diverse backgrounds and experiences. Although the Board does not have a formal diversity policy, the Board believes that having representation of a diversity of skills, ages, tenure, gender and ethnicity are all factors that have to be considered, consistent with the goal of creating a Board that best serves the needs of the Company and our shareholders.



Qualifications and Experience of Nominees

In considering each trustee nominee, the Board evaluated such person’s background, qualifications, attributes and skills to serve as a trustee. The Board considered the nomination criteria discussed above, as well as the years of experience many trustees have had working together on the Board and the deep knowledge of the Company they have developed as a result of such service, all of which are critically important in our business given the long-term nature of many of our decisions. The Board also evaluated each of the director’s contributions to the Board and his or her role in the operation of the Board as a whole using, among other things, the results of the annual assessments. We believe our trustee nominees bring a well-rounded variety of experiences, qualifications, attributes and skills, and represent a mix of deep knowledge of the Company and fresh perspectives. The table below summarizes some of the experience, qualifications, attributes and skills of our trustee nominees.

Skill	Faeder	Holland	Lamb-Hale	Nader	Ordan	Steinel	Wood
Public Company Board Service Experience with operation of corporate boards	•	•	•	•	•	•	•
REIT/Public Company Executive Leadership experience on wide range of relevant topics	•				•		•
Financial Expertise/Literacy Expertise to oversee financial performance and reporting and internal controls	•	•		•	•	•	•
Real Estate Investing/Finance Expertise to oversee capital investment	•	•		•	•		•
Retail Industry Understanding issues facing primary revenue stream		•		•	•		
Human Capital Management Experience for overseeing compensation, succession and recruitment and retention of employees	•	•	•	•	•	•	•
Corporate Responsibility Oversight Provides accountability and value creation through ESG efforts and otherwise	•	•	•	•	•	•	•
Risk Management Oversight Identification and management of risk that could adversely impact the Company	•	•	•	•	•	•	•
Board Diversity							
Women		•	•			•	
Race/Ethnicity			•				

This high-level summary is not intended to be an exhaustive list of each of our trustee’s skills or contributions to the Board but we do expect each trustee nominee to be knowledgeable in these areas. Further information on each trustee, including some of their specific experiences, qualifications, attributes and skills, is set forth in the biographies on pages 14 to 17 below.

Additional Board Service

Over the past year, requests were approved for Ms. Lamb-Hale to serve on the board of Kroll Midco Corporation and for Mr. Ordan to serve on the board of The Carlyle Group, Inc. The primary factors considered by the Nominating Committee with respect to Ms. Lamb-Hale's request included her familiarity with Kroll given her prior employment with that company, her current role as general counsel of Cummins, Inc. and the experience and insights she could gain from serving on the board of another company. After weighing those factors, the Nominating Committee concluded that Ms. Lamb-Hale's service on the Kroll board would not adversely impact her service on our Board and approved her request. The year-end evaluation of Ms. Lamb-Hale confirmed that her service on the Kroll board had not impacted her performance as a trustee on our Board.

With respect to Mr. Ordan's request to serve on the board of The Carlyle Group effective as of April 1, 2022, the request was handled by our Non-Executive Chairman of the Board and presented to the entire Board to avoid any conflict with Mr. Ordan in his role as chair of the Nominating Committee. In considering the request, the Board took into account the considerable broad perspective he would bring to our Board as a Carlyle board member given that company's strong reputation and breadth of investing expertise, his unique background as both a former REIT CEO and a retailer CEO, as well as his invaluable past performance on our Board. After carefully considering these items, the Board unanimously approved Mr. Ordan's request to serve on the board of The Carlyle Group, concluding that such service would not adversely impact his service on our Board, and acknowledging that the Board would have the opportunity to reevaluate that conclusion as part of the end-of-year 2022 trustee evaluations which would form the basis for nomination to our Board in 2023.

Our Nominees

Provided below is information about our Board's nominees, including their age, the year in which each trustee first became a trustee of our Company, their business experience for at least the past five years, the names of publicly-held companies (other than our Company) where they currently serve as a director, and additional information about the specific experience, qualifications, skills, or attributes that led to our Board's conclusion that each nominee should serve as a trustee of our Company.



DAVID W. FAEDER

Managing Partner, Fountain Square Properties
Managing Member, Kensington Senior Living

Age: 65
Trustee Since: 2003

Independent; Non-Executive Chairman

Committees:

- Audit
- Nominating

Other Public Company Boards:

- Arlington Asset Investment Corp.

Background

Mr. Faeder has been the managing partner of Fountain Square Properties since 2003 and of Kensington Senior Living since 2011, both of which are focused on the ownership, operation and development of senior housing. Prior to that, he held various positions at Sunrise Senior Living from 1993 to 2003. Those positions included Vice Chairman, President and Executive Vice President-Chief Financial Officer. Mr. Faeder began his career in public accounting before moving into investment banking immediately prior to joining Sunrise. Mr. Faeder received a BS in Business Administration from Old Dominion University and an MBA from the Colgate Darden Graduate School of Business at the University of Virginia. Mr. Faeder has been designated by the Board as an audit committee financial expert in accordance with the SEC definition.

Skills and Qualifications

Mr. Faeder has deep levels of experience in leadership, real estate investment and development as well as finance and accounting acquired from his time as a private investor and as a public company CFO coupled with his public company and accounting background. This experience provides valuable perspective on our investment decisions, alignment of our capital structure to support those investments and on our financial reporting. His experience in senior living also provides valuable insights for a growing area that could be a source of additional value creation at a number of our properties.



ELIZABETH I. HOLLAND

Chief Executive Officer, Abbell Credit Corporation and Abbell Associates, LLC

Age: 56
Trustee Since: 2017

Independent

Committees:

- Compensation (Chair)
- Audit

Other Public Company Boards:

- VICI Properties, Inc.

Background

Ms. Holland is the Chief Executive Officer of Abbell Credit Corporation and Abbell Associates, LLC, a private real estate company. She has held that position since 1997. Prior to that, she served as a senior staff attorney on the Congressional Bankruptcy Review Commission (1996-1997), as a business reorganization attorney at Skadden, Arps, Slate, Meagher & Flom (1993-1996) and as a fixed income portfolio manager at Brown Brothers Harriman & Company from (1989-1990). From 2016-2017, Ms. Holland served as the Chairman of the Board of Trustees for ICSC (f/k/a International Council of Shopping Centers) and has served as a trustee for that organization since 2004. Ms. Holland earned a BA from Hamilton College and a JD from Brooklyn Law School. In addition to her public board service, Ms. Holland serves on the boards of 1000 Friends of Iowa, a non-profit organization focused on responsible land use, and Primo Center for Women & Children whose mission is to provide family shelter and permanent supportive housing and other supportive services to homeless families in Chicago.

Skills and Qualifications

Ms. Holland brings valuable insights into retailers and the retail industry in general from her time in leadership positions with ICSC and her own investing experience in retail real estate as well as a wealth of business and leadership experience from running a private real estate company. Those perspectives are invaluable for a retail based real estate company.



NICOLE Y. LAMB-HALE

Vice President and General Counsel, Cummins, Inc.

Age: 55
Trustee Since: 2020

Independent

Committees:

- Compensation
- Nominating

Background

Ms. Lamb-Hale is the Vice President and General Counsel of Cummins, Inc., a position she has held since 2021. Prior to that, she was a Managing Director at Kroll, a division of Duff & Phelps (2016-2021), a Senior Vice President at Albright Stonebridge Group (2013-2016), a global strategy consultancy, and served as the Assistant Secretary of Commerce for Manufacturing and Services in the International Trade Administration of the U.S. Department of Commerce (2010-2013) and as the Deputy General Counsel for the U.S. Department of Commerce (2009-2010). Ms. Lamb-Hale is a licensed attorney who began her career at law firms (1991-2009) where she practiced in the areas of business restructuring and public finance. Ms. Lamb-Hale earned an AB in Political Science from the University of Michigan and a JD from Harvard Law School. In addition to her service on Federal's Board, Ms. Lamb-Hale serves on the board of Kroll Midco Corporation as well as the boards of various non-profit groups including the American Leadership Initiative, The Holton Arms School, Shiloh Baptist Church of Washington, D.C. and the Center for International Private Enterprise.

Skills and Qualifications

Ms. Lamb-Hale's 30 years of experience, spanning the private and public sectors, in law, risk mitigation and restructuring, coupled with her leadership skills gained from her varied executive roles, provides the company with diverse and valuable insights as it develops and implements its current and long-term business strategies.



ANTHONY P. NADER, III

Managing Director of SWaN & Legend Venture Partners

Age: 58
Trustee Since: 2020

Independent

Committees:

- Audit
- Nominating

Other Public Company Boards:

- Arlington Asset Investment Corp.

Background

Mr. Nader is a Managing Director of SWaN & Legend Venture Partners, an investment firm that Mr. Nader co-founded in 2006, with investments in growth-oriented companies. Mr. Nader also serves as Vice Chairman of Asurion, a privately held company with over 19,000 employees that provides technology protection to approximately 300 million customers worldwide. In 2008, Mr. Nader successfully merged his prior company, National Electronics Warranty (“NEW”) with Asurion. Mr. Nader joined NEW in 1990 as Chief Operating Officer, was named President in 1999 and Chief Executive Officer in 2006, a position he held until 2013. Under his leadership, NEW grew to be the largest global provider of extended service plans for the consumer electronics and appliance industry. Mr. Nader earned a BSBA in Finance from John Carroll University and an MBA from Weatherhead School of Management at Case Western Reserve University. Mr. Nader also serves as the Chairman of the Inova Health System Board of Trustees. Mr. Nader has been designated by the Board as an audit committee financial expert in accordance with the SEC definition.

Skills and Qualifications

Mr. Nader provides our Board with more than 30 years of business and leadership experience as well as a deep investment background in both real estate and growth-oriented companies including retailers. This background complements others on our Board and adds to our depth of financial and investing expertise that is so critical to the success of the Company.



MARK S. ORDAN

Chief Executive Officer, Mednax, Inc.

Age: 63
Trustee Since: 2019

Independent

Committees:

- Nominating (Chair)
- Compensation

Other Public Company Boards:

- Mednax, Inc.
- The Carlyle Group, Inc. (as of 4/1/2022)

Background

Mr. Ordan currently serves as Chief Executive Officer of Mednax, Inc., a position he has held since 2020. Mednax is a physician-led health care organization that partners with hospitals, health systems and health care facilities to offer clinical services spanning the women’s and children’s continuum of care. Prior to joining Mednax, Mr. Ordan held chairman and Chief Executive Officer roles with Quality Care Properties, Inc. (2016-2018), Washington Prime Group (2015-2016), Sunrise Senior Living (2008-2013), The Mills Corporation (2006-2007), Balducci’s (2003-2006), High Noon Always (1999-2003), Chartwell Health Management (1996-1999) and Fresh Fields Market (1989-1996). He began his career in investment banking at Goldman Sachs in 1983. Mr. Ordan earned a BA from Vassar College and an MBA from Harvard Business School. Mr. Ordan currently serves on the board of the United States Chamber of Commerce (since 2012) and previously, Mr. Ordan served on the public company boards of VEREIT, Inc. (2015-2020), Forest City Realty Trust (2018), Quality Care Properties (2016-2018) and Washington Prime Group (2014-2017).

Skills and Qualifications

Mr. Ordan provides our Board with many years of leadership and governance experience from his years of serving as CEO of multiple companies and as CEO and a director of other publicly traded REITs, including retail REITs. His role on the Board is critical because it provides the unique combination of the perspectives of a public company retail landlord with the perspectives of retail tenants, given his experience of having founded and operated multiple retail concepts. In addition, Mr. Ordan is physically located in the Washington, DC area where our corporate headquarters is located which gives him unique knowledge of many of our properties and the markets in which they are located and makes him proximate to us in order to fulfill his obligations as a trustee.



GAIL P. STEINEL

Owner of Executive Advisors

Age: 65
Trustee Since: 2006

Independent

Committees:

- Audit (Chair)
- Compensation

Background

Ms. Steinel is the owner of Executive Advisors (2007-present), a business that provides consulting services to chief executives and senior officers and leadership seminars/speeches to various organizations. Prior to creating her own consulting firm, Ms. Steinel was the Executive Vice President of Global Commercial Services of Bearing Point (2002-2007) and a global managing partner for Arthur Andersen's Business Consulting Practice (1984-2002) after beginning her career as an auditor at Arthur Andersen (1977-1984). Ms. Steinel received a BA in Accounting from Rutgers University. Ms. Steinel's public company board service experience includes MTS Systems Corporation (2009-2020). In addition, Ms. Steinel serves on the boards of Invesque, Inc., a Toronto stock exchange company that invests in a highly diversified portfolio of properties across the health care spectrum throughout the US and Canada, DAI, an international development company that tackles fundamental social and economic development problems caused by inefficient markets, ineffective governance, and instability, and the Center for Hope & Safety, a nonprofit that assists women and children suffering from domestic violence. Ms. Steinel has been designated by the Board as an audit committee financial expert in accordance with the SEC definition.

Skills and Qualifications

Ms. Steinel has over 35 years of experience in auditing, leadership, leadership development and financial systems that provides us with valuable insights on leadership, leadership development, risk management and systems operations.



DONALD C. WOOD

Chief Executive Officer, Federal Realty Investment Trust

Age: 61
Trustee Since: 2003

Background

Mr. Wood currently serves as our Chief Executive Officer, a role he has held since 2003. Before assuming that role, he served as our President (2001-2003) and held the titles of Chief Operating Officer and Chief Financial Officer at various points from 1998-2003. Prior to joining Federal, Mr. Wood served as the Chief Financial Officer for Caesars World, Inc. (1996-1998), the Assistant/Deputy Controller of ITT Corporation (1990-1996), the VP of Finance for Trump Taj Mahal Associates (1989-1990) and as an audit manager with Arthur Andersen (1982-1989). Mr. Wood received a BS in Business Administration from Montclair State College. Mr. Wood previously served as a director of public companies Quality Care Properties (2016-2018) and Post Properties (2011-2016). In addition to his public company board service, Mr. Wood served as Chairman of the Board of Trustees of the National Association of Real Estate Investment Trusts (2011-2012) and previously served on the Board of Governors of ICSC (f/k/a International Council of Shopping Centers).

Skills and Qualifications

Mr. Wood's 24 years of experience with Federal and his responsibilities as chief executive officer provide the Board with familiarity and details on all aspects of operating the company.

Trustee Compensation

As of December 31, 2021, our standard arrangement for compensation for our non-management trustees included the following:

Trustee Compensation Element	Amount	Payment Form
Board Service		
Annual Retainer	\$ 200,000	40% cash; 60% equity
Annual Retainer for Non-Executive Chairman	\$ 225,000	60% cash; 40% equity
Committee Chairs		
Audit Committee	\$ 25,000	Cash
Compensation Committee	\$ 15,000	Cash
Nominating Committee	\$ 15,000	Cash

In 2021, the annual retainer for the Non-Executive Chairman was decreased from \$275,000 to \$225,000 and payment of the retainer for the Non-Executive Chairman was adjusted to 60% cash and 40% equity. No other changes were made to non-management Trustee compensation in 2021 and no further changes have been made for 2022. All amounts are prorated for any partial years of service and shares issued are fully vested on the grant date.

Our non-management Trustees are required to maintain ownership of our shares having a value equal to at least 5 times the amount of their annual cash retainer. This requirement must be met within 5 years after joining the Board. As of December 31, 2021, all of our Trustees who have been on the Board for 5 or more years were in full compliance with this ownership requirement. We expect our newest Trustees who joined the Board in 2019 and 2020 to be in compliance with this equity ownership requirement within the 5-year time frame.

The actual compensation awarded to our Trustees for service in 2021 was as follows:

Name	Annual Retainer		Committee Chair Fees ⁽²⁾	Total
	Paid in Cash	Paid in Shares ⁽¹⁾		
Jon E. Bortz ⁽³⁾	\$ 68,493	\$ -	\$ -	\$ 68,493
David W. Faeder ⁽⁴⁾	\$ 116,315	\$ 100,192	\$ 8,836	\$ 225,343
Elizabeth I. Holland	\$ 80,000	\$ 120,000	\$ 15,000	\$ 215,000
Nicole Y. Lamb-Hale	\$ 80,000	\$ 120,000	\$ -	\$ 200,000
Anthony P. Nader, III	\$ 80,000	\$ 120,000	\$ -	\$ 200,000
Mark S. Ordan	\$ 80,000	\$ 120,000	\$ 6,164	\$ 206,164
Gail P. Steinel	\$ 80,000	\$ 120,000	\$ 25,000	\$ 225,000
Joseph S. Vassalluzzo ⁽³⁾	\$ 94,178	\$ -	\$ -	\$ 94,178
Total	\$ 678,986	\$ 700,192	\$ 55,000	\$ 1,434,178

(1) Shares were issued on January 3, 2022 with the number of shares received by each Trustee determined by dividing the amount to be paid in shares by \$136.32, the closing price of our shares on the NYSE on December 31, 2021.

(2) Prorated for partial year of service. Mr. Faeder served as Compensation Committee Chair until Ms. Holland became Chair on August 3, 2021. Ms. Holland served as the Nominating and Corporate Governance Chair until Mr. Ordan became Chair on August 3, 2021.

(3) Pro-rated for partial year of service ending May 4, 2021.

(4) Prorated for partial year of service as a trustee and as the non-executive chairman effective May 5, 2021.

Proposal 2: Approving our Executive Compensation

We are seeking an advisory vote to approve our executive compensation for 2021. At our 2017 annual meeting of shareholders, a majority of shareholders voted to have a “Say on Pay” vote each year. As a result, we will conduct an advisory vote on executive compensation annually at least until the next shareholder advisory vote on the frequency of such votes.

Although the “Say on Pay” vote is advisory and is not binding on our Board, our Compensation Committee will take into consideration the outcome of the vote when making future executive compensation decisions.

Our Board has designed our current executive compensation program to appropriately link compensation realized by our named executive officers to our performance and properly align the interests of our named executive officers with those of our shareholders. The details of this compensation for 2021, and the reasons we awarded it, are described in the “Compensation Discussion and Analysis,” starting below.



Our Board recommends a vote **FOR** the compensation of our NEOs

The text of the resolution if Proposal 2 is passed is:

RESOLVED, that the shareholders of the Company hereby approve, on an advisory basis, the compensation of our NEOs as described in the CD&A and the Executive Compensation section that follows as required by Item 402 of Regulation S-K.

The affirmative vote of a majority of votes cast at the Annual Meeting, in person or by proxy, is required to approve this proposal. An “abstention” or “broker non-vote” will have no effect on the outcome of the vote for this proposal.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis (CD&A) discusses the compensation objectives and principles underlying our executive compensation decisions for 2021 for the following named executive officers (collectively, our “named executive officers” or “NEOs”).



Donald C. Wood
Chief Executive Officer



Jeffrey S. Berkes
President and Chief Operating Officer



Daniel Guglielmo
Executive Vice President-Chief Financial Officer and Treasurer



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

2021 SUMMARY INFORMATION

Business Highlights

All executive compensation decisions are considered in the context of our financial and operational performance for the year. Performance in 2021 was marked primarily by a quicker than anticipated recovery by retail and other tenants from the impacts of COVID, continued focus on smart capital allocation with investments that position the Company for long-term growth and sound execution of our basic business fundamentals of leasing and property operations. Following are some of our performance highlights for 2021 that were considered in determining compensation for our NEOs for 2021.

FFO per Share of \$5.57*

Significantly exceeded expectations with faster than expected retailer recovery from COVID and collection of larger amount of past due rents than anticipated

\$440M New Acquisitions

Acquired 5 new assets, 2 in a new market. Each asset has significant long-term value creation opportunities and was acquired at favorable, COVID impacted pricing.

\$486M Projects Placed in Service

Major projects, primarily Cocowalk and new buildings at Assembly Row placed into service and delivering additional revenue to drive growth over the next several years

* FFO per share is a non-GAAP financial measure. See Appendix A for a reconciliation of FFO per share to net income.

Record Leasing Activity

Signed 593 new and renewal leases for nearly 2.9 million square feet of space

Increased Dividend for 54th Year

Increased dividend rate on our common shares for the 54th consecutive year, the longest such record in the REIT industry

Executive Leadership

In February 2021, Jeffrey S. Berkes was promoted to the position of President and Chief Operating Officer. The Committee approved a new compensation package for Mr. Berkes commensurate with his new responsibilities. A more detailed discussion of that compensation package can be found on page 28.

Pay Decision Summary

The Committee did not change the targeted level of compensation for any of our NEOs for 2021 with the exception of Mr. Berkes whose compensation was changed in connection his promotion. In addition, a share grant was made to Mr. Guglielmo as described in more detail below. Based on our 2021 performance, our annual bonus plan paid out at 125% of target and our long-term incentive plan paid out at 99% of target.

COMPENSATION PLAN OVERVIEW

Compensation Objectives

Our executive compensation program is structured with 3 primary objectives:

Align with Shareholders

Align executive compensation with the interests of our shareholders

Incentivize Performance

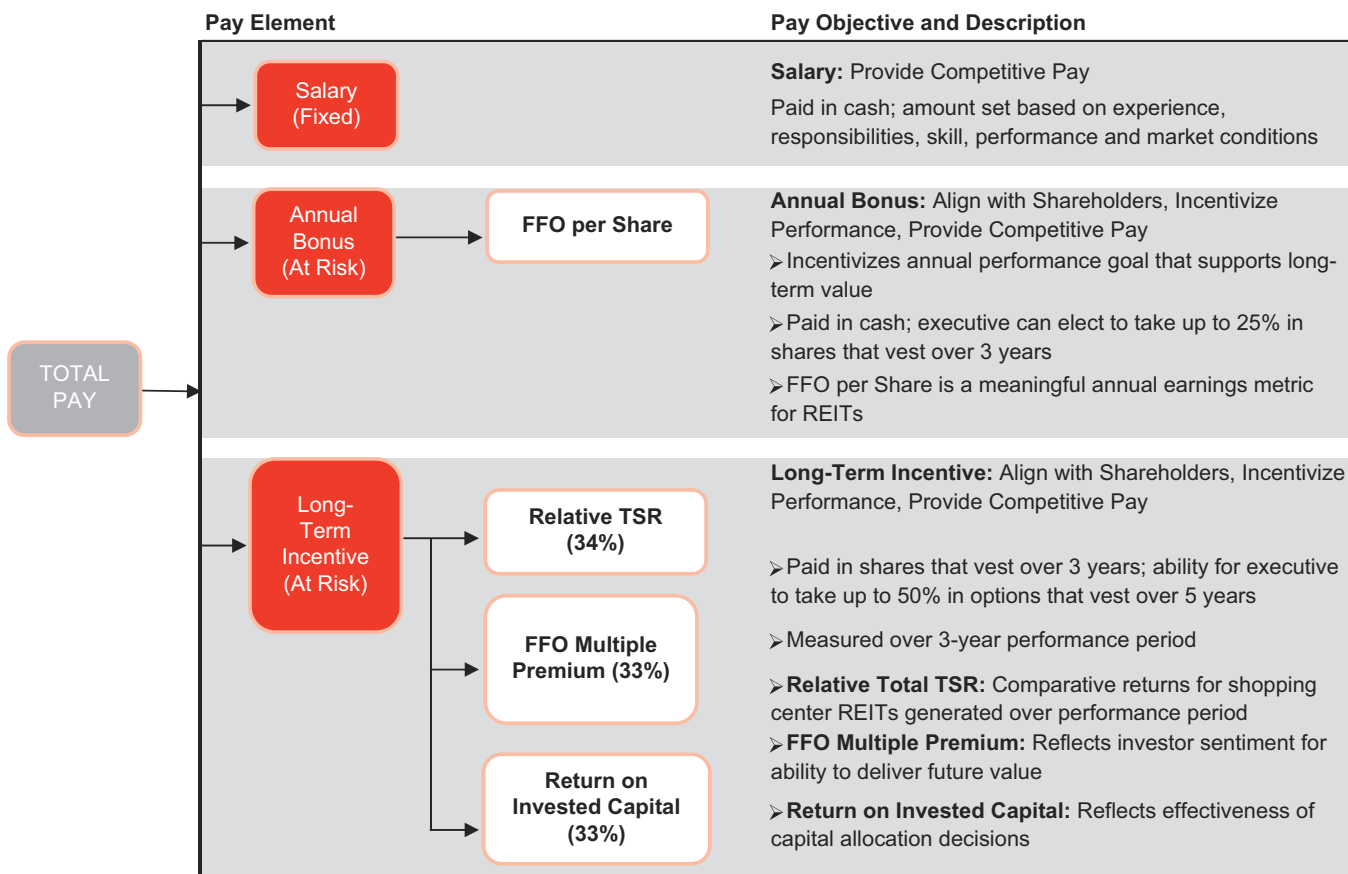
Link executive compensation to achieving short- and long-term business objectives

Provide Competitive Pay

Establish competitive market compensation to compete and retain top level talent critical to our business

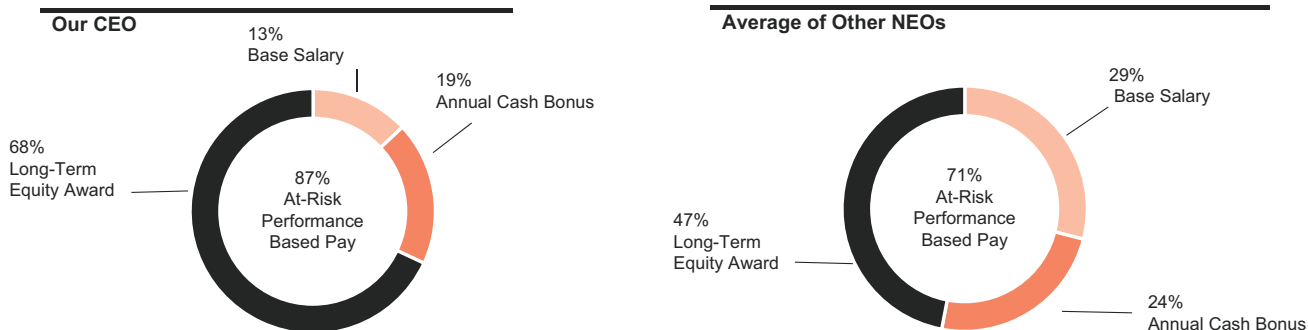
Primary Compensation Elements

The following diagram outlines the key elements of our compensation program and the objective of each element.



Pay for Performance

Our executive compensation program rewards successful annual performance and encourages long-term value creation for our shareholders with the heaviest weighting towards performance based compensation. Both short- and long-term incentive compensation is subject to achieving objective, at-risk performance hurdles across multiple metrics with short-term performance measured over a 1-year period and long-term performance measured over a 3-year period. The charts below show the mix of 2021 fixed pay (base salary) and at-risk pay incentives (annual bonus and long-term incentive) at target levels of compensation for our CEO and the average of the target level compensation for our three other NEOs.



Setting Compensation

Annual compensation for our NEOs is paid in both cash and restricted shares with a significant portion at risk and contingent on achieving either annual or long-term performance goals. The total potential compensation for our NEOs is established based on the scope of his/her individual responsibilities and contributions to our performance taking into account competitive market compensation paid for similar positions. Our Compensation Committee determines appropriate levels of total compensation for each NEO by applying their individual understanding, experiences and judgments in the national marketplace of senior level real estate positions and related industry pay in both public and private companies that may compete for our executives while also considering the relative importance of various positions at the Company given our business plan and organization compared with the business plans of our major competitors. The Compensation Committee also consults compensation surveys prepared for the National Association of Real Estate Investment Trusts (“NAREIT Survey”) to confirm its assessment of appropriate market compensation for our NEOs, reviewing the information reported for each position by the 112 real estate investment trusts (“REITs”) that participated in the latest survey as well as by the approximately 24 retail focused REITs that participated in that survey. In addition, in finalizing decisions for 2021 with respect to annual bonus payouts and payouts under our long-term incentive plan, the Compensation Committee discussed market compensation and various matters with our independent compensation consultant, Semler Brossy Consulting Group (“SBCG”). SBCG provides services solely to the Compensation Committee, does not provide any services directly to management and was determined by the Compensation Committee to be independent with no conflicts of interest.

Using the three components of compensation, their knowledge and experience in the marketplace, the NAREIT Survey information and the discussions with SBCG, the Compensation Committee establishes an individual compensation package for each NEO setting the target level of potential compensation for each NEO.

Say on Pay Vote

At the 2021 annual meeting of shareholders, 90% of the votes cast favored our “Say on Pay” proposal. The Committee considered this result together with recommendations of SBCG, and elected to keep in place unchanged the basic structure and elements of our executive compensation program.

2021 COMPENSATION DECISIONS

Below is a description of the individual elements of pay and the design used to determine compensation for 2021, followed by a more detailed review of performance and pay decisions for each of our NEOs.

Base Pay

No changes were made in 2021 to base pays for either Mr. Wood, Mr. Guglielmone or Ms. Becker. Mr. Berkes’ base pay was increased to \$575,000, an increase of approximately 9.5%, in connection with his promotion to President and Chief Operating Officer.

Annual Bonus Program

Our bonus plan is an annual cash incentive program designed to reward achievement for the current year measured against a pre-determined hurdle. The process to determine the annual bonus that actually gets paid to each of our NEOs consists of three steps:

STEP 1		
What We Do	How We Do It	2021 Decision
Establish bonus potential for each NEO	Determine target bonus for each NEO as a percentage of base pay with target percentage determined as part of NEO's total compensation package	The Committee did not make any changes to the target bonus percentage for any of our NEOs for 2021, leaving the bonus potential for each NEO unchanged from the prior year

The Compensation Committee determines for each NEO an appropriate annual bonus target set as a percentage of base pay. The total potential bonus for each NEO is considered in the context of ensuring that each NEO's overall compensation potential is within market for the position, has a significant component based on company performance and provides appropriate incentive for the NEO to drive Company performance. The Committee did not adjust the target bonus percentage for any of our NEOs in 2021. The following table sets forth the bonus potential for each NEO and the original date on which his or her bonus target was established.

NEO	2021	Target	Bonus Payout Potential			Target%
	Base Pay	Percentage	Threshold (75%)	Target (100%)	Stretch (125%)	
Mr. Wood	\$ 950,000	150%	\$ 1,068,750	\$ 1,425,000	\$ 1,781,250	No change since 2010
Mr. Berkes	\$ 575,000	100%	\$ 431,250	\$ 575,000	\$ 718,750	No change since 2019
Mr. Guglielmono	\$ 500,000	75%	\$ 281,250	\$ 375,000	\$ 468,750	No change since 2016
Ms. Becker	\$ 475,000	75%	\$ 267,188	\$ 356,250	\$ 445,313	No change since 2003

STEP 2		
What We Do	How We Do It	2021 Decision
Determine level of available funding for bonus payouts	Based on FFO per diluted share achieved by the Company for the year measured against previously established hurdles. See additional discussion below	Bonus pool funding established at 125% of target based on achieving FFO per diluted share for 2021 of \$5.57. See additional discussion below

The Compensation Committee has determined that FFO per diluted share is the appropriate measure to use for our annual bonus program. It is a key annual metric used by investors, the Board and management use it to evaluate the Company's performance for the year and it reflects the full range of decision making and execution for the Company for the year. The Committee sets the required performance level for FFO per diluted share at the beginning of each year with levels reflecting performance that ranges from acceptable at the threshold level to exceptional at the stretch level.

The FFO per diluted share achievement levels for our 2021 annual bonus program were established by the Compensation Committee early in the year based on our budget for the year which was heavily impacted by our

view of the continuing impact of COVID-19 on our tenants' ability to pay rent due under their leases. To try to capture this higher than normal level of uncertainty around expected performance for 2021, the Committee set our target bonus payout slightly higher than our initial budget for the year and established a range of \$0.25 per share from threshold payout to stretch payout, a range that was nearly 45% wider than either our 5 or 10-year historical average. Following are the achievement levels set by the Compensation Committee and our actual level of FFO per share achieved.

	Threshold	Target	Stretch	Actual
FFO per Share	\$ 4.55	\$ 4.68	\$ 4.80	\$ 5.57
Payout as % of Target	75%	100%	125%	125%

See Appendix A for a reconciliation of FFO per share to net income.

Our actual FFO per share exceeded our bonus target by approximately 19% driven primarily by the businesses of our retail tenants rebounding more quickly and with more strength than we contemplated in our budget. We were able to collect significantly more rent tenants owed for the prior year of 2020 than we had anticipated, fewer tenants closed their doors than expected which led to increased revenue and we experienced significantly lower levels of credit loss than we had planned for at the time our bonus target was established. Significant outperformance during 2021 as compared to initial expectations for the year was a consistent theme amongst other public company retail landlords with 7 similarly situated retail landlords having also exceeded their initial expectations provided to investors by 19% on average.

STEP 3		
What We Do	How We Do It	2021 Decision
Determine final bonus payment to each NEO based on available funding determined by Company performance	25% of total potential earned based on company performance; remaining 75% earned based on Committee evaluation of NEO performance	Based on the individual achievements of each NEO in 2021 outlined in more detail below, the Committee awarded each NEO 100% of his or her bonus potential for the year

With the bonus pool having been funded based on Company performance, the final step is to determine how much of that potential bonus each of our NEOs will actually be paid. Each NEO is entitled to 25% of his or her bonus potential based on Company performance. The remaining 75% of the bonus potential is earned based on the Committee's assessment of each individual's performance and whether that NEO achieved the objectives set out by the Company within that NEO's area of responsibility. The Committee elected to award each of our NEOs 100% of the individual performance portion of their bonus potential. The detailed considerations supporting that decision are set forth on pages 27-30. The table below summarizes the final bonus payouts to each of our NEOs.

NEO	Bonus Potential	Earned Based on		Total Earned
		Company Performance (25%)	Individual Performance (75%)	
Mr. Wood	\$ 1,781,250	\$ 445,313	\$ 1,335,938	\$ 1,781,250
Mr. Berkes	\$ 718,750	\$ 179,688	\$ 539,063	\$ 718,750
Mr. Guglielmono	\$ 468,750	\$ 117,188	\$ 351,563	\$ 468,750
Ms. Becker	\$ 445,313	\$ 111,328	\$ 333,984	\$ 445,313

Our NEOs have the option to receive up to 25% of the final bonus payout in the form of shares that vest equally over three years with accelerated vesting on death, disability, change in control and termination without cause. In consideration of the extended payment period for this portion of the bonus already earned, the employee receives shares valued at 120% of the portion of the annual bonus he/she elects to receive in shares. This option is made available to all participants in our annual bonus plan at the level of Director and above. The cash portion of the 2021 annual bonus is reflected in the “Non-Equity Incentive Plan Compensation” column in the Summary Compensation Table in this proxy statement. The portion of the annual bonus paid in shares will be included in the “Stock Awards” column in the Summary Compensation Table and the Grants of Plan-Based Awards Table in next year’s proxy statement.

Long-Term Incentive Program

The largest portion of compensation for each of our NEOs comes from our equity based long-term incentive program that aligns the interests of our NEOs with shareholders by incentivizing our NEOs to identify and accomplish longer-term business objectives that generate value through share price appreciation and dividend growth. Our program measures performance over the prior 3-year period with shares awarded at the end of the 3-year performance period based on actual results. Performance for purposes of our long-term incentive program is measured against the following preset metrics.

Plan Metric	Weighting	Description
Relative Total Shareholder Return	34%	<ul style="list-style-type: none"> Compares our total shareholder return, taking into account share price appreciation and assuming reinvestment of dividends, against the total return achieved by the Bloomberg REIT Shopping Center index (“BBRESHOP”) BBRESHOP is comprised of publicly traded companies that own and operate open air shopping centers BBRESHOP provides an appropriate basis to compare our performance against similarly situated companies
FFO Multiple Premium	33%	<ul style="list-style-type: none"> Compares FFO multiple at which the Company is trading at the end of the performance period against the average FFO multiple at which all other public shopping center companies (other than the Company) are trading at that time FFO multiples are provided by a third party investment bank Serves as a measure of investor expectations of our long-term growth potential and confidence in our management team versus other publicly traded open air shopping center companies
Return on Invested Capital	33%	<ul style="list-style-type: none"> Reflects how effectively we have allocated our shareholders’ capital during the 3-year performance period Incentivizes sound, long-term investment decisions focused on generating strong future shareholder returns Encompasses the revenue and investment impact from all capital decisions Required performance levels established in advance to reflect changing market expectations as we acquire, sell and develop assets

The required performance levels for each of these metrics and the actual performance achieved for the 3-year performance period from 2019 through 2021 is set forth below.

Performance Level Payout as Percent of Target	Weighting	Threshold 50%	Target 100%	Stretch 150%	Actual	Payout
Relative Total Return	34%	Index - 5%	Index	Index + 5%	-5.83%	0%
FFO Multiple Premium	33%	At least +5%	At least +15%	At least +20%	47.10%	150%
Return on Invested Capital	33%	6.25%	6.50%	6.75%	6.76%	150%

Based on these levels of performance, each of our NEOs is eligible for total payout under the plan at 99% of his/her target long-term incentive award. The Committee has the right to increase or decrease each NEO's award under our long-term incentive program by up to 20% to reflect individual performance. The Committee elected to exercise that right with respect to the award for Mr. Wood as discussed in more detail on page 27. The amount each NEO is eligible to receive under our long-term incentive program and the amount actually awarded are set forth below.

NEO	Long-Term Equity Potential			Amount	Amount
	Threshold	Target	Stretch	Earned	Awarded
Mr. Wood	\$ 2,500,000	\$ 5,000,000	\$ 7,500,000	\$ 4,950,000	\$ 5,940,000
Mr. Berkes	\$ 500,000	\$ 1,000,000	\$ 1,500,000	\$ 990,000	\$ 990,000
Mr. Guglielmono	\$ 450,000	\$ 900,000	\$ 1,350,000	\$ 891,000	\$ 891,000
Ms. Becker	\$ 300,000	\$ 600,000	\$ 900,000	\$ 594,000	\$ 594,000


See the discussions on pages 27-30 for the factors considered by the Compensation Committee in determining the final long-term incentive awards payable to our NEOs for the 2019 through 2021 performance period.

The equity awards under our long-term incentive program are paid in the form of restricted shares that are issued upon completion of a 3-year performance period and then vest over an additional period of 3 years from the date they are issued. The actual number of shares awarded to each of our NEOs is determined by dividing the amount of the award by the closing price of our stock on the NYSE on the date the awards are made. All participants in our long-term incentive program, including our NEOs, have the ability to take up to half of his/her award in the form of options that vest over 5 years. For 2021, all of our NEOs elected to take the entirety of his/her award in the form of restricted shares.

There is no amount included in the Summary Compensation Table or Grants of Plan-Based Awards Table in this proxy statement for long-term incentive awards earned for the 2019-2021 performance period. Those amounts will be included in next year's proxy statement. The long-term incentive awards included in the Summary Compensation Table and the Grants of Plan-Based Awards Table for our NEOs in this proxy statement relate to awards made in February 2021 for the 3-year performance period ending December 31, 2020.

2021 Compensation Decisions

Below is a summary of the 2021 earned and awarded compensation for our NEOs and the accomplishments considered by the Committee when determining 2021 compensation.

Donald C. Wood Chief Executive Officer  <i>Age: 61</i> <i>Joined: 1998</i>	Responsibilities Mr. Wood has overall responsibility for the development and execution of our long-term strategic priorities to generate value for our shareholders	2021 Compensation (in 000s) Base Pay: \$ 950 Annual Bonus: \$1,781 Long-Term Equity: \$5,940 Total: \$8,671
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2021 Compensation Decisions and Rationale


The Committee's practice for the last decade has been to consider and implement any necessary market adjustments to Mr. Wood's target compensation package every 5 years. With the last adjustment having occurred in 2016, a market adjustment was scheduled to be considered for 2021 compensation. The Committee decided, however, that it would not be appropriate to make any market compensation adjustments in 2021 given the continuing COVID-related business uncertainties and elected to defer consideration of market pay adjustments until 2022. As a result, Mr. Wood's target compensation was not changed for 2021, remaining at the level established in 2016.

Based on the performance of the Company and Mr. Wood's performance in 2021, and after considering market data provided by SBCG, the Committee elected to award Mr. Wood his full annual bonus opportunity and to increase Mr. Wood's long-term incentive award by 20% for individual performance as permitted under the provisions of the long-term incentive program. The Committee believed the adjustment was warranted given Mr. Wood's leadership of the Company, the fact that no market adjustments had been made to his compensation since 2016 and that our compensation consultant indicated that the total award was still well within market for a person with Mr. Wood's experience and in light of Company performance. Given that 87% of Mr. Wood's target compensation is tied to our performance over a 1 and 3-year period, Mr. Wood's pay remains highly correlated to our performance.

2021 Key Achievements



- ✓ Led the Company's efforts to execute on our long-term strategy and objectives
- ✓ Led succession planning with the promotion of Mr. Berkes to President and Chief Operating Officer
- ✓ Led our overall efforts to maximize our post-COVID rent collections
- ✓ Led our record level of leasing activity to drive portfolio occupancy
- ✓ Led our diversity, equity and inclusion initiatives, including by taking a leadership role in the Diversity Council of the National Association of Real Estate Investment Trusts
- ✓ Led continued advancement of overall strategy and objectives on environmental, social and governance initiatives
- ✓ Led capital allocation decisions in acquisitions and developments intended to create significant future value for our shareholders

Jeffrey S. Berkes <i>President and Chief Operating Officer</i> 	Responsibilities Mr. Berkes has overall responsibility for the operation of the Company's operating assets and development projects as well as overall responsibility for new property acquisitions	2021 Compensation (in 000s) Base Pay: \$ 575 Annual Bonus: \$ 719 Long-Term Equity: \$ 990 Total: \$2,284
	Age: 58 Joined: 2000	Other: \$1M restricted share award \$1M performance share award \$75,000 cash bonus

2021 Compensation Decisions and Rationale

The Committee retained SBCG to assist with developing Mr. Berkes' 2021 target compensation package to reflect his new position and increased responsibilities as President and Chief Operating Officer. The new compensation package included an increase in base pay from \$525,000 to \$575,000 as well as two new equity awards described below. No change was made to Mr. Berkes' target bonus percentage or to his long-term equity target. Included in the new package was a restricted share award of \$1 million that will vest equally over 5 years provided Mr. Berkes remains employed by the Company and a performance award with the opportunity to earn 10,441 restricted share units at target level performance (valued at the time of award at \$1 million) in the event the Company's relative total shareholder return for the period from January 1, 2021 through December 31, 2024 is at least equal to the total shareholder return for the BBRESHOP. Mr. Berkes could earn as few as 5,221 share units if our total shareholder return is more than 5% below the BBRESHOP during the performance period or as many as 20,882 share units if our total shareholder return exceeds the BBRESHOP by at least 10%. Final results will be interpolated between the performance levels. At the end of the performance period, Mr. Berkes will also be entitled to receive dividend equivalent units on each restricted share unit that is earned. The Committee, in consultation with SBCG, determined that these awards, combined with the basic compensation package, were within appropriate market ranges of compensation for a company president with Mr. Berkes' years of experience and expertise in the real estate industry and with the Company and created an appropriate balance between time-based vesting and performance based awards to provide additional retention value.

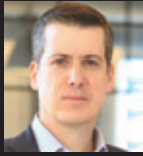
As part of the final 2021 compensation decisions, based on Mr. Berkes' performance, the Committee awarded Mr. Berkes his full bonus and full long-term equity award and, as part of a special bonus allocation that the Company awarded to every employee in the Company other than Mr. Wood, the Committee awarded Mr. Berkes a one-time cash bonus of \$75,000 in recognition of the extraordinary efforts to manage the Company through the worst of the financial impacts from COVID.

2021 Key Achievements



- ✓ Led the Company's investment efforts that resulted in acquisition of 5 new properties with a total value of \$440 million
- ✓ Oversaw development efforts that resulted in delivery of more than \$486 million of major development projects placed into service and commencement of one new ground-up development project and numerous smaller projects
- ✓ Oversaw redevelopment efforts to improve operating properties to better position them for long-term growth
- ✓ Oversaw record level of portfolio leasing
- ✓ Oversaw efforts that resulted in significantly higher portfolio occupancy at the end of 2021 versus 2020
- ✓ Oversaw significantly improved rent collections ending 2021 at nearly 97%

Daniel Guglielmono
*Executive Vice President-
 Chief Financial Officer and
 Treasurer*



Age: 54
 Joined: 2016

Responsibilities
 Mr. Guglielmono has overall responsibility for all Company related financial activity including forecasting, reporting and capital allocation, in addition to investor relations and East Coast acquisitions

2021 Compensation (in 000s)	
Base Pay:	\$ 500
Annual Bonus:	\$ 469
Long-Term Equity:	\$ 891
Total:	<u>\$1,860</u>

Other:
 \$1M restricted share award
 \$75,000 cash bonus

2021 Compensation Decisions and Rationale

2021 marked completion of 5 full years of service by Mr. Guglielmono as the Company's Chief Financial Officer. The Committee anticipated reviewing Mr. Guglielmono's target compensation in 2021; however, given the continuing COVID-related business uncertainties, the Committee determined that consideration of market pay adjustments would be delayed until at least 2022. In August 2021, the Committee did award to Mr. Guglielmono a restricted share award having a value of \$1 million that will vest equally over five years subject to his continued service at the Company. The Committee has not previously made off-cycle awards to its executive officers; however, after reviewing market compensation information for other chief financial officers provided by SBCG which showed that Mr. Guglielmono's compensation at the target level and even at a maximum performance level was significantly below market compensation for chief financial officers at other retail REITs and other similarly sized REITs, the Committee believed it was important to start the process of bringing Mr. Guglielmono's compensation closer to market levels. Few changes had been made to Mr. Guglielmono's compensation package since he joined the Company in 2016 resulting in his target compensation growing less than 1% per year on average and his maximum compensation potential growing at approximately 2% per year on average as compared to inflation over that same 5-year period growing at approximately 2.5% per year and other similarly situated chief financial officers having annual compensation grow at more than 3% on average. Given the gap between Mr. Guglielmono's compensation and market compensation levels, the Committee used this award as a first step to bridging the gap and the value of this award will be taken into account as part of the changes expected to be made to Mr. Guglielmono's compensation package in 2022.

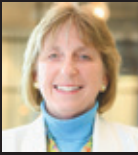
Based on the Committee's evaluation of Mr. Guglielmono's performance in 2021, the Committee awarded Mr. Guglielmono his full bonus and full long-term equity award and, as part of a special bonus allocation that the Company awarded to every employee in the Company other than Mr. Wood, the Committee awarded Mr. Guglielmono a one-time cash bonus of \$75,000 in recognition of the extraordinary efforts to manage the Company through the worst of the financial impacts from COVID.

2021 Key Achievements



- ✓ Co-Led the Company's investment efforts that resulted in acquisition of 5 new properties with a total value of \$440 million
- ✓ Led efforts to proactively manage our balance sheet resulting in improved year over year credit metrics and attractive overall cost of capital
- ✓ Oversaw execution of strategically selected property sales to raise approximately \$140 million of attractively priced capital
- ✓ Led opportunistic equity raises through use of forward contracts under our at-the-market equity program
- ✓ Led investor outreach and communications
- ✓ Led financial efforts enabling the Company to increase our annual dividend rate to common shareholders for the 54th consecutive year, a record in the REIT industry

Dawn M. Becker
*Executive Vice President-
 General Counsel and
 Secretary*



Age: 58
 Joined: 1997

Responsibilities
 Ms. Becker has overall responsibility for all legal functions within the Company and heads all of our ESG efforts in addition to overseeing our Human Resources, Information Technology and other administrative functions

2021 Compensation (in 000s)	
Base Pay:	\$ 475
Annual Bonus:	\$ 445
Long-Term Equity:	\$ 594
Total:	<u>\$1,514</u>

Other:
 \$75,000 cash bonus

2021 Compensation Decisions and Rationale

No changes were made to Ms. Becker’s target compensation for 2021 given the continuing COVID-related business uncertainties. As part of the Committee’s final 2021 compensation decisions, the Committee awarded Ms. Becker her full bonus and full long-term equity award and, as part of a special bonus allocation that the Company awarded to every employee in the Company other than Mr. Wood, the Committee awarded Ms. Becker a one-time cash bonus of \$75,000 in recognition of the extraordinary efforts to manage the Company through the worst of the financial impacts from COVID.

2021 Key Achievements



- ✓ Led the Company’s environmental, social and governance efforts that included establishing energy and greenhouse gas reduction targets
- ✓ Led the Company’s corporate sustainability reporting in line with the Global Reporting Initiative (GRI), Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB) frameworks
- ✓ Led the restructuring of the Company that resulted in us converting to an umbrella limited partnership structure to further enhance future acquisition opportunities
- ✓ Oversaw our diversity, equity and inclusion initiatives that led to 64% of all new hires in 2021 being female and 47% being ethnic or racial minorities
- ✓ Oversaw continued technology system improvements to drive Company-wide efficiency improvements and enhance overall cyber security

COMPENSATION POLICIES AND PRACTICES

Compensation Risk Assessment

Based on its review completed in February 2022, the Committee does not believe that our compensation programs encourage unnecessary or excessive risk taking that is reasonably likely to have a material adverse effect on the Company. Incentive compensation for 94% of our employees is provided under our annual bonus plan and/or long-term equity program. The performance metrics under those programs have been established by the Committee and reflect important short-term and longer-term corporate objectives and the Board has in place sufficient controls to ensure that decisions which could have a material adverse impact on the Company cannot be made without Board approval. Our remaining employees earn some or all of their compensation determined by completing leasing transactions or closing acquisitions. Because these employees cannot complete any of those leasing or acquisition deals without first obtaining approvals from either the Board and/or one or more members of senior management whose incentive compensation is tied to corporate performance, this transactionally based compensation does not expose the Company to unnecessary or excessive risk taking. We also have in place the clawback policy described below that allows us to recoup compensation paid to our NEOs on the basis of inaccurate financial statements where that NEO engaged in fraud or grossly negligent misconduct.

Equity Ownership Requirements

The Committee believes that ownership in the Company aligns our executives with our shareholders and keeps their focus on achieving the long-term objectives of the Company. To facilitate that objective, we have adopted equity ownership guidelines that require all of our executive vice presidents and above to maintain a specified minimum level of common share ownership in the Company. Each individual has five years to achieve the required level of ownership after becoming subject to the ownership requirement. The minimum ownership requirements currently in place are 7 times base salary for our CEO, 2.5 times base salary plus annual bonus for each of our other NEOs and 2.0 times base salary plus annual bonus for our other executive vice presidents.

Each of our NEOs and all of our other executive vice presidents were in compliance with our equity ownership requirements as of December 31, 2021.

Anti-Hedging/Pledging Policy

All officers and non-employee Trustees are prohibited from engaging in short sales of our securities, establishing margin accounts, pledging our securities as collateral for a loan, buying or selling puts or calls on our securities or otherwise engaging in hedging transactions (such as zero-cost dollars, exchange funds, and forward sale contracts) involving our securities.

Termination and Change-in-Control Arrangements

We do not have employment agreements in place with any of our NEOs or any other employee which provides the Committee with maximum flexibility to modify compensation as warranted based on market conditions and Company considerations. We do, however, have in place with each of our NEOs a severance agreement that provides for certain payments and benefits to be provided to the NEO if he/she is terminated from employment under the conditions set forth in those agreements. The circumstances in which payments may be made and the potential amounts of those payments are described in more detail in the "Potential Payments on Termination of Employment and Change-in-Control" section below. We believe that the payments provided for in these agreements are reasonable and appropriate as part of the total compensation packages available for our NEOs.

Other Benefits

We provide other health and welfare benefits to our NEOs on the same basis as we provide those benefits to all employees. These benefits are competitive with those offered by companies with whom we compete for talent and provide another tool that allows us to attract and retain talented executives.

In addition to those benefits, we provide to Mr. Wood, his spouse and one of his dependents continuation of health coverage after Mr. Wood's termination upon death, disability, retirement, change in control or otherwise (other than a termination with cause or resignation). This coverage will continue as to Mr. Wood and his spouse until their death, or with respect to his spouse until divorce, if earlier, and coverage continues for one of Mr. Wood's dependents until death. We are required to provide coverage of at least the same level as provided to Mr. Wood and his family at the time of his termination and such coverage will be secondary to certain other coverages that may be available to Mr. Wood and his family. This agreement has been in place since 2005.

Timing of Equity Grants

Equity awards to our employees under our annual bonus plan and long-term incentive plan described above are made at the Compensation Committee's meeting that occurs in February of each calendar year. Based on our meeting schedule the past several years, these awards are made before we release financial results for the prior fiscal year. We have no policy that times the granting of equity awards relative to the release of material non-public information. Equity awards to new hires are generally made on the first day on which the employee

starts work and equity awards to employees who are promoted generally are made on the day on which the promotion has been fully approved. All of our options are awarded at the closing price of our shares on the NYSE on the date the award is made. The Compensation Committee has never re-priced options, granted options with an exercise price that is less than the closing price on the NYSE on the date of the grant, or granted options which are priced on a date other than the grant date. Equity awards for Vice Presidents and above for the 3-year performance period ending on December 31, 2021 were made at the Compensation Committee's meeting on February 9, 2022 based on the closing price of our shares on the NYSE on that date.

Tax Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code generally limits deductibility of compensation paid to our NEOs to \$1 million. An exception was previously made for qualified performance-based compensation, among other things. The Tax Cuts and Jobs Act of 2017 modified Section 162(m) to, among other things, modify who is subject to the \$1 million deduction limit and to eliminate the exception for performance based pay from the \$1 million deduction limit starting with tax years ending after December 31, 2017.

The Compensation Committee considered the impact of Section 162(m) in structuring compensation programs; however, the primary focus has always been on creating programs that addressed the needs and objectives of the Company regardless of the impact of Section 162(m). As a result, the Compensation Committee made awards and structured programs that were non-deductible under Section 162(m). Because our awards and compensation programs were not necessarily designed to comply with Section 162(m), the changes to Section 162(m) have not had a material impact on us.

Clawback Policy

Our Board has adopted a policy that allows us to recover from our NEOs performance based compensation paid to that NEO, including compensation paid under our annual bonus plan and our long-term equity program, in the event that:

- the Company issues a restatement of financial results to correct material non-compliance with reporting requirements;
- the NEO engaged in fraud or grossly negligent misconduct that contributed to the need for the financial restatement; and
- some or all of the performance based compensation received prior to the restatement would not have been paid based on the restated financial result

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board has reviewed and discussed the CD&A required by Item 402(b) of Regulation S-K with management and, based on such review and discussion, the Compensation Committee recommended to the Board that the CD&A be included in this Proxy Statement.

Submitted by:

Elizabeth I. Holland, Chairperson
Nicole Y. Lamb-Hale
Mark S. Ordan
Gail P. Steinel

Executive Compensation

Summary Compensation Table

The table below summarizes the total compensation earned by or paid to the individuals who were NEOs for the fiscal years ended December 31, 2021, 2020 and 2019. All amounts are calculated in accordance with current SEC rules.

Name and Principal Position	Year				Non-Equity Incentive		All Other		Total
		Salary ⁽¹⁾	Bonus ⁽²⁾	Stock Awards ⁽³⁾	Plan Compensation ⁽⁴⁾	Compensation ⁽⁵⁾			
Donald C. Wood, Chief Executive Officer (PEO)	2021	\$ 950,000	\$ -	\$ 5,213,719	\$ 1,335,938	\$ 21,260	\$ 7,520,917		
	2020	\$ 950,000	\$ -	\$ 5,830,493	\$ 534,375	\$ 166,928	\$ 7,481,796		
	2019	\$ 950,000	\$ -	\$ 5,534,437	\$ 1,128,125	\$ 18,296	\$ 7,630,858		
Jeffrey S. Berkes, President and Chief Operating Officer	2021	\$ 575,000	\$ 75,000	\$ 3,131,027	\$ 539,063	\$ 14,486	\$ 4,334,576		
Daniel Guglielmo, Executive Vice President-Chief Financial Officer and Treasurer (PFO)	2021	\$ 500,000	\$ 75,000	\$ 1,900,046	\$ 468,750	\$ 11,427	\$ 2,955,223		
	2020	\$ 500,000	\$ -	\$ 968,270	\$ 281,250	\$ 236,818	\$ 1,986,338		
	2019	\$ 500,000	\$ -	\$ 900,012	\$ 395,833	\$ 9,728	\$ 1,805,573		
Dawn M. Becker, Executive Vice President-General Counsel and Secretary	2021	\$ 475,000	\$ 75,000	\$ 680,159	\$ 333,984	\$ 13,638	\$ 1,577,781		
	2020	\$ 475,000	\$ -	\$ 758,275	\$ 200,391	\$ 86,359	\$ 1,520,025		
	2019	\$ 475,000	\$ -	\$ 726,587	\$ 282,031	\$ 13,265	\$ 1,496,883		

- (1) Amounts shown in the Salary column include all amounts deferred at the election of the NEOs into our non-qualified deferred compensation plan.
- (2) Amounts represent a one-time cash bonus described for each of these NEOs in more detail in the Compensation Discussion and Analysis.
- (3) Amounts shown in this column reflect the aggregate grant date fair value of the awards calculated in accordance with FASB ASC Topic 718 that were issued in the year shown. With the exception of the performance based restricted share units issued to Mr. Berkes in 2021, all other awards in this column were valued based on the closing price of our shares on the grant date. The performance-based restricted share units issued to Mr. Berkes in February 2021 are tied to our total shareholder return versus the total shareholder return for the Bloomberg REIT Shopping Center Index over the performance period. These restricted share units were valued based on our data and that of the index using a Monte Carlo simulation method. The key assumptions used in the valuation were: (a) stock price volatility of 38.0% for the Company and 38.8% for the index; (b) risk-free interest rate of 0.31%; and (c) no dividend yield assumption given that the award includes dividend equivalent rights that are earned only if the underlying shares are earned. Based on the performance goals and these assumptions, the award was valued at \$97.01 per share.
- (4) Amounts shown in this column represent the cash amount paid under our annual bonus plan and include amounts deferred by our NEOs into our non-qualified deferred compensation plan.
- (5) The amounts shown in this column for the most recent fiscal year include: (a) contributions to our 401(k) plan of \$7,250 for each of our NEOs; (b) a 5-year cash service award of \$300 for Mr. Guglielmo; and (c) payments for group term life insurance, long-term disability insurance and supplemental life insurance of \$14,010 for Mr. Wood, \$7,236 for Mr. Berkes, \$3,877 for Mr. Guglielmo and \$6,388 for Ms. Becker.

Grants of Plan Based Awards Table

The following equity awards were made in 2021 to our NEOs.

Name	Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	Grant Date Fair Value
		Threshold (#)	Target (#)	Maximum (#)		
Donald C. Wood	2/10/2021 ⁽¹⁾ (6)(7)				2,232	\$ 213,759
	2/10/2021 ⁽²⁾ (6)(7)				52,208	\$ 4,999,960
Jeffrey S. Berkes	2/10/2021 ⁽¹⁾ (6)(7)				1,233	\$ 118,084
	2/10/2021 ⁽²⁾ (6)(7)				10,442	\$ 1,000,030
	2/10/2021 ⁽³⁾ (6)(7)				10,442	\$ 1,000,030
	2/10/2021 ⁽⁴⁾ (7)(8)	5,220	10,441	20,882		\$ 1,012,881
Daniel Guglielmo	2/10/2021 ⁽²⁾ (6)(7)				9,398	\$ 900,046
	8/3/2021 ⁽⁵⁾ (6)(7)				8,569	\$ 1,000,000
Dawn M. Becker	2/10/2021 ⁽¹⁾ (6)(7)				837	\$ 80,159
	2/10/2021 ⁽²⁾ (6)(7)				6,265	\$ 599,999

- (1) Issued under our annual bonus plan for the 1-year performance period ending December 31, 2020. These shares vest equally over 3 years.
- (2) Issued under our long-term incentive program for the 3-year performance period ending December 31, 2020. These shares vest equally over 3 years.
- (3) Issued in connection with Mr. Berkes' promotion to President and Chief Operating Officer. The shares vest equally over 5 years.
- (4) The amounts shown represent the range of shares that may be earned under this award for the time period from 2021 through 2024 for performance based on the relative total shareholder return of the Company compared to the relative total shareholder return of the BBRESHOP. The number of units shown were calculated based the grant date closing price of our shares of \$95.77. The actual number of units earned will be determined at the end of the performance period subject to linear interpolation if performance falls between the specified levels of performance. Any earned award, together with dividend equivalents on the earned awards, will vest after December 31, 2024 with any earned award being paid in shares and any earned dividend equivalents on the earned awards being paid in cash.
- (5) These shares will vest equally over 5 years.
- (6) Dividends are paid on these shares issued at the same rate and time as paid to all other holders of our shares as declared by our Board from time to time.
- (7) Represents the grant date fair value of share awards as computed in accordance with FASB ASC Topic 718.
- (8) These restricted stock units were valued based on our data and that of the index using a Monte Carlo simulation method. The key assumptions used in the valuation were: (a) stock price volatility of 38.0% for the Company and 38.8% for the index; (b) risk-free interest rate of 0.31%; and (c) no dividend yield assumption given that the award includes dividend equivalent rights that are earned only if the underlying shares are earned. Based on the performance goals and these assumptions, the award was valued at \$97.01 The fair value reflected is based on a target level payout.

Outstanding Equity Awards at Fiscal Year-End Table

The following table sets forth information about outstanding equity awards held by our NEOs as of December 31, 2021:

Name	Stock Awards		Equity incentive plan awards: number of unearned shares, units or other rights that have not vested	Equity incentive plan awards: market or payout value of unearned shares, units or other rights that have not vested ⁽⁹⁾
	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested ⁽⁹⁾		
Donald C. Wood	2,232 ⁽¹⁾	\$ 304,266		
	52,208 ⁽¹⁾	\$ 7,116,995		
	2,364 ⁽²⁾	\$ 322,260		
	28,177 ⁽²⁾	\$ 3,841,089		
	1,327 ⁽³⁾	\$ 180,897		
	12,417 ⁽³⁾	\$ 1,692,685		
Jeffrey S. Berkes	1,233 ⁽¹⁾	\$ 168,083		
	10,442 ⁽¹⁾	\$ 1,423,453		
	871 ⁽²⁾	\$ 118,735		
	5,635 ⁽²⁾	\$ 768,163		
	332 ⁽³⁾	\$ 45,258		
	1,987 ⁽³⁾	\$ 270,868		
	11,175 ⁽⁴⁾	\$ 1,523,376		
	10,442 ⁽⁵⁾	\$ 1,423,453	5,221 ⁽⁶⁾	\$ 711,727
Daniel Guglielmo	9,398 ⁽¹⁾	\$ 1,281,135		
	5,072 ⁽²⁾	\$ 691,415		
	2,235 ⁽³⁾	\$ 304,675		
	1,790 ⁽⁷⁾	\$ 244,013		
	8,569 ⁽⁸⁾	\$ 1,168,126		
Dawn M. Becker	837 ⁽¹⁾	\$ 114,100		
	6,265 ⁽¹⁾	\$ 854,045		
	591 ⁽²⁾	\$ 80,565		
	3,381 ⁽²⁾	\$ 460,898		
	314 ⁽³⁾	\$ 42,804		
	1,490 ⁽³⁾	\$ 203,117		

⁽¹⁾ One-third of these shares vested on February 12, 2022 and the remaining shares will vest equally on February 12 of each of 2023 and 2024.

⁽²⁾ One-half of these shares vested on February 12, 2022 and the remaining shares will vest on February 12, 2023.

⁽³⁾ These shares vested on February 12, 2022.

⁽⁴⁾ One-third of these shares vested on February 12, 2022. The remaining shares will vest equally on February 12 of each of 2023 and 2024.

⁽⁵⁾ One-fifth of these shares vested on February 12, 2022. The remaining shares will vest equally on February 12 of each of 2023 through 2026.

⁽⁶⁾ The number of shares represent the threshold payout level. The final number of shares earned cannot be determined until after December 31, 2024, the end of the performance period.

⁽⁷⁾ These shares will vest equally on August 15 of each of 2022 and 2023.

⁽⁸⁾ These shares will vest equally on August 3 of each of 2022 through 2026.

⁽⁹⁾ The value of shares is calculated based on \$136.32, the closing price of our shares on the NYSE on December 31, 2021.

Options Exercised and Stock Vested in 2021

The following table includes information with respect to shares held by our NEOs that vested in 2021.

Name	Stock Awards	
	Number of Shares Acquired on Vesting	Value Realized on Vesting ⁽¹⁾
Donald C. Wood	44,465	\$4,550,103.45
Jeffrey S. Berkes	11,670	\$ 1,194,191
Daniel Guglielmono	8,024	\$ 836,911
Dawn M. Becker	5,475	\$ 560,257

(1) The amounts in this column have been calculated using the closing price of a share on the date the shares vested.

Non-Qualified Deferred Compensation

We maintain a non-qualified deferred compensation plan that is open to participation by 44 members of our management team, including our NEOs. Each participant can elect to defer up to 100% of his or her base salary and cash payment under our annual bonus plan with deferral elections made in December of each year for amounts to be earned in the following year. A number of widely available investment options are made available to each plan participant who then decides how to allocate amounts deferred among those investment options. The amount earned by plan participants on their deferrals is calculated by our third party plan administrator as if the amounts deferred had actually been invested in the investment options selected by each participant. We do not make any contributions to the deferred compensation plan for any individual nor do we guaranty any rate of return on amounts deferred. Amounts deferred into the plan, including amounts earned on the deferrals, are generally payable to the participant shortly after he or she retires or is otherwise no longer employed by us; however, there are a few other alternatives where amounts may be paid to a participant sooner. All of our NEOs other than Mr. Guglielmono participate in our deferred compensation plan. 2021 activity for the participants in our plan is described below.

Name	Executive Contributions in Last Fiscal Year ⁽¹⁾	Registrant Contributions in Last Fiscal Year	Aggregate Earnings in Last Fiscal Year	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last Fiscal Year-End
Donald C. Wood	\$ 250,000	\$ -	\$ 1,446,933	\$ -	\$ 10,826,150
Jeffrey S. Berkes	\$ 147,656	\$ -	\$ 17,537	\$ -	\$ 165,193
Dawn M. Becker	\$ 47,500	\$ -	\$ 233,206	\$ -	\$ 2,459,569

(1) All amounts in this column are included in either the "Salary" or "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table for 2021.

Potential Payments on Termination of Employment and Change-in-Control

We have entered into severance agreements with each of our NEOs that require us to make certain payments and provide certain benefits to them in the event of a termination of employment or change in control of the Company. Regardless of the reason for an NEO's termination of employment, he or she will be entitled to receive upon termination a distribution of any amounts in our non-qualified deferred compensation plan as described in the "Non-Qualified Deferred Compensation" section above. No NEO is entitled to receive a new award under the annual bonus plan or our long-term incentive plan for the year in which the termination occurs. The agreements with each of our NEOs contain provisions restricting the executive from engaging in competing behavior and soliciting and/or hiring our employees for a period of time after termination. The payments that will be made to an NEO on termination vary depending on the reason for termination and may be conditioned on the signing of a release in favor of the Company.

The amount of compensation payable to each of our NEOs under various termination scenarios is reflected below assuming that the separation of service was effective on December 31, 2021.

	Salary and Cash Bonus (Multiple)	Cash Payment ⁽¹⁾	Medical Benefits ⁽²⁾	Accelerated Equity ⁽³⁾	Other Benefits ⁽⁴⁾	Excise Tax Gross-Up	Total
Termination without Cause or For Good Reason							
Donald C. Wood	1.5x	\$ 4,096,875	\$ 2,385,861	\$ 13,458,192	\$ 60,250	N/A	\$ 20,001,178
Jeffrey S. Berkes	1.0x	\$ 1,129,167	\$ 23,957	\$ 6,192,983	\$ -	N/A	\$ 7,346,107
Daniel Guglielmone	N/A	\$ -	\$ -	\$ 3,689,364	\$ -	N/A	\$ 3,689,364
Dawn M. Becker	1.0x	\$ 896,875	\$ 11,386	\$ 1,755,529	\$ 60,250	N/A	\$ 2,724,040
Change in Control⁽⁵⁾							
Donald C. Wood	3.0x	\$ 8,193,750	\$ 2,457,446	\$ 13,458,192	\$ 167,165	\$ -	\$ 24,276,553
Jeffrey S. Berkes	2.0x	\$ 2,258,333	\$ 47,914	\$ 6,192,983	\$ -	\$ -	\$ 8,499,230
Daniel Guglielmone	2.0x	\$ 1,890,625	\$ 71,146	\$ 3,689,364	\$ 90,375	\$ -	\$ 5,741,510
Dawn M. Becker	2.0x	\$ 1,793,750	\$ 30,361	\$ 1,755,529	\$ 90,375	\$ -	\$ 3,670,015
Termination for Cause							
Donald C. Wood	N/A	\$ 475,000	\$ 15,908	\$ -	\$ -	N/A	\$ 490,908
Jeffrey S. Berkes	N/A	\$ -	\$ -	\$ -	\$ -	N/A	\$ -
Daniel Guglielmone	N/A	\$ -	\$ -	\$ -	\$ -	N/A	\$ -
Dawn M. Becker	N/A	\$ 237,500	\$ 7,590	\$ -	\$ -	N/A	\$ 245,090
Death							
Donald C. Wood	N/A	\$ -	\$ 2,028,000	\$ 13,458,192	\$ -	N/A	\$ 15,486,192
Jeffrey S. Berkes	N/A	\$ 718,750	\$ -	\$ 6,192,983	\$ -	N/A	\$ 6,911,733
Daniel Guglielmone	N/A	\$ -	\$ -	\$ 3,689,364	\$ -	N/A	\$ 3,689,364
Dawn M. Becker	N/A	\$ -	\$ -	\$ 1,755,529	\$ -	N/A	\$ 1,755,529
Disability							
Donald C. Wood	N/A	\$ 1,286,525	\$ 2,371,815	\$ 13,458,192	\$ -	N/A	\$ 17,116,532
Jeffrey S. Berkes	N/A	\$ 718,750	\$ 23,957	\$ 6,192,983	\$ -	N/A	\$ 6,935,690
Daniel Guglielmone	N/A	\$ 430,080	\$ 35,573	\$ 3,689,364	\$ -	N/A	\$ 4,155,017
Dawn M. Becker	N/A	\$ 361,777	\$ 15,181	\$ 1,755,529	\$ -	N/A	\$ 2,132,487

(1) Bonus years used in the calculation for termination without cause and change-in-control are 2020, 2019 and 2018, the last three completed fiscal years. The cash payments on termination with cause are 6 months of base pay only. The cash payment on death and disability for Mr. Berkes is a pro-rated bonus for the year in which the event occurs. The cash payments on disability for Mr. Wood, Mr. Guglielmone and Ms. Becker represent 1 year of base salary less amounts received from disability insurance maintained by the Company, grossed up for taxes on non-tax exempt payments.

(2) Amounts in this column represent our estimate of the COBRA equivalent rates for health care benefits and current life and long-term disability premiums for Mr. Wood, Mr. Guglielmone and Ms. Becker. The period of time for which these benefits are provided varies as follows: (a) termination without cause – 9 months for Mr. Wood and Ms. Becker; 1 year for Mr. Berkes; (b) change-in-control – 3 years for Mr. Wood and 2 years for each other NEO; (c) termination for cause – 6 months; and (d) disability – 1 year. The amounts paid to Mr. Berkes are reduced by the amounts he pays for these benefits at the time of the event. All amounts shown in this column for Mr. Wood also include the estimated costs (calculated in accordance with GAAP) of satisfying the obligations under his Health Continuation Coverage Agreement.

(3) All unvested shares held by our NEOs will vest in the event of termination without cause, change-in-control, death or disability. Values were calculated by multiplying the number of unvested shares that vest under each termination event using the closing price of the Company's shares on December 31, 2021. For Mr. Berkes, the amount includes the value of

the number of shares that would have been earned based on performance through the date of termination, prorated for the portion of the performance period that had lapsed, plus dividend equivalent rights on those shares.

- (4) Amounts in this column are estimated costs for an administrative assistant and outplacement assistance for a period of 6 months in the event of a termination without cause and for a period of 12 months for Mr. Wood and 9 months for Mr. Guglielmo and Ms. Becker in the event of a change-in-control. The amount also includes the cost of providing a company vehicle to Mr. Wood for three years in the event of a change-in-control should he choose to use that benefit.
- (5) Change-in-control is deemed to have occurred when a person acquires a 20% interest in us, or our current Trustees, or those subsequently approved by our current Trustees, constitute less than 50% of our Board. Upon a change-in-control, each NEO is entitled to receive payments and benefits in the following circumstance: (a) the NEO is terminated from employment by the Company (other than for cause) or leaves for good reason within 2 years after the change-in-control; (b) Mr. Wood or Ms. Becker voluntarily leaves employment within the 30-day window following the 1-year anniversary of the change-in-control; or (c) Mr. Berkes is terminated from employment by the Company (other than for cause) or he leaves the Company as a result of a constructive termination within the 6-month period prior to or within 2 years after the change-in-control.

CEO Pay Ratio

Our compensation and benefit programs are substantially similar throughout the Company and are designed to reward all employees who contribute to our success with a total compensation package that is competitive in the marketplace for each employee's position and performance. We are required to calculate and disclose the compensation of our median paid employee as well as the ratio of the total annual compensation paid to our CEO to the annual compensation of our median paid employee. The determination of our median paid employee was used taking our total employee population as of December 31, 2021, excluding our CEO, which included 309 full-time and part-time employees ranging from executive vice presidents to maintenance technicians. For the determination, we used annual base pay plus annual bonus at target levels plus overtime actually paid, the combination of which we believe most closely approximates the total annual direct compensation of our employees. For purposes of the calculation, base pay was annualized for the 45 employees who started with us in 2021. No other adjustments were made.

The actual total annual compensation of our Chief Executive Officer and median paid employee for 2021 was calculated in accordance with the requirements of the Summary Compensation Table included in this proxy statement. Based on this methodology, we have determined that the total annual compensation paid to our Chief Executive Officer in 2021 was \$7,520,917 and the total annual compensation paid to our median paid employee in 2021 was \$125,770 resulting in a ratio of 60:1.

We calculated our pay ratio in accordance with SEC rules; however, those rules allow companies discretion in methodologies used to identify the median paid employee and the compensation used to determine the median paid employee. As a result, this ratio is unique to our Company. Other companies may make their determinations differently so that the ratio may not be comparable across companies. We believe our ratio is a reasonable estimate. Our ratio is very heavily influenced by what employees/services we choose to provide through employees as opposed to through third parties who are not taken into account in the calculation of the pay ratio.

Equity Compensation Plan Information

The following table sets forth certain information on our only active equity compensation plan as of December 31, 2021.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (Column A)	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance (excluding securities reflected in Column A)
Equity compensation plans approved by security holders	3,658	\$95.77	1,571,295
Equity compensation plans not approved by security holders	-	-	-
Total	3,658	\$95.77	1,571,295

Proposal 3: Ratification of Independent Registered Public Accounting Firm

Shareholders are being asked to ratify in a non-binding vote the selection of Grant Thornton, LLP (“GT”) as our independent registered public accounting firm for the fiscal year ending December 31, 2022. Although shareholder ratification of GT is not required by our governance documents, the Board is submitting the selection of GT to shareholders to solicit shareholder views on our selection of GT as our independent registered public accounting firm. GT has served in this role since 2002 and the Board believes it is in the best interests of the Company and our shareholders for GT to continue in this role. If the selection of GT is not ratified, the Audit Committee may (but will not be required to) reconsider whether to retain GT. Even if the selection of GT is ratified, the Audit Committee may change the appointment of GT at any time if it determines such a change would be in the best interests of the Company and our shareholders. A representative of GT will be present at the Annual Meeting and will have the opportunity to make a statement if they so desire and answer appropriate questions from shareholders.

The Audit Committee reviews and approves in advance all audit and permissible non-audit services provided by GT to the Company as required by and in accordance with the rules and regulations of the SEC and the Sarbanes-Oxley Act of 2002.

The following table sets forth the fees for services rendered by GT for the years ended December 31, 2021 and 2020:

	2021	2020
Audit Fees ⁽¹⁾	\$ 974,141	\$ 821,862
Audit-Related Fees ⁽²⁾	\$ 64,050	\$ 48,825
Tax Fees ⁽³⁾	\$ 248,005	\$ 300,120
All Other Fees	\$ -	\$ -
Total Fees	\$ 1,286,196	\$ 1,170,807

(1) Audit fees include all fees and expenses for services in connection with: (a) the audit of our financial statements included in our annual reports on Form 10-K; (b) Sarbanes-Oxley Section 404 relating to our annual audit; (c) the review of the financial statements included in our quarterly reports on Form 10-Q; and (d) consents and comfort letters issued in connection with debt offerings and common share offerings.

- (2) Audit-related fees primarily include the audit of our employee benefit plan, which are paid by the plan and not the Company, and certain property level audits.
- (3) All of the amount shown for 2021 and \$264,600 of the amount shown for 2020 relate solely to tax compliance and preparation, including the preparation of original and amended tax returns and refund claims and tax payment planning.

The affirmative vote of a majority of votes cast at the Annual Meeting, in person or by proxy, is required to approve this proposal. An “abstention” or “broker non-vote” will have no effect on the outcome of the vote for this proposal.



Our Board recommends a vote **FOR** the ratification of the appointment of GT as our independent registered public accounting firm for fiscal year 2022

Audit Committee Report

The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other filing by us under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference therein.

The Audit Committee is made up entirely of trustees who meet all independence requirements under the SEC and NYSE and have the requisite financial competence to serve on the Audit Committee. The Audit Committee meets at least quarterly and operates pursuant to a written charter that is reviewed at least every three years. That charter can be accessed under the Investors/Corporate Governance section of our website at www.federalrealty.com. In 2021, the Audit Committee met five times and each of the four quarterly meetings included an executive session with our independent registered public accounting firm and no members of management present.

The Audit Committee is directly responsible for the appointment, retention and oversight of GT, the independent registered public accounting firm retained to audit our financial statements, and also oversees management, including the internal audit firm, in performance of their financial functions. Specifically, management is responsible for the financial reporting process, including the system of internal controls, for the preparation of consolidated financial statements in accordance with generally accepted accounting principles in the United States and for reporting on internal control over financial reporting. Management uses Pricewaterhouse Coopers, LLC (“PwC”) to provide its internal audit function, including oversight of the ongoing testing of the effectiveness of our internal controls. The Audit Committee met regularly with PwC and one meeting included an executive session with PwC with no members of GT or management present. GT is responsible for auditing the consolidated financial statements of the Company and expressing an opinion on the financial statements and the effectiveness of internal control over financial reporting.

During 2021, as part of its oversight function, the Audit Committee:

- Met with management and GT and discussed the Company’s December 31, 2021 audited financial statements;
- Discussed with GT the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board (“PCAOB”) and the SEC;
- Reviewed and discussed with management and GT, individually and collectively, all annual and quarterly financial statements and operating results prior to their issuance;
- Received the written disclosures and the letter from GT required by applicable requirements of the PCAOB regarding GT’s communications with the audit committee concerning independence, and has discussed with GT regarding its independence;
- Discussed with GT matters required to be discussed pursuant to applicable audit standards, including the reasonableness of judgments and the clarity and completeness of financial disclosures;
- Monitored the non-audit services provided by GT to ensure that performance of such services did not adversely impact GT’s independence; and

- As part of the Committee's quarterly review of internal controls, the Committee discussed with management cybersecurity threats, cybersecurity training and ongoing areas of focus of management in protecting against cyber breaches. During those quarterly reviews in 2021, the Committee was advised that there were no breaches and that cybersecurity insurance had been procured.

Based on the Audit Committee's reviews and discussions with GT, PwC and management, the Audit Committee recommended to the Board of Trustees that the Board approve the inclusion of our audited financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 for filing with the SEC.

Submitted by the Audit Committee:

Gail P. Steinel, Chairperson
 David W. Faeder
 Elizabeth I. Holland (joined August 3, 2021)
 Anthony P. Nader, III

Beneficial Ownership

Ownership of Principal Shareholders

Based on our records and the information reported in filings with the SEC, the following were beneficial owners of more than 5% of our common shares of beneficial interest as of March 14, 2022:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Our Outstanding Shares ⁽¹⁾
The Vanguard Group, Inc. ⁽²⁾ 100 Vanguard Blvd. Malvern, PA 19355	11,900,087	15.1%
BlackRock, Inc. ⁽³⁾ 55 East 52 nd Street New York, NY 10055	7,559,988	9.6%
State Street Corporation ⁽⁴⁾ State Street Financial Center, One Lincoln Street Boston, MA 02111	7,465,999	9.5%
Norges Bank (The Central Bank of Norway) ⁽⁵⁾ Bankplassen 2, PO Box 1179 Sentrum NO 0107 Oslo Norway	7,212,626	9.2%
JPMorgan Chase & Co. ⁽⁶⁾ 383 Madison Avenue New York, NY 10179	4,203,063	5.3%
Capital Research Global Investors ⁽⁷⁾ 333 South Hope Street, 55th Floor Los Angeles, CA 90071	4,039,858	5.1%

⁽¹⁾ The percentage of outstanding shares is calculated by taking the number of shares stated in the Schedule 13G or 13G/A, as applicable, filed with the SEC divided by 78,687,588, the total number of shares outstanding on March 14, 2022.

- (2) Information based on a Schedule 13G/A filed with the SEC on February 10, 2022 by The Vanguard Group which states that The Vanguard Group, an investment advisor, has shared voting power over 174,149 shares, sole dispositive power over 11,533,371 shares and shared dispositive power over 366,716 shares.
- (3) Information based on a Schedule 13G/A filed with the SEC on February 1, 2022 by BlackRock, Inc., which states that BlackRock, Inc., a parent holding company, has sole voting power over 6,582,275 shares and sole dispositive power over 7,559,988 shares.
- (4) Information based on a Schedule 13G/A filed with the SEC on February 11, 2022 by State Street Corporation, which states that State Street Corporation, a parent holding company, has shared voting power over 6,679,706 shares and shared dispositive power over 7,465,605 shares.
- (5) Information based on a Schedule 13G/A filed with the SEC on February 8, 2022 by Norges Bank (The Central Bank of Norway) which states that Norges Bank (The Central Bank of Norway) has sole voting power and sole dispositive power over 7,212,626 shares.
- (6) Information based on a Schedule 13G filed with the SEC on January 21, 2022 by JPMorgan Chase & Co. which states that JPMorgan Chase & Co., a parent holding company, has sole voting power over 3,219,988 shares, sole dispositive power over 4,201,194 shares and shared dispositive power over 714 shares.
- (7) Information based on a Schedule 13G/A filed with the SEC on February 11, 2022 by Capital Research Global Investors which states that Capital Research Global Investors, an investment advisor, has sole voting and sole dispositive power over 4,039,858 shares.

Ownership of Trustees and Executive Officers

The table below reflects beneficial ownership of our Trustees and NEOs as of March 14, 2022 determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, as amended. Unless noted in the footnotes following the table, each Trustee and NEO has sole voting and investment power as to all shares listed.

Name and Address of Beneficial Owner ⁽¹⁾	Common	Unvested Restricted Shares	Total Shares Beneficially Owned	Percentage of
				Outstanding Shares Owned ⁽²⁾
Dawn M. Becker	136,511	12,473	148,984	*
Jeffrey S. Berkes	29,479	36,372	65,851	*
David W. Faeder	13,313	0	13,313	*
Daniel Guglielmone	22,864	26,204	49,068	*
Elizabeth I. Holland	4,964	0	4,964	*
Nicole Y. Lamb-Hale	1,350	0	1,350	*
Anthony P. Nader, III	1,350	0	1,350	*
Mark S. Ordan	3,102	0	3,102	*
Gail P. Steinel	13,254	0	13,254	*
Donald C. Wood ⁽³⁾	391,089	102,749	493,838	*
Trustees, trustee nominees and executive officers as a group (10 individuals)	617,276	177,798	795,074	1%

* Less than 1%

(1) The address for each of the named individuals is 909 Rose Avenue, Suite 200, North Bethesda, Maryland 20852.

(2) The percentage of outstanding shares owned is calculated by taking the number of shares reflected in the column titled "Total Shares Beneficially Owned" divided by 78,687,588, the total number of shares outstanding on March 14, 2022.

(3) Includes 53,879 shares owned by Stacey Wood Revocable Trust, 183,568 shares owned by Donald C. Wood Revocable Trust, 20,000 shares owned by Great Falls Trust, 46,500 shares owned by Wood Descendants Trust and 60,000 shares owned by IJKR II, LLC.

Information about the Annual Meeting

Notice of Electronic Availability of Proxy Materials

We are furnishing proxy materials including this proxy statement and our 2021 Annual Report to Shareholders, including our Annual Report on Form 10-K for the year ended December 31, 2021 (“Annual Report”), to each shareholder by providing access to such documents on the Internet. On or about March 25, 2022, we mailed to our shareholders a “Notice of Internet Availability of Proxy Materials” (“Notice”) containing instructions on how to access and review this proxy statement and our Annual Report and how to submit your vote on the Internet or by telephone. You cannot vote by marking the Notice and returning it. If you received the Notice, you will not automatically receive a printed copy of our proxy materials or Annual Report unless you follow the instructions for requesting these materials included in the Notice. This section does not apply if you previously requested to receive these materials by mail. Questions regarding the Notice or voting should be directed to our Investor Relations Department at (800) 937-5449 or by email at IR@federalrealty.com.

Why You are Receiving These Materials

You are receiving these materials because you owned our shares as of March 14, 2022, the record date established by our Board of Trustees for our Annual Meeting. Everyone who owned our shares as of this date, whether directly as a registered shareholder or indirectly through a bank, broker or other nominee, is entitled to vote at the Annual Meeting. We had 78,687,588 shares outstanding on March 14, 2022. Each share outstanding on the record date is entitled to one vote. A majority of the shares entitled to vote at the Annual Meeting must be present in person or by proxy for us to proceed with the Annual Meeting.

Accessing Materials

Shareholders can access this Proxy Statement, our Annual Report and our other filings with the SEC on the Investors page of our website at www.federalrealty.com. A copy of our Annual Report, including the financial statements and financial statement schedules (“Form 10-K”) is being provided to shareholders along with this Proxy Statement. The Form 10-K includes certain exhibits, which we will provide to you only upon request addressed to Investor Relations at 909 Rose Avenue, Suite 200, North Bethesda, Maryland 20852. The request must be accompanied by payment of a fee to cover our reasonable expenses for copying and mailing the Form 10-K.

In the future, if you wish to receive paper copies of our proxy materials, without charge, and are a registered shareholder, you may do so by written request addressed to American Stock Transfer and Trust, LLC. For those of you holding shares indirectly in “street name”, you must write your bank, brokerage firm, broker-dealer or nominee, to obtain paper copies. Any election you make on how to receive your proxy materials will remain in effect for all future annual meetings until you revoke it.

How to Vote

If you own your shares directly with our transfer agent, American Stock Transfer and Trust, LLC, you are a registered shareholder and can vote either in person at the Annual Meeting or by proxy without attending the Annual Meeting through one of the following methods:



By Internet

www.voteproxy.com, available 24/7



By Telephone

Call 1-800-776-9437, available 24/7



By Mail

Mark, sign and date your proxy card

If you vote by internet or telephone, you will need the control number on your Notice, proxy card or voting instruction form. Votes must be submitted by the conclusion of the Annual Meeting to be counted for the meeting. You may revoke your proxy at any time before it is voted at the Annual Meeting by notifying the secretary in writing, submitting a proxy dated later than your original proxy, or attending and voting at the Annual Meeting.

If you hold your shares indirectly in an account at a bank, brokerage firm, broker-dealer or nominee, you are a beneficial owner of shares held in "street name". You will receive all proxy materials directly from your bank, brokerage firm, broker-dealer or nominee and you must either direct them as to how to vote your shares or obtain from them a proxy to vote at the Annual Meeting. Please refer to the notice of internet availability of proxy materials or the voter instruction form used by your bank, brokerage firm, broker-dealer or nominee for specific instructions on methods of voting. If you fail to give your bank, brokerage firm, broker-dealer or nominee specific instructions on how to vote your shares with respect to Proposals 1 or 2, your vote will NOT be counted for those matters. It is important for every shareholder's vote to be counted on these matters so we encourage you to provide your bank, brokerage firm, broker-dealer or nominee with voting instructions. If you fail to give your bank, brokerage firm, broker-dealer or nominee specific instructions on how to vote your shares on Proposal 3, your bank, brokerage firm, broker-dealer or nominee will generally be able to vote on Proposal 3 as he, she or it determines.

You are urged to vote either by telephone (1-800-PROXIES or 1-800-776-9437) or on the Internet (www.voteproxy.com) by following the instructions on your Notice. For those of you who have elected email delivery, please follow the instructions for voting provided in the email. If you elect to receive your proxy materials by mail, please make sure to complete, sign, date and return your proxy card promptly to make certain your shares will be voted at the Annual Meeting.

If you do not vote your shares, your shares will not be counted and we may not be able to hold the Annual Meeting. We encourage you to vote by proxy using one of the methods described above even if you plan to attend the Annual Meeting so that we will know as soon as possible whether enough votes will be present.

How to Participate in the Annual Meeting

You will be able to join our Annual Meeting as either a shareholder or a guest. All registered shareholders and shareholders that own in "street name" will be able to ask questions and vote their shares at the meeting by following the instructions below. Guests will be permitted to join the meeting but will not be permitted to ask questions.

You can access the Annual Meeting by joining through this link: <https://web.lumiagm.com/202329683>. If you are a registered shareholder owning shares directly in your name and you would like to be able to ask a question or vote at the Annual Meeting, you should click on "I have a control number", enter the control number found on your proxy card or Notice you previously received, and enter the password "federal2022" to enter the meeting. The password is case sensitive. If you hold your shares in "street name" through a bank, brokerage firm, broker-dealer or nominee and you would like to be able to ask a question or vote at the Annual Meeting, you must first obtain a legal proxy from your bank, brokerage firm, broker-dealer or nominee and then submit a request for registration to American Stock Transfer & Trust Company, LLC: (1) by email to proxy@astfinancial.com; (2) by facsimile to 718-765-8730; or (3) by mail to American Stock Transfer & Trust Company, LLC, Attn: Proxy Tabulation Department, 6201 15th Avenue, Brooklyn, NY 11219. Requests for registration must be labeled as "Legal Proxy" and must be received by American Stock Transfer & Trust Company, LLC no later than 5:00 p.m. local time on April 29, 2022. You will receive a confirmation of your registration by email from American Stock Transfer and & Trust Company, LLC after they receive your registration materials. The email will also include a control number so that you can ask a question or vote at the Annual Meeting by clicking on "I have a control number". Shareholders who hold shares in "street name" will not be able to vote your shares or ask questions without first completing this registration process. Once you are in the meeting, you can vote your shares by clicking on the Shareholder Central link on the screen to submit your ballot. You may also continue to vote using the instructions provided in the Proxy Materials until the Annual Meeting concludes.

If you do not want to vote your shares during the meeting or ask a question, you can join the meeting as a guest using the same link above. You will not need to have your control number or to complete a registration in order to participate as a guest. We will have technicians ready to assist you with any technical difficulties you may have accessing the Annual Meeting webcast. Electronic check in begins at 8:30 a.m. local time on May 4, 2022, the day of the Annual Meeting, so that we may address any technical difficulties before the Annual Meeting webcast begins. If you encounter any difficulties accessing the Annual Meeting webcast during the check-in or meeting time, please go to <https://go.lumiglobal.com/faq> or call 718-931-8300, ext. 6449.

Eliminating Duplicative Proxy Materials

We have adopted a procedure approved by the SEC called “householding” under which multiple shareholders who share an address and do not participate in electronic delivery will receive only one copy of the annual proxy materials or Notice unless we receive contrary instructions from one or more of the shareholders. If you would like to opt out of householding and continue to receive multiple copies of the proxy materials or Notice at the same address, or if you have previously opted out of householding and would now like to participate, you can do so by notifying us in writing, by telephone or by email at: Investor Relations, 909 Rose Avenue, Suite 200, North Bethesda, Maryland 20852, (800) 937-5449, IR@federalrealty.com.

Solicitation of Proxies

We will bear the cost of soliciting proxies from beneficial owners of our shares. Our trustees, officers and employees, acting without special compensation, and other agents may solicit proxies by telephone, internet, or otherwise. Copies of solicitation materials will be furnished to brokerage firms, fiduciaries, and other custodians who hold our shares of record for beneficial owners for forwarding to such beneficial owners. We may also reimburse persons representing beneficial owners of our shares for their reasonable expenses incurred in forwarding such materials.

Beneficial owners of our shares who authorize their proxies through the internet should be aware that they may incur costs to access the internet, such as usage charges from telephone companies or internet service providers and these costs must be borne by the shareholder.

Shareholder Proposals for the 2023 Annual Meeting

This solicitation is made by the Company on behalf of the Board. Proposals of shareholders intended to be presented at the 2023 Annual Meeting of Shareholders, including nominations for persons for election to the Board of Trustees, must be delivered to us at 909 Rose Avenue, Suite 200, North Bethesda, Maryland 20852, Attention: Corporate Secretary and received by us no later than November 25, 2022 to be considered for inclusion in our proxy statement and form of proxy relating to such meeting. All proposals must comply with the requirements set forth in our Bylaws and the federal securities laws, including Rule 14a-8, in order to be included in the Company’s proxy statement and proxy card for the 2023 Annual Meeting of Shareholders. Pursuant to our proxy access Bylaw provision, a shareholder, or a group of up to 20 shareholders, that has continuously owned for three years at least 3% of the Company’s outstanding common shares, may nominate and include in the Company’s annual meeting proxy materials up to the greater of two trustees or 20% of the number of trustees serving on the Board, if the shareholder(s) and the nominee(s) meet the requirements specified in Article II, Section 13 of our Bylaws. Our Bylaws are available by written request made to the General Counsel & Secretary, 909 Rose Avenue, Suite 200, North Bethesda, Maryland 20852.

If you want to present a proposal for the 2023 Annual Meeting but do not wish to have it included in the proxy statement and proxy card, you must provide written notice to us no later than November 25, 2022 at the same address as set forth above.

For the Trustees,



Dawn M. Becker
*Executive Vice President—General
Counsel and Secretary*

Federal Realty Investment Trust
909 Rose Avenue, Suite 200
North Bethesda, Maryland 20852

**YOUR PROXY IS IMPORTANT REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE SUBMIT
IT TODAY.**

Appendix A
Reconciliation of Non-GAAP Financial Measures

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. 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. 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 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 for the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
	(in thousands, except per share data)	
Net income	\$ 269,081	\$ 135,888
Net income attributable to noncontrolling interests	\$ (7,583)	\$ (4,182)
Gain on sale of real estate and change in control of interests, net	\$ (89,892)	\$ (91,922)
Impairment charge, net	\$ -	\$ 50,728
Depreciation and amortization of real estate assets	\$ 243,711	\$ 228,850
Amortization of initial direct costs of leases	\$ 26,051	\$ 20,415
Funds from operations	\$ 441,368	\$ 339,777
Dividends on preferred shares	\$ (8,042)	\$ (8,042)
Income attributable to operating partnership units	\$ 2,998	\$ 3,151
Income attributable to unvested shares	\$ (1,581)	\$ (1,037)
Funds from operations available for common shareholders ⁽¹⁾	\$ 434,743	\$ 333,849
Weighted average number of common shares, diluted ⁽¹⁾⁽²⁾	78,072	76,261
Funds from operations available for common shareholders, per diluted share ⁽¹⁾	\$ 5.57	\$ 4.38

(1) For the year ended December 31, 2020, FFO available for common shareholders includes a \$11.2 million charge related to early extinguishment of debt. If this charge was excluded, our FFO available for common shareholders for 2020 would have been \$345.0 million, and FFO available for common shareholders, per diluted share would have been \$4.52.

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

Corporate Information

CORPORATE OFFICE

909 Rose Avenue, Suite 200
North Bethesda, MD 20852
301.998.8100

CORPORATE COUNSEL

Pillsbury Winthrop Shaw Pittman LLP
Washington, DC

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Grant Thornton LLP
New York, NY

TRANSFER AGENT AND REGISTRAR

American Stock Transfer & Trust Company
6201 15th Avenue
Brooklyn, NY 11219
718.921.8124
800.937.5449
www.astfinancial.com

COMMON STOCK LISTING

New York Stock Exchange
Symbol: FRT

MEMBERSHIPS

International Council of Shopping Centers
National Association of Real Estate Investment Trusts
Urban Land Institute

ANNUAL MEETING

Federal Realty Investment Trust will hold its Annual Shareholder Meeting virtually at 9:00 a.m. on May 4, 2022.

CORPORATE GOVERNANCE

The Trust's Corporate Governance Guidelines and the charters for the Audit Committee, the Compensation and Human Capital Management Committee and the Nominating and Corporate Governance Committee are available in the Investors section of our website at www.federalrealty.com.

AUTOMATIC CASH INVESTMENT AND DIRECT DEPOSIT

Federal Realty offers automatic cash investment, the option to automatically withdraw funds from a checking/savings or other bank account to purchase additional shares of FRT on the 1st and 15th of each month. Federal Realty also offers shareholders the option to directly deposit their dividends. To sign up for automatic cash investment or direct deposit, please call 800.937.5449 or visit www.astfinancial.com.

INTERNET | WWW.FEDERALREALTY.COM

Visitors to the site can search for and download Securities and Exchange Commission filings, review Federal Realty's Dividend Reinvestment Plan, obtain current stock quotes, read recent press releases, and see a listing of our properties and the properties' respective websites. Printed materials and email news alerts can also be requested.

INVESTOR RELATIONS CONTACT

You may communicate directly with Federal Realty's Investor Relations department via telephone at 800.658.8980 or by email at IR@federalrealty.com.



Corporate Headquarters

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