

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

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

For the quarterly period ended March 31, 2023  
OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number: 1-07533 (Federal Realty Investment Trust)  
Commission file number: 333-262016-01 (Federal Realty OP LP)

**FEDERAL REALTY INVESTMENT TRUST**

**FEDERAL REALTY OP LP**

(Exact Name of Registrant as Specified in its Charter)

Maryland (Federal Realty Investment Trust)  
Delaware (Federal Realty OP LP)  
(State of Organization)

87-3916363  
52-0782497  
(IRS Employer Identification No.)

909 Rose Avenue, Suite 200, North Bethesda, Maryland 20852  
(Address of Principal Executive Offices) (Zip Code)  
(301) 998-8100  
(Registrant's Telephone Number, Including Area Code)

Federal Realty Investment Trust

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

Federal Realty OP LP

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

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

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

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

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

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

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

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

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

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

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

The number of registrant's common shares outstanding on May 1, 2023 was 81,515,397.

## **EXPLANATORY NOTE**

This report combines the quarterly reports on Form 10-Q for the quarter ended March 31, 2023, of Federal Realty Investment Trust and Federal Realty OP, LP. Unless stated otherwise or the context otherwise requires, references to "Federal Realty Investment Trust," the "Parent Company" or the "Trust" mean Federal Realty Investment Trust; and references to "Federal Realty OP LP" or the "Operating Partnership" mean Federal Realty OP LP. The term "the Company," "we," "us," and "our" refer to the Parent Company and its business and operations conducted through its directly and indirectly owned subsidiaries, including the Operating Partnership. References to "shares" and "shareholders" refer to the shares and shareholders of the Parent Company and not the limited partnership interests for limited partners of the Operating Partnership.

The Parent Company is a real estate investment trust ("REIT") that owns 100% of the limited liability company interests of, is the sole member of, and exercises exclusive control over Federal Realty GP LLC (the "General Partner"), which is the sole general partner of the Operating Partnership. As of March 31, 2023, the Parent Company owned 100% of the outstanding partnership units (the "OP Units") in the Operating Partnership.

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

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

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

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

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

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

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

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**FEDERAL REALTY INVESTMENT TRUST  
FEDERAL REALTY OP LP  
QUARTERLY REPORT ON FORM 10-Q  
QUARTER ENDED MARCH 31, 2023**

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

	March 31, 2023	December 31, 2022
	(In thousands, except share and per share data)	
	(Unaudited)	
<b>ASSETS</b>		
Real estate, at cost		
Operating (including \$2,002,163 and \$1,997,583 of consolidated variable interest entities, respectively)	\$ 9,532,332	\$ 9,441,945
Construction-in-progress (including \$12,174 and \$8,477 of consolidated variable interest entities, respectively)	664,184	662,554
	10,196,516	10,104,499
Less accumulated depreciation and amortization (including \$376,441 and \$362,921 of consolidated variable interest entities, respectively)	(2,771,150)	(2,715,817)
Net real estate	7,425,366	7,388,682
Cash and cash equivalents	99,449	85,558
Accounts and notes receivable, net	200,512	197,648
Mortgage notes receivable, net	9,443	9,456
Investment in partnerships	143,464	145,205
Operating lease right of use assets, net	88,831	94,569
Finance lease right of use assets, net	45,179	45,467
Prepaid expenses and other assets	257,050	267,406
<b>TOTAL ASSETS</b>	<b>\$ 8,269,294</b>	<b>\$ 8,233,991</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Mortgages payable, net (including \$191,193 and \$191,827 of consolidated variable interest entities, respectively)	\$ 319,910	\$ 320,615
Notes payable, net	661,391	601,077
Senior notes and debentures, net	3,408,104	3,407,701
Accounts payable and accrued expenses	196,092	190,340
Dividends payable	90,436	90,263
Security deposits payable	28,351	28,508
Operating lease liabilities	77,442	77,743
Finance lease liabilities	67,658	67,660
Other liabilities and deferred credits	237,316	237,699
Total liabilities	5,086,700	5,021,606
Commitments and contingencies (Note 6)		
Redeemable noncontrolling interests	178,353	178,370
<b>Shareholders' equity</b>		
Preferred shares, authorized 15,000,000 shares, \$.01 par:		
5.0% Series C Cumulative Redeemable Preferred Shares, (stated at liquidation preference \$25,000 per share), 6,000 shares issued and outstanding	150,000	150,000
5.417% Series 1 Cumulative Convertible Preferred Shares, (stated at liquidation preference \$25 per share), 392,878 shares issued and outstanding	9,822	9,822
Common shares of beneficial interest, \$.01 par, 100,000,000 shares authorized, 81,511,204 and 81,342,959 shares issued and outstanding, respectively	820	818
Additional paid-in capital	3,828,930	3,821,801
Accumulated dividends in excess of net income	(1,068,892)	(1,034,186)
Accumulated other comprehensive income	4,546	5,757
Total shareholders' equity of the Trust	2,925,226	2,954,012
Noncontrolling interests	79,015	80,003
Total shareholders' equity	3,004,241	3,034,015
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 8,269,294</b>	<b>\$ 8,233,991</b>

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

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

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(In thousands, except per share data)</b>	
<b>REVENUE</b>		
Rental income	\$ 272,798	\$ 256,507
Mortgage interest income	261	264
Total revenue	<u>273,059</u>	<u>256,771</u>
<b>EXPENSES</b>		
Rental expenses	55,205	56,211
Real estate taxes	32,566	30,560
General and administrative	12,545	12,342
Depreciation and amortization	78,637	71,674
Total operating expenses	<u>178,953</u>	<u>170,787</u>
Gain on sale of real estate	1,702	—
<b>OPERATING INCOME</b>	<u>95,808</u>	<u>85,984</u>
<b>OTHER INCOME/(EXPENSE)</b>		
Other interest income	632	120
Interest expense	(39,225)	(31,573)
Income from partnerships	516	197
<b>NET INCOME</b>	<u>57,731</u>	<u>54,728</u>
Net income attributable to noncontrolling interests	(2,396)	(2,744)
<b>NET INCOME ATTRIBUTABLE TO THE TRUST</b>	<u>55,335</u>	<u>51,984</u>
Dividends on preferred shares	(2,008)	(2,010)
<b>NET INCOME AVAILABLE FOR COMMON SHAREHOLDERS</b>	<u>\$ 53,327</u>	<u>\$ 49,974</u>
<b>EARNINGS PER COMMON SHARE, BASIC:</b>		
Net income available for common shareholders	\$ 0.65	\$ 0.63
Weighted average number of common shares	<u>81,141</u>	<u>78,446</u>
<b>EARNINGS PER COMMON SHARE, DILUTED:</b>		
Net income available for common shareholders	\$ 0.65	\$ 0.63
Weighted average number of common shares	<u>81,141</u>	<u>78,543</u>
<b>COMPREHENSIVE INCOME</b>	<u>\$ 56,395</u>	<u>\$ 58,644</u>
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO THE TRUST</b>	<u>\$ 54,124</u>	<u>\$ 55,556</u>

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

**Federal Realty Investment Trust**  
**Consolidated Statements of Shareholders' Equity**  
**For the Three Months Ended March 31, 2023 and 2022**  
**(Unaudited)**  
**Shareholders' Equity of the Trust**

	Preferred Shares		Common Shares		Additional Paid-in Capital	Accumulated Dividends in Excess of Net Income	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Shareholders' Equity
	Shares	Amount	Shares	Amount					
(In thousands, except share data)									
BALANCE AT DECEMBER 31, 2022	398,878	\$ 159,822	81,342,959	\$ 818	\$ 3,821,801	\$ (1,034,186)	\$ 5,757	\$ 80,003	\$ 3,034,015
Net income, excluding \$1,668 attributable to redeemable noncontrolling interests	—	—	—	—	—	55,335	—	728	56,063
Other comprehensive loss - change in fair value of interest rate swaps, excluding \$125 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	(1,211)	—	(1,211)
Dividends declared to common shareholders (\$1.08 per share)	—	—	—	—	—	(88,033)	—	—	(88,033)
Dividends declared to preferred shareholders	—	—	—	—	—	(2,008)	—	—	(2,008)
Distributions declared to noncontrolling interests, excluding \$1,560 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	—	(1,048)	(1,048)
Common shares issued, net	—	—	57,064	1	6,250	—	—	—	6,251
Shares issued under dividend reinvestment plan	—	—	4,664	—	423	—	—	—	423
Share-based compensation expense, net of forfeitures	—	—	141,234	1	4,433	—	—	—	4,434
Shares withheld for employee taxes	—	—	(42,240)	—	(4,645)	—	—	—	(4,645)
Redemption of downREIT OP units	—	—	7,523	—	668	—	—	(668)	—
BALANCE AT MARCH 31, 2023	<u>398,878</u>	<u>\$ 159,822</u>	<u>81,511,204</u>	<u>\$ 820</u>	<u>\$ 3,828,930</u>	<u>\$ (1,068,892)</u>	<u>\$ 4,546</u>	<u>\$ 79,015</u>	<u>\$ 3,004,241</u>
BALANCE AT DECEMBER 31, 2021	405,896	\$ 159,997	78,603,305	\$ 790	\$ 3,488,794	\$ (1,066,932)	\$ (2,047)	\$ 82,546	\$ 2,663,148
Net income, excluding \$1,735 attributable to redeemable noncontrolling interests	—	—	—	—	—	51,984	—	1,009	52,993
Other comprehensive income - change in fair value of interest rate swaps, excluding \$344 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	3,572	—	3,572
Dividends declared to common shareholders (\$1.07 per share)	—	—	—	—	—	(84,196)	—	—	(84,196)
Dividends declared to preferred shareholders	—	—	—	—	—	(2,010)	—	—	(2,010)
Distributions declared to noncontrolling interests, excluding \$1,744 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	—	(1,759)	(1,759)
Common shares issued, net	—	—	729,769	8	82,741	—	—	—	82,749
Shares issued under dividend reinvestment plan	—	—	3,770	—	502	—	—	—	502
Share-based compensation expense, net of forfeitures	—	—	108,891	1	4,178	—	—	—	4,179
Shares withheld for employee taxes	—	—	(38,270)	—	(4,601)	—	—	—	(4,601)
Conversion and redemption of downREIT OP units	—	—	10,007	—	977	—	—	(977)	—
BALANCE AT MARCH 31, 2022	<u>405,896</u>	<u>\$ 159,997</u>	<u>79,417,472</u>	<u>\$ 799</u>	<u>\$ 3,572,591</u>	<u>\$ (1,101,154)</u>	<u>\$ 1,525</u>	<u>\$ 80,819</u>	<u>\$ 2,714,577</u>

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

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

	Three Months Ended March 31,	
	2023	2022
(In thousands)		
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 57,731	\$ 54,728
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	78,637	71,674
Gain on sale of real estate	(1,702)	—
Income from partnerships	(516)	(197)
Straight-line rent	(2,478)	(4,962)
Share-based compensation expense	4,097	3,820
Other, net	(1,277)	(494)
Changes in assets and liabilities, net of effects of acquisitions and dispositions:		
Increase in accounts receivable, net	(466)	(11,257)
Decrease (increase) in prepaid expenses and other assets	3,563	(4,577)
Increase (decrease) in accounts payable and accrued expenses	1,941	(5,419)
Increase (decrease) in security deposits and other liabilities	3,477	(247)
Net cash provided by operating activities	<u>143,007</u>	<u>103,069</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of real estate	(35,340)	—
Capital expenditures - development and redevelopment	(50,780)	(66,610)
Capital expenditures - other	(25,737)	(18,409)
Proceeds from sale of real estate	12,626	874
Distribution from partnerships in excess of earnings	2,174	517
Leasing costs	(3,754)	(4,577)
Repayment of mortgage and other notes receivable, net	—	11
Net cash used in investing activities	<u>(100,811)</u>	<u>(88,194)</u>
<b>FINANCING ACTIVITIES</b>		
Net borrowings under revolving credit facility	60,000	—
Repayment of mortgages, finance leases and notes payable	(819)	(869)
Issuance of common shares, net of costs	6,245	82,819
Dividends paid to common and preferred shareholders	(89,431)	(85,684)
Shares withheld for employee taxes	(4,645)	(4,601)
Distributions to and redemptions of redeemable noncontrolling interests	(2,616)	(3,514)
Net cash used in financing activities	<u>(31,266)</u>	<u>(11,849)</u>
Increase in cash, cash equivalents and restricted cash	10,930	3,026
Cash, cash equivalents, and restricted cash at beginning of year	96,348	175,163
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 107,278</u>	<u>\$ 178,189</u>

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

**Federal Realty OP LP**  
**Consolidated Balance Sheets**

	March 31, 2023	December 31, 2022
	(In thousands, except unit data)	
	(Unaudited)	
<b>ASSETS</b>		
Real estate, at cost		
Operating (including \$2,002,163 and \$1,997,583 of consolidated variable interest entities, respectively)	\$ 9,532,332	\$ 9,441,945
Construction-in-progress (including \$12,174 and \$8,477 of consolidated variable interest entities, respectively)	664,184	662,554
	<u>10,196,516</u>	<u>10,104,499</u>
Less accumulated depreciation and amortization (including \$376,441 and \$362,921 of consolidated variable interest entities, respectively)	(2,771,150)	(2,715,817)
Net real estate	7,425,366	7,388,682
Cash and cash equivalents	99,449	85,558
Accounts and notes receivable, net	200,512	197,648
Mortgage notes receivable, net	9,443	9,456
Investment in partnerships	143,464	145,205
Operating lease right of use assets, net	88,831	94,569
Finance lease right of use assets, net	45,179	45,467
Prepaid expenses and other assets	257,050	267,406
<b>TOTAL ASSETS</b>	<u>\$ 8,269,294</u>	<u>\$ 8,233,991</u>
<b>LIABILITIES AND CAPITAL</b>		
<b>Liabilities</b>		
Mortgages payable, net (including \$191,193 and \$191,827 of consolidated variable interest entities, respectively)	\$ 319,910	\$ 320,615
Notes payable, net	661,391	601,077
Senior notes and debentures, net	3,408,104	3,407,701
Accounts payable and accrued expenses	196,092	190,340
Dividends payable	90,436	90,263
Security deposits payable	28,351	28,508
Operating lease liabilities	77,442	77,743
Finance lease liabilities	67,658	67,660
Other liabilities and deferred credits	237,316	237,699
Total liabilities	<u>5,086,700</u>	<u>5,021,606</u>
Commitments and contingencies (Note 6)		
Redeemable noncontrolling interests	178,353	178,370
<b>Partner capital</b>		
Preferred units, 398,878 units issued and outstanding	154,788	154,788
Common units, 81,511,204 and 81,342,959 units issued and outstanding, respectively	2,765,892	2,793,467
Accumulated other comprehensive income	4,546	5,757
Total partner capital	<u>2,925,226</u>	<u>2,954,012</u>
Noncontrolling interests in consolidated partnerships	79,015	80,003
Total capital	<u>3,004,241</u>	<u>3,034,015</u>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<u>\$ 8,269,294</u>	<u>\$ 8,233,991</u>

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



**Federal Realty OP LP**  
**Consolidated Statements of Comprehensive Income**  
**(Unaudited)**

	Three Months Ended March 31,	
	2023	2022
	(In thousands, except per unit data)	
<b>REVENUE</b>		
Rental income	\$ 272,798	\$ 256,507
Mortgage interest income	261	264
Total revenue	<u>273,059</u>	<u>256,771</u>
<b>EXPENSES</b>		
Rental expenses	55,205	56,211
Real estate taxes	32,566	30,560
General and administrative	12,545	12,342
Depreciation and amortization	78,637	71,674
Total operating expenses	<u>178,953</u>	<u>170,787</u>
Gain on sale of real estate	1,702	—
<b>OPERATING INCOME</b>	95,808	85,984
<b>OTHER INCOME/(EXPENSE)</b>		
Other interest income	632	120
Interest expense	(39,225)	(31,573)
Income from partnerships	516	197
<b>NET INCOME</b>	57,731	54,728
Net income attributable to noncontrolling interests	(2,396)	(2,744)
<b>NET INCOME ATTRIBUTABLE TO THE PARTNERSHIP</b>	55,335	51,984
Distributions on preferred units	(2,008)	(2,010)
<b>NET INCOME AVAILABLE FOR COMMON UNIT HOLDERS</b>	<u>\$ 53,327</u>	<u>\$ 49,974</u>
<b>EARNINGS PER COMMON UNIT, BASIC:</b>		
Net income available for common unit holders	\$ 0.65	\$ 0.63
Weighted average number of common units	<u>81,141</u>	<u>78,446</u>
<b>EARNINGS PER COMMON UNIT, DILUTED:</b>		
Net income available for common unit holders	\$ 0.65	\$ 0.63
Weighted average number of common units	<u>81,141</u>	<u>78,543</u>
<b>COMPREHENSIVE INCOME</b>	<u>\$ 56,395</u>	<u>\$ 58,644</u>
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PARTNERSHIP</b>	<u>\$ 54,124</u>	<u>\$ 55,556</u>

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

**Federal Realty OP LP**  
**Consolidated Statements of Capital**  
**For the Three Months Ended March 31, 2023 and 2022**  
**(Unaudited)**

	Preferred Units	Common Units	Accumulated Other Comprehensive Income (Loss)	Total Partner Capital	Noncontrolling Interests in Consolidated Partnerships	Total Capital
(In thousands, except unit data)						
BALANCE AT DECEMBER 31, 2022	\$ 154,788	\$ 2,793,467	\$ 5,757	\$ 2,954,012	\$ 80,003	\$ 3,034,015
Net income, excluding \$1,668 attributable to redeemable noncontrolling interests	2,008	53,327	—	55,335	728	56,063
Other comprehensive loss - change in fair value of interest rate swaps, excluding \$125 attributable to redeemable noncontrolling interest	—	—	(1,211)	(1,211)	—	(1,211)
Distributions declared to common unit holders	—	(88,033)	—	(88,033)	—	(88,033)
Distributions declared to preferred unit holders	(2,008)	—	—	(2,008)	—	(2,008)
Distributions declared to noncontrolling interests in consolidated partnerships, excluding \$1,560 attributable to redeemable noncontrolling interests	—	—	—	—	(1,048)	(1,048)
Common units issued as a result of common stock issued by Parent Company, net of issuance costs	—	6,251	—	6,251	—	6,251
Common units issued under dividend reinvestment plan	—	423	—	423	—	423
Share-based compensation expense, net of forfeitures	—	4,434	—	4,434	—	4,434
Common units withheld for employee taxes	—	(4,645)	—	(4,645)	—	(4,645)
Redemption of downREIT OP units	—	668	—	668	(668)	—
BALANCE AT MARCH 31, 2023	<u>\$ 154,788</u>	<u>\$ 2,765,892</u>	<u>\$ 4,546</u>	<u>\$ 2,925,226</u>	<u>\$ 79,015</u>	<u>\$ 3,004,241</u>
BALANCE AT DECEMBER 31, 2021	\$ 154,963	\$ 2,427,686	\$ (2,047)	\$ 2,580,602	\$ 82,546	\$ 2,663,148
Net income, excluding \$1,735 attributable to redeemable noncontrolling interests	2,010	49,974	—	51,984	1,009	52,993
Other comprehensive income - change in fair value of interest rate swaps, excluding \$344 attributable to redeemable noncontrolling interests	—	—	3,572	3,572	—	3,572
Distributions declared to common unit holders	—	(84,196)	—	(84,196)	—	(84,196)
Distributions declared to preferred unit holders	(2,010)	—	—	(2,010)	—	(2,010)
Distributions declared to noncontrolling interests in consolidated partnerships, excluding \$1,744 attributable to redeemable noncontrolling interests	—	—	—	—	(1,759)	(1,759)
Common units issued as a result of common stock issued by Parent Company, net of issuance costs	—	82,749	—	82,749	—	82,749
Common units issued under dividend reinvestment plan	—	502	—	502	—	502
Share-based compensation expense, net of forfeitures	—	4,179	—	4,179	—	4,179
Common units withheld for employee taxes	—	(4,601)	—	(4,601)	—	(4,601)
Conversion and redemption of downREIT OP units	—	977	—	977	(977)	—
BALANCE AT MARCH 31, 2022	<u>\$ 154,963</u>	<u>\$ 2,477,270</u>	<u>\$ 1,525</u>	<u>\$ 2,633,758</u>	<u>\$ 80,819</u>	<u>\$ 2,714,577</u>

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

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

	Three Months Ended March 31,	
	2023	2022
(In thousands)		
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 57,731	\$ 54,728
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	78,637	71,674
Gain on sale of real estate	(1,702)	—
Income from partnerships	(516)	(197)
Straight-line rent	(2,478)	(4,962)
Share-based compensation expense	4,097	3,820
Other, net	(1,277)	(494)
Changes in assets and liabilities, net of effects of acquisitions and dispositions:		
Increase in accounts receivable, net	(466)	(11,257)
Decrease (increase) in prepaid expenses and other assets	3,563	(4,577)
Increase (decrease) in accounts payable and accrued expenses	1,941	(5,419)
Increase (decrease) in security deposits and other liabilities	3,477	(247)
Net cash provided by operating activities	<u>143,007</u>	<u>103,069</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of real estate	(35,340)	—
Capital expenditures - development and redevelopment	(50,780)	(66,610)
Capital expenditures - other	(25,737)	(18,409)
Proceeds from sale of real estate	12,626	874
Distribution from partnerships in excess of earnings	2,174	517
Leasing costs	(3,754)	(4,577)
Repayment of mortgage and other notes receivable, net	—	11
Net cash used in investing activities	<u>(100,811)</u>	<u>(88,194)</u>
<b>FINANCING ACTIVITIES</b>		
Net borrowings under revolving credit facility	60,000	—
Repayment of mortgages, finance leases and notes payable	(819)	(869)
Issuance of common units, net of costs	6,245	82,819
Distributions to common and preferred unit holders	(89,431)	(85,684)
Shares withheld for employee taxes	(4,645)	(4,601)
Distributions to and redemptions of redeemable noncontrolling interests	(2,616)	(3,514)
Net cash used in financing activities	<u>(31,266)</u>	<u>(11,849)</u>
Increase in cash, cash equivalents and restricted cash	10,930	3,026
Cash, cash equivalents, and restricted cash at beginning of year	96,348	175,163
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 107,278</u>	<u>\$ 178,189</u>

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

**Federal Realty Investment Trust**  
**Federal Realty OP LP**  
**Notes to Consolidated Financial Statements**  
**March 31, 2023**  
**(Unaudited)**

**NOTE 1—BUSINESS AND ORGANIZATION**

Federal Realty Investment Trust (the "Parent Company" and the "Trust") is an equity real estate investment trust ("REIT"). Federal Realty OP LP (the "Operating Partnership") is the entity through which the Parent Company conducts substantially all of its operations and owns all of its assets. The Parent Company owns 100% of the limited liability company interests of, is sole member of and exercises exclusive control over Federal Realty GP LLC ("the General Partner"), which in turn, is the sole general partner of the Operating Partnership. The Parent Company specializes in the ownership, management, and redevelopment of retail and mixed-use properties through the Operating Partnership, and has no other substantial assets or liabilities other than through its investment in the Operating Partnership. Our properties are located primarily in communities where we believe retail demand exceeds supply, in strategically selected metropolitan markets in the Mid-Atlantic and Northeast regions of the United States, California, and South Florida. As of March 31, 2023, we owned or had a majority interest in community and neighborhood shopping centers and mixed-use properties which are operated as 102 predominantly retail real estate projects.

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

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

**Basis of presentation**

The accompanying unaudited interim consolidated financial statements of the Parent Company and Operating Partnership have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been omitted pursuant to those rules and regulations, although we believe that the disclosures made are adequate to make the information not misleading. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in our latest Annual Report on Form 10-K. In the opinion of management, all adjustments (consisting of normal, recurring adjustments) necessary for a fair presentation for the periods presented have been included. The results of operations for the three months ended March 31, 2023 are not necessarily indicative of the results that may be expected for the full year.

**Principles of Consolidation**

As discussed in the [Explanatory Note](#), we have combined the quarterly reports on Form 10-Q of the Parent Company and the Operating Partnership into this single report. As a result, we present two sets of consolidated financial statements. Both sets of consolidated financial statements include the accounts of the entity, its corporate subsidiaries, and all entities in which it has a controlling interest or has been determined to be the primary beneficiary of a variable interest entity. The Parent Company's consolidated financial statements include the accounts of the Operating Partnership and its subsidiaries as the Parent Company, through its ownership and control over the General Partner, exercises exclusive control over the Operating Partnership. The equity interests of other investors are reflected as noncontrolling interests or redeemable noncontrolling interests. All significant intercompany transactions and balances are eliminated in consolidation. We account for our interests in joint ventures which we do not control using the equity method of accounting.

**Use of Estimates**

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

## Recently Issued Accounting Pronouncements

Standard	Description	Effect on the financial statements or significant matters
ASU 2023-01, March 2023, <i>Leases (Topic 842) Common Control Arrangements</i>	<p>This ASU requires all lessees in a lease with a lessor under common control to (1) amortize leasehold improvements over their useful life to the common control group, as long as the lessee controls the use of the underlying asset through a lease and (2) account for the leasehold improvements as a transfer of assets between entities under common control through an adjustment to equity when the lessee no longer controls the use of the underlying asset.</p> <p>The guidance may be applied prospectively to new and existing leasehold improvements, with the remaining balance of existing leasehold improvements amortized over their remaining useful life to the common control group or retrospectively, through a cumulative-effect adjustment to opening retained earnings.</p> <p>The guidance is effective in fiscal years beginning after December 15, 2023, and interim periods withing those fiscal years. Early adoption is permitted.</p>	We do not expect this ASU to have an impact on our consolidated financial statements.
ASU 2020-04, March 2020, <i>Reference Rate Reform (Topic 848)</i>	<p>This ASU provides companies with optional practical expedients to ease the accounting burden for contract modifications associated with transitioning away from LIBOR and other interbank offered rates that are expected to be discontinued as part of reference rate reform. For hedges, the guidance generally allows changes to the reference rate and other critical terms without having to de-designate the hedging relationship, as well as allows the shortcut method to continue to be applied. For contract modifications, changes in the reference rate or other critical terms will be treated as a continuation of the prior contract.</p> <p>ASU 2022-06 extended the period for which this guidance can be immediately applied through December 24, 2024.</p>	We expect to apply some of the practical expedients, as we are in the process of transitioning the \$54.7 million mortgage loan at Hoboken and the \$37.7 million mortgage loan related to the unconsolidated Assembly Row hotel (of which our share is \$18.8 million) from LIBOR to alternative interest rates. We do not expect a significant impact to our financial results, financial position, or cash flows from this transition.

## Consolidated Statements of Cash Flows—Supplemental Disclosures

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

	Three Months Ended March 31,	
	2023	2022
(In thousands)		
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Total interest costs incurred	\$ 44,606	\$ 36,188
Interest capitalized	(5,381)	(4,615)
Interest expense	\$ 39,225	\$ 31,573
Cash paid for interest, net of amounts capitalized	\$ 37,136	\$ 30,436
Cash paid for income taxes	\$ —	\$ 4
<b>NON-CASH INVESTING AND FINANCING TRANSACTIONS:</b>		
DownREIT operating partnership units redeemed for common shares	\$ 668	\$ 977
Shares issued under dividend reinvestment plan	\$ 429	\$ 432
(In thousands)		
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:</b>		
Cash and cash equivalents	\$ 99,449	\$ 85,558
Restricted cash (1)	7,829	10,790
Total cash, cash equivalents, and restricted cash	\$ 107,278	\$ 96,348

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

**NOTE 3—REAL ESTATE**

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

During the three months ended March 31, 2023, we sold one retail property for \$13.2 million, resulting in a gain on sale of \$1.6 million.

**NOTE 4—DEBT**

During the three months ended March 31, 2023, the maximum amount of borrowings outstanding under our \$1.25 billion revolving credit facility was \$80.5 million. The weighted average amount of borrowings outstanding was \$49.7 million, and the weighted average interest rate, before amortization of debt fees, was 5.4%, for the three months ended March 31, 2023. At March 31, 2023, our revolving credit facility had \$60.0 million outstanding.

Our revolving credit facility, term loan, and certain notes require us to comply with various financial covenants, including the maintenance of minimum shareholders' equity and debt coverage ratios and a maximum ratio of debt to net worth. As of March 31, 2023, we were in compliance with all default related debt covenants.

**NOTE 5—FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

	March 31, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
Mortgages and notes payable, net	\$ 981,301	\$ 959,730	\$ 921,692	\$ 895,654
Senior notes and debentures, net	\$ 3,408,104	\$ 3,097,830	\$ 3,407,701	\$ 3,048,456

As of March 31, 2023, we have two interest rate swap agreements with notional amounts of \$54.7 million that are measured at fair value on a recurring basis. The interest rate swap agreements fix the interest rate on \$54.7 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 March 31, 2023 was an asset of \$4.9 million and is included in "prepaid expenses and other assets" on our consolidated balance sheets. For the three months ended March 31, 2023, the value of our interest rate swaps decreased \$1.3 million (including \$0.4 million reclassified from other comprehensive income as a decrease to interest expense). A summary of our financial assets that are measured at fair value on a recurring basis, by level within the fair value hierarchy is as follows:

	March 31, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(In thousands)							
Interest rate swaps	\$ —	\$ 4,891	\$ —	\$ 4,891	\$ —	\$ 6,144	\$ —	\$ 6,144

One of our equity method investees has two interest rate swaps which qualify for cash flow hedge accounting. For the three months ended March 31, 2023, our share of the change in fair value of the related swaps included in "accumulated other comprehensive income" was a decrease of \$0.1 million.

**NOTE 6—COMMITMENTS AND CONTINGENCIES**

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

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

On August 25, 2022, we entered into a purchase option agreement to acquire the tenancy in common interest from our co-owner at Escondido Promenade, as discussed in our Annual Report on Form 10-K for the year ended December 31, 2022. Our agreement, as amended on February 28, 2023, allows us to exercise the option between May 1, 2023 and May 31, 2023.

Under the terms of certain partnership agreements, the partners have the right to exchange their operating partnership units for cash or common shares, at our option. A total of 637,031 downREIT operating partnership units are outstanding which have a total fair value of approximately \$63.0 million, which is calculated by multiplying the outstanding number of downREIT partnership units by our closing stock price on March 31, 2023.

**NOTE 7—SHAREHOLDERS' EQUITY**

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

	Three Months Ended March 31,			
	2023		2022	
	Declared	Paid	Declared	Paid
Common shares	\$ 1.080	\$ 1.080	\$ 1.070	\$ 1.070
5.417% Series 1 Cumulative Convertible Preferred shares	\$ 0.339	\$ 0.339	\$ 0.339	\$ 0.339
5.0% Series C Cumulative Redeemable Preferred shares (1)	\$ 0.313	\$ 0.313	\$ 0.313	\$ 0.313

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

We have an at-the-market ("ATM") equity program under which we may from time to time offer and sell common shares having an aggregate offering price of up to \$500.0 million. The ATM equity program also allows shares to be sold through forward sales contracts. We intend to use the net proceeds to fund potential acquisition opportunities, fund our development and redevelopment pipeline, repay indebtedness and/or for general corporate purposes.

For the three months ended March 31, 2023, we issued 57,034 common shares at a weighted average price per share of \$111.64 for net cash proceeds of \$6.2 million including paying \$0.1 million in commissions and \$0.1 million in additional offering expenses related to the sales of these common shares. We have the remaining capacity to issue up to \$445.6 million in common shares under our ATM equity program as of March 31, 2023.

**NOTE 8—SHARE-BASED COMPENSATION PLANS**

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

	Three Months Ended March 31,	
	2023	2022
(In thousands)		
Grants of common shares, restricted stock units, and options	\$ 4,434	\$ 4,179
Capitalized share-based compensation	(337)	(359)
Share-based compensation expense	<u>\$ 4,097</u>	<u>\$ 3,820</u>

**NOTE 9—EARNINGS PER SHARE AND UNIT**

We have calculated earnings per share ("EPS") and earnings per unit ("EPU") under the two-class method. The two-class method is an earnings allocation methodology whereby EPS and EPU for each class of common stock and partnership units, respectively, and participating securities is calculated according to dividends or distributions declared and participation rights in undistributed earnings. For both the three months ended March 31, 2023 and 2022, we had 0.3 million weighted average unvested shares and units outstanding, which are considered participating securities. Therefore, we have allocated our earnings for basic and diluted EPS and EPU between common shares and units and unvested shares and units; the portion of earnings allocated to the unvested shares and units is reflected as "earnings allocated to unvested shares" or "earnings allocated to unvested units" in the reconciliations below.

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

- exercise of 1,829 stock options for the three months ended March 31, 2023,
- conversions of downREIT operating partnership units for both the three months ended March 31, 2023 and 2022,
- conversions of 5.417% Series 1 Cumulative Convertible Preferred Shares and units for both the three months ended March 31, 2023 and 2022, and
- the issuance of 0.7 million shares and units issuable under common share forward sales agreements for the three months ended March 31, 2022.

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

*Federal Realty Investment Trust Earnings per Share*

	Three Months Ended March 31,	
	2023	2022
(In thousands, except per share data)		
<b>NUMERATOR</b>		
Net income	\$ 57,731	\$ 54,728
Less: Preferred share dividends	(2,008)	(2,010)
Less: Income from operations attributable to noncontrolling interests	(2,396)	(2,744)
Less: Earnings allocated to unvested shares	(327)	(307)
Net income available for common shareholders, basic and diluted	<u>\$ 53,000</u>	<u>\$ 49,667</u>
<b>DENOMINATOR</b>		
Weighted average common shares outstanding, basic	81,141	78,446
Effect of dilutive securities:		
Open forward contracts for share issuances	—	97
Weighted average common shares outstanding, diluted	<u>81,141</u>	<u>78,543</u>
<b>EARNINGS PER COMMON SHARE, BASIC AND DILUTED:</b>		
Net income available for common shareholders	<u>\$ 0.65</u>	<u>\$ 0.63</u>



*Federal Realty OP LP Earnings per Unit*

	Three Months Ended March 31,	
	2023	2022
(In thousands, except per unit data)		
<b>NUMERATOR</b>		
Net income	\$ 57,731	\$ 54,728
Less: Preferred unit distributions	(2,008)	(2,010)
Less: Income from operations attributable to noncontrolling interests	(2,396)	(2,744)
Less: Earnings allocated to unvested units	(327)	(307)
Net income available for common unit holders, basic and diluted	<u>\$ 53,000</u>	<u>\$ 49,667</u>
<b>DENOMINATOR</b>		
Weighted average common units outstanding, basic	81,141	78,446
Effect of dilutive securities:		
Common unit issuances relating to open common share forward contracts	—	97
Weighted average common units outstanding, diluted	<u>81,141</u>	<u>78,543</u>
<b>EARNINGS PER COMMON UNIT, BASIC AND DILUTED:</b>		
Net income available for common unit holders	<u>\$ 0.65</u>	<u>\$ 0.63</u>

**NOTE 10—SUBSEQUENT EVENT**

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

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS****Forward-Looking Statements**

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

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

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

- risks that our tenants will not pay rent, may vacate early or may file for bankruptcy or that we may be unable to renew leases or re-let space at favorable rents as leases expire;
- risks that we may not be able to proceed with or obtain necessary approvals for any redevelopment or renovation project, and that completion of anticipated or ongoing property redevelopment or renovation projects that we do pursue may cost more, take more time to complete or fail to perform as expected;
- risks normally associated with the real estate industry, including risks that occupancy levels at our properties and the amount of rent that we receive from our properties may be lower than expected, that new acquisitions may fail to perform as expected, that competition for acquisitions could result in increased prices for acquisitions, that costs associated with the periodic maintenance and repair or renovation of space, insurance and other operations may increase, that environmental

issues may develop at our properties and result in unanticipated costs, and, because real estate is illiquid, that we may not be able to sell properties when appropriate;

- risks that our growth will be limited if we cannot obtain additional capital;
- risks of financing on terms which are acceptable to us, our ability to meet existing financial covenants and the limitations imposed on our operations by those covenants, and the possibility of increases in interest rates that would result in increased interest expense;
- risks related to the Trust's status as a real estate investment trust, commonly referred to as a REIT, for federal income tax purposes, such as the existence of complex tax regulations relating to the Trust's status as a REIT, the effect of future changes in REIT requirements as a result of new legislation, and the adverse consequences of the failure to qualify as a REIT;
- risks related to natural disasters, climate change and public health crises (such as the outbreak and worldwide spread of COVID-19), and the measures that international, federal, state and local governments, agencies, law enforcement and/or health authorities implement to address them, may precipitate or materially exacerbate one or more of the above-mentioned risks, and may significantly disrupt or prevent us from operating our business in the ordinary course for an extended period.

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

## Overview

Federal Realty Investment Trust (the "Parent Company" or the "Trust") is an equity real estate investment trust ("REIT"). Federal Realty OP LP (the "Operating Partnership") is the entity through which the Trust conducts substantially all of its operations and owns substantially all of its assets. The Trust owns 100% of the limited liability company interests of, and is sole member and exercises exclusive control over Federal Realty GP LLC ("the General Partner"), which in turn, is the sole general partner of the Operating Partnership. Unless stated otherwise or the context otherwise requires, "we," "our," and "us" means the Trust and its business and operations conducted through its directly and indirectly owned subsidiaries, including the Operating Partnership. We specialize in the ownership, management, and redevelopment of high quality retail and mixed-use properties. As of March 31, 2023, we owned or had a majority interest in community and neighborhood shopping centers and mixed-use properties which are operated as 102 predominantly retail real estate projects comprising approximately 25.9 million square feet. In total, the real estate projects were 94.2% leased and 92.6% occupied at March 31, 2023.

## General Economic Conditions

Given the higher levels of inflation, rising interest rates, and potentially worsening economic conditions, we continue to monitor and address risks related to the general state of the economy. We believe that the actions we have taken to improve our financial position and maximize our liquidity, as described further in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2022 Annual Report on [Form 10-K](#), will continue to mitigate the impact to our cash flow caused by tenants not timely paying contractual rent.

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

## Critical Accounting Policies

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

## Property Acquisition and Disposition

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

During the three months ended March 31, 2023, we sold one retail property for \$13.2 million, resulting in a gain on sale of \$1.6 million.

## Debt and Equity Transactions

For the three months ended March 31, 2023, we issued 57,034 common shares at a weighted average price per share of \$111.64 for net cash proceeds of \$6.2 million including paying \$0.1 million in commissions and \$0.1 million in additional offering

expenses related to the sales of these common shares. We have the remaining capacity to issue up to \$445.6 million in common shares under our ATM equity program as of March 31, 2023.

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

### **Recently Issued Accounting Pronouncements**

See Note 2 to the consolidated financial statements.

### **Capitalized Costs**

Certain external and internal costs directly related to the development, redevelopment and leasing of real estate, including pre-construction costs, real estate taxes, insurance, construction costs and salaries and related costs of personnel directly involved, are capitalized. We capitalized certain external and internal costs related to both development and redevelopment activities of \$53 million and \$2 million, respectively, for the three months ended March 31, 2023, and \$69 million and \$3 million for the three months ended March 31, 2022. We capitalized external and internal costs related to other property improvements of \$23 million and \$1 million, respectively, for the three months ended March 31, 2023, and \$22 million and \$1 million, respectively, for the three months ended March 31, 2022. We capitalized external and internal costs related to leasing activities of \$4 million and \$1 million, respectively, for both the three months ended March 31, 2023 and 2022. The amount of capitalized internal costs for salaries and related benefits for development and redevelopment activities, other property improvements, and leasing activities were \$2 million, \$1 million, and \$1 million, respectively for both the three months ended March 31, 2023 and 2022. Total capitalized costs were \$80 million and \$99 million for the three months ended March 31, 2023 and 2022, respectively.

### **Outlook**

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

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

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

Our comparable property growth is primarily driven by increases in rental rates on new leases and lease renewals, changes in portfolio occupancy, and the redevelopment of those assets. Over the long-term, the infill nature and strong demographics of our properties provide a strategic advantage allowing us to maintain relatively high occupancy and generally increase rental rates. We continue to experience strong demand for our commercial space as evidenced by the 2.0 million square feet of comparable space leasing we've completed in the last twelve months, and the 1.6% spread between our leased rate of 94.2% and our occupied rate of 92.6%. However, the effects of high levels of inflation and rising interest rates continue to negatively impact our business with the largest current impacts being increased material costs, higher interest costs, and higher operating costs. We continue to see impacts of increased costs for certain construction and other materials that support our development and redevelopment activities. Worsening supply chain disruptions could also result in extended timeframes and/or increased costs for completion of our projects and tenant build-outs, which could delay the commencement of rent payments under new leases. Similarly, if our tenants experience significant disruptions in supply chains supporting their own products, staffing issues due to labor shortages, or are otherwise impacted by worsening economic conditions, their ability to pay rent may be adversely affected. We continue to monitor these macroeconomic developments and are working with our tenants and our vendors to limit the overall impact to our business.

The duration and severity of the current economic environment will depend on future developments, which are highly uncertain and cannot be fully predicted, however, we seek to position the Company to continue to participate in the resulting economic recovery.

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

- Phase IV at Pike & Rose is a 276,000 square foot office building (which includes 10,000 square feet of ground floor retail space). Approximately 157,000 square feet of the office space is pre-leased to two tenants and approximately 5,000 square feet of retail space is pre-leased. The building is expected to cost between \$185 million and \$200 million, and begin delivering in late 2023.
- The first phase of construction on Santana West includes an eight story 376,000 square foot office building, which is expected to cost between \$315 million and \$330 million.
- Throughout the portfolio, we currently have redevelopment projects underway with a projected total cost of approximately \$229 million that we expect to stabilize over the next several years.

The above includes our best estimates based on information currently known, however, the completion of construction, final costs, and the timing of leasing and openings may be further impacted by the current environment including the duration and severity of the economic impacts of broader, as well as local, economic conditions, inflation, higher interest rates, and higher operating costs.

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

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

At March 31, 2023, the leasable square feet in our properties was 94.2% leased and 92.6% occupied. The leased rate is higher than the occupied rate due to leased spaces that are being redeveloped or improved or that are awaiting permits and, therefore, are not yet ready to be occupied. Our occupancy and leased rates are subject to variability over time due to factors including acquisitions, the timing of the start and stabilization of our redevelopment projects, lease expirations and tenant closings and bankruptcies.

### **Lease Rollovers**

For the first quarter of 2023, we signed leases for a total of 524,000 square feet of retail space including 505,000 square feet of comparable space leases (leases for which there was a prior tenant) at an average rental increase of 11% on a cash basis. New leases for comparable spaces were signed for 242,000 square feet, with an average rental increase of 9% on a cash basis. Renewals for comparable spaces were signed for 262,000 square feet at a 14% average rental increase on a cash basis. Tenant improvements and incentives for comparable spaces were \$39.47 per square foot, of which \$79.20 per square foot was for new leases and \$2.83 per square foot was for renewals for the three months ended March 31, 2023.

The rental increases associated with comparable spaces generally include all leases signed for retail space in arms-length transactions reflecting market leverage between landlords and tenants during the period. The comparison between the rent for expiring leases and new leases is determined by including contractual rent on the expiring lease, including percentage rent, and the comparable annual rent and in some instances, projections of percentage rent, to be paid on the new lease. In atypical circumstances, management may exercise judgment as to how to most effectively reflect the comparability of spaces reported in this calculation. The change in rental income on comparable space leases is impacted by numerous factors including current market rates, location, individual tenant creditworthiness, use of space, market conditions when the expiring lease was signed, capital investment made in the space and the specific lease structure. Tenant improvements and incentives include the total dollars committed for the improvement (fit out) of a space as it relates to a specific lease. Incentives include amounts paid to tenants as an inducement to sign a lease that do not represent building improvements. Costs related to tenant improvements

require judgement by management in determining what are costs specific to the tenant and not deferred maintenance on the space.

Historically, we have executed comparable space leases for 1.4 to 2.0 million square feet of retail space each year. We expect the volume in 2023 will be in line with these historical averages. Although we expect overall positive increases in annual rent for comparable spaces, changes in annual rent for any individual lease or combinations of individual leases reported in any particular period may be positive or negative and we can provide no assurance that the annual rents on comparable space leases will continue to increase at historical levels, if at all.

The leases signed in 2023 generally become effective over the following two years though some may not become effective until 2026 and beyond. Further, there is a risk that some new tenants will not ultimately take possession of their space and that tenants for both new and renewal leases may not pay all of their contractual rent due to operating, financing or other matters. However, our historical increases in rental rates do provide information about the tenant/landlord relationship and the potential increase we may achieve in rental income over time.

### Comparable Properties

Throughout this section, we have provided certain information on a “comparable property” basis. Information provided on a comparable property basis includes the results of properties that we owned and operated for the entirety of both periods being compared except for properties that are currently under development or are being repositioned for significant redevelopment and investment. For the three months ended March 31, 2023, all or a portion of 94 properties, respectively, were considered comparable properties and eight properties were considered non-comparable properties. For the three months ended March 31, 2023, one property was moved from comparable properties to non-comparable properties, four properties and one portion of a property were moved from acquisitions to comparable properties, and one property was removed from comparable properties, as it was sold; all compared to the designations as of December 31, 2022. While there is judgment surrounding changes in designations, we typically move non-comparable properties to comparable properties once they have stabilized, which is typically considered 90% physical occupancy or when the growth expected from the redevelopment has been included in the comparable periods. We typically remove properties from comparable properties when the repositioning of the asset has commenced and has or is expected to have a significant impact on property operating income within the calendar year. Acquisitions are moved to comparable properties once we have owned the property for the entirety of comparable periods and the property is not under development or being repositioned for significant redevelopment and investment.

### RESULTS OF OPERATIONS - THREE MONTHS ENDED MARCH 31, 2023 AND 2022

	2023	2022	Change	
			Dollars	%
	(Dollar amounts in thousands)			
Rental income	\$ 272,798	\$ 256,507	\$ 16,291	6.4 %
Mortgage interest income	261	264	(3)	(1.1)%
Total property revenue	273,059	256,771	16,288	6.3 %
Rental expenses	55,205	56,211	(1,006)	(1.8)%
Real estate taxes	32,566	30,560	2,006	6.6 %
Total property expenses	87,771	86,771	1,000	1.2 %
Property operating income (1)	185,288	170,000	15,288	9.0 %
General and administrative expense	(12,545)	(12,342)	(203)	1.6 %
Depreciation and amortization	(78,637)	(71,674)	(6,963)	9.7 %
Gain on sale of real estate	1,702	—	1,702	100.0 %
Operating income	95,808	85,984	9,824	11.4 %
Other interest income	632	120	512	426.7 %
Interest expense	(39,225)	(31,573)	(7,652)	24.2 %
Income from partnerships	516	197	319	161.9 %
Total other, net	(38,077)	(31,256)	(6,821)	21.8 %
Net income	57,731	54,728	3,003	5.5 %
Net income attributable to noncontrolling interests	(2,396)	(2,744)	348	(12.7)%
Net income attributable to the Trust	\$ 55,335	\$ 51,984	\$ 3,351	6.4 %

(1) Property operating income is a non-GAAP measure that consists of rental income and mortgage interest income, less rental expenses and real estate taxes. This measure is used internally to evaluate the performance of property operations and we consider it to be a significant measure. Property operating income should not be considered an alternative measure of operating results or cash flow from operations as determined in accordance with GAAP. The reconciliation of operating income to property operating income for the three months ended March 31, 2023 and 2022 is as follows:

	2023	2022
	(in thousands)	
Operating income	\$ 95,808	\$ 85,984
General and administrative	12,545	12,342
Depreciation and amortization	78,637	71,674
Gain on sale of real estate	(1,702)	—
Property operating income	<u>\$ 185,288</u>	<u>\$ 170,000</u>

### Property Revenues

Total property revenue increased \$16.3 million, or 6.3%, to \$273.1 million in the three months ended March 31, 2023 compared to \$256.8 million in the three months ended March 31, 2022. The percentage occupied at our shopping centers was 92.6% and 91.2% at March 31, 2023 and 2022, respectively. Changes in the components of property revenue are discussed below.

#### Rental Income

Rental income consists primarily of minimum rent, cost reimbursements from tenants and percentage rent, and is net of collectibility related adjustments. Rental income increased \$16.3 million, or 6.4%, to \$272.8 million in the three months ended March 31, 2023 compared to \$256.5 million in the three months ended March 31, 2022 due primarily to the following:

- an increase of \$10.1 million from 2022 and 2023 acquisitions,
- an increase of \$6.3 million from non-comparable properties primarily driven by occupancy increases at Assembly Row Phase III, CocoWalk, Pike & Rose Phase III, and Darien Commons,
- an increase of \$4.7 million from comparable properties primarily related to higher rental rates of \$4.6 million, a \$1.8 million increase in real estate tax and tenant recoveries on higher costs, higher average occupancy of approximately \$1.7 million, and higher percentage rent and parking income of \$0.6 million, partially offset by a \$3.1 million decrease in common area maintenance ("CAM") recoveries primarily due to lower snow removal costs, and a \$0.3 million increase in collectibility related adjustments, and
- an increase of \$1.0 million from improving demand at our Pike & Rose hotel,

partially offset by

- a decrease of \$3.3 million from property sales, and
- a decrease of \$2.6 million from the deconsolidation of Escondido Promenade in the third quarter of 2022, which is now being recorded as an equity method investment.

### Property Expenses

Total property expenses increased \$1.0 million, or 1.2%, to \$87.8 million in the three months ended March 31, 2023 compared to \$86.8 million in the three months ended March 31, 2022. Changes in the components of property expenses are discussed below.

#### Rental Expenses

Rental expenses decreased \$1.0 million, or 1.8%, to \$55.2 million in the three months ended March 31, 2023 compared to \$56.2 million in the three months ended March 31, 2022. This decrease is primarily due to the following:

- a decrease of \$2.0 million from comparable properties due primarily to lower snow removal costs, partially offset by higher repairs and maintenance costs and utilities, as 2022 had lower costs as a result of COVID-19 impacts as well as inflationary impacts in 2023, and
- a decrease of \$1.4 million from property sales,

partially offset by

- an increase of \$1.8 million from 2022 acquisitions, and
- an increase of \$0.6 million from non-comparable properties driven by openings at Assembly Row Phase III and Darien Commons.

As a result of the changes in rental income and rental expenses as discussed above, rental expenses as a percentage of rental income decreased to 20.2% in the three months ended March 31, 2023 from 21.9% in the three months ended March 31, 2022.

#### *Real Estate Taxes*

Real estate tax expense increased \$2.0 million, or 6.6%, to \$32.6 million in the three months ended March 31, 2023 compared to \$30.6 million in the three months ended March 31, 2022. This increase is primarily due to the following:

- an increase of \$1.4 million from 2022 acquisitions, and
- an increase of \$0.9 million from comparable properties due primarily to successful tax appeals recorded during 2022 and higher assessments.

#### **Property Operating Income**

Property operating income increased \$15.3 million, or 9.0%, to \$185.3 million in the three months ended March 31, 2023 compared to \$170.0 million in the three months ended March 31, 2022. This increase is primarily driven by 2022 and 2023 acquisitions, higher rental rates and occupancy at comparable properties, the 2022 openings at Assembly Row Phase III, and higher percentage rent and parking income, partially offset by 2022 property sales.

#### **Other Operating**

##### *Depreciation and Amortization*

Depreciation and amortization expense increased \$7.0 million, or 9.7%, to \$78.6 million in the three months ended March 31, 2023 from \$71.7 million in the three months ended March 31, 2022. This increase is due primarily to property acquisitions, and placing redevelopment properties into service, partially offset by 2022 property sales and the 2022 deconsolidation of Escondido Promenade.

##### *Gain on Sale of Real Estate*

The \$1.7 million gain on sale of real estate for the three months ended March 31, 2023 is due primarily to the sale of one retail property.

#### **Operating Income**

Operating income increased \$9.8 million, or 11.4%, to \$95.8 million in the three months ended March 31, 2023 compared to \$86.0 million in the three months ended March 31, 2022. This increase is primarily driven by higher occupancy and rental rates at comparable properties, the 2022 openings at Assembly Row Phase III, higher percentage rent and parking income, gain on the sale of real estate, and 2022 and 2023 acquisitions, partially offset by 2022 property sales.

#### **Other**

##### *Other Interest Income*

Other interest income increased \$0.5 million to \$0.6 million in the three months ended March 31, 2023 compared to \$0.1 million in the three months ended March 31, 2022. This increase is due primarily to higher interest earned due to higher interest rates on cash accounts.

##### *Interest Expense*

Interest expense increased \$7.7 million, or 24.2%, to \$39.2 million in the three months ended March 31, 2023 compared to \$31.6 million in the three months ended March 31, 2022. This increase is due primarily to the following:

- an increase of \$5.6 million due to a higher overall weighted average borrowing rate, and
- an increase of \$2.8 million due to higher weighted average borrowings,

partially offset by,

- an increase of \$0.8 million in capitalized interest.

Gross interest costs were \$44.6 million and \$36.2 million in the three months ended March 31, 2023 and 2022, respectively. Capitalized interest was \$5.4 million and \$4.6 million for the three months ended March 31, 2023 and 2022, respectively.

*Income from Partnerships*

Income from partnerships increased \$0.3 million, or 161.9%, to \$0.5 million in the three months ended March 31, 2023 compared to \$0.2 million in the three months ended March 31, 2022. This increase is due primarily to operating results of Escondido Promenade, which is now recorded as an equity method investment following the deconsolidation during the third quarter of 2022.

**Liquidity and Capital Resources**

Due to the nature of our business and strategy, we typically generate significant amounts of cash from operations which is largely paid to our common and preferred shareholders in the form of dividends because as a REIT, the Trust is generally required to make annual distributions to shareholders of at least 90% of our taxable income (cash dividends paid in the three months ended March 31, 2023 were approximately \$89.9 million). Remaining cash flow from operations after dividend payments is used to fund recurring and non-recurring capital projects (such as tenant improvements and redevelopments), and regular debt service requirements (including debt service relating to additional or replacement debt, as well as scheduled debt maturities). We maintain an unsecured \$1.25 billion revolving credit facility to fund short term cash flow needs and also look to the public and private debt and equity markets, joint venture relationships, and property dispositions to fund capital expenditures on a long-term basis.

As of March 31, 2023, we had cash and cash equivalents of \$99.4 million and \$60.0 million outstanding on our \$1.25 billion revolving credit facility. For the three months ended March 31, 2023, the weighted average amount of borrowings outstanding on our revolving credit facility was \$49.7 million, and the weighted average interest rate, before amortization of debt fees, was 5.4%. We also have the capacity to issue up to \$445.6 million in common shares under our ATM equity program.

On April 12, 2023, we issued \$350.0 million of fixed rate senior unsecured notes that mature on May 1, 2028 and bear interest at 5.375%. A portion of the net proceeds from this transaction will be used to repay the \$275.0 million of 2.75% senior unsecured notes that mature in June 2023. We have no other debt maturing for the remainder of 2023.

Our overall capital requirements for the remainder of 2023 will be impacted by the overall economic environment including impacts of inflation, higher interest rates, and a potential recession, as well as acquisition opportunities and the level and general timing of our redevelopment and development activities. We currently have development and redevelopment projects in various stages of constructions with remaining costs of \$250 million. We expect to incur the majority of these costs in the next two years. We expect overall capital costs to be at levels consistent with 2022, or slightly reduced as we complete current redevelopment projects, prepare vacant space for new tenants, and complete the current phase and start on the next phase of our larger mixed use development projects.

We believe cash flow from operations, the cash on our balance sheet, and our \$1.25 billion revolving credit facility will allow us to continue to operate our business in the short-term. Given our ability to access the capital markets, we also expect debt or equity to be available to us, although newly issued debt would likely be at higher interest rates than we currently have outstanding. We also have the ability to delay the timing of certain development and redevelopment projects as well as limit future acquisitions, reduce our operating expenditures, or re-evaluate our dividend policy. We expect these sources of liquidity and opportunities for operating flexibility to allow us to meet our financial obligations over the long term. We intend to operate with and to maintain our long term commitment to a conservative capital structure that will allow us to maintain strong debt service coverage and fixed-charge coverage ratios as part of our commitment to investment-grade debt ratings.

*Summary of Cash Flows*

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(In thousands)</b>	
Net cash provided by operating activities	\$ 143,007	\$ 103,069
Net cash used in investing activities	(100,811)	(88,194)
Net cash used in financing activities	(31,266)	(11,849)
Increase in cash, cash equivalents and restricted cash	10,930	3,026
Cash, cash equivalents, and restricted cash at beginning of year	96,348	175,163
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 107,278</u>	<u>\$ 178,189</u>



Net cash provided by operating activities increased \$39.9 million to \$143.0 million during the three months ended March 31, 2023 from \$103.1 million during the three months ended March 31, 2022. The increase was primarily attributable to the timing of payments, higher collections related to year end recovery billings, and higher net income before adjusting for non-cash items and the gain on sale of real estate.

Net cash used in investing activities increased \$12.6 million to \$100.8 million during the three months ended March 31, 2023 from \$88.2 million during the three months ended March 31, 2022. The increase was primarily attributable to:

- a \$35.3 million increase in acquisition of real estate due to the January 2023 Huntington Square acquisition (see Note 3 to the consolidated financial statements for additional information),

partially offset by,

- \$12.6 million of net proceeds from the sale of one retail property during the three months ended March 31, 2023, and
- an \$8.5 million decrease in capital expenditures.

Net cash used in financing activities increased \$19.4 million to \$31.3 million during the three months ended March 31, 2023 from \$11.8 million during the three months ended March 31, 2022. The increase was primarily attributable to:

- a \$76.6 million decrease in net proceeds from the issuance of common shares under our ATM program, and
- a \$3.7 million increase in dividends paid to common and preferred shareholders due to an increase in the number of outstanding shares, as well as an increase to the common share dividend rate.

partially offset by

- \$60.0 million of borrowings on our revolving credit facility.

### Debt Financing Arrangements

The following is a summary of our total debt outstanding as of March 31, 2023:

Description of Debt	Original Debt Issued	Principal Balance as of March 31, 2023	Stated Interest Rate as of March 31, 2023	Maturity Date
(Dollars in thousands)				
<b>Mortgages payable</b>				
<i>Secured fixed rate</i>				
Azalea	Acquired	\$ 40,000	3.73 %	November 1, 2025
Bell Gardens	Acquired	11,761	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	54,699	LIBOR + 1.95%	December 15, 2029
Various Hoboken (14 Buildings) (2)	Acquired	30,626	Various	Various through 2029
Chelsea	Acquired	4,340	5.36 %	January 15, 2031
Subtotal		321,526		
Net unamortized debt issuance costs and premium		(1,616)		
Total mortgages payable, net		319,910		
<b>Notes payable</b>				
Term loan (3) (5)	600,000	600,000	SOFR + 0.85%	April 16, 2024
Revolving credit facility (3) (4) (5)	1,250,000	60,000	SOFR + 0.775%	April 5, 2027
Various	7,749	2,913	Various (6)	Various through 2059
Subtotal		662,913		
Net unamortized debt issuance costs		(1,522)		
Total notes payable, net		661,391		
<b>Senior notes and debentures (5)</b>				
<i>Unsecured fixed rate</i>				
2.75% notes	275,000	275,000	2.75 %	June 1, 2023
3.95% notes	600,000	600,000	3.95 %	January 15, 2024
1.25% notes	400,000	400,000	1.25 %	February 15, 2026
7.48% debentures	50,000	29,200	7.48 %	August 15, 2026
3.25% notes	475,000	475,000	3.25 %	July 15, 2027
6.82% medium term notes	40,000	40,000	6.82 %	August 1, 2027
3.20% notes	400,000	400,000	3.20 %	June 15, 2029
3.50% notes	400,000	400,000	3.50 %	June 1, 2030
4.50% notes	550,000	550,000	4.50 %	December 1, 2044
3.625% notes	250,000	250,000	3.625 %	August 1, 2046
Subtotal		3,419,200		
Net unamortized debt issuance costs and premium		(11,096)		
Total senior notes and debentures, net		3,408,104		
<b>Total debt, net</b>		<b>\$ 4,389,405</b>		

- (1) On November 26, 2019, we entered into two interest rate swap agreements that fix the interest rate on this mortgage loan at 3.67%.
- (2) The interest rates on these mortgages range from 3.91% to 5.00%.
- (3) Our revolving credit facility SOFR loans bear interest at Daily Simple SOFR or Term SOFR, and our term loan bears interest at Term SOFR as defined in the credit agreement, plus 0.10%, plus a spread, based on our current credit rating.
- (4) The maximum amount drawn under our revolving credit facility during the three months ended March 31, 2023 was \$80.5 million and the weighted average interest rate on borrowings under our revolving credit facility, before amortization of debt fees, was 5.4%.
- (5) The Operating Partnership is the obligor under our revolving credit facility, term loan, and senior notes and debentures.
- (6) The interest rates on these notes payable range from 3.00% to 11.31%.

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 March 31, 2023, we were in compliance with all financial and other covenants related to our revolving credit facility, term loan, and senior notes. Additionally, we were in compliance with all of the financial and other covenants that could trigger a loan default on our mortgage loans. If we were to breach any of these financial and other covenants and did not cure the breach within an applicable cure period, our lenders could require us to repay the debt immediately and, if the debt is secured, could immediately begin proceedings to take possession of the property securing the loan. Many of our debt arrangements, including our public notes and our revolving credit facility, are cross-defaulted, which means that the lenders under those debt arrangements can put us in default and require immediate repayment of their debt if we breach and fail to cure a default under certain of our other debt obligations. As a result, any default under our debt covenants could have an adverse effect on our financial condition, our results of operations, our ability to meet our obligations and the market value of our shares. Our organizational documents do not limit the level or amount of debt that we may incur.

The following is a summary of our scheduled principal repayments as of March 31, 2023:

	Unsecured	Secured	Total
	(In thousands)		
2023	\$ 275,711	\$ 2,347	\$ 278,058
2024	1,200,671 (1)	3,299	1,203,970
2025	418	47,630	48,048
2026	429,276	26,240	455,516
2027	575,037 (2)	178,278	753,315
Thereafter	1,601,000	63,732	1,664,732
	<u>\$ 4,082,113</u>	<u>\$ 321,526</u>	<u>\$ 4,403,639 (3)</u>

(1) Our \$600.0 million term loan matures on April 16, 2024, plus two one-year extensions at our option to April 16, 2026.

(2) Our \$1.25 billion revolving credit facility matures on April 5, 2027, plus two six-month extensions at our option to April 5, 2028. As of March 31, 2023, there was \$60.0 million outstanding under this credit facility.

(3) The total debt maturities differ from the total reported on the consolidated balance sheets due to the unamortized net debt issuance costs and premium/discount on mortgage loans, notes payable, and senior notes as of March 31, 2023.

#### *Interest Rate Hedging*

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

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

As of March 31, 2023, we have two interest rate swap agreements that effectively fix the rate on a mortgage payable associated with our Hoboken portfolio at 3.67%. Our Assembly Row hotel joint venture is also a party to two interest rate swap agreements that effectively fix their debt at 5.206%. All swaps were designated and qualify as cash flow hedges. Hedge ineffectiveness has not impacted earnings as of March 31, 2023.

### *REIT Qualification*

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

### **Funds From Operations**

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

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

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

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

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

	Three Months Ended	
	March 31,	
	2023	2022
	(In thousands, except per share data)	
Net income	\$ 57,731	\$ 54,728
Net income attributable to noncontrolling interests	(2,396)	(2,744)
Gain on sale of real estate	(1,702)	—
Depreciation and amortization of real estate assets	70,504	62,977
Amortization of initial direct costs of leases	7,785	5,793
Funds from operations	131,922	120,754
Dividends on preferred shares (1)	(1,875)	(1,875)
Income attributable to downREIT operating partnership units	693	706
Income attributable to unvested shares	(482)	(436)
Funds from operations available for common shareholders	<u>\$ 130,258</u>	<u>\$ 119,149</u>
Weighted average number of common shares, diluted (1)(2)	<u>81,877</u>	<u>79,299</u>
Funds from operations available for common shareholders, per diluted share (2)	<u>\$ 1.59</u>	<u>\$ 1.50</u>

- (1) For the three months ended March 31, 2023 and 2022, dividends on our Series 1 preferred stock were not deducted in the calculation of FFO available to common shareholders, as the related shares were dilutive and included in "weighted average common shares, diluted."
- (2) The weighted average common shares used to compute FFO per diluted common share includes downREIT operating partnership units that were excluded from the computation of diluted EPS. Conversion of these operating partnership units is dilutive in the computation of FFO per diluted share for all periods presented but is anti-dilutive for the computation of dilutive EPS for these periods.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

#### Interest Rate Risk

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

#### *Fixed Interest Rate Debt*

The majority of our outstanding debt obligations (maturing at various times through 2059) have fixed interest rates which limit the risk of fluctuating interest rates. However, interest rate fluctuations may affect the fair value of our fixed rate debt instruments. At March 31, 2023, we had \$3.7 billion of fixed-rate debt outstanding, including \$54.7 million of mortgage payables for which the rate is effectively fixed by two interest rate swap agreements. If market interest rates used to calculate the fair value on our fixed-rate debt instruments at March 31, 2023 had been 1.0% higher, the fair value of those debt instruments on that date would have decreased by approximately \$163.1 million. If market interest rates used to calculate the fair value on our fixed-rate debt instruments at March 31, 2023 had been 1.0% lower, the fair value of those debt instruments on that date would have increased by approximately \$183.3 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 March 31, 2023, we had \$660.0 million of variable rate debt outstanding (the principal balance on our unsecured term loan and \$60.0 million outstanding on our revolving credit facility). Based upon this amount of variable rate debt and the specific terms, if market interest rates increased 1.0%, our annual interest expense would increase approximately \$6.6 million with a corresponding decrease in our net income and cash flows for the year. Conversely, if market interest rates decreased 1.0%, our annual interest expense would decrease by approximately \$6.6 million with a corresponding increase in our net income and cash flows for the year.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **Controls and Procedures (Federal Realty Investment Trust)**

##### **Periodic Evaluation and Conclusion of Disclosure Controls and Procedures**

An evaluation has been performed, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Trust's disclosure controls and procedures as of March 31, 2023. Based on this evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that the Trust's disclosure controls and procedures were effective as of March 31, 2023 to provide reasonable assurance that information required to be disclosed in the Trust's reports filed or submitted under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and (ii) accumulated and communicated to the Trust's management including its principal executive and principal financial officer as appropriate to allow timely decisions regarding required disclosure.

##### **Changes in Internal Control Over Financial Reporting**

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

#### **Controls and Procedures (Federal Realty OP LP)**

##### **Periodic Evaluation and Conclusion of Disclosure Controls and Procedures**

An evaluation has been performed, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Operating Partnership's disclosure controls and procedures as of March 31, 2023. Based on this evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that the Operating Partnership's disclosure controls and procedures were effective as of March 31, 2023 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and (ii) accumulated and communicated to the Operating Partnership's management including its principal executive and principal financial officer as appropriate to allow timely decisions regarding required disclosure.

##### **Changes in Internal Control Over Financial Reporting**

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

## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

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

### ITEM 1A. RISK FACTORS

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

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

Under the terms of various partnership agreements of certain of our affiliated limited partnerships, the interest of limited partners in those limited partnerships may be redeemed, subject to certain conditions, for cash or common shares, at our option. During the three months ended March 31, 2023, we redeemed 7,523 downREIT operating partnership units for common shares.

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

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

None.

### ITEM 6. EXHIBITS

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

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">3.1</a>	Amended and Restated Bylaws of the Parent Company dated January 1, 2022, as amended February 7, 2023 (filed herewith)
<a href="#">31.1</a>	Rule 13a-14(a) Certification of Chief Executive Officer - Federal Realty Investment Trust (filed herewith)
<a href="#">31.2</a>	Rule 13a-14(a) Certification of Chief Financial Officer - Federal Realty Investment Trust (filed herewith)
<a href="#">31.3</a>	Rule 13a-14(a) Certification of Chief Executive Officer - Federal Realty OP LP (filed herewith)
<a href="#">31.4</a>	Rule 13a-14(a) Certification of Chief Financial Officer - Federal Realty OP LP (filed herewith)
<a href="#">32.1</a>	Section 1350 Certification of Chief Executive Officer - Federal Realty Investment Trust (filed herewith)
<a href="#">32.2</a>	Section 1350 Certification of Chief Financial Officer - Federal Realty Investment Trust (filed herewith)
<a href="#">32.3</a>	Section 1350 Certification of Chief Executive Officer - Federal Realty OP LP (filed herewith)
<a href="#">32.4</a>	Section 1350 Certification of Chief Financial Officer - Federal Realty OP LP (filed herewith)
101	The following materials from Federal Realty Investment Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, formatted in XBRL (Extensible Business Reporting Language): (1) the Consolidated Balance Sheets, (2) the Consolidated Statements of Comprehensive Income, (3) the Consolidated Statement of Shareholders' Equity, (4) the Consolidated Statements of Cash Flows, and (5) Notes to Consolidated Financial Statements that have been detail tagged.
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)



**SIGNATURES**

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

May 4, 2023

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

*/s/ Donald C. Wood*

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

May 4, 2023

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

*/s/ Daniel Guglielmo*

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

# Bylaws



**Federal Realty Investment Trust f/k/a FRT Holdco REIT  
Amended and Restated Bylaws  
(Effective as of January 1, 2022)**

**ARTICLE I  
OFFICES**

Section 1. PRINCIPAL OFFICE. The principal office of the Trust shall be located at such place or places as the Board of Trustees ("Board") may designate.

Section 2. ADDITIONAL OFFICES. The Trust may have additional offices at such places as the Board may from time to time determine or the business of the Trust may require.

**ARTICLE II  
MEETINGS OF SHAREHOLDERS**

Section 1. PLACE. All meetings of shareholders shall be held at the principal executive office of the Trust or at such other place within the United States as shall be stated in the notice of the meeting. In determining the location of any meeting of shareholders, the Board may determine that the meeting not be held at any place, but instead may be held solely by means of remote communication. If a meeting is held solely by means of remote communication, the Trust shall implement reasonable measures (a) to verify that each person considered present and authorized to vote at the meeting by means of remote communication is a shareholder or proxy holder and (b) to provide the shareholders and proxy holders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the shareholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with the proceedings.

Section 2. ANNUAL MEETING. An annual meeting of the shareholders for the election of Trustees and the transaction of any business within the powers of the Trust shall be held during the month of May of each year, after the delivery of the annual report referred to in Section 12 of this Article II, at a convenient location and on proper notice, on a date and at the time set by the Trustees, beginning with the year 2022. Failure to hold an annual meeting does not invalidate the Trust's existence or affect any otherwise valid acts of the Trust.

Section 3. SPECIAL MEETINGS. The Chairman of the Board, the Chief Executive Officer, the President or one-third of the Trustees may call special meetings of the shareholders. Special meetings of shareholders shall also be called by the Secretary upon the written request of the holders of shares entitled to cast not less than a twenty-five percent of all the votes entitled to be cast at such meeting. Such request shall state the purpose of such meeting and the matters proposed to be acted on at such meeting. The Secretary shall inform such shareholders of the reasonably estimated cost of preparing and mailing notice of the meeting and, upon payment by such shareholders to the Trust of such costs, the Secretary shall give notice to each shareholder entitled to notice of the meeting. Unless requested by shareholders entitled to cast a majority of all the votes entitled to be cast at such meeting, a special meeting need not be called to consider any matter which is substantially the same as a matter voted on at any meeting of the shareholders held during the preceding twelve months.

Section 4. NOTICE. Not less than ten nor more than 90 days before each meeting of shareholders, the Secretary shall give to each shareholder entitled to vote at such meeting and to each shareholder not entitled to vote who is entitled to notice of the meeting written or printed notice stating the time and place of the meeting and, in the case of a special meeting or as otherwise may be required by any statute, the purpose for which the meeting is called, either by mail or by presenting it to such shareholder personally or by leaving it at his residence or usual place of business. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the shareholder at his post office address as it appears on the records of the Trust, with postage thereon prepaid.

Section 5. SCOPE OF NOTICE. Any business of the Trust may be transacted at an annual meeting of shareholders without being specifically designated in the notice, except such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of shareholders except as specifically designated in the notice.

Section 6. ORGANIZATION. The Chairman of the Board shall preside over every meeting of the shareholders. If there is no Chairman or the Chairman is not present at any meeting of the shareholders, the Chief Executive Officer shall preside. In the case of a vacancy in office or an absence of both the Chairman and the Chief Executive Officer, one of the following officers present shall conduct the meeting in the order stated: the President, the Vice Presidents (as defined in Article V, Section 8) in their order of rank and seniority, or a Chairman chosen by the shareholders entitled to cast a majority of the votes which all shareholders present in person or by proxy are entitled to cast, shall act as Chairman. The Secretary, or, in his absence, an Assistant Secretary, or in the absence of both the Secretary and Assistant Secretaries, a person appointed by the Chief Executive Officer, shall act as Secretary of the meeting.

Section 7. QUORUM. At any meeting of shareholders, the presence in person or by proxy of shareholders entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum; but this section shall not affect any requirement under any statute or the Declaration of Trust for the vote necessary for the adoption of any measure. The shareholders entitled to vote at such meeting, present in person or by proxy, shall have the power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. VOTING. In any uncontested election, a majority of all the votes cast at a meeting of shareholders duly called and at which a quorum is present shall be required to elect a Trustee. A majority of the votes cast means that the number of shares voted "for" a Trustee must exceed 50% of the votes cast with respect to that Trustee. In any contested election (in which the number of nominees exceeds the number of trustees to be elected), a plurality of all the votes cast at a meeting of shareholders duly called and at which a quorum is present shall be sufficient to elect a Trustee. Each share may be voted for as many individuals as there are Trustees to be elected and for whose election the share is entitled to be voted. A majority of the votes cast at a meeting of shareholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required herein or by statute or by the Declaration of Trust. Unless otherwise provided in the Declaration of Trust, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders.

Section 9. PROXIES. A shareholder may cast the votes entitled to be cast by the shares owned of record by him either in person or by proxy executed by the shareholder or by his duly authorized agent in any manner allowed by law. Such proxy shall be filed with the Secretary of the Trust before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 10. VOTING OF SHARES BY CERTAIN HOLDERS. Shares of the Trust registered in the name of a corporation, partnership, limited liability company, trust or other entity, if entitled to be voted, may be voted by the president or a vice president, a general partner, a manager, a managing member or trustee thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless

some other person who has been appointed to vote such shares pursuant to a bylaw or a resolution of the governing board of such corporation or other entity or agreement of the partners of the partnership or agreement of the members of the limited liability company presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such shares. Any trustee or other fiduciary may vote shares registered in his name as such fiduciary, either in person or by proxy.

Shares of the Trust directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Trustees may adopt by resolution a procedure by which a shareholder may certify in writing to the Trust that any shares registered in the name of the shareholder are held for the account of a specified person other than the shareholder. The resolution shall set forth the class of shareholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date or closing of the share transfer books, the time after the record date or closing of the share transfer books within which the certification must be received by the Trust; and any other provisions with respect to the procedure which the Trustees consider necessary or desirable. On receipt of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the shareholder of record of the specified shares in place of the shareholder who makes the certification.

Notwithstanding any other provision contained herein or in the Declaration of Trust or these Bylaws, Title 3, Subtitle 7 of the Corporations and Associations Article of the Annotated Code of Maryland (or any successor statute) shall not apply to any acquisition by any person of shares of beneficial interest of the Trust. This section may be repealed, in whole or in part, at any time, whether before or after an acquisition of control shares and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any prior or subsequent control share acquisition; provided, however, that this section may be repealed only with the approval of at least a majority of the shares then outstanding and entitled to vote on the matter.

Section 11. INSPECTORS. At any meeting of shareholders, the chairman of the meeting may appoint one or more persons as inspectors for such meeting. Such inspectors shall ascertain and report the number of shares represented at the meeting based upon their determination of the validity and effect of proxies, count all votes, report the results and perform such other acts as are proper to conduct the election and voting with impartiality and fairness to all the shareholders.

Each report of an inspector shall be in writing and signed by him or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be prima facie evidence thereof.

Section 12. REPORTS TO SHAREHOLDERS. The Trustees shall submit to the shareholders at or before the annual meeting of shareholders a report of the business and operations of the Trust during such fiscal year, containing a balance sheet and a statement of income and surplus of the Trust, accompanied by the certification of an independent certified public accountant, and such further information as the Trustees may determine is required pursuant to any law or regulation to which the Trust is subject. Within the earlier of 20 days after the annual meeting of shareholders or 120 days after the end of the fiscal year of the Trust, the Trustees shall place the annual report on file at the principal office of the Trust and with any governmental agencies as may be required by law and as the Trustees may deem appropriate.

Section 13. NOMINATIONS AND PROPOSALS BY SHAREHOLDERS.

(a) Annual Meetings of Shareholders. Nominations of persons for election to the Board and the proposal of business to be considered by the shareholders may be made at an annual meeting of

shareholders: (i) pursuant to the Trust's notice of meeting; (ii) by or at the direction of the Trustees; or (iii) by any shareholder of the Trust in accordance with the requirements of Section 13.

(b) Shareholder Nominees in Proxy Statement

(1) Subject to the provisions of this Section 13(b), the Trust shall include in its proxy statement and ballot for any annual meeting of shareholders the name of any person nominated for election (the "Nominee"), by any Eligible Holder (as defined below) or group of up to 20 Eligible Holders that has (individually and collectively, in the case of a group) satisfied, as determined by the Board all applicable conditions and complied with all applicable procedures set forth in this Section 13(b) (such Eligible Holder or group of Eligible Holders being a "Nominating Shareholder"). Whenever the Eligible Holder consists of a group of shareholders: (i) each provision in this Section 13(b) that requires the Eligible Holder to provide any written information, statements, representations, undertakings, agreements or other instruments or to meet any other conditions shall be deemed to require each shareholder (including each individual fund) that is a member of such group to provide such information, statements, representations, undertakings, agreements or other instruments and to meet such other conditions (except that the members of such group may aggregate the shares that each member has Owned continuously throughout the three-year period preceding and including the date of submission of the Nomination Notice in order to meet the 3% Ownership requirement), and (ii) a breach of any obligation, agreement or representation under this Section 13(b) by any member of such group shall be deemed a breach by the Eligible Holder. No shareholder may be a member of more than one group of shareholders constituting an Eligible Holder with respect to any annual meeting.

(2) The maximum number of Nominees nominated by all Eligible Holders that will be included in the Trust's proxy statement with respect to an annual meeting of shareholders shall not exceed the greater of two or 20% of the number of trustees in office as of the last day on which a Nomination Notice may be submitted pursuant to and in accordance with this Section 13(b) or, if such amount is not a whole number, the closest whole number below 20% (the "Maximum Number"). For purposes of determining when the maximum number of Nominees provided for in Section 13 has been reached, each of the following persons shall be counted as one of the Nominees: (i) any individual nominated by an Eligible Holder for inclusion in the Trust's proxy statement pursuant to Section 13 whose nomination is subsequently withdrawn; and (ii) any individual nominated by an Eligible Holder for inclusion in the Trust's proxy statement pursuant to Section 13 whom the Board decides to nominate for election to the Board; and (iii) any trustee in office as of the Nomination Notice who was included in the Trust's proxy statement as a Nominee for either of the two (2) preceding annual meetings of shareholders (including any individual counted as a Nominee pursuant to the immediately preceding clause (ii)) and whom the Board decides to renominate for election to the Board. In the event that one or more vacancies for any reason occurs on the Board after the deadline set forth in this Section 13(b) but before the date of the annual meeting, and the Board resolves to reduce the size of the board in connection therewith, the Maximum Number shall be calculated based on the number of trustees in office as so reduced. Any Eligible Holder submitting more than one Nominee for inclusion in the Trust's proxy statement pursuant to Section 13 shall rank such Nominees based on the order in which the Eligible Holder desires such Nominees to be selected for inclusion in the Trust's proxy statement in the event that the total number of Nominees submitted by all Eligible Holders pursuant to Section 13 exceeds the maximum number of Nominees provided for in this Section 13(b). In the event that the number of Nominees submitted by Eligible Holders pursuant to Section 13(b) exceeds the maximum number of Nominees provided for in Section 13(b), the highest ranking Nominee who meets the requirements of Section 13 from each Eligible Holder will be selected for inclusion in the Trust's proxy statement until the maximum number is reached, going in order of the amount (largest to smallest) of shares of beneficial interest of the Trust each Eligible Holder disclosed as owned in its Nomination Notice. If the maximum number is not reached after the highest ranking Nominee who meets the requirements of Section 13 from each Eligible Holder has been selected, then the next highest ranking Nominee who meets the requirements of this Section 13(b) from each Eligible Holder will be selected for inclusion in the Trust's proxy statement, and this process will continue as many times as necessary, following the same order each time, until the maximum number is reached. If, after the deadline for submitting a Nomination Notice as set forth in this Section 13(b), a Nominating Shareholder becomes ineligible or withdraws its nomination or a Nominee becomes unwilling to serve on the Board, whether before or after the mailing of the definitive proxy statement, then the nomination shall

be disregarded, and the Trust shall not be required to include in its proxy statement or on any ballot or form of proxy the disregarded Nominee or any successor or replacement nominee proposed by the Nominating Shareholder and may so communicate to its shareholders, including without limitation by amending or supplementing its proxy statement or ballot or form of proxy, that the Nominee will not be included as a Nominee in the proxy statement or on any ballot or form of proxy and will not be voted on at the annual meeting.

(3) For purposes of this Section 13(b), an "Eligible Holder" is a person who has owned at least 3% of the Trust's outstanding common shares of beneficial interest ("Required Shares") continuously for the three-year period preceding and including the date of submission of the Nomination Notice ("Required Holding Period") and continues to own such minimum amount through the date of the annual shareholder meeting. The foregoing 3% ownership requirement can be satisfied collectively by a group of up to 20 shareholders each of whom has owned its portion of the Trust's common shares of beneficial interest continuously for the three-year period preceding and including the date of submission of the Nomination Notice. Concurrently with delivery of the Nomination Notice, the Eligible Holder or group of Eligible Holders shall provide to the Secretary of the Trust evidence of its satisfaction of the ownership requirements in a form that the Board or its designee, acting in good faith, determines would be deemed acceptable for purposes of a shareholder proposal under Rule 14a-8(b)(2) under the Securities Exchange Act of 1934 (the "Exchange Act") (or any successor rule). For purposes of this Section 13(b), an Eligible Holder shall be deemed to "own" only those outstanding shares of beneficial interest of the Trust as to which the shareholder possesses both (i) the full voting and investment rights pertaining to the shares; and (ii) the full economic interest in (including the opportunity for profit from and risk of loss on) such shares; provided that the number of shares calculated in accordance with clauses (i) and (ii) shall not include any shares: (x) sold by such shareholder or any of its affiliates in any transaction that has not been settled or closed; (y) borrowed by such shareholder or any of its affiliates for any purposes or purchased by such shareholder or any of its affiliates pursuant to an agreement to resell; or (z) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar instrument or agreement entered into by such shareholder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of shares of beneficial interest outstanding of the Trust, if, in any such case, such instrument or agreement has, or is intended to have, the purpose or effect of reducing in any manner, to any extent or at any time in the future, such shareholder's or its affiliates' full right to vote or direct the voting of any such shares and/or hedging, offsetting or altering to any degree any gain or loss realized or realizable from maintaining the full economic ownership of such shares by such shareholder or affiliate. Without limiting the foregoing, to the extent not excluded by the immediately preceding sentence, an Eligible Shareholder's "short position" as defined in Rule 14e-4 under the Exchange Act shall be deducted from the shares otherwise "owned." A shareholder shall "own" shares held in the name of a nominee or other intermediary so long as the shareholder retains the right to instruct how the shares are voted with respect to the election of trustees and possesses the full economic interest in the shares. A shareholder's ownership of shares shall be deemed to continue during any period in which: (A) the shareholder has loaned such shares, provided that the shareholder has the power to recall such loaned shares on five business days' notice and includes with the Nomination Notice an agreement that it will promptly recall such loaned shares upon being notified that any of its Nominees will be included in the Trust's proxy statement and will continue to hold such shares through the date of the annual meeting; or (B) the shareholder has delegated any voting power by means of a proxy, power of attorney or other instrument or arrangement which is revocable at any time by the shareholder. The terms "owned," "owning" and other variations of the word "own" shall have correlative meanings. Whether outstanding shares of beneficial interest of the Trust are "owned" for these purposes shall be determined by the Board or any committee thereof. For purposes of this Section 13(b), the term "affiliate" or "affiliates" shall have the meaning ascribed thereto under the General Rules and Regulations under the Exchange Act.

(4) To be in proper form for purposes of this Section 13(b), the Nomination Notice must include the following:

(i) a written statement by the Eligible Holder setting forth and certifying as to the number of shares it owns and has owned continuously during the Required Holding Period, and the

Eligible Holder's agreement to provide immediate notice if the Eligible Holder ceases to own any of the Required Shares prior to the date of the annual meeting;

(ii) one or more written statements from the record holder of the Required Shares (and from each intermediary through which the Required Shares are or have been held during the Required Holding Period) verifying that, as of a date within seven calendar days prior to the date the Nomination Notice is delivered to the Secretary of the Trust, the Eligible Holder owns, and has owned continuously for the Required Holding Period, the Required Shares, and the Eligible Holder's agreement to provide, within five business days after the later of the record date for the annual meeting and the date on which notice of the record date is first publicly disclosed, one or more written statements from the record holder and such intermediaries verifying the Eligible Holder's continuous ownership of the Required Shares through the record date;

(iii) a copy of the Schedule 14N (or any successor form) that has been filed with the United States Securities and Exchange Commission ("SEC") as required by Rule 14a-18 under the Exchange Act;

(iv) the information required by Section 13(c) (including the consent of each Nominee to being named in the proxy statement as a nominee and to serving as a trustee if elected);

(v) a representation that the Eligible Holder: (A) will continue to hold the Required Shares through the annual meeting date; (B) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control at the Trust, and does not presently have such intent; (C) has not nominated and will not nominate for election to the Board at the annual meeting any person other than the Nominee(s) it is nominating pursuant to Section 13; (D) has not engaged and will not engage in, and has not and will not be a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a trustee at the annual meeting other than its Nominee(s) or a nominee of the Board; (E) has not distributed and will not distribute to any shareholder of the Trust any form of proxy for the annual meeting other than the form distributed by the Trust; (F) has complied with and will comply with all laws and regulations applicable to solicitations and the use, if any, of soliciting material in connection with the annual meeting; and (G) has provided and will provide facts, statements and other information in all communications with the Trust and its shareholders that are or will be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make such information, in light of the circumstances under which it was or will be made or provided, not misleading; and

(vi) an undertaking that the Eligible Holder agrees to: (A) assume all liability stemming from any legal or regulatory violation arising out communications with the shareholders of the Trust by the Eligible Holder, its affiliates and associates or their respective agents and representatives, either before or after providing a Nomination Notice pursuant to Section 13, or out of the facts, statements or other information that the Eligible Holder or its Nominee(s) provided to the Trust pursuant to this Section 13(b) or otherwise in connection with the inclusion of such Nominee(s) in the Trust's proxy statement pursuant to Section 13; (B) indemnify and hold harmless the Trust and each of its trustees, directors, officers and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Trust or any of its trustees, directors, officers or employees arising out of any nomination submitted by the Eligible Holder pursuant to Section 13; and (C) file with the SEC any solicitation or other communication with the shareholders of the Trust relating to the meeting at which its Nominee(s) will be nominated, regardless of whether any such filing is required under Regulation 14A of the Exchange Act or whether any exemption from filing is available for such solicitation or other communication under Regulation 14A of the Exchange Act.

(5) In addition to the information required pursuant to Section 13(b)(4) or any other provision of these Bylaws, the Trust may require: (i) each Nominee to furnish any other information: (A) that may reasonably be requested by the Trust to determine whether the Nominee would be independent under the rules and listing standards of the principal United States securities exchanges upon which the common shares of beneficial interest of the Trust is listed or traded, any applicable rules of the SEC or any publicly

disclosed standards used by the Board in determining and disclosing the independence of the Trust's trustees (collectively, the "Independence Standards"); (B) that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such Nominee; or (C) that may reasonably be requested by the Trust to determine the eligibility of such Nominee to be included in the Trust's proxy statement pursuant to Section 13 or to serve as a trustee of the Trust; (ii) each Nominee to complete the Trust's director's and officer's questionnaire; and (iii) the Eligible Holder to furnish any other information that may reasonably be requested by the Trust to verify the Eligible Holder's continuous ownership of the Required Shares for the Minimum Holding Period and through the date of the annual meeting.

(6) The Eligible Holder may, at its option, provide to the Secretary of the Trust, at the time the Nomination Notice is provided, a written statement, not to exceed 500 words, in support of Nominee(s)' candidacy (a "Supporting Statement"). Only one Supporting Statement may be submitted by an Eligible Holder (including any group of shareholders together constituting an Eligible Holder) in support of its Nominee(s). Notwithstanding anything to the contrary contained in Section 13, the Trust may omit from its proxy materials any information or Supporting Statement (or portion thereof) that it, in good faith, believes would violate any applicable law or regulation.

(7) Notwithstanding anything to the contrary contained in this Section 13(b), the Trust may omit from its proxy statement any Nominee and any information concerning such Nominee (including a Nominating Shareholder's statement in support) and no vote on such Nominee will occur (notwithstanding that proxies in respect of such vote may have been received by the Trust), and the Nominating Shareholder may not, after the last day on which a Nomination Notice would be timely, cure in any way any defect preventing the nomination of the Nominee, if: (A) the Trust receives a notice pursuant to Section 13(c) of Article II of these Bylaws that a shareholder intends to nominate a candidate for trustee at the annual meeting; (B) the Nominating Shareholder or the designated lead group member, as applicable, or any qualified representative thereof, does not appear at the meeting of shareholders to present the nomination submitted or the Nominating Shareholder withdraws its nomination; (C) the Board determines that such Nominee's nomination or election to the Board would result in the Trust violating or failing to be in compliance with the Trust's bylaws or declaration of trust or any applicable law, rule or regulation to which the Trust is subject, including any rules or regulations of any share exchange on which the Trust's securities are traded; (D) the Nominee was nominated for election to the Board pursuant to this Section 13(b) at one of the Trust's two preceding annual meetings of shareholders and either withdrew or became ineligible or received a vote of less than 25% of the common shares of beneficial interests entitled to vote for such Nominee; (E) the Nominee has been, within the past three years, an officer or director of a competitor; or (F) the Trust is notified, or the Board acting in good faith determines, that a Nominating Shareholder has failed to continue to satisfy the ownership requirements described above, any of the representations and warranties made in the Nomination Notice ceases to be true and accurate in all material respects (or omits a material fact necessary to make the statement not misleading), the Nominee becomes unwilling or unable to serve on the Board or any material violation or breach occurs of the obligations, agreements, representations or warranties of the Nominating Shareholder or the Nominee made under this Section 13(b). Further, notwithstanding anything to the contrary, the Trust may omit from its proxy statement, or may supplement or correct, any information, including all or any portion of the statement in support of the Nominee included in the Nomination Notice, if the Board in good faith determines that: (1) such information is not true in all material respects or omits a material statement necessary to make the statements made not misleading; (2) such information directly or indirectly impugns character, integrity or personal reputation of, or directly or indirectly makes charges concerning improper, illegal or immoral conduct or associations, without factual foundation, with respect to, any person; or (3) the inclusion of such information in the proxy statement would otherwise violate the SEC proxy rules or any other applicable law, rule or regulation. The Trust may solicit against, and include in the proxy statement its own statement relating to, any Nominee.

(c) Any Nomination Notice or submission for other business to be properly brought before an annual meeting by a shareholder pursuant to this Section 13, the shareholder must have given timely notice thereof in writing to the Secretary of the Trust and such other business must otherwise be a proper matter for action by shareholders. To be timely, a shareholder's notice shall be delivered to the Secretary at the principal executive offices of the Trust not later than the close of business on the 120<sup>th</sup> calendar day and



not earlier than the 150th calendar day prior to the first anniversary of the date of the Trust's proxy statement released to shareholders in connection with the preceding year's annual meeting; provided, however, that in the event that the date of the current year's annual meeting has been changed by more than 30 days from the date of the preceding year's meeting or if the Trust did not hold an annual meeting the preceding year, notice by the shareholder to be timely must be so delivered within a reasonable time before the Trust begins to print and mail its proxy materials. In no event shall the public announcement of a postponement or adjournment of an annual meeting to a later date or time commence a new time period for the giving of a shareholder's notice as described above. Such shareholder's notice shall set forth: (1) as to each person whom the shareholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (2) as to any other business that the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such shareholder and of the beneficial owner, if any, on whose behalf the proposal is made together and (3) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (A) the name and address of such shareholder, as they appear on the Trust's books, and of such beneficial owner and (B) the number of each class of shares of the Trust which are owned beneficially and of record by such shareholder and such beneficial owner.

(d) Special Meetings of Shareholders. Only such business shall be conducted at a special meeting of shareholders as shall have been brought before the meeting pursuant to the Trust's notice of meeting. Nominations of persons for election to the Board may be made at a special meeting of shareholders at which Trustees are to be elected: (i) pursuant to the Trust's notice of meeting; (ii) by or at the direction of the Board; or (iii) provided that the Board has determined that Trustees shall be elected at such special meeting, by any shareholder of the Trust who was a shareholder of record both at the time of giving of notice provided for in this Section 13(d) and at the time of the special meeting, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 13(d). In the event the Trust calls a special meeting of shareholders for the purpose of electing one or more Trustees to the Board, any such shareholder may nominate a person or persons (as the case may be) for election to such position as specified in the Trust's notice of meeting, if the shareholder's notice containing the information required by paragraph (a)(2) of this Section 13(d) shall be delivered to the Secretary at the principal executive offices of the Trust not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Trustees to be elected at such meeting. In no event shall the public announcement of a postponement or adjournment of a special meeting to a later date or time commence a new time period for the giving of a shareholder's notice as described above.

(e) General.

(1) Only such persons who are nominated in accordance with the procedures set forth in Section 13(b) shall be eligible to serve as Trustees and only such business shall be conducted at a meeting of shareholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 13. The chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 13 and, if any proposed nomination or business is not in compliance with this Section 13, to declare that such nomination or proposal shall be disregarded.

(2) For purposes of this Section 13, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable news service or in a document publicly filed by the Trust with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 13, a shareholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 13. Nothing in this Section 13 shall be deemed to affect any rights of shareholders to request inclusion of proposals in, nor the right of the Trust to omit a proposal from, the Trust's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

#### Section 14. INFORMAL ACTION BY SHAREHOLDERS.

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

(b) In order that the Trust may determine the shareholders entitled to consent to action in writing without a meeting, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board. Any shareholder of record seeking to have the shareholders authorize or take action by written consent shall, by written notice to the Secretary of the Trust, request the Board to fix a record date. The Board shall promptly, but in all events within ten (10) days of the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board within ten (10) days of the date on which such a request is received and no prior action by the Board is required by applicable law, the record date for determining shareholders entitled to consent to action in writing without a meeting shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Trust by delivery to its registered office in the State of Maryland, its principal place of business, or an officer or agent of the Trust having custody of the book in which proceedings of shareholders meetings are recorded, in each case to the attention of the Secretary of Trust. Delivery shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board within ten (10) days of the date on which such a request is received and prior action by the Board is required by applicable law, the record date for determining shareholders entitled to consent to action in writing without a meeting shall be at the close of business on the date on which the Board adopts the resolution taking such prior action.

Section 15. VOTING BY BALLOT. Voting on any question or in any election may be viva voce unless the presiding officer shall order or any shareholder shall demand that voting be by ballot.

### **ARTICLE III TRUSTEES**

Section 1. GENERAL POWERS; QUALIFICATIONS; TRUSTEES HOLDING OVER. The business and affairs of the Trust shall be managed under the direction of its Board. A Trustee shall be an individual at least 21 years of age who is not under legal disability. In case of failure to elect Trustees at an annual meeting of the shareholders, the Trustees holding over shall continue to direct the management of the business and affairs of the Trust until their successors are elected and qualify. Notwithstanding the prior sentence, the term for a Trustee in an uncontested election who does not receive a majority of the votes cast with respect to such Trustee's election shall expire on the date that is the earlier of: (a) 90 days after the date on which the voting results are determined; or (b) the date on which an individual is selected by the Board to fill the position held by such Trustee. At no time shall there be less than a majority of Trustees on the Board that fail to satisfy the definitions for independence as established from time to time in the Securities Exchange Act of 1934, the New York Stock Exchange's Listed Company Manual and other laws, rules and regulations applicable to the Trust from time to time.

Section 2. NUMBER. At any regular meeting or at any special meeting called for that purpose, a majority of the entire Board may establish, increase or decrease the number of Trustees; provided, however, that the total number of Trustees shall not be less than five (5) or more than ten (10).

Section 3. ANNUAL AND REGULAR MEETINGS. An annual meeting of the Trustees shall be held immediately after and at the same place as the annual meeting of shareholders, no notice other than this Bylaw being necessary. The Trustees may provide, by resolution, the time and place, either within or without the State of Maryland, for the holding of regular meetings of the Trustees without other notice than such resolution.

Section 4. SPECIAL MEETINGS. Special meetings of the Trustees may be called by or at the request of the Chairman of the Board, the Chief Executive Officer or the President or by a majority of the Trustees then in office. The person or persons authorized to call special meetings of the Trustees may fix any place, either within or without the State of Maryland, as the place for holding any special meeting of the Trustees called by them.

Section 5. NOTICE. Notice of any special meeting shall be given by written notice delivered personally, telegraphed, facsimile-transmitted or mailed to each Trustee at his business or residence address. Personally delivered or telegraphed notices shall be given at least two days prior to the meeting. Notice by mail shall be given at least five days prior to the meeting. Telephone or facsimile-transmission notice shall be given at least 24 hours prior to the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. If given by telegram, such notice shall be deemed to be given when the telegram is delivered to the telegraph company. Telephone notice shall be deemed given when the Trustee is personally given such notice in a telephone call to which the Trustee is a party. Facsimile-transmission notice shall be deemed given upon completion of the transmission of the message to the number given to the Trust by the Trustee and receipt of a completed transmission report confirming delivery. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Trustees need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 6. QUORUM. A majority of the Trustees shall constitute a quorum for transaction of business at any meeting of the Trustees, provided that, if less than a majority of such Trustees are present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time without further notice, and provided further that if, pursuant to the Declaration of Trust or these Bylaws, the vote of a majority of a particular group of Trustees is required for action, a quorum must also include a majority of such group.

The Trustees present at a meeting which has been duly called and convened may continue to transact business until adjournment, notwithstanding the withdrawal of enough Trustees to leave less than a quorum.

Section 7. VOTING. The action of the majority of the Trustees present at a meeting at which a quorum is present shall be the action of the Trustees, unless the concurrence of a greater proportion is required for such action by applicable statute.

Section 8. TELEPHONE MEETINGS. Trustees may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 9. INFORMAL ACTION BY TRUSTEES. Any action required or permitted to be taken at any meeting of the Trustees may be taken without a meeting, if a consent in writing to such action is signed by each Trustee and such written consent is filed with the minutes of proceedings of the Trustees.

Section 10. VACANCIES. If for any reason any or all the Trustees cease to be Trustees, such event shall not terminate the Trust or affect these Bylaws or the powers of the remaining Trustees hereunder (even if fewer than 3 Trustees remain). Subject to the rights of holders of one or more classes or series of preferred shares then outstanding, any vacancy on the Board (including a vacancy created by an increase in the number of Trustees) may be filled by a majority of the remaining Trustees or, if the

remaining Trustees fail to act or there is no remaining Trustee, by the vote of holders of at least a majority of the Shares entitled to vote thereon and present in person or by proxy at any meeting of the shareholders called for that purpose. Any individual so elected as Trustee shall serve for the unexpired term of the Trustee he is replacing.

Section 11. COMPENSATION; FINANCIAL ASSISTANCE.

(a) Compensation. Trustees shall not receive any stated salary for their services as Trustees but, by resolution of the Trustees, may receive compensation per year and/or per meeting and/or per visit to real property owned or to be acquired by the Trust and for any service or activity they performed or engaged in as Trustees. Trustees may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Trustees or of any committee thereof; and for their expenses, if any, in connection with each property visit and any other service or activity performed or engaged in as Trustees; but nothing herein contained shall be construed to preclude any Trustees from serving the Trust in any other capacity and receiving compensation therefor.

(b) Financial Assistance to Trustees. To the extent permitted by law, the Trust may lend money to, guarantee an obligation of or otherwise assist a Trustee or a trustee of its direct or indirect subsidiary. The loan, guarantee or other assistance may be with or without interest, unsecured, or secured in any manner that the Board approves, including a pledge of Shares.

Section 12. REMOVAL OF TRUSTEES. The shareholders may, at any time, remove any Trustee in the manner provided in the Declaration of Trust.

Section 13. LOSS OF DEPOSITS. No Trustee shall be liable for any loss which may occur by reason of the failure of the bank, trust company, savings and loan association, or other institution with whom moneys or shares have been deposited.

Section 14. SURETY BONDS. Unless required by law, no Trustee shall be obligated to give any bond or surety or other security for the performance of any of his duties.

Section 15. RELIANCE. Each Trustee, officer, employee and agent of the Trust shall, in the performance of his duties with respect to the Trust, be fully justified and protected with regard to any act or failure to act in reliance in good faith upon the books of account or other records of the Trust, upon an opinion of counsel or upon reports made to the Trust by any of its officers or employees or by the adviser, accountants, appraisers or other experts or consultants selected by the Trustees or officers of the Trust, regardless of whether such counsel or expert may also be a Trustee.

Section 16. INTERESTED TRUSTEE TRANSACTIONS. Section 2-419 of the Maryland General Corporation Law (the "MGCL") shall be available for and apply to any contract or other transaction between the Trust and any of its Trustees or between the Trust and any other trust, corporation, firm or other entity in which any of its Trustees is a trustee or director or has a material financial interest.

Section 17. CERTAIN RIGHTS OF TRUSTEES, OFFICERS, EMPLOYEES AND AGENTS. The Trustees shall have no responsibility to devote their full time to the affairs of the Trust. Any Trustee or officer, employee or agent of the Trust (other than a full-time officer, employee or agent of the Trust), in his personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar or in addition to those of or relating to the Trust, subject to any limitations imposed by applicable law or any policies adopted by the Board.

Section 18. CHAIRMAN OF THE BOARD OF TRUSTEES. The Board may elect from among the Trustees a Chairman of the Board by the affirmative vote of a majority of the full Board taken at any regular or special meeting of the Trustees. The Chairman shall preside over the meetings of shareholders and the meetings of the Trustees at which he shall be present. The Chairman may be removed at any time by the affirmative vote of a majority of the full Board taken at any regular or special meeting of the Trustees. The Chairman may resign from the position of Chairman at any time by written notice to the Board effective upon execution and delivery to the Trust of such written notice or upon any

future date specified in such notice, provided that such notice shall not constitute written notice to resign as a Trustee unless so designated.

#### **ARTICLE IV COMMITTEES**

Section 1. NUMBER, TENURE AND QUALIFICATIONS. The Trustees shall appoint from among its members an Audit Committee, a Compensation and Human Capital Management Committee, and a Nominating and Corporate Governance Committee. The Trustees may appoint from among its members an Executive Committee and such other committees as they may deem necessary or appropriate. All committees so appointed shall be composed of one or more Trustees to serve at the pleasure of the Trustees; provided, however, that the following committees, to the extent they are created by the Trustees, shall always consist of two or more Trustees: (a) Audit Committee; (b) Compensation and Human Capital Management Committee; (c) Executive Committee; and (d) Nominating and Corporate Governance Committee.

Section 2. POWERS. The Trustees may delegate to committees appointed under Section 1 of this Article any of the powers of the Trustees, except as prohibited by law.

Section 3. MEETINGS. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint another Trustee to act in the place of such absent member. Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board.

One-third, but not less than two, of the members of any committee shall be present in person at any meeting of such committee in order to constitute a quorum for the transaction of business at such meeting, and the act of a majority present shall be the act of such committee. The Board may designate a chairman of any committee, and such chairman or any two members of any committee may fix the time and place of its meetings unless the Board shall otherwise provide. In the absence or disqualification of any member of any such committee, the members thereof present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another Trustee to act at the meeting in the place of such absent or disqualified members.

Each committee shall keep minutes of its proceedings and shall report the same to the Board at the next succeeding meeting, and any action by the committee shall be subject to revision and alteration by the Board, provided that no vested or contractual rights of third persons shall be affected by any such revision or alteration.

Section 4. TELEPHONE MEETINGS. Members of a committee of the Trustees may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 5. INFORMAL ACTION BY COMMITTEES. Any action required or permitted to be taken at any meeting of a committee of the Trustees may be taken without a meeting, if a consent in writing to such action is signed by each member of the committee and such written consent is filed with the minutes of proceedings of such committee.

Section 6. VACANCIES. Subject to the provisions hereof, the Board shall have the power at any time to change the membership of any committee, to fill all vacancies, to designate alternate members to replace any absent or disqualified member or to dissolve any such committee unless such committee is required to be maintained pursuant to any applicable law, rule or regulation.

#### **ARTICLE V OFFICERS**

Section 1. GENERAL PROVISIONS. The officers of the Trust shall include a President, a Secretary and a Treasurer and may include a Chief Executive Officer, a Chief Operating Officer, a Chief Financial

Officer, one or more Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers. In addition: (a) the Trustees may from time to time appoint such other officers who the Trustees designate by resolution as "Executive Officers" of the Trust with such powers and duties as they shall deem necessary or desirable; and (b) the Chief Executive Officer (or, if there is no Chief Executive Officer, the President) may from time to time appoint any other officers with such powers and duties as the Chief Executive Officer (or the President, as applicable) shall deem necessary or desirable. The Chief Executive Officer and other Executive Officers of the Trust shall be appointed at such intervals as the Trustees may determine, and all other officers of the Trust shall be appointed at such intervals as the Chief Executive Officer (or, if there is no Chief Executive Officer, the President) may determine. Each officer shall hold office until his successor is elected and qualifies or until the earlier of his death, resignation or removal in the manner hereinafter provided. Any two or more offices except President and Vice President may be held by the same person. The Trustees, in their discretion, or the Chief Executive Officer (or, if there is no Chief Executive Officer, the President) may leave unfilled any office except those of President, Secretary and Treasurer. Appointment of an officer or agent shall not of itself create contract rights between the Trust and such officer or agent.

Section 2. REMOVAL AND RESIGNATION. Any officer or agent of the Trust may be removed at any time by the affirmative vote of two-thirds of the full Board taken at any regular or special meeting of the Trustees if in their judgment the best interests of the Trust would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. In addition, the Chief Executive Officer (or, if there is no Chief Executive Officer at such time, the President) may remove any officer or agent of the Trust other than an Executive Officer at any time if, in his judgment, the best interests of the Trust would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Trust may resign at any time by giving written notice of his resignation to the Trustees, the Chairman of the Board, the Chief Executive Officer, the President or the Secretary. Any resignation shall take effect at any time subsequent to the time specified therein or, if the time when it shall become effective is not specified therein, immediately upon its receipt. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Trust.

Section 3. VACANCIES. A vacancy in any office may be filled by the Trustees for the balance of the term of office, and a vacancy in any office other than those of Chief Executive Officer, President and any other Executive Officer may be filled by the Chief Executive Officer (or, if there is no Chief Executive Officer at such time, the President) for the balance of the term of office.

Section 4. CHIEF EXECUTIVE OFFICER. The Trustees may designate a Chief Executive Officer from among the elected or appointed officers. The Chief Executive Officer shall have responsibility for implementation of the policies of the Trust, as determined by the Trustees, and for the administration of the business affairs of the Trust. In the absence of the Chairman of the Board or if there is no Chairman of the Board, the Chief Executive Officer shall preside over the meetings of the shareholders and the meetings of the Trustees at which he shall be present. The Chief Executive Officer shall have the right to delegate any rights and responsibilities relating to the appointment and removal of officers to any other Executive Officer, subject to such limitations as the Chief Executive Officer shall determine.

Section 5. CHIEF OPERATING OFFICER. The Trustees may designate a Chief Operating Officer from among the elected or appointed officers. The Chief Operating Officer shall have the responsibilities and duties as set forth by the Trustees or the Chief Executive Officer (or, if there is no Chief Executive Officer at such time, the President).

Section 6. CHIEF FINANCIAL OFFICER. The Trustees may designate a Chief Financial Officer from among the elected or appointed officers. The Chief Financial Officer shall have the responsibilities and duties as set forth by the Trustees or the Chief Executive Officer (or, if there is no Chief Executive Officer at such time, the President).

Section 7. PRESIDENT. In the absence of the Chairman of the Board (or if there is no Chairman of the Board) and the absence of the Chief Executive Officer, the President shall preside over the meetings of the shareholders and meetings of the Trustees at which he shall be present. In the absence of a designation of a Chief Executive Officer by the Trustees, the President shall be the Chief Executive

Officer and shall be ex officio a member of all committees that may, from time to time, be constituted by the Trustees. The President may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Trustees or by these Bylaws to some other officer or agent of the Trust or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Trustees from time to time. The President shall have the right to delegate any rights and responsibilities relating to the appointment and removal of officers to any other Executive Officer, subject to such limitations as the President shall determine.

Section 8. VICE PRESIDENTS. In the absence of the President or in the event of a vacancy in such office, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions upon the President; and shall perform such other duties as from time to time may be assigned to him by the President or by the Trustees. The Trustees may designate one or more Vice Presidents as Executive Vice Presidents, Senior Vice Presidents or Vice Presidents for particular areas of responsibility.

Section 9. SECRETARY. The Secretary shall: (a) keep the minutes of the proceedings of the shareholders, the Trustees and committees of the Trustees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the Trust records and of the seal of the Trust; (d) keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder; (e) have general charge of the share transfer books of the Trust; (f) vote, on behalf of the Trust, all of the shares of any subsidiary of the Trust, whether currently existing or created in the future, on each matter presented to shareholders of any such subsidiary for a vote; and (g) in general, perform such other duties as from time to time may be assigned to him or her by the Chief Executive Officer, the President or the Trustees.

Section 10. TREASURER. The Treasurer shall have the custody of the funds and securities of the Trust and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Trust and shall deposit all moneys and other valuable effects in the name and to the credit of the Trust in such depositories as may be designated by the Trustees.

He shall disburse the funds of the Trust in accordance with the authority granted by the Chief Executive Officer, the President or the Trustees, taking proper vouchers for such disbursements, and shall render to the President and Trustees, whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Trust.

If required by the Trustees, he shall give the Trust a bond in such sum and with such surety or sureties as shall be satisfactory to the Trustees for the faithful performance of the duties of his office and for the restoration to the Trust, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, moneys and other property of whatever kind in his possession or under his control belonging to the Trust.

Section 11. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or Treasurer, respectively, or by the Chief Executive Officer, the President or the Trustees. The Assistant Treasurers shall, if required by the Trustees, give bonds for the faithful performance of their duties in such sums and with such surety or sureties as shall be satisfactory to the Trustees.

Section 12. SALARIES. The salaries and other compensation of the officers shall be fixed from time to time by or with the approval of the Trustees and no officer shall be prevented from receiving such salary or other compensation by reason of the fact that he is also a Trustee.

**ARTICLE VI**  
**CONTRACTS, LOANS, CHECKS AND DEPOSITS**

Section 1. **CONTRACTS.** The Trustees may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Trust and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document executed by one or more of the Trustees or by an authorized person shall be valid and binding upon the Trustees and upon the Trust when authorized or ratified by action of the Trustees.

Section 2. **CHECKS AND DRAFTS.** All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Trust shall be signed by such officer or agent of the Trust in such manner as shall from time to time be determined by the Trustees.

Section 3. **DEPOSITS.** All funds of the Trust not otherwise employed shall be deposited from time to time to the credit of the Trust in such banks, trust companies or other depositories as the Trustees may designate. If the Trustees fail to designate a depository, the Chief Executive Officer (or if there is no Chief Executive Officer, the President) may do so.

**ARTICLE VII**  
**SHARES**

Section 1. **CERTIFICATES.** Each shareholder shall be entitled to a certificate or certificates which shall represent and certify the number of shares of each class of beneficial interests held by him in the Trust. Each certificate shall be signed by the Chief Executive Officer, the President or an Executive Officer and countersigned by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer and may be sealed with the seal, if any, of the Trust. The signatures may be either manual or facsimile. Certificates shall be consecutively numbered; and if the Trust shall, from time to time, issue several classes of shares, each class may have its own number series. A certificate is valid and may be issued whether or not an officer who signed it is still an officer when it is issued. Each certificate representing shares which are restricted as to their transferability or voting powers, which are preferred or limited as to their dividends or as to their allocable portion of the assets upon liquidation or which are redeemable at the option of the Trust, shall have a statement of such restriction, limitation, preference or redemption provision, or a summary thereof, plainly stated on the certificate. In lieu of such statement or summary, the Trust may set forth upon the face or back of the certificate a statement that the Trust will furnish to any shareholder, upon request and without charge, a full statement of such information.

Section 2. **TRANSFERS.** Certificates shall be treated as negotiable and title thereto and to the shares they represent shall be transferred by delivery thereof to the same extent as those of a Maryland stock corporation. Upon surrender to the Trust or the transfer agent of the Trust of a share certificate duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the Trust shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

The Trust shall be entitled to treat the holder of record of any share or shares as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Maryland.

Notwithstanding the foregoing, transfers of shares of beneficial interest of the Trust will be subject in all respects to the Declaration of Trust and all of the terms and conditions contained therein.

Section 3. **REPLACEMENT CERTIFICATE.** Any officer designated by the Trustees may direct a new certificate to be issued in place of any certificate previously issued by the Trust alleged to have been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing the issuance of a new certificate, an officer designated by the Trustees may, in his discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or the owner's legal representative to advertise the same in such



manner as the officer shall require and/or to give bond, with sufficient surety, to the Trust to indemnify it against any loss or claim which may arise as a result of the issuance of a new certificate.

Section 4. CLOSING OF TRANSFER BOOKS OR FIXING OF RECORD DATE. The Trustees may set, in advance, a record date for the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or determining shareholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of shareholders for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of shareholders not less than ten days, before the date on which the meeting or particular action requiring such determination of shareholders of record is to be held or taken.

In lieu of fixing a record date, the Trustees may provide that the share transfer books shall be closed for a stated period but not longer than 20 days. If the share transfer books are closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days before the date of such meeting.

If no record date is fixed and the share transfer books are not closed for the determination of shareholders: (a) the record date for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day on which the notice of meeting is mailed or the 30th day before the meeting, whichever is the closer date to the meeting; and (b) the record date for the determination of shareholders entitled to receive payment of a dividend or an allotment of any other rights shall be the close of business on the day on which the resolution of the Trustees, declaring the dividend or allotment of rights, is adopted.

When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof, except when: (i) the determination has been made through the closing of the transfer books and the stated period of closing has expired; or (ii) the meeting is adjourned to a date more than 120 days after the record date fixed for the original meeting, in either of which case a new record date shall be determined as set forth herein.

Section 5. STOCK LEDGER. The Trust shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate share ledger containing the name and address of each shareholder and the number of shares of each class held by such shareholder.

Section 6. FRACTIONAL SHARES; ISSUANCE OF UNITS. The Trustees may issue fractional shares or provide for the issuance of scrip, all on such terms and under such conditions as they may determine. Notwithstanding any other provision of the Declaration of Trust or these Bylaws, the Trustees may issue units consisting of different securities of the Trust. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Trust, except that the Trustees may provide that for a specified period securities of the Trust issued in such unit may be transferred on the books of the Trust only in such unit.

#### **ARTICLE VIII ACCOUNTING YEAR**

The Trustees shall have the power, from time to time, to fix the fiscal year of the Trust by a duly adopted resolution.

#### **ARTICLE IX DISTRIBUTIONS**

Section 1. AUTHORIZATION. Dividends and other distributions upon the shares of beneficial interest of the Trust may be authorized and declared by the Trustees, subject to the provisions of law and the Declaration of Trust. Dividends and other distributions may be paid in cash, property or shares of the Trust, subject to the provisions of law and the Declaration of Trust.

Section 2. CONTINGENCIES. Before payment of any dividends or other distributions, there may be set aside out of any funds of the Trust available for dividends or other distributions such sum or sums as the Trustees may from time to time, in their absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends or other distributions, for repairing or maintaining any property of the Trust or for such other purpose as the Trustees shall determine to be in the best interest of the Trust, and the Trustees may modify or abolish any such reserve in the manner in which it was created.

**ARTICLE X  
INVESTMENT POLICY**

Subject to the provisions of the Declaration of Trust, the Board may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Trust as it shall deem appropriate in its sole discretion.

**ARTICLE XI  
SEAL**

Section 1. SEAL. The Trustees may authorize the adoption of a seal by the Trust. The seal shall have inscribed thereon the name of the Trust and the year of its formation. The Trustees may authorize one or more duplicate seals and provide for the custody thereof.

Section 2. AFFIXING SEAL. Whenever the Trust is permitted or required to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word "(SEAL)" adjacent to the signature of the person authorized to execute the document on behalf of the Trust.

**ARTICLE XII  
INDEMNIFICATION AND ADVANCE OF EXPENSES**

To the maximum extent permitted by Maryland law in effect from time to time, the Trust shall indemnify: (a) any Trustee, officer or shareholder or any former Trustee, officer or shareholder (including among the foregoing, for all purposes of this Article XII and without limitation, any individual who, while a Trustee, officer or shareholder and at the express request of the Trust, serves or has served another real estate investment trust, corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, shareholder, manager, member, partner or trustee of such real estate investment trust, corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise) who has been successful, on the merits or otherwise, in the defense of a proceeding to which he or she was made a party by reason of service in such capacity, against reasonable expenses incurred by him or her in connection with the proceeding; (b) any Trustee or officer or any former Trustee or officer against any claim or liability to which he or she may become subject by reason of such status unless it is established that: (i) his or her act or omission was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty; (ii) he or she actually received an improper personal benefit in money, property or services; or (iii) in the case of a criminal proceeding, he or she had reasonable cause to believe that his or her act or omission was unlawful; and (c) each shareholder or former shareholder against any claim or liability to which he or she may become subject by reason of such status. In addition, the Trust shall, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse, in advance of final disposition of a proceeding, reasonable expenses incurred by a Trustee, officer or shareholder or former Trustee, officer or shareholder made a party to a proceeding by reason such status, provided that, in the case of a Trustee or officer, the Trust shall have received: (1) a written affirmation by the Trustee or officer of his or her good faith belief that he or she has met the applicable standard of conduct necessary for indemnification by the Trust as authorized by these Bylaws; and (2) a written undertaking by or on his or her behalf to repay the amount paid or reimbursed by the Trust if it shall ultimately be determined that the applicable standard of conduct was not met. The Trust may, with the approval of its Trustees, provide such indemnification or payment or reimbursement of expenses to any Trustee, officer or shareholder or any former Trustee, officer or shareholder who served a predecessor of the Trust and to any employee or agent of the Trust or a predecessor of the Trust. Neither

the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the Declaration of Trust or these Bylaws inconsistent with this Article, shall apply to or affect in any respect the applicability of this Article with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

Any indemnification or payment or reimbursement of the expenses permitted by these Bylaws shall be furnished in accordance with the procedures provided for indemnification or payment or reimbursement of expenses, as the case may be, under Section 2-418 of the MGCL for directors of Maryland corporations. The Trust may provide to Trustees, officers and shareholders such other and further indemnification or payment or reimbursement of expenses, as the case may be, to the fullest extent permitted by the MGCL, as in effect from time to time, for directors of Maryland corporations.

**ARTICLE XIII  
WAIVER OF NOTICE**

Whenever any notice is required to be given pursuant to the Declaration of Trust or Bylaws or pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

**ARTICLE XIV  
AMENDMENT OF BYLAWS**

Section 1. AMENDMENT BY SHAREHOLDERS. Any provision of these Bylaws may be adopted, altered or repealed by the shareholders at any meeting of shareholders called for that purpose, by the affirmative vote of holders of not less than a majority of the shares then outstanding and entitled to vote.

Section 2. AMENDMENT BY TRUSTEES. Except as otherwise provided in any Bylaws adopted pursuant to Section 1 of this Article XIV or as otherwise required pursuant to the last paragraph of Section 10 of Article II, any provision of these Bylaws may be adopted, altered or repealed by the Trustees provided that the Trustees may not repeal Section 1 of this Article XIV, or the last paragraph of Section 10 of Article II, or increase the shareholder vote required under either of such sections.

**ARTICLE XV  
MISCELLANEOUS**

All references to the Declaration of Trust shall include any amendments thereto.

Amended on February 7, 2023

## CERTIFICATION

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

- 1) I have reviewed this quarterly report on Form 10-Q of Federal Realty Investment Trust;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of trustees (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 4, 2023

/s/ Donald C. Wood

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

## CERTIFICATION

I, *Daniel Guglielmon*, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Federal Realty Investment Trust;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of trustees (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 4, 2023

/s/ Daniel Guglielmon

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

## CERTIFICATION

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

- 1) I have reviewed this quarterly report on Form 10-Q of Federal Realty OP LP;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of trustees (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 4, 2023

/s/ Donald C. Wood

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

## CERTIFICATION

I, *Daniel Guglielmon*, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Federal Realty OP LP;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of trustees (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 4, 2023

/s/ Daniel Guglielmon

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

**CERTIFICATION**

**PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Donald C. Wood, the President and Chief Executive Officer of Federal Realty Investment Trust (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2023 (the "Report"). The undersigned hereby certifies, to the best of his knowledge, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 4, 2023

/s/ Donald C. Wood

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



## CERTIFICATION

**PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Daniel Guglielmono, the Executive Vice President and Chief Financial Officer and Treasurer of Federal Realty Investment Trust (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2023 (the "Report"). The undersigned hereby certifies, to the best of his knowledge, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 4, 2023

/s/ Daniel Guglielmono

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**Daniel Guglielmono**  
**Executive Vice President -**  
**Chief Financial Officer and Treasurer**  
**(Principal Financial and Accounting Officer)**

## CERTIFICATION

**PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Donald C. Wood, the President and Chief Executive Officer of Federal Realty OP LP (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2023 (the "Report"). The undersigned hereby certifies, to the best of his knowledge, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 4, 2023

/S/ Donald C. Wood

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

## CERTIFICATION

**PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Daniel Guglielmon, the Executive Vice President and Chief Financial Officer and Treasurer of Federal Realty OP LP (the “Company”), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company’s Quarterly Report on Form 10-Q for the period ended March 31, 2023 (the “Report”). The undersigned hereby certifies, to the best of his knowledge, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 4, 2023

/s/ Daniel Guglielmon

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