UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2019
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

(Exact Name of Registrant as Specified in its Declaration of Trust)

Maryland	**52-0782497**
(State of Organization)	**(IRS Employer Identification No.)**

1626 East Jefferson Street, Rockville, Maryland 20852
(Address of Principal Executive Offices) (Zip Code)

(301) 998-8100
(Registrant's Telephone Number, Including Area Code)

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

Title of Each Class	Trading Symbol	Name of Each Exchange On Which Registered
Common Shares of Beneficial Interest $.01 par value per share, with associated Common Share Purchase Rights	FRT	New York Stock Exchange
Depositary 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

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

The aggregate market value of the registrant's common shares held by non-affiliates of the registrant, based upon the closing sales price of the registrant's common shares on June 30, 2019 was $9.7 billion.

The number of registrant's common shares outstanding on February 5, 2020 was 75,651,842.

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DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement to be filed with the Securities and Exchange Commission for the Registrant's 2019 annual meeting of shareholders to be held in May 2020 will be incorporated by reference into Part III hereof.

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PART I

Forward-Looking Statements

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

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

- risks that our tenants will not pay rent, may vacate early or may file for bankruptcy or that we may be unable to renew leases or re-let space at favorable rents as leases expire;
- 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;
- risk that we are investing a significant amount in ground-up development projects that may be dependent on third parties to deliver critical aspects of certain projects, requires spending a substantial amount upfront in infrastructure, and assumes receipt of public funding which has been committed but not entirely funded;
- risks normally associated with the real estate industry, including risks that occupancy levels at our properties and the amount of rent that we receive from our properties may be lower than expected, that new acquisitions may fail to perform as expected, that competition for acquisitions could result in increased prices for acquisitions, that costs associated with the periodic maintenance and repair or renovation of space, insurance and other operations may increase, that environmental issues may develop at our properties and result in unanticipated costs, and, because real estate is illiquid, that we may not be able to sell properties when appropriate;
- risks that our growth will be limited if we cannot obtain additional capital;
- risks associated with general economic conditions, including local economic conditions in our geographic markets;
- 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; and
- risks related to our status as a real estate investment trust, commonly referred to as a REIT, for federal income tax purposes, such as the existence of complex tax regulations relating to our status as a REIT, the effect of future changes in REIT requirements as a result of new legislation, and the adverse consequences of the failure to qualify as a REIT.

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

ITEM 1. BUSINESS

References to "we," "us," "our" or the "Trust" refer to Federal Realty Investment Trust and our business and operations conducted through our directly or indirectly owned subsidiaries.

General

We are an equity real estate investment trust ("REIT") specializing in the ownership, management, and redevelopment of high quality retail and mixed-use properties located primarily in densely populated and affluent communities in strategically selected metropolitan markets in the Northeast and Mid-Atlantic regions of the United States, as well as in California and South Florida. As of December 31, 2019, we owned or had a majority interest in community and neighborhood shopping centers and mixed-use properties which are operated as 104 predominantly retail real estate projects comprising approximately 23.7 million square feet. In total, the real estate projects were 94.2% leased and 92.5% occupied at December 31, 2019. Our revenue is primarily generated from lease agreements with tenants. We have paid quarterly dividends to our shareholders continuously since our founding in 1962 and have increased our dividends per common share for 52 consecutive years.

We were founded in 1962 as a REIT under the laws of the District of Columbia and re-formed as a REIT in the state of Maryland in 1999. We operate in a manner intended to qualify as a REIT for tax purposes pursuant to provisions of the Internal Revenue Code of 1986, as amended (the "Code"). Our principal executive offices are located at 1626 East Jefferson Street, Rockville, Maryland 20852. Our telephone number is (301) 998-8100. Our website address is *www.federalrealty.com*. The information contained on our website is not a part of this report and is not incorporated herein by reference.

Business Objectives and Strategies

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

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

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

Operating Strategies

Our core operating strategy is to actively manage our properties to maximize rents and maintain occupancy levels by attracting and retaining a strong and diverse base of tenants and replacing less relevant, weaker, underperforming tenants with stronger ones. Our properties are generally located in some of the most densely populated and affluent areas of the country. These strong demographics help our tenants generate higher sales, which has enabled us to maintain higher occupancy rates, charge higher rental rates, and maintain steady rent growth, all of which increase the value of our portfolio. Our operating strategies also include:

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

Investing Strategies

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

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

- developing the retail portions of mixed-use properties and developing or otherwise investing in non-retail portions of mixed-use properties we already own in order to capitalize on the overall value created in these properties.

Investment Criteria

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

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

Financing Strategies

Our financing strategies are designed to enable us to maintain an investment grade balance sheet while retaining sufficient flexibility to fund our operating and investing activities in the most cost-efficient way possible. Our financing strategies include:

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

Employees

At February 5, 2020, we had 308 full-time employees and 5 part-time employees. None of our employees are represented by a collective bargaining unit. We believe that our relationship with our employees is good.

Tax Status

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

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

Governmental Regulations Affecting Our Properties

We and our properties are subject to a variety of federal, state and local environmental, health, safety and similar laws, including without limitation:

- the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, which we refer to as CERCLA;
- the Resource Conservation & Recovery Act;
- the Federal Clean Water Act;
- the Federal Clean Air Act;
- the Toxic Substances Control Act;
- the Occupational Safety & Health Act; and
- the Americans with Disabilities Act.

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

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

Competition

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

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

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

Available Information

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

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

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

ITEM 1A. RISK FACTORS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. Also, documents that we “incorporate by reference” into this Annual Report on Form 10-K, including documents that we subsequently file with the SEC will contain forward-looking statements. When we refer to forward-looking statements or information, sometimes we use words such as “may,” “will,” “could,” “should,” “plans,” “intends,” “expects,” “believes,” “estimates,” “anticipates” and “continues.” In particular, the below risk factors describe forward-looking information. The risk factors describe risks that may affect these statements but are not all-inclusive, particularly with respect to possible future events. Many things can happen that can cause actual results to be different from those we describe. These factors include, but are not limited to the following:

Risk Factors Related to our Real Estate Investments and Operations

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

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

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

Our net income could be adversely affected in the event of a downturn in the business, or the bankruptcy or insolvency, of any anchor store or anchor tenant. Anchor tenants generally occupy large amounts of square footage, pay a significant portion of the total rents at a property and contribute to the success of other tenants by drawing significant numbers of customers to a property. The closing of one or more anchor stores at a property could adversely affect that property and result in lease terminations by, or reductions in rent from, other tenants whose leases may permit termination or rent reduction in those circumstances or whose own operations may suffer as a result. We continue to see higher levels of anchor turnover and closings in some markets, which has caused an oversupply of larger retail spaces. Therefore, tenant demand for certain of our anchor spaces may decrease and as a result, we may see an increase in vacancy and/or a decrease in rents for those spaces that could have a negative impact to our net income. As of December 31, 2019, our anchor tenant space is 97.5% leased and 95.9% occupied.

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

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

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

As of December 31, 2019, our tenants operated in 12 states and the District of Columbia. Any adverse situation that disproportionately affects the the markets where our properties are concentrated may have a magnified adverse effect on our portfolio. Refer to “Properties” (Item 2 of this Annual Report on Form 10-K) for additional discussion of the geographic concentration. Real estate markets are subject to economic downturns, as they have been in the past, and we cannot predict how economic conditions will impact this market in both the short and long term.

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

- business layoffs or downsizing;
- industry slowdowns;
- relocations of businesses;
- changing demographics;
- increased telecommuting and use of alternative work places;
- infrastructure quality;
- any oversupply of, or reduced demand for, real estate;
- concessions or reduced rental rates under new leases for properties where tenants defaulted; and
- increased operating costs including insurance premiums and real estate taxes.

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

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

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

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

Our development activities have inherent risks.

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

During 2019, construction was substantially completed on the development of Phase II at both Assembly Row and Pike & Rose, with portions of both projects opening during 2018 and 2019. Additionally, we continued construction on Phase III at both projects, and our on-going redevelopment efforts at Santana Row. A further discussion of these projects, expected costs, and current status can be found in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in the "Outlook" subsection.

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

- contractor changes may delay the completion of development projects and increase overall costs;
- significant time lag between commencement and stabilization subjects us to greater risks due to fluctuations in the general economy;
- delivery of residential product into uncertain residential environments may result in lower rents or longer time periods to reach economic stabilization;
- substantial amount of our investment is related to infrastructure and the overall value of the project may be negatively impacted if we do not complete subsequent phases;
- failure or inability to obtain construction or permanent financing on favorable terms;
- expenditure of money and time on projects that may never be completed;
- difficulty securing key anchor or other tenants may impact occupancy rates and projected revenue;
- inability to achieve projected rental rates or anticipated pace of lease-up;
- higher than estimated construction or operating costs, including labor and material costs; and

- possible delay in completion of a project because of a number of factors, including weather, labor disruptions, construction delays or delays in receipt of zoning or other regulatory approvals, acts of terror or other acts of violence, or acts of God (such as fires, earthquakes or floods).

Redevelopments and acquisitions may fail to perform as expected.

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

- our estimate of the costs to improve, reposition or redevelop a property may prove to be too low, or the time we estimate to complete the improvement, repositioning or redevelopment may be too short. As a result, the property may fail to achieve the returns we have projected, either temporarily or for a longer period;
- we may not be able to identify suitable properties to acquire or may be unable to complete the acquisition of the properties we identify;
- we may not be able to integrate an acquisition into our existing operations successfully;
- properties we redevelop or acquire may fail to achieve the occupancy or rental rates we project, within the time frames we project, at the time we make the decision to invest, which may result in the properties' failure to achieve the returns we projected;
- our pre-acquisition evaluation of the physical condition of each new investment may not detect certain defects or identify necessary repairs until after the property is acquired, which could significantly increase our total acquisition costs or decrease cash flow from the property; and
- our investigation of a property or building prior to our acquisition, and any representations we may receive from the seller of such building or property, may fail to reveal various liabilities, which could reduce the cash flow from the property or increase our acquisition cost.

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

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

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

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

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

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

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

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

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

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

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

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

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

Our organizational documents do not limit the amount of funds that we may invest in properties and assets owned jointly with other persons or entities. As of December 31, 2019, we held 16 predominantly retail real estate projects jointly with other persons in addition to properties owned in a "downREIT" structure. Additionally, we own an interest in the joint ventures that own the hotel components of Pike & Rose and Assembly Row. We may make additional joint investments in the future. Our existing and future joint investments may subject us to special risks, including the possibility that our partners or co-investors might become bankrupt, that those partners or co-investors might have economic or other business interests or goals which are unlike or incompatible with our business interests or goals, that those partners or co-investors might be in a position to take action contrary to our suggestions or instructions, or in opposition to our policies or objectives, and that disputes may develop with our joint venture partners over decisions affecting the property or the joint venture, which may result in litigation or arbitration or some other form of dispute resolution. Although as of December 31, 2019, we held the controlling interests in all of our existing co-investments (except the hotel investments discussed above and the investment in the La Alameda shopping center acquired in 2017), we generally must obtain the consent of the co-investor or meet defined criteria to sell or to finance these properties. Joint ownership gives a third party the opportunity to influence the return we can achieve on some of our investments and may adversely affect our ability to make distributions to our shareholders. We may also be liable for the actions of our co-investors.

Our insurance coverage on our properties may be inadequate.

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

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

Natural disasters and climate change could have an adverse impact on our cash flow and operating results.

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

Risk Factors Related to our Funding Strategies and Capital Structure

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

As of December 31, 2019, all of our $3.4 billion of debt outstanding has a fixed rate or is fixed via interest rate swap agreements. Of that outstanding debt, approximately $547.2 million was secured by all or a portion of 13 of our real estate projects. Our organizational documents do not limit the level or amount of debt that we may incur. The amount of our debt outstanding from time to time could have important consequences to our shareholders. For example, it could:

- require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for operations, property acquisitions, redevelopments and other appropriate business opportunities that may arise in the future;
- limit our ability to make distributions on our outstanding common shares and preferred shares;
- make it difficult to satisfy our debt service requirements;
- require us to dedicate increased amounts of our cash flow from operations to payments on debt upon refinancing or on our variable rate, unhedged debt, if interest rates rise;
- limit our flexibility in planning for, or reacting to, changes in our business and the factors that affect the profitability of our business;
- limit our ability to obtain any additional debt or equity financing we may need in the future for working capital, debt refinancing, capital expenditures, acquisitions, redevelopments or other general corporate purposes or to obtain such financing on favorable terms; and/or
- limit our flexibility in conducting our business, which may place us at a disadvantage compared to competitors with less debt or debt with less restrictive terms.

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

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

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

- relating to the maintenance of property securing a mortgage;
- restricting our ability to pledge assets or create liens;

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

As of December 31, 2019, we were in compliance with all of our default related financial covenants. If we were to breach any of our default related debt covenants, including the covenants listed above, and did not cure the breach within any applicable cure period, our lenders could require us to repay the debt immediately, and, if the debt is secured, could immediately begin proceedings to take possession of the property securing the loan. Many of our debt arrangements, including our public notes and our revolving credit facility, are cross-defaulted, which means that the lenders under those debt arrangements can put us in default and require immediate repayment of their debt if we breach and fail to cure a default under certain of our other debt obligations. As a result, any default under our debt covenants could have an adverse effect on our financial condition, our results of operations, our ability to meet our obligations and the market value of our shares.

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

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

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

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

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

Of our $3.4 billion of debt outstanding as of December 31, 2019, approximately $56.5 million bears interest at a variable rate of LIBOR plus 195.0 basis points and is effectively fixed through two interest rate swap agreements. We also have a $1.0 billion revolving credit facility, on which no balance was outstanding at December 31, 2019, that bears interest at LIBOR plus 77.5 basis points. We may borrow additional funds at variable interest rates in the future. Increases in interest rates would increase the interest expense on our variable rate debt and reduce our cash flow, which could adversely affect our ability to service our debt and meet our other obligations and also could reduce the amount we are able to distribute to our shareholders. We may enter into additional hedging arrangements or other transactions for all or a portion of our variable rate debt to limit our exposure to rising interest rates. However, the amounts we are required to pay under variable rate debt to which hedging or similar arrangements relate may increase in the event of non-performance by the counterparties to any such hedging arrangements. In addition, an increase in market interest rates may lead purchasers of our debt securities and preferred shares to demand a higher annual yield, which could adversely affect the market price of our outstanding debt securities and preferred shares and the cost and/or timing of refinancing or issuing additional debt securities or preferred shares.

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

LIBOR is used as a reference rate for our revolving credit facility, certain mortgage payables, and in our interest rate swap arrangements. On July 27, 2017, the United Kingdom's Financial Conduct Authority announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. It is unclear if LIBOR will cease to exist at that time, if a new method of calculating LIBOR will be established, or if an alternative reference rate will be established. The Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee which identified the

Secured Overnight Financing Rate ("SOFR") as its preferred alternative to U.S. dollar LIBOR in derivatives and other financial contracts. We are not able to predict when LIBOR will cease to be available or if SOFR, or another alternative rate reference rate, attains market traction as a LIBOR replacement. If LIBOR ceases to exist, we will need to agree upon a benchmark replacement index with the bank, and as such the interest rate on our revolving credit facility and certain mortgage payables may change. The new rate may not be as favorable as those in effect prior to any LIBOR phase-out. Furthermore, the transition process may result in delays in funding, higher interest expense, additional expenses, and increased volatility in markets for instruments that currently rely on LIBOR, all of which could negatively impact our cash flow.

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

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

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

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

Risk Factors Related to our Company and the Market Price of our Securities

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

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

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

We cannot assure you we will continue to pay dividends at historical rates.

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

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

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

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

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

We may adjust our business policies without shareholder approval.

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

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

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

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

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

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

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

All real property and the operations conducted on real property are subject to federal, state and local laws, ordinances and regulations relating to hazardous materials, environmental protection and human health and safety. Under various federal, state and local laws, ordinances and regulations, we and our tenants may be required to investigate and clean up certain hazardous or toxic substances released on or in properties we own or operate, and also may be required to pay other costs relating to hazardous or toxic substances. This liability may be imposed without regard to whether we or our tenants knew about the release of these types of substances or were responsible for their release. The presence of contamination or the failure to properly remediate contamination at any of our properties may adversely affect our ability to sell or lease those properties or to borrow funds by using those properties as collateral. The costs or liabilities could exceed the value of the affected real estate. We are not aware of any environmental condition with respect to any of our properties that management believes would have a material adverse effect on our business, assets or results of operations taken as a whole. The uses of any of our properties prior to our acquisition of the property and the building materials used at the property are among the property-specific factors that will affect how the environmental laws are applied to our properties. If we are subject to any material environmental liabilities, the liabilities could adversely affect our results of operations and our ability to meet our obligations.

We cannot predict what other environmental legislation or regulations will be enacted in the future, how existing or future laws or regulations will be administered or interpreted or what environmental conditions may be found to exist on the properties in the future. Compliance with existing and new laws and regulations may require us or our tenants to spend funds to remedy environmental problems. Our tenants, like many of their competitors, have incurred, and will continue to incur, capital and operating expenditures and other costs associated with complying with these laws and regulations, which will adversely affect their potential profitability.

Generally, our tenants must comply with environmental laws and meet remediation requirements. Our leases typically impose obligations on our tenants to indemnify us from any compliance costs we may incur as a result of the environmental conditions on the property caused by the tenant. If a lease does not require compliance or if a tenant fails to or cannot comply, we could be forced to pay these costs. If not addressed, environmental conditions could impair our ability to sell or re-lease the affected properties in the future or result in lower sales prices or rent payments.

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

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

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

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

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

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

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

If we fail to qualify as a REIT:

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

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

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

The Board of Trustees may waive these restrictions on a case-by-case basis. In addition, the Board of Trustees and two-thirds of our shareholders eligible to vote at a shareholder meeting may remove these restrictions if they determine it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT. The 9.8% ownership restrictions may delay, defer or prevent a transaction or a change of our control that might involve a premium price for the common shares or otherwise be in the shareholders' best interest.

U.S. federal tax reform legislation now and in the future could affect REITs, both positively and negatively, in ways that are difficult to anticipate.

The Tax Cuts and Jobs Act of 2017 (the "2017 Tax Act"), signed into law on December 22, 2017, represents sweeping tax reform legislation that makes significant changes to corporate and individual tax rates and the calculation of taxes. While we currently do not expect the 2017 Tax Act will have a significant direct impact on us, it may impact us indirectly as our tenants and the jurisdictions in which we do business as well as the overall investment thesis for REITs may be impacted both positively and negatively in ways that are difficult to predict. Additionally, the overall impact of the 2017 Tax Act depends on future interpretations and regulations that may be issued by federal tax authorities, as well as changes in state and local taxation in response to the 2017 Tax Act, and it is possible that such future interpretations, regulations and other changes could adversely impact us.

Certain tax and anti-takeover provisions of our declaration of trust and bylaws may inhibit a change of our control.

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

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

General

As of December 31, 2019, we owned or had a majority ownership interest in community and neighborhood shopping centers and mixed-used properties which are operated as 104 predominantly retail real estate projects comprising approximately 23.7 million square feet. These properties are located primarily in densely populated and affluent communities in strategic metropolitan markets in the Northeast and Mid-Atlantic regions of the United States, California, and South Florida. No single commercial or residential property accounted for over 10% of our 2019 total revenue. We believe that our properties are adequately covered by commercial general liability, fire, flood, earthquake, terrorism and business interruption insurance provided by reputable companies, with commercially reasonable exclusions, deductibles and limits.

Tenant Diversification

As of December 31, 2019, we had approximately 3,000 commercial leases and 2,700 residential leases, with tenants ranging from sole proprietors to major national and international retailers. No one tenant or affiliated group of tenants accounted for more than 2.6% of our annualized base rent as of December 31, 2019. As a result of our tenant diversification, we believe our exposure to any one bankruptcy filing in the retail sector has not been and will not be significant, however, multiple filings by a number of retailers could have a significant impact.

Geographic Diversification

Our 104 real estate projects are located in 12 states and the District of Columbia. The following table shows the number of projects, the gross leasable area (“GLA”) of commercial space and the percentage of total portfolio gross leasable area of commercial space in each state as of December 31, 2019.

State	Number of Projects	Gross Leasable Area	Percentage of Gross Leasable Area
		(In square feet)	
California	20	5,119,000	21.6%
Maryland	20	4,349,000	18.4%
Virginia	17	3,685,000	15.5%
Pennsylvania(1)	10	2,247,000	9.5%
Massachusetts	8	1,978,000	8.3%
New Jersey	7	1,887,000	8.0%
New York	7	1,366,000	5.8%
Florida	4	1,309,000	5.5%
Illinois	4	797,000	3.4%
Connecticut	3	394,000	1.7%
Michigan	1	217,000	0.9%
District of Columbia	2	170,000	0.7%
North Carolina	1	158,000	0.7%
Total	**104**	**23,676,000**	**100.0%**

(1) Additionally, we own two participating mortgages totaling approximately $30.4 million secured by multiple buildings in Manayunk, Pennsylvania.

Leases, Lease Terms and Lease Expirations

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

Commercial property leases generally range from three to ten years; however, certain leases, primarily with anchor tenants, may be longer. Many of our leases contain tenant options that enable the tenant to extend the term of the lease at expiration at pre-established rental rates that often include fixed rent increases, consumer price index adjustments or other market rate adjustments from the prior base rent. Leases on residential units are generally for a period of one year or less and, in 2019, represented approximately 9.1% of total rental income.

The following table sets forth the schedule of lease expirations for our commercial leases in place as of December 31, 2019 for each of the 10 years beginning with 2020 and after 2029 in the aggregate assuming that none of the tenants exercise future renewal options. Annualized base rents reflect in-place contractual rents as of December 31, 2019.

Year of Lease Expiration	Leased Square Footage Expiring	Percentage of Leased Square Footage Expiring	Annualized Base Rent Represented by Expiring Leases	Percentage of Annualized Base Rent Represented by Expiring Leases
2020	1,786,000	8%	$ 50,041,000	8%
2021	2,469,000	11%	72,709,000	11%
2022	2,943,000	14%	77,883,000	12%
2023	2,453,000	11%	74,976,000	12%
2024	3,301,000	15%	85,620,000	14%
2025	2,026,000	9%	58,415,000	9%
2026	1,067,000	5%	34,694,000	5%
2027	1,299,000	6%	50,746,000	8%
2028	1,188,000	6%	38,455,000	6%
2029	1,322,000	6%	41,396,000	7%
Thereafter	2,025,000	9%	50,644,000	8%
Total	21,879,000	100%	$ 635,579,000	100%

During 2019, we signed leases for a total of 1,675,000 square feet of retail space including 1,557,000 square feet of comparable space leases (leases for which there was a prior tenant) at an average rental increase of 8% on a cash basis. New leases for comparable spaces were signed for 793,000 square feet at an average rental increase of 11% on a cash basis. Renewals for comparable spaces were signed for 763,000 square feet at an average rental increase of 4% on a cash basis. Tenant improvements and incentives for comparable spaces were $42.60 per square foot, of which, $81.24 per square foot was for new leases and $2.43 per square foot was for renewals in 2019.

During 2018, we signed leases for a total of 1,972,000 square feet of retail space including 1,874,000 square feet of comparable space leases (leases for which there was a prior tenant) at an average rental increase of 12% on a cash basis. New leases for comparable spaces were signed for 796,000 square feet at an average rental increase of 25% on a cash basis. Renewals for comparable spaces were signed for 1,078,000 square feet at an average rental increase of 4% on a cash basis. Tenant improvements and incentives for comparable spaces were $27.09 per square foot, of which, $61.02 per square foot was for new leases and $2.02 per square foot was for renewals in 2018.

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 average rent for expiring leases and new leases is determined by including minimum rent and percentage rent paid on the expiring lease and minimum rent and in some instances, projections of first lease year 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 and, except for redevelopments, may also include base building costs (i.e. expansion, escalators or new entrances) which are required to make the space leasable. Incentives include amounts paid to tenants as inducement to sign a lease that do not represent building improvements. Costs related to redevelopments require judgment by management in determining what reflects base building costs and thus, is not included in the "tenant improvements and incentives" amount.

The leases signed in 2019 generally become effective over the following two years though some may not become effective until 2022 and beyond. Further, there is risk that some new tenants will not ultimately take possession of their space and that tenants for both new and renewal leases may not pay all of their contractual rent due to operating, financing or other matters. However, these increases do provide information about the tenant/landlord relationship and the potential increase we may achieve in rental income over time.

Historically, we have executed comparable space leases for 1.3 to 1.9 million square feet of retail space each year and expect the volume for 2020 will be in line with our historical averages with overall positive increases in rental income. However, changes in rental income associated with individual signed leases on comparable spaces may be positive or negative, and we can provide no assurance that the rents on new leases will continue to increase at the above disclosed levels, if at all.

Retail and Residential Properties

The following table sets forth information concerning all real estate projects in which we owned an equity interest, had a leasehold interest, or otherwise controlled and are consolidated as of December 31, 2019. Except as otherwise noted, we are the sole owner of our real estate projects. Principal tenants are the largest tenants in the project based on square feet leased or are tenants important to a project's success due to their ability to attract retail customers.

Property, City, State, Zip Code	Year Completed	Year Acquired	Square Feet(1) /Apartment Units	Average Base Rent Per Square Foot(2)	Percentage Leased(3)	Principal Tenant(s)
California						
Azalea South Gate, CA 90280(5)(9)	2014	2017	223,000	$29.03	100 %	Marshalls Ross Dress for Less Ulta Michaels
Bell Gardens Bell Gardens, CA 90201(4)(5)(9)	1990, 2003, 2006	2017/2018	330,000	$22.24	92 %	Food4Less Marshalls Ross Dress for Less Bob's Discount Furniture
Colorado Blvd Pasadena, CA 91103(4)	1905-1988	1996/1998	61,000 12 Units	$47.20 N/A	100 % 100 %	Pottery Barn Banana Republic True Food Kitchen
Crow Canyon Commons San Ramon, CA 94583	1980, 1998, 2006	2005/2007	241,000	$29.59	88 %	Sprouts Total Wine & More Rite Aid
East Bay Bridge Emeryville & Oakland, CA 94608	1994-2001, 2011, 2012	2012	441,000	$18.53	100 %	Pak-N-Save Home Depot Target Nordstrom Rack
Escondido Promenade Escondido, CA 92029(5)	1987	1996/2010	297,000	$28.98	98 %	TJ Maxx Dick's Sporting Goods Ross Dress For Less Bob's Discount Furniture
Fourth Street Berkeley, CA 94710(5)	1948, 1975	2017	71,000	$30.69	73 %	CB2 Ingram Book Group Bellwether Coffee
Freedom Plaza (formerly known as Jordan Downs Plaza) Los Angeles, CA 90002(4)(5)(6)	N/A	2018	21,000	$32.07	100 %	Blink Fitness
Hastings Ranch Plaza Pasadena, CA 91107(4)	1958, 1984, 2006, 2007	2017	273,000	$7.36	100 %	Marshalls HomeGoods CVS Sears
Hollywood Blvd Hollywood, CA 90028	1929, 1991	1999	179,000	$36.71	93 %	Marshalls L.A. Fitness La La Land
Kings Court Los Gatos, CA 95032(4)(7)	1960	1998	79,000	$41.27	100 %	Lunardi's CVS
La Alameda Walnut Park, CA 90255(4)(8)(9)	2008	2017	245,000	$26.73	80%	Marshalls Ross Dress For Less CVS Petco
Old Town Center Los Gatos, CA 95030	1962, 1998	1997	97,000	$42.21	86 %	Anthropologie Banana Republic Gap
Olivo at Mission Hills Mission Hills, CA 91345(5)	2018	2017	139,000	$31.38	100 %	Target 24 Hour Fitness Ross Dress for Less
Plaza Del Sol South El Monte, CA 91733(5)(9)	2009	2017	48,000	$23.27	100 %	Marshalls
Plaza El Segundo / The Point El Segundo, CA 90245(5)(9)	2006-2007, 2016	2011/2013	502,000	$44.23	93 %	Whole Foods Nordstrom Rack HomeGoods Dick's Sporting Goods Multiple Restaurants
San Antonio Center Mountain View, CA 94040(4)(7)	1958, 1964-1965, 1974-1975, 1995-1997	2015/2019	212,000	$15.90	94 %	Trader Joe's Walmart 24 Hour Fitness
Santana Row San Jose, CA 95128(4)(11)	2002, 2009, 2016	1997	895,000	$55.26	99 %	Crate & Barrel H&M Best Buy Splunk Multiple Restaurants

Property, City, State, Zip Code	Year Completed	Year Acquired	Square Feet(1) /Apartment Units	Average Base Rent Per Square Foot(2)	Percentage Leased(3)	Principal Tenant(s)
Santana Row Residential San Jose, CA 95128	2003-2006, 2011, 2014	1997/2012	662 units	N/A	94 %	
Sylmar Towne Center Sylmar, CA 91342(5)(9)	1973	2017	148,000	$15.92	89 %	Food4Less CVS
Third Street Promenade Santa Monica, CA 90401	1888-2000	1996-2000	209,000	$90.68	100 %	adidas Banana Republic Old Navy J. Crew
Westgate Center San Jose, CA 95129	1960-1966	2004	653,000	$19.72	99 %	Target Nordstrom Rack Nike Factory TJ Maxx
Connecticut						
Bristol Plaza Bristol, CT 06010	1959	1995	266,000	$13.94	87 %	Stop & Shop TJ Maxx
Darien Darien, CT 06820	1920-2009	2013/2018	92,000 2 Units	$29.66 N/A	93 % 100 %	Stop & Shop Equinox Walgreens
Greenwich Avenue Greenwich Avenue, CT 06830	1968	1995	36,000	$96.19	100 %	Saks Fifth Avenue
District of Columbia						
Friendship Center Washington, DC 20015	1998	2001	119,000	$30.83	100 %	Marshalls Nordstrom Rack DSW Maggiano's
Sam's Park & Shop Washington, DC 20008	1930	1995	51,000	$39.22	94 %	Target
Florida						
CocoWalk Coconut Grove, FL 33133(5)(12)	1990/1994, 1922-1973	2015-2017	169,000	$19.84	77 %	Cinepolis Theaters Youfit Health Club
Del Mar Village Boca Raton, FL 33433	1982, 1994 & 2007	2008/2014	191,000	$19.10	92 %	Winn Dixie CVS L.A. Fitness
The Shops at Sunset Place South Miami, FL 33143(5)(9)	1999	2015	523,000	$17.26	62 %	AMC L.A. Fitness Barnes & Noble Restoration Hardware Outlet
Tower Shops Davie, FL 33324	1989, 2017	2011/2014	426,000	$24.99	98 %	Trader Joe's TJ Maxx Ross Dress for Less Best Buy Ulta
Illinois						
Crossroads Highland Park, IL 60035	1959	1993	168,000	$22.34	91 %	L.A. Fitness Ulta Binny's Ferguson's Bath, Kitchen, & Lighting Gallery
Finley Square Downers Grove, IL 60515	1974	1995	278,000	$15.73	98 %	Bed, Bath & Beyond Buy Buy Baby Michaels Portillo's
Garden Market Western Springs, IL 60558	1958	1994	140,000	$14.14	99 %	Mariano's Fresh Market Walgreens
Riverpoint Center Chicago, IL 60614	1989, 2012	2017	211,000	$21.17	93 %	Jewel Osco Marshalls Old Navy
Maryland						
Bethesda Row Bethesda, MD 20814(4)	1945-1991 2001, 2008	1993-2006/ 2008/2010	536,000	$53.39	97 %	Giant Food Apple Equinox Anthropologie Multiple Restaurants
Bethesda Row Residential Bethesda, MD 20814	2008	1993	180 units	N/A	96 %	
Congressional Plaza Rockville, MD 20852(5)	1965	1965	324,000	$38.51	97 %	The Fresh Market Buy Buy Baby Container Store Ulta

Property, City, State, Zip Code	Year Completed	Year Acquired	Square Feet(1) /Apartment Units	Average Base Rent Per Square Foot(2)	Percentage Leased(3)	Principal Tenant(s)
Congressional Plaza Residential Rockville, MD 20852(5)	2003, 2016	1965	194 units	N/A	95 %	
Courthouse Center Rockville, MD 20852	1975	1997	38,000	$24.26	81 %	
Federal Plaza Rockville, MD 20852	1970	1989	250,000	$38.23	96 %	Trader Joe's TJ Maxx Micro Center Ross Dress for Less
Gaithersburg Square Gaithersburg, MD 20878	1966	1993	207,000	$28.91	96 %	Bed, Bath & Beyond Ross Dress For Less Ashley Furniture HomeStore CVS
Governor Plaza Glen Burnie, MD 21961	1963	1985	243,000	$20.18	98 %	Aldi Dick's Sporting Goods A.C. Moore
Laurel Laurel, MD 20707	1956	1986	359,000	$22.75	97%	Giant Food Marshalls L.A. Fitness
Montrose Crossing Rockville, MD 20852(9)	1960-1979, 1996, 2011	2011/2013	371,000	$32.35	100 %	Giant Food Marshalls Old Navy Barnes & Noble Bob's Discount Furniture
Perring Plaza Baltimore, MD 21134	1963	1985	396,000	$14.93	99 %	Shoppers Food Warehouse Home Depot Micro Center Burlington
Pike & Rose North Bethesda, MD 20852(11)	1963, 2014, 2018	1982/2007/ 2012	469,000	$40.09	99 %	iPic Theater Porsche Uniqlo REI Pinstripes Multiple Restaurants
Pike & Rose Residential North Bethesda, MD 20852(11)	2014, 2016, 2018	1982/2007	765 units	N/A	97 %	
Plaza Del Mercado Silver Spring, MD 20906	1969	2004	117,000	$31.50	97 %	Aldi CVS L.A. Fitness
Quince Orchard Gaithersburg, MD 20877(4)	1975	1993	266,000	$24.50	94 %	Aldi HomeGoods L.A. Fitness Staples
Rockville Town Square Rockville, MD 20852(4)	2006-2007	2006/2007	186,000	$30.49	84 %	Dawson's Market CVS Gold's Gym Multiple Restaurants
Rollingwood Apartments Silver Spring, MD 20910(9)	1960	1971	282 units	N/A	95 %	
THE AVENUE at White Marsh Baltimore, MD 21236(7)(9)	1997	2007	314,000	$24.23	96 %	AMC Ulta Old Navy Barnes & Noble
The Shoppes at Nottingham Square Baltimore, MD 21236	2005-2006	2007	32,000	$49.05	96 %	
Towson Residential (Flats @703) Baltimore, MD 21236	2017	2007	4,000 105 units	$71.41 N/A	100 % 91 %	
White Marsh Other Baltimore, MD 21236	1985	2007	70,000	$31.74	97 %	
White Marsh Plaza Baltimore, MD 21236	1987	2007	80,000	$22.64	96 %	Giant Food
Wildwood Bethesda, MD 20814	1958	1969	87,000	$102.53	96 %	Balducci's CVS Flower Child
Massachusetts						
Assembly Row/ Assembly Square Marketplace Somerville, MA 02145(11)	2005, 2014, 2018	2005-2011/ 2013	805,000	$32.31	98 %	Trader Joe's TJ Maxx AMC LEGOLAND Discovery Center Multiple Restaurants
Assembly Row Residential Somerville, MA 02145(11)	2018	2005-2011	447 units	N/A	98 %	

Property, City, State, Zip Code	Year Completed	Year Acquired	Square Feet(1) /Apartment Units	Average Base Rent Per Square Foot(2)	Percentage Leased(3)	Principal Tenant(s)
Campus Plaza Bridgewater, MA 02324	1970	2004	116,000	$16.89	97 %	Roche Bros. Burlington
Chelsea Commons Chelsea, MA 02150(9)	1962-1969, 2008	2006-2008	222,000	$12.74	91 %	Home Depot Planet Fitness
Dedham Plaza Dedham, MA 02026	1959	1993/2016	246,000	$17.18	91 %	Star Market Planet Fitness
Linden Square Wellesley, MA 02481	1960, 2008	2006	223,000 7 Units	$49.43 N/A	96 % 100 %	Roche Bros. CVS
North Dartmouth North Dartmouth, MA 02747	2004	2006	48,000	$15.31	100 %	Stop & Shop
Queen Anne Plaza Norwell, MA 02061	1967	1994	149,000	$18.63	100 %	Big Y Foods TJ Maxx HomeGoods
Saugus Plaza Saugus, MA 01906	1976	1996	169,000	$17.18	100 %	Super Stop & Shop Floor & Decor
Michigan						
Gratiot Plaza Roseville, MI 48066	1964	1973	217,000	$12.55	100 %	Kroger Bed, Bath & Beyond Best Buy DSW
New Jersey						
Brick Plaza Brick Township, NJ 08723(4)	1958	1989	409,000	$22.50	82 %	Trader Joe's AMC HomeGoods Ulta L.A. Fitness
Brook 35 Sea Grit, NJ 08750(5)(7)(9)	1986, 2004	2014	99,000	$38.58	96 %	Banana Republic Gap Williams-Sonoma
Ellisburg Cherry Hill, NJ 08034	1959	1992	268,000	$16.70	90 %	Whole Foods Buy Buy Baby Stein Mart
Hoboken Hoboken, NJ 07030(5)(9)(13)	1887-2006	2019	158,000 123 Units	$54.99 N/A	95 % 97 %	CVS New York Sports Club Sephora Multiple Restaurants
Mercer Mall Lawrenceville, NJ 08648(4)	1975	2003/2017	550,000	$24.86	96 %	Shop Rite Ross Dress for Less Nordstrom Rack Bed, Bath & Beyond REI
The Grove at Shrewsbury Shrewsbury, NJ 07702(5)(7)(9)	1988, 1993 & 2007	2014	192,000	$48.29	97 %	Lululemon Anthropologie Pottery Barn Williams-Sonoma
Troy Hills Parsippany-Troy, NJ 07054	1966	1980	211,000	$23.30	100 %	Target L.A. Fitness Michaels
New York						
Fresh Meadows Queens, NY 11365	1949	1997	404,000	$35.40	99 %	Island of Gold AMC Kohl's Michaels
Georgetowne Shopping Center Brooklyn, NY 11234	1969, 2006, 2015	2019	147,000	$39.98	90 %	Fairway Market Five Below IHOP
Greenlawn Plaza Greenlawn, NY 11743	1975, 2004	2006	106,000	$19.02	96 %	Greenlawn Farms Tuesday Morning
Hauppauge Hauppauge, NY 11788	1963	1998	133,000	$33.60	80 %	Shop Rite
Huntington Huntington, NY 11746	1962	1988/2007/ 2015	263,000	$23.84	81 %	Nordstrom Rack Buy Buy Baby Michaels Ulta
Huntington Square East Northport, NY 11731(4)	1980, 2007	2010	74,000	$29.46	93 %	Barnes & Noble

Property, City, State, Zip Code	Year Completed	Year Acquired	Square Feet(1) /Apartment Units	Average Base Rent Per Square Foot(2)	Percentage Leased(3)	Principal Tenant(s)
Melville Mall Huntington, NY 11747(4)	1974	2006	239,000	$26.10	100%	Uncle Giuseppe's Marketplace Marshalls Dick's Sporting Goods Field & Stream Macy's Backstage
North Carolina						
Eastgate Crossing Chapel Hill, NC 27514	1963	1986	158,000	$28.23	89 %	Trader Joe's Ulta Stein Mart Petco
Pennsylvania						
Andorra Philadelphia, PA 19128	1953	1988	266,000	$14.52	87 %	Acme Markets Kohl's L.A. Fitness Staples
Bala Cynwyd Bala Cynwyd, PA 19004	1955	1993	294,000	$25.03	98 %	Acme Markets Lord & Taylor Michaels L.A. Fitness
Flourtown Flourtown, PA 19031	1957	1980	156,000	$23.11	99 %	Giant Food Movie Tavern
Lancaster Lancaster, PA 17601(4)	1958	1980	127,000	$19.17	82 %	Giant Food
Langhorne Square Levittown, PA 19056	1966	1985	227,000	$17.22	99 %	Redner's Warehouse Markets Marshalls Planet Fitness
Lawrence Park Broomall, PA 19008	1972	1980/2017	363,000	$22.38	98 %	Acme Markets TJ Maxx HomeGoods Barnes & Noble
Northeast Philadelphia, PA 19114	1959	1983	228,000	$20.26	91 %	Marshalls Ulta A.C. Moore
Town Center of New Britain New Britain, PA 18901	1969	2006	124,000	$9.31	87 %	Giant Food Rite Aid Dollar Tree
Willow Grove Willow Grove, PA 19090	1953	1984	211,000	$18.15	91 %	Marshalls HomeGoods Barnes & Noble
Wynnewood Wynnewood, PA 19096	1948	1996	251,000 9 Units	$28.66 N/A	100 % 67 %	Giant Food Bed, Bath & Beyond Old Navy DSW
Virginia						
29th Place Charlottesville, VA 22091(9)	1975-2001	2007	169,000	$18.81	98 %	HomeGoods DSW Stein Mart Staples
Barcoft Plaza Falls Church, VA 22041	1963, 1972, 1990, & 2000	2006/2007/ 2016	114,000	$26.51	95 %	Harris Teeter
Barracks Road Charlottesville, VA 22905	1958	1985	500,000	$27.78	97 %	Harris Teeter Kroger Anthropologie Nike Bed, Bath & Beyond Old Navy
Fairfax Junction Fairfax, VA 22030	1981, 2000	2019	75,000	$21.23	100 %	Aldi CVS Planet Fitness
Falls Plaza Falls Church, VA 22046	1960-1962	1967/1972	144,000	$35.68	94 %	Giant Food CVS Staples
Graham Park Plaza Fairfax, VA 22042	1971	1983	132,000	$37.04	93 %	Giant Food
Idylwood Plaza Falls Church, VA 22030	1991	1994	73,000	$48.71	100 %	Whole Foods

Property, City, State, Zip Code	Year Completed	Year Acquired	Square Feet(1) /Apartment Units	Average Base Rent Per Square Foot(2)	Percentage Leased(3)	Principal Tenant(s)
Leesburg Plaza Leesburg, VA 20176	1967	1998	236,000	$23.58	87 %	Giant Food Petsmart Office Depot
Mount Vernon/South Valley/ 7770 Richmond Hwy Alexandria, VA 22306(4)(7)	1966, 1972,1987 & 2001	2003/2006	569,000	$18.73	96 %	Shoppers Food Warehouse TJ Maxx Home Depot Bed, Bath & Beyond Results Fitness
Old Keene Mill Springfield, VA 22152	1968	1976	92,000	$40.27	97 %	Whole Foods Walgreens Planet Fitness
Pan Am Fairfax, VA 22031	1979	1993	227,000	$26.08	98 %	Safeway Micro Center CVS Michaels
Pentagon Row Arlington, VA 22202	2001-2002	1998/2010	298,000	$35.61	95 %	Harris Teeter TJ Maxx Bed, Bath & Beyond DSW
Pike 7 Plaza Vienna, VA 22180	1968	1997/2015	172,000	$47.78	91 %	TJ Maxx DSW Crunch Fitness Staples
Tower Shopping Center Springfield, VA 22150	1960	1998	112,000	$26.01	91 %	L.A. Mart Talbots Total Wine & More
Tyson's Station Falls Church, VA 22043	1954	1978	50,000	$46.72	96 %	Trader Joe's
Village at Shirlington Arlington, VA 22206(4)	1940, 2006-2009	1995	258,000	$39.36	91 %	Harris Teeter AMC Carlyle Grand Café
Willow Lawn Richmond, VA 23230	1957	1983	464,000	$19.89	85 %	Kroger Old Navy Ross Dress For Less Gold's Gym Dick's Sporting Goods
Total All Regions—Retail(10)			**23,676,000**	**$29.05**	**94%**	
Total All Regions—Residential			**2,788 units**		**96%**	

(1) Represents the GLA of the commercial portion of the property. Some of our properties include office space which is included in this square footage.
(2) Average base rent is calculated as the aggregate, annualized in-place contractual (defined as cash basis excluding rent abatements) minimum rent for all occupied spaces divided by the aggregate GLA of all occupied spaces. Average base rent is for commercial spaces only.
(3) Percentage leased is expressed as a percentage of rentable commercial square feet occupied or subject to a lease. Residential percentage leased is expressed as a percentage of units occupied or subject to a lease.
(4) All or a portion of this property is owned pursuant to a ground lease.
(5) We own the controlling interest in this property.
(6) On June 15, 2018, we formed a new joint venture to develop Freedom Plaza (formerly known as Jordan Downs Plaza), which when completed, will be an approximately 113,000 square foot grocery anchored shopping center. See Note 3 to the Consolidated Financial Statements for for further discussion.
(7) We own all or a portion of this property in a “downREIT” partnership, of which a wholly owned subsidiary of the Trust is the sole general partner, with third party partners holding operating partnership units.
(8) We own a noncontrolling interest in this property.
(9) All or a portion of this property is encumbered by a mortgage loan.
(10) Aggregate information is calculated on a GLA weighted-average basis, excluding our La Alameda property, which is unconsolidated.
(11) Portion of property is currently under development. See further discussion in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(12) This property includes interests in five buildings in addition to our initial acquisition.
(13) This property includes 37 buildings primarily along Washington Street and 14th Street in Hoboken, New Jersey.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

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

	Price Per Share		Dividends Declared Per Share
	High	Low	
2019			
Fourth quarter	$ 141.35	$ 126.69	$ 1.050
Third quarter	$ 137.14	$ 126.11	$ 1.050
Second quarter	$ 139.03	$ 126.29	$ 1.020
First quarter	$ 139.29	$ 115.09	$ 1.020
2018			
Fourth quarter	$ 135.68	$ 115.22	$ 1.020
Third quarter	$ 131.72	$ 120.00	$ 1.020
Second quarter	$ 128.00	$ 110.66	$ 1.000
First quarter	$ 134.20	$ 106.41	$ 1.000

On February 5, 2020, there were 2,378 holders of record of our common shares.

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

Future distributions will be at the discretion of our Board of Trustees and will depend on our actual net income available for common shareholders, financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Code and such other factors as the Board of Trustees deems relevant. We have paid quarterly dividends to our shareholders continuously since our founding in 1962 and have increased our regular annual dividend rate for 52 consecutive years.

Our total annual dividends paid per common share for 2019 and 2018 were $4.11 per share and $4.02 per share, respectively. The annual dividend amounts are different from dividends as calculated for federal income tax purposes. Distributions to the extent of our current and accumulated earnings and profits for federal income tax purposes generally will be taxable to a shareholder as ordinary dividend income. Distributions in excess of current and accumulated earnings and profits will be treated as a nontaxable reduction of the shareholder’s basis in such shareholder’s shares, to the extent thereof, and thereafter as taxable capital gain. Distributions that are treated as a reduction of the shareholder’s basis in its shares will have the effect of increasing the amount of gain, or reducing the amount of loss, recognized upon the sale of the shareholder’s shares. No assurances can be given regarding what portion, if any, of distributions in 2020 or subsequent years will constitute a return of capital for federal income tax purposes. During a year in which a REIT earns a net long-term capital gain, the REIT can elect under Section 857(b)(3) of the Code to designate a portion of dividends paid to shareholders as capital gain dividends. If this election is made, then the capital gain dividends are generally taxable to the shareholder as long-term capital gains.

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

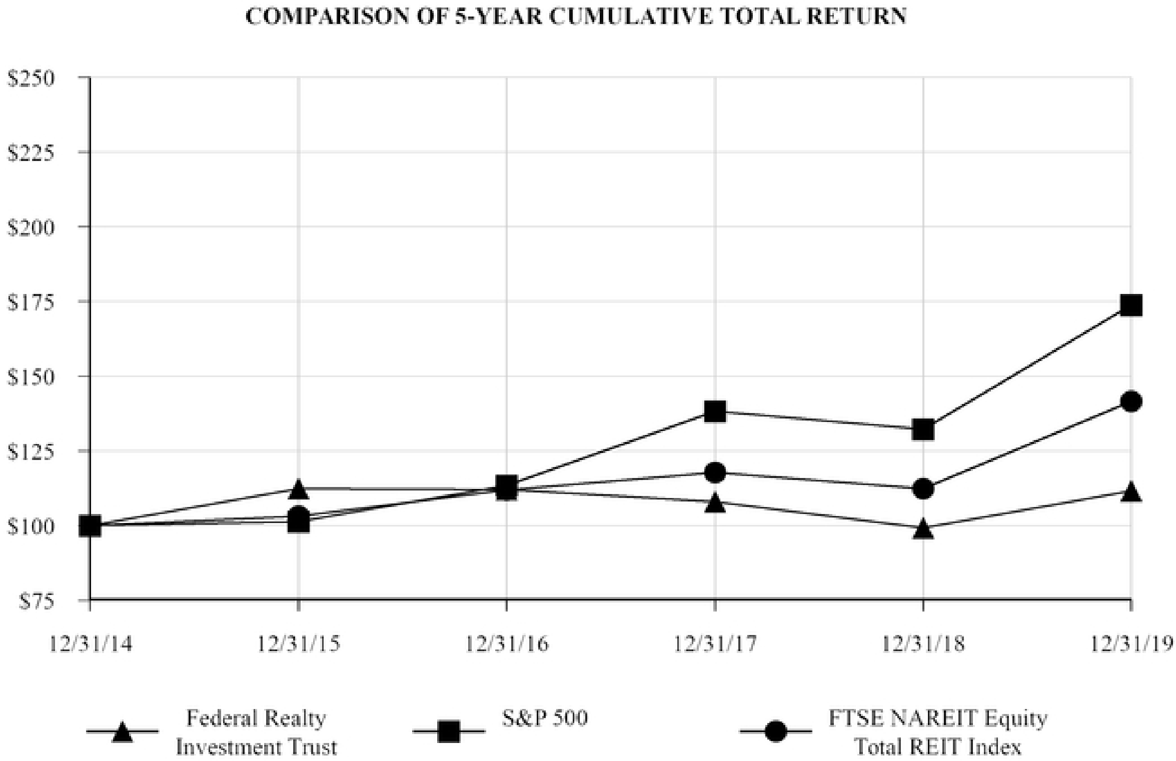
	Year Ended December 31,	
	2019	2018
Ordinary dividend	$ 4.110	$ 3.859
Ordinary dividend eligible for 15% rate	—	0.161
	$ 4.110	$ 4.020

Distributions on our 5.417% Series 1 Cumulative Convertible Preferred Shares were paid at the rate of $1.354 per share per annum commencing on the issuance date of March 8, 2007. Distributions on our 5.0% Series C Cumulative Redeemable

Preferred Shares (which were issued September 29, 2017) were declared at the rate of $1.25 per depositary share per annum, and the first payment date was January 16, 2018. In 2018, dividends paid per depositary share were $1.306 due to the timing of issuance. We do not believe that the preferential rights available to the holders of interest in our preferred shares or the financial covenants contained in our debt agreements had or will have an adverse effect on our ability to pay dividends in the normal course of business to our common shareholders or to distribute amounts necessary to maintain our qualification as a REIT.

Total Stockholder Return Performance

The following performance graph compares the cumulative total shareholder return on Federal Realty's common shares with the S&P 500 Index and the index of equity real estate investment trusts prepared by the National Association of Real Estate Investment Trusts ("NAREIT") for the five fiscal years commencing December 31, 2014, and ending December 31, 2019, assuming an investment of $100 and the reinvestment of all dividends into additional common shares during the holding period. Equity real estate investment trusts are defined as those that derive more than 75% of their income from equity investments in real estate assets. The FTSE NAREIT Equity REIT Total Return Index includes all tax qualified real estate investment trusts listed on the NYSE, NYSE MKT, or the NASDAQ National Market. Stock performance for the past five years is not necessarily indicative of future results.



Recent Sales of Unregistered Shares

Under the terms of various operating partnership agreements of certain of our affiliated limited partnerships, the interest of limited partners in those limited partnerships may be redeemed, subject to certain conditions, for cash or an equivalent number of our common shares, at our option. During the three months ended December 31, 2019, we issued 17,035 common shares in connection with the redemption of operating partnership units. Such shares of common stock were issued in reliance on Section 4(a)(2) of the Securities Act. Any other equity securities sold by us during 2019 that were not registered have been previously reported in a Quarterly Report on Form 10-Q.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

During 2019, 10,501 restricted common shares were forfeited by former employees.

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

ITEM 6. SELECTED FINANCIAL DATA

The following table includes certain financial information on a consolidated historical basis. You should read this section in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8. Financial Statements and Supplementary Data."

	Year Ended December 31,				
	2019	2018	2017	2016	2015
	(In thousands, except per share data and ratios)				
Operating Data:					
Rental income	$ 932,738	$ 912,287	$ 854,286	$ 797,598	$ 739,622
Property operating income(1)	$ 637,030	$ 627,566	$ 584,619	$ 547,979	$ 510,595
Gain on sale of real estate and change in control of interests, net	$ 116,393	$ 11,915	$ 77,922	$ 32,458	$ 28,330
Operating income	$ 470,911	$ 361,636	$ 410,210	$ 353,453	$ 328,484
Net income	$ 360,542	$ 249,026	$ 297,870	$ 258,883	$ 218,424
Net income available for common shareholders	$ 345,824	$ 233,865	$ 287,456	$ 249,369	$ 209,678
Net cash provided by operating activities	$ 461,919	$ 516,688	$ 458,828	$ 427,672	$ 371,808
Net cash used in investing activities	$ (316,532)	$ (192,247)	$ (837,922)	$ (590,221)	$ (355,353)
Net cash (used in) provided by financing activities	$ (100,105)	$ (241,309)	$ 369,445	$ 168,838	$ (42,188)
Earnings per common share, basic:					
Net income available to common shareholders	$ 4.61	$ 3.18	$ 3.97	$ 3.51	$ 3.04
Weighted average number of common shares, basic	74,766	73,274	72,117	70,877	68,797
Earnings per common share, diluted:					
Net income available to common shareholders	$ 4.61	$ 3.18	$ 3.97	$ 3.50	$ 3.03
Weighted average number of common shares, diluted	74,766	73,302	72,233	71,049	68,981
Dividends declared per common share	$ 4.14	$ 4.04	$ 3.96	$ 3.84	$ 3.62
Other Data:					
Funds from operations available to common shareholders(2)	$ 465,819	$ 461,777	$ 419,977	$ 406,359	$ 352,857
EBITDAre(3)	$ 599,567	$ 595,558	$ 549,107	$ 515,151	$ 478,734
Ratio of EBITDAre to combined fixed charges and preferred share dividends(3)(4)	4.2x	4.2x	3.9x	4.5x	3.6x

	As of December 31,				
	2019	2018	2017	2016	2015
	(In thousands)				
Balance Sheet Data:					
Real estate, at cost	$ 8,298,132	$ 7,819,472	$ 7,635,061	$ 6,759,073	$ 6,064,406
Total assets	$ 6,794,992	$ 6,289,644	$ 6,275,755	$ 5,423,279	$ 4,896,559
Total debt	$ 3,356,594	$ 3,229,204	$ 3,284,766	$ 2,798,452	$ 2,627,216
Total shareholders' equity	$ 2,636,132	$ 2,467,330	$ 2,391,514	$ 2,075,835	$ 1,781,931
Number of common shares outstanding	75,541	74,250	73,091	71,996	69,493

(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 is as follows:

	2019	2018	2017	2016	2015
			(In thousands)		
Operating income	$ 470,911	$ 361,636	$ 410,210	$ 353,453	$ 328,484
General and administrative	42,754	33,600	36,281	33,399	35,645
Depreciation and amortization	239,758	244,245	216,050	193,585	174,796
Gain on sale of real estate and change in control of interests, net	(116,393)	(11,915)	(77,922)	(32,458)	(28,330)
Property operating income	$ 637,030	$ 627,566	$ 584,619	$ 547,979	$ 510,595

(2) Funds from operations ("FFO") is a supplemental non-GAAP financial measure of real estate companies' operating performances. The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as follows: net income, computed in accordance with GAAP, plus real estate related depreciation and amortization, gains and losses on the sale of real estate, and impairment write-downs of depreciable real estate. 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.

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. Additional information regarding our calculation of FFO is contained in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

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

	2019	2018	2017	2016	2015
			(In thousands)		
Net income	$ 360,542	$ 249,026	$ 297,870	$ 258,883	$ 218,424
Net income attributable to noncontrolling interests	(6,676)	(7,119)	(7,956)	(8,973)	(8,205)
Gain on sale of real estate and change in control of interests, net	(116,393)	(11,915)	(77,632)	(31,133)	(28,330)
Depreciation and amortization of real estate assets	215,139	213,098	188,719	169,198	154,232
Amortization of initial direct costs of leases	19,359	24,603	19,124	16,875	15,026
Funds from operations	471,971	467,693	420,125	404,850	351,147
Dividends on preferred shares	(7,500)	(7,500)	(1,917)	(541)	(541)
Income attributable to operating partnership units	2,703	3,053	3,143	3,145	3,398
Income attributable to unvested shares	(1,355)	(1,469)	(1,374)	(1,095)	(1,147)
Funds from operations available for common shareholders	$ 465,819	$ 461,777	$ 419,977	$ 406,359	$ 352,857

(3) EBITDA for Real Estate ("EBITDAre") is a non-GAAP measure that NAREIT defines as: net income computed in accordance with GAAP plus net interest expense, income tax expense, depreciation and amortization, gain or loss on sale of real estate, impairments of real estate, and adjustments to reflect the entity's share of EBITDAre of unconsolidated affiliates. We calculate EBITDAre consistent with the NAREIT definition. As EBITDA is a widely known and understood measure of performance, management believes EBITDAre represents an additional non-GAAP performance measure, independent of a company's capital structure that will provide investors with a uniform basis to measure the enterprise value of a company. EBITDAre also approximates a key performance measure in our debt covenants, but it should not be considered an alternative measure of operating results or cash flow from operations as determined in accordance with GAAP.

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

	2019	2018	2017	2016	2015
			(In thousands)		
Net income	$ 360,542	$ 249,026	$ 297,870	$ 258,883	$ 218,424
Interest expense	109,623	110,154	100,125	94,994	92,553
Other interest income	(1,266)	(942)	(475)	(374)	(149)
Early extinguishment of debt	—	—	12,273	—	19,072
Provision for income tax	772	1,521	1,813	—	—
Depreciation and amortization	239,758	244,245	216,050	193,585	174,796
Gain on sale of real estate and change in control of interests	(116,779)	(13,560)	(79,345)	(32,458)	(28,330)
Adjustments of EBITDAre of unconsolidated affiliates	6,917	5,114	796	521	2,368
EBITDAre	$ 599,567	$ 595,558	$ 549,107	$ 515,151	$ 478,734

(4) Fixed charges consist of interest on borrowed funds (including capitalized interest), amortization of debt discount/ premiums and debt costs, costs related to the early extinguishment of debt, and the portion of rent expense representing an interest factor. Excluding the $11.9 million charge related to the buyout of the Kmart lease at Assembly Square Marketplace, our ratio of EBITDAre to combined fixed charges and preferred share dividends remains 4.2x in 2019. Excluding the $12.3 million and $19.1 million early extinguishment of debt charge from fixed charges in 2017 and 2015, respectively, the ratio of EBITDAre to combined fixed charges and preferred share dividends is 4.2x and 4.3x, for 2017 and 2015, respectively.

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

This section generally discusses 2019 and 2018 items and year-to-year comparisons between 2019 and 2018. Discussions of 2017 items and year-to-year comparisons between 2018 and 2017 that are not included in this Form 10-K can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 filed with the Securities and Exchange Commission on February 13, 2019.

Forward-Looking Statements

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

Overview

We are an equity real estate investment trust (“REIT”) specializing in the ownership, management, and redevelopment of high quality retail and mixed-use properties located primarily in densely populated and affluent communities in strategically selected metropolitan markets in the Northeast and Mid-Atlantic regions of the United States, California, and South Florida. As of December 31, 2019, we owned or had a majority interest in community and neighborhood shopping centers and mixed-use properties which are operated as 104 predominantly retail real estate projects comprising approximately 23.7 million square feet. In total, the real estate projects were 94.2% leased and 92.5% occupied at December 31, 2019. We have paid quarterly dividends to our shareholders continuously since our founding in 1962 and have increased our dividends per common share for 52 consecutive years.

Critical Accounting Policies

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

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

Revenue Recognition and Accounts Receivable

Policy beginning January 1, 2019, with our adoption of Accounting Standards Codification (ASC) 842, "Leases"

Our leases with our tenants are classified as operating leases. When collection of substantially all lease payments during the lease term is considered probable, the lease qualifies for accrual accounting. Lease payments are recognized on a straight-line basis from when the tenant controls the space through the term of the related lease. Variable lease payments relating to percentage rent are recognized at the end of the lease year or earlier if we have determined the required sales level is achieved. Real estate tax and other cost reimbursements are recognized on an accrual basis over the periods in which the related expenditures are incurred. For a tenant to terminate its lease agreement prior to the end of the agreed term, we may require that they pay a fee to cancel the lease agreement. Lease termination fees for which the tenant has relinquished control of the space are generally recognized on the termination date. When a lease is terminated early but the tenant continues to control the space under a modified lease agreement, the lease termination fee is generally recognized evenly over the remaining term of the modified lease agreement.

When collection of substantially all lease payments during the lease term is not considered probable, total lease revenue is limited to the lesser of revenue recognized under accrual accounting or cash received. Determining the probability of collection of substantially all lease payments during lease term requires judgment. This determination is impacted by numerous factors including our assessment of the tenant’s credit worthiness, economic conditions, our historical experience with the tenant and tenants operating in the same industry, and the length of the lease term. If leases currently classified as probable are subsequently reclassified as not probable, any outstanding lease receivables (including straight-line rent receivables) would be written-off with a corresponding decrease in rental income. For example, in the event that our collectability determinations were not accurate and we were required to write off additional receivables equaling 1% of rental income, our rental income and net income would decrease by $9.3 million.

Policy prior to January 1, 2019

Prior to January 1, 2019, management estimates of collectability were considered when reserving for billed and accrued lease receivables and straight-line rent receivables. Full and partial reserves were recorded when determined to be appropriate with a corresponding charge to bad debt expense. The primary impact of the adoption of ASC 842, “Leases,” on our recognition of lease revenue relates to the upfront and ongoing assessment of the collectability of substantially all lease payments required by the new standard.

Other revenue recognition policies

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

Real Estate

The nature of our business as an owner, redeveloper and operator of retail shopping centers and mixed-use properties means that we invest significant amounts of capital. Depreciation and maintenance costs relating to our properties constitute substantial costs for us as well as the industry as a whole. We capitalize real estate investments and depreciate them on a straight-line basis in accordance with GAAP and consistent with industry standards based on our best estimates of the assets’ physical and economic useful lives. We periodically review the estimated lives of our assets and implement changes, as necessary, to these estimates and, therefore, to our depreciation rates. These reviews may take into account such factors as the historical retirement and replacement of our assets, expected redevelopments, and general economic and real estate factors. Certain events, such as unforeseen competition or changes in customer shopping habits, could substantially alter our assumptions regarding our ability to realize the expected return on investment in the property and therefore reduce the economic life of the asset and affect the amount of depreciation expense to be charged against both the current and future revenues. These assessments have a direct impact on our net income. The longer the economic useful life, the lower the depreciation expense will be for that asset in a fiscal period, which in turn will increase our net income. Similarly, having a shorter economic useful life would increase the depreciation for a fiscal period and decrease our net income.

Land, buildings and real estate under development are recorded at cost. We calculate depreciation using the straight-line method with useful lives ranging generally from 35 years to a maximum of 50 years on buildings and major improvements. Maintenance and repair costs are charged to operations as incurred. Tenant work and other major improvements, which improve or extend the life of the asset, are capitalized and depreciated over the life of the lease or the estimated useful life of the improvements, whichever is shorter. Minor improvements, furniture and equipment are capitalized and depreciated over useful lives ranging from 2 to 20 years.

Capitalized costs associated with leases are depreciated or amortized over the base term of the lease. Unamortized leasing costs are charged to expense if the applicable tenant vacates before the expiration of its lease. Undepreciated tenant work is written-off if the applicable tenant vacates and the tenant work is replaced or has no future value. Additionally, we make estimates as to the probability of certain development and redevelopment projects being completed. If we determine the redevelopment is no longer probable of completion, we immediately expense all capitalized costs which are not recoverable.

Interest costs on developments and major redevelopments are capitalized as part of developments and redevelopments not yet placed in service. Capitalization of interest commences when development activities and expenditures begin and end upon completion, which is when the asset is ready for its intended use. Generally, rental property is considered substantially complete and ready for its intended use upon completion of tenant improvements, but no later than one year from completion of major construction activity. We make judgments as to the time period over which to capitalize such costs and these assumptions have a direct impact on net income because capitalized costs are not subtracted in calculating net income. If the time period for capitalizing interest is extended, more interest is capitalized, thereby decreasing interest expense and increasing net income during that period.

Certain external and internal costs directly related to the development, redevelopment and leasing of real estate, including pre-construction costs, real estate taxes, insurance, and construction costs and salaries and related costs of personnel directly involved, are capitalized. We capitalized external and internal costs related to both development and redevelopment activities of $352 million and $9 million, respectively, for 2019 and $274 million and $8 million, respectively, for 2018. We capitalized external and internal costs related to other property improvements of $80 million and $3 million, respectively, for 2019 and $62 million and $3 million, respectively, for 2018. We capitalized external and internal costs related to leasing activities of $24 million and $2 million, respectively, for 2019 and $20 million and $6 million, respectively, for 2018. The amount of capitalized internal costs for salaries and related benefits for development and redevelopment activities, other property improvements, and leasing activities were $8 million, $3 million, and $2 million, respectively, for 2019 and $7 million, $3 million, and $6 million, respectively, for 2018. Total capitalized costs were $471 million for 2019 and $373 million for 2018, respectively.

Real Estate Acquisitions

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

Variable Interest Entities (VIEs) and Consolidation

We have 18 entities that meet the criteria of a VIE and are consolidated. Net real estate assets related to VIEs included in our consolidated balance were approximately $1.5 billion for both December 31, 2019 and 2018, and mortgage payables related to VIEs included in our consolidated balance sheets were approximately $469.2 million and $444.4 million, as of December 31, 2019 and 2018, respectively. In addition, we hold equity method investments in two hotel joint ventures and one shopping center which are considered variable interests in a VIE. VIEs are required to be consolidated by their primary beneficiary. The primary beneficiary of a VIE has both the power to direct the activities that most significantly impact economic performance of the VIE and the obligation to absorb losses or the right to receive benefits that could be significant to the VIE. The determination of the power to direct the activities that most significantly impact economic performance requires judgment and is impacted by numerous factors including the purpose of the VIE, contractual rights and obligations of variable interest holders, and mechanisms for the resolution of disputes among the variable interest holders.

Long-Lived Assets and Impairment

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

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

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 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. Any difference between our estimate of a potential loss and the actual outcome would result in an increase or decrease to net income.

Self-Insurance

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

Recently Adopted and Recently Issued Accounting Pronouncements

See Note 2 to the consolidated financial statements.

2019 Property Acquisitions

Date Acquired	Property	City/State	Gross Leasable Area (GLA)	Purchase Price		
			(in square feet)	(in millions)		
February 8, 2019	Fairfax Junction	Fairfax, Virginia	75,000	$	22.5	
September 13, 2019	San Antonio Center	Mountain View, California	6,000	$	6.5	
November 15, 2019	Georgetowne Shopping Center	Brooklyn, New York	147,000	$	83.7	
Various 2019	Hoboken (37 mixed-use buildings)	Hoboken, New Jersey	158,000	$	189.2	(1)

(1) These acquisitions were completed through a newly formed joint venture, for which we own a 90% interest. This property includes 123 residential units in addition to the GLA in the table above.

2019 Property Dispositions

On December 11, 2019, we received $154.7 million in net proceeds related to the sale under the threat of condemnation of 11.7 acres of San Antonio Center to a local school district ("the condemning authority"). As part of the transaction, the condemning authority will commence condemnation proceedings in order to terminate all existing leases they assumed at closing. We have indemnified the condemning authority for all costs incurred related to the condemnation proceedings including any payments required to tenants at the property and expect the process will take several years to complete. The consideration in the transaction is considered variable because we have agreed to indemnify the condemning authority for these costs. Consequently, we have recorded a liability of $45.5 million to reflect our estimate of the final consideration, net of estimated condemnation proceeding costs and other transaction related costs. The resulting net gain on sale is approximately $85.1 million.

During the year ended December 31, 2019, we sold three properties and one land parcel for a net sales price of $149.0 million, which resulted in a net gain of $28.3 million.

During the year ended December 31, 2019, we closed on the sale of 43 condominium units at our Assembly Row and Pike & Rose properties (combined), received proceeds net of closing costs of $20.1 million, and recognized a gain of $2.6 million, net of income taxes. The cost basis for the remaining condominium units as of December 31, 2019 is $1.7 million, and is included in "assets held for sale" on our consolidated balance sheets.

2019 Significant Debt and Equity Transactions

On January 31, 2019, we repaid the $20.3 million mortgage loan on Rollingwood Apartments, at par, prior to its original maturity date.

On June 7, 2019, we issued $300.0 million of fixed rate senior unsecured notes that mature on June 15, 2029 and bear interest at 3.20%. The notes were offered at 99.838% of the principal amount with a yield to maturity of 3.219%. On August 21, 2019, we issued an additional $100.0 million senior notes of the same series and with the same terms. The August notes were offered at 103.813% of the principal amount, with a yield to maturity of 2.744%. The combined net proceeds from the note offerings after net issuance premium, underwriting fees, and other costs were $399.9 million, which were primarily used to repay our $275.0 million unsecured term loan, at par, on June 7, 2019 and for general corporate purposes.

On July 25, 2019, we amended our revolving credit facility to increase our borrowing capacity to $1.0 billion and extend the maturity date to January 19, 2024, plus two six-month extensions at our option. Under the amended facility, the spread over LIBOR is 77.5 basis points based on our current credit rating. In addition, we have an option (subject to bank approval) to increase the credit facility through an accordion feature to $1.5 billion.

In connection with our Hoboken, New Jersey acquisitions in 2019, we assumed mortgage loans with a face amount of $41.6 million and a fair value of $42.9 million, and entered into a new mortgage loan with a face amount of $56.5 million. The mortgage loans associated with our Hoboken acquisitions have the following contractual terms:

	Principal (in millions)	Stated Interest Rate	Maturity Date
September 18, 2019 (date assumed)	$ 17.0	3.75%	July 1, 2042
November 26, 2019 (date originated)	$ 56.5	LIBOR + 1.95% (1)	December 15, 2029
November 26, 2019 (date assumed)	$ 5.7	Various (2)	Various (2)
December 19, 2019 (date assumed)	$ 18.9	Various (3)	Various (3)

(1) The interest rate is effectively fixed at 3.67% as a result of two interest rate swap agreements.
(2) The interest rates on these mortgages range from 3.91% to 5.00% and have maturity dates ranging from January 9, 2025 to May 31, 2029.
(3) The interest rates on these mortgages range from 4.00% to 4.38% and have maturity dates ranging from October 1, 2025 to July 1, 2026.

On August 2, 2019, we acquired the 10.1% redeemable noncontrolling interest in the partnership that owns our Montrose Crossing Shopping Center for $10.0 million, bringing our ownership interest to 100%.

We have an at-the-market (“ATM”) equity program in which we may from time to time offer and sell common shares having an aggregate offering price of up to $400.0 million. We intend to use the net proceeds to fund potential acquisition opportunities, fund our development and redevelopment pipeline, repay amounts outstanding under our revolving credit facility and/or for general corporate purposes. For the year ended December 31, 2019, we sold 1,069,699 common shares at a weighted average price per share of $134.71 for net cash proceeds of $142.7 million and paid $1.2 million in commissions and $0.2 million in additional offering expenses related to the sales of these common shares. As of December 31, 2019, we had the capacity to issue up to $128.3 million in common shares under our ATM equity program.

Outlook

We seek growth in earnings, funds from operations, and cash flows primarily through a combination of the following:

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

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 see relatively strong levels of interest from prospective tenants for our retail spaces; however, the time it takes to complete new lease deals is longer, as tenants have become more selective and more deliberate in their decision-making process. We have also experienced extended periods of time for some government agencies to process permits and inspections further delaying rent commencement on newly leased spaces. Additionally, we have seen an overall decrease in the number of tenants available to fill anchor spaces, and have seen an uptick in the number of retail tenants vacating prior to the end of their lease term and/or filing for bankruptcy. We believe the locations and nature of our centers and diverse tenant base partially mitigates any potential negative changes in the economic environment. However, any significant reduction in our tenants' abilities to pay base rent, percentage rent or other charges, will adversely affect our financial condition and results of operations. We seek to maintain a mix of strong national, regional, and local retailers. At December 31, 2019, no single tenant accounted for more than 2.6% of annualized base rent.

Our properties are located primarily in densely populated and/or affluent areas with high barriers to entry which allow us to take advantage of redevelopment opportunities that enhance our operating performance through renovation, expansion, reconfiguration, and/or retenanting. We evaluate our properties on an ongoing basis to identify these types of opportunities. We currently have redevelopment projects underway with a projected cost of approximately $315 million that we expect to stabilize in the next several years.

We continue our ongoing redevelopment efforts at Santana Row and are under construction on an eight story 301,000 square foot office building which will include an additional 20,000 square feet of retail space and 1,300 parking spaces. The building is expected to cost between $210 million and $220 million, to be delivered in 2020, and the office portion is 100% leased. After current phases, we have approximately 4 acres remaining for further redevelopment and entitlements in place for an additional 395 residential units and 321,000 square feet of commercial space.

Additionally, we control 12 acres of land across from Santana Row, and we are proceeding with the first phase of construction on this land, which includes an eight story 376,000 square foot office building, with over 1,700 parking spaces. The building is expected to cost between $250 million and $270 million, with openings beginning in 2022. In addition, the land also has approximately 604,000 square feet of remaining commercial space entitlements.

Phase II of Assembly Row includes approximately 161,000 square feet of retail space, 447 residential units, and a 158 room boutique hotel (owned and operated by a joint venture in which we are a partner). As of December 31, 2019, Phase II is substantially complete with expected final costs of $298 million to $302 million. Phase II also included 122 for-sale condominium units, which had a total cost of $81 million and have all have been sold as of December 31, 2019.

Additionally, we are under construction on Phase III of Assembly Row, which will include 277,000 square feet of office space (of which, 150,000 square feet is pre-leased), 56,000 square feet of retail space, 500 residential units, and over 800 additional parking spaces. The expected costs for Phase III are between $465 million and $485 million and is projected to open beginning in 2021.

Phase II of Pike & Rose includes approximately 219,000 square feet of retail space, 272 residential units, and a 177 room boutique hotel (owned and operated by a joint venture in which we are a partner), and is substantially complete as of December 31, 2019. The total cost for this portion of Phase II was $208 million. As of December 31, 2019, we closed on the sale of 97 of the 99 for-sale condominium units in Phase II. The condominiums had a final cost of $62 million.

Additionally, at Pike & Rose, we commenced construction on a 212,000 square foot office building (which includes 4,000 square feet of ground floor retail space), and will include over 600 additional parking spaces. The building is expected to cost between $128 million and $135 million and is projected to open beginning in 2020.

We invested $258 million in Assembly Row, Pike & Rose, and Santana Row in 2019, net of public funding, and expect to invest between $320 million and $350 million in Assembly Row, Pike & Rose, and Santana Row in 2020.

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 in our primary markets 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 downREIT units as well as through assumed mortgages and property sales.

At December 31, 2019, the leasable square feet in our properties was 94.2% leased and 92.5% occupied. The leased rate is higher than the occupied rate due to leased spaces that are being redeveloped or improved or that are awaiting permits and, therefore, are not yet ready to be occupied. Our occupancy and leased rates are subject to variability over time due to factors including acquisitions, the timing of the start and stabilization of our redevelopment projects, lease expirations and tenant closings and bankruptcies.

Comparable Properties

Throughout this section, we have provided certain information on a “comparable property” basis. Information provided on a comparable property basis includes the results of properties that we owned and operated for the entirety of both periods being compared except for properties that are currently under development or are being repositioned for significant redevelopment and investment. For the year ended December 31, 2019 and the comparison of 2019 and 2018, all or a portion of 95 properties were considered comparable properties and eight properties were considered non-comparable properties. For the year ended December 31, 2019, seven properties were moved from acquisitions to comparable properties, two properties were removed from comparable properties as they were sold during 2019, one property was moved from acquisitions to non-comparable properties, and one portion of a property was moved from non-comparable properties to comparable properties, compared to the designations as of December 31, 2018. While there is judgment surrounding changes in designations, we typically move non-comparable properties to comparable properties once they have stabilized, which is typically considered 90% physical occupancy or when the growth expected from the redevelopment has been included in the comparable periods. We typically remove properties from comparable properties when the repositioning of the asset has commenced and has or is expected to have a significant impact to property operating income within the calendar year. Acquisitions are moved to comparable properties once we have owned the property for the entirety of comparable periods and the property is not under development or being repositioned for significant redevelopment and investment. Comparable property information replaces our previous same center designations.

YEAR ENDED DECEMBER 31, 2019 COMPARED TO YEAR ENDED DECEMBER 31, 2018

	2019	2018	Change Dollars	Change %
	(Dollar amounts in thousands)			
Rental income	$ 932,738	$ 912,287	$ 20,451	2.2 %
Mortgage interest income	3,050	3,149	(99)	(3.1)%
Total property revenue	935,788	915,436	20,352	2.2 %
Rental expenses	187,831	173,094	14,737	8.5 %
Real estate taxes	110,927	114,776	(3,849)	(3.4)%
Total property expenses	298,758	287,870	10,888	3.8 %
Property operating income (1)	637,030	627,566	9,464	1.5 %
General and administrative expense	(42,754)	(33,600)	(9,154)	27.2 %
Depreciation and amortization	(239,758)	(244,245)	4,487	(1.8)%
Gain on sale of real estate, net	116,393	11,915	104,478	876.9 %
Operating income	470,911	361,636	109,275	30.2 %
Other interest income	1,266	942	324	34.4 %
Interest expense	(109,623)	(110,154)	531	(0.5)%
Loss from partnerships	(2,012)	(3,398)	1,386	(40.8)%
Total other, net	(110,369)	(112,610)	2,241	(2.0)%
Net income	360,542	249,026	111,516	44.8 %
Net income attributable to noncontrolling interests	(6,676)	(7,119)	443	(6.2)%
Net income attributable to the Trust	$ 353,866	$ 241,907	$ 111,959	46.3 %

(1) Property operating income is a non-GAAP financial measure. See Item 6. Selected Financial Data for further discussion.

Property Revenues

Total property revenue increased $20.4 million, or 2.2%, to $935.8 million in 2019 compared to $915.4 million in 2018. The percentage occupied at our shopping centers was 92.5% at December 31, 2019 compared to 93.6% at December 31, 2018. 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. Rental income increased $20.5 million, or 2.2%, to $932.7 million in 2019 compared to $912.3 million in 2018 due primarily to the following:

- an increase of $14.9 million at comparable properties due primarily to higher rental rates of approximately $11.8 million, higher lease termination fees and legal fee income of $7.6 million, and higher average occupancy of approximately $2.8 million, partially offset by a $4.4 million decrease in real estate tax recoveries primarily due to the requirements of the new lease accounting standard, and $2.5 million related to collectibility adjustments, which are now being presented as a reduction of rental income rather than rental expense (see Note 2 for additional disclosure)
- an increase of $9.2 million at non-comparable properties due primarily to the opening of Phase II at Assembly Row and Pike & Rose partially offset by redevelopment related occupancy decreases at three properties, and
- an increase of $3.9 million from acquisitions, primarily Fairfax Junction in February 2019, Hoboken during the second half of 2019, and Georgetowne Shopping Center in November 2019,

partially offset by

- a decrease of $8.4 million from property sales.

Property Expenses

Total property expenses increased $10.9 million, or 3.8%, to $298.8 million in 2019 compared to $287.9 million in 2018. Changes in the components of property expenses are discussed below.

Rental Expenses

Rental expenses increased $14.7 million, or 8.5%, to $187.8 million in 2019 compared to $173.1 million in 2018. This increase is primarily due to the following:

- an $11.9 million charge in 2019 related to the buyout of a lease at Assembly Square Marketplace,
- an increase of $1.9 million from comparable properties due primarily to a $5.2 million increase in repairs and maintenance costs partially offset by a $4.2 million decrease in bad debt expense due to the new lease accounting standard requirement to record collectibility adjustments as a reduction to revenue rather than rental expense effective at adoption on January 1, 2019,
- an increase of $1.2 million from non-comparable properties due primarily to the opening of Phase II at Assembly Row and Pike & Rose, partially offset by lower expenses at two of our properties, and
- an increase of $0.8 million from acquisitions,

partially offset by

- a decrease of $1.4 million from property sales.

As a result of the changes in rental income and rental expenses as discussed above, rental expenses as a percentage of rental income increased to 20.1% for the year ended December 31, 2019 from 19.0% for the year ended December 31, 2018.

Real Estate Taxes

Real estate tax expense decreased $3.8 million, or 3.4% to $110.9 million in 2019 compared to $114.8 million in 2018 due primarily to the following:

- a decrease of $3.2 million from comparable properties due primarily to the new lease accounting standard requirement, which no longer permits the gross up of real estate tax revenue and expense for real estate taxes that our tenants pay directly to the taxing authority (see Note 2 for additional disclosure) of $5.0 million and a tax refund from a multi-year appeal and reassessment for three of our properties, partially offset by higher assessments, and
- a decrease of $1.8 million from property sales,

partially offset by

- an increase of $0.7 million from acquisitions, and
- an increase of $0.5 million at non-comparable properties due primarily to increases in assessments as a result of our redevelopment activities.

Property Operating Income

Property operating income increased $9.5 million, or 1.5%, to $637.0 million in 2019 compared to $627.6 million in 2018. This increase is primarily due to growth in earnings at comparable properties, the opening of Phase II at Assembly Row and Pike & Rose, and our 2019 acquisitions, partially offset by the charge related to the buyout of a lease at Assembly Square Marketplace, and property sales.

Other Operating

General and Administrative Expense

General and administrative expense increased $9.2 million, or 27.2%, to $42.8 million in 2019 from $33.6 million in 2018. This increase is due primarily to higher leasing related costs as certain costs can no longer be capitalized as a result of the new lease accounting standard (see Note 2 for additional disclosure) and higher personnel costs.

Depreciation and Amortization

Depreciation and amortization expense decreased $4.5 million, or 1.8%, to $239.8 million in 2019 from $244.2 million in 2018. This decrease is primarily due to lower accelerated depreciation related to tenants who vacated in advance of their lease expiration and property sales, partially offset by Phase II of Assembly Row and Pike & Rose being placed in service and our 2019 acquisitions.

Gain on Sale of Real Estate, Net

The $116.4 million gain on sale of real estate, net for the year ended December 31 2019 is primarily due to the following:

- $85.1 million related to the sale under the threat of condemnation of 11.7 acres of San Antonio Center,

- $28.3 million related to the sale of three properties and one land parcel,
- $2.6 million net gain related to condominium unit sales that have closed at our Assembly Row and Pike & Rose properties.

The $11.9 million gain on sale of real estate, net for the year ended December 31, 2018 is primarily due to the following:

- $7.2 million net gain related to condominium unit sales that have closed at our Assembly Row and Pike & Rose properties,
- $4.7 million gain related to the sale of one property and the residential building at another one of our properties

Operating Income

Operating income increased $109.3 million, or 30.2%, to $470.9 million in 2019 compared to $361.6 million in 2018. This increase is due primarily to higher gains on the sale of real estate in 2019, growth in earnings at our comparable properties, and the opening of Phase II of Assembly Row and Pike & Rose, partially offset by the charge related to the buyout of a lease at Assembly Square Marketplace, higher leasing and personnel related costs, and property sales.

Other

Interest Expense

Interest expense decreased $0.5 million, or 0.5%, to $109.6 million in 2019 compared to $110.2 million in 2018. This decrease is due primarily to a $1.6 million increase in capitalized interest partially offset by a $1.1 million increase due to a higher weighted average borrowing rate in 2019.

Gross interest costs were $130.1 million and $129.0 million in 2019 and 2018, respectively. Capitalized interest was $20.5 million and $18.8 million in 2019 and 2018, respectively.

Loss from Partnerships

Loss from partnerships decreased to $2.0 million in 2019 compared to $3.4 million in 2018. This decrease is due primarily to improved operating results at our Assembly Row and Pike & Rose hotel joint ventures, which opened in August 2018 and March 2018, respectively.

Discussions of year-to-year comparisons between 2018 and 2017 can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 filed with the Securities and Exchange Commission on February 13, 2019.

Liquidity and Capital Resources

Due to the nature of our business and strategy, we typically generate significant amounts of cash from operations. The cash generated from operations is primarily paid to our common and preferred shareholders in the form of dividends. As a REIT, we must generally make annual distributions to shareholders of at least 90% of our taxable income.

Our short-term liquidity requirements consist primarily of normal recurring operating expenses, obligations under our capital and operating leases, regular debt service requirements (including debt service relating to additional or replacement debt, as well as scheduled debt maturities), recurring expenditures, non-recurring expenditures (such as tenant improvements and redevelopments) and dividends to common and preferred shareholders. Our long-term capital requirements consist primarily of maturities under our long-term debt agreements, development and redevelopment costs and potential acquisitions.

We intend to operate with and maintain 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. In the short and long term, we may seek to obtain funds through the issuance of additional equity, unsecured and/or secured debt financings, joint venture relationships relating to existing properties or new acquisitions, and property dispositions that are consistent with this conservative structure.

At December 31, 2019, we had cash and cash equivalents of $127.4 million and no outstanding balance on our unsecured revolving credit facility. For the year ended 2019, the maximum amount of borrowings outstanding under our revolving credit facility was $116.5 million, the weighted average amount of borrowings outstanding was $26.8 million, and the weighted average interest rate, before amortization of debt fees, was 3.2%.

On June 7, 2019, we issued $300.0 million of fixed rate senior unsecured notes that mature on June 15, 2029 and bear interest at 3.20%. On August 21, 2019, we issued an additional $100.0 million senior notes of the same series and with the same terms.

The combined net proceeds of $399.9 million were primarily used to repay our $275.0 million unsecured term loan, which was scheduled to mature in November 2019. During 2020, we have only $60.6 million of debt maturing.

On July 25, 2019, we amended our revolving credit facility to increase our borrowing capacity from $800.0 million to $1.0 billion, lower our spread over LIBOR from 82.5 basis points to 77.5 basis points, and extend the maturity date to January 19, 2024, plus two six-month extensions at our option. In addition,we have an option (subject to bank approval) to increase the credit facility through an accordion feature to $1.5 billion.

During 2019, we raised $142.7 million under our ATM equity program after fees and other costs, and as of December 31, 2019, we had the capacity to issue up to $128.3 million in common shares under the ATM program. We currently believe that cash flows from operations, cash on hand, our ATM program, our revolving credit facility and our general ability to access the capital markets will be sufficient to finance our operations and fund our debt service requirements and capital expenditures.

Our overall capital requirements during 2020 will depend upon acquisition opportunities, the level of improvements and redevelopments on existing properties and the timing and cost of development of Assembly Row, Pike & Rose and Santana Row. While the amount of future expenditures will depend on numerous factors, we expect to continue to see higher levels of capital investments in our properties under development and redevelopment, as we continue to invest in the next phase of these projects. With respect to other capital investments related to our existing properties, we expect to incur levels consistent with prior years. Our capital investments will be funded on a short-term basis with cash flow from operations, cash on hand and/or our revolving credit facility, and on a long-term basis, with long-term debt or equity including shares issued under our ATM equity program. If necessary, we may access the debt or equity capital markets to finance significant acquisitions. Given our past ability to access the capital markets, we expect debt or equity to be available to us. Although there is no intent at this time, if market conditions deteriorate, we may also 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.

In addition to conditions in the capital markets which could affect our ability to access those markets, the following factors could affect our ability to meet our liquidity requirements:

- restrictions in our debt instruments or preferred shares may limit us from incurring debt or issuing equity at all, or on acceptable terms under then-prevailing market conditions; and
- we may be unable to service additional or replacement debt due to increases in interest rates or a decline in our operating performance.

Summary of Cash Flows

	Year Ended December 31,	
	2019	2018
	(In thousands)	
Cash provided by operating activities	$ 461,919	$ 516,688
Cash used in investing activities	(316,532)	(192,247)
Cash used in financing activities	(100,105)	(241,309)
Increase in cash and cash equivalents	45,282	83,132
Cash, cash equivalents, and restricted cash, beginning of year	108,332	25,200
Cash, cash equivalents, and restricted cash, end of year	$ 153,614	$ 108,332

Net cash provided by operating activities decreased $54.8 million to $461.9 million during 2019 from $516.7 million during 2018. The decrease was primarily attributable to the $14.5 million lease buyout payment at Assembly Square Marketplace in August 2019, $12.4 million in net proceeds in 2018 from the Freedom Plaza new market tax credit transaction (see Note 3 to the Consolidated Financial Statements for further discussion), and the timing of cash receipts.

Net cash used in investing activities increased $124.3 million to $316.5 million during 2019 from $192.2 million during 2018. The increase was primarily attributable to:

- a $191.0 million increase in acquisitions of real estate, primarily due to the acquisitions of Georgetowne Shopping Center, 37 mixed-use buildings in Hoboken, New Jersey, and Fairfax Junction in 2019,
- a $41.7 million increase in capital expenditures as we continue to invest in Pike & Rose, Assembly Row, Santana Row and other redevelopments, and
- $38.0 million in proceeds from our Assembly Row hotel joint venture formation in 2018,

partially offset by

- a $144.2 million increase in proceeds from sales of real estate, resulting from the sale under the threat of condemnation of a portion of San Antonio Center in December 2019 and the sale of three additional properties in 2019 compared to two properties in 2018, partially offset by a decrease in the sale of condominiums at our Assembly Row and Pike & Rose properties.

Net cash used in financing activities decreased $141.2 million to $100.1 million during 2019 from $241.3 million during 2018. The decrease was primarily attributable to:

- $399.9 million in net proceeds from the issuance of $300.0 million of 3.20% senior unsecured notes in June 2019 and an additional $100.0 million of the same series in August 2019,
- $41.0 million of repayments on our revolving credit facility in 2018 partially offset by $4.0 million of costs related to the July 2019 amendment, and
- a $12.1 million increase in net proceeds from the issuance of 1.1 million common shares under our ATM program at a weighted average price of $134.71 during 2019, as compared to 1.0 million common shares at a weighted average price of $129.19 in 2018,

partially offset by

- a $284.4 million increase in repayment of mortgages, finance leases, and notes payable primarily due to the payoff of our $275.0 million unsecured term loan in June 2019 and the $20.3 million payoff of the mortgage loan on Rollingwood Apartments in January 2019, as compared to the $10.5 million payoff of the mortgage loan on the Grove at Shrewsbury (West) in March 2018, and
- a $12.5 million increase in dividends paid to shareholders due to an increase in the common share dividend rate and an increase in the number of common shares outstanding.

Contractual Commitments

The following table provides a summary of our fixed, noncancelable obligations as of December 31, 2019:

	Commitments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	After 5 Years
			(In thousands)		
Fixed rate debt (principal and interest) (1)	$ 4,747,178	$ 189,669	$ 875,132	$ 764,264	$ 2,918,113
Fixed and variable rate debt - our share of unconsolidated real estate partnerships (principal and interest)	60,492	28,453	12,356	19,683	—
Finance lease obligations (principal and interest)	160,285	5,800	11,610	61,026	81,849
Variable rate debt (principal only)(2)	—	—	—	—	—
Operating leases	204,439	4,824	9,780	9,939	179,896
Real estate commitments	67,500	—	—	5,000	62,500
Development, redevelopment, and capital improvement obligations	572,422	300,520	271,880	22	—
Contractual operating obligations	59,081	29,026	24,809	5,126	120
Total contractual obligations	$ 5,871,397	$ 558,292	$ 1,205,567	$ 865,060	$ 3,242,478

(1) Fixed rate debt includes a $56.5 million mortgage loan that has a rate that is effectively fixed by two interest rate swap agreements.

(2) Variable rate debt includes our revolving credit facility, which bears interest at LIBOR + 0.775% and had no balance outstanding at December 31, 2019.

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

(a) Under the terms of the Congressional Plaza partnership agreement, a minority partner has the right to require us and the other minority partner to purchase its 26.63% interest in Congressional Plaza at the interest’s then-current fair market value. If the other minority partner defaults in their obligation, we must purchase the full interest. Based on management’s current estimate of fair market value as of December 31, 2019, our estimated liability upon exercise of the put option would range from approximately $79 million to $84 million.

(b) Under the terms of various other partnership agreements, the partners have the right to exchange their operating partnership units for cash or the same number of our common shares, at our option. As of December 31, 2019, a total of 609,584 operating partnership units are outstanding.

(c) Two of the members in Plaza El Segundo have the right to require us to purchase their 10.0% and 11.8% ownership interests at the interests' then-current fair market value. If the members fail to exercise their put options, we have the right to purchase each of their interests on or after December 30, 2026 at fair market value. Based on management’s current estimate of fair market value as of December 31, 2019, our estimated maximum liability upon exercise of the put option would range from approximately $30 million to $33 million.

(d) The other member in The Grove at Shrewsbury and Brook 35 has the right to require us to purchase all of its approximately 4.1% interest in The Grove at Shrewsbury and approximately 6.5% interest in Brook 35 at the interests' then-current fair market value. Based on management's current estimate of fair market value as of December 31, 2019, our estimated maximum liability upon exercise of the put option would range from $7 million to $8 million.

(e) Effective September 18, 2023, the other member in Hoboken has the right to require us to purchase all of its 10% ownership interest at the interest's then-current fair market value. Based on management's current estimate of fair market value as of December 31, 2019, our estimated maximum liability upon exercise of the put option would range from $9 million to $10 million.

(f) At December 31, 2019, we had letters of credit outstanding of approximately $4.3 million.

(g) In connection with our sale under the threat of condemnation of a portion of San Antonio Center, we agreed to indemnify the condemning authority for costs including any payments required to be paid to tenants at the property, in connection with the actual condemnation. We expect the condemnation process to take several years and estimate these costs to be approximately $45.5 million.

Off-Balance Sheet Arrangements

At December 31, 2019, we have three real estate related equity method investments with total debt outstanding of $111.1 million, of which our share is $54.0 million. Our investment in these ventures at December 31, 2019 was $23.4 million.

Other than the items disclosed in the Contractual Commitments Table, we have no off-balance sheet arrangements as of December 31, 2019 that are reasonably likely to have a current or future material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

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Debt Financing Arrangements

The following is a summary of our total debt outstanding as of December 31, 2019:

Description of Debt	Original Debt Issued	Principal Balance as of December 31, 2019	Stated Interest Rate as of December 31, 2019	Maturity Date
		(Dollars in thousands)		
Mortgages payable				
Secured fixed rate				
The Shops at Sunset Place	Acquired	$ 61,987	5.62%	September 1, 2020
29th Place	Acquired	3,878	5.91%	January 31, 2021
Sylmar Towne Center	Acquired	16,630	5.39%	June 6, 2021
Plaza Del Sol	Acquired	8,230	5.23%	December 1, 2021
THE AVENUE at White Marsh	52,705	52,705	3.35%	January 1, 2022
Montrose Crossing	80,000	67,492	4.20%	January 10, 2022
Azalea	Acquired	40,000	3.73%	November 1, 2025
Bell Gardens	Acquired	12,677	4.06%	August 1, 2026
Plaza El Segundo	125,000	125,000	3.83%	June 5, 2027
The Grove at Shrewsbury (East)	43,600	43,600	3.77%	September 1, 2027
Brook 35	11,500	11,500	4.65%	July 1, 2029
Hoboken (24 Buildings) (1)	56,450	56,450	LIBOR + 1.95%	December 15, 2029
Various Hoboken (12 Buildings)	Acquired	24,627	Various (3)	Various through 2029
Chelsea	Acquired	5,597	5.36%	January 15, 2031
Hoboken (1 Building) (2)	Acquired	16,874	3.75%	July 1, 2042
Subtotal		547,247		
Net unamortized premium and debt issuance costs		(1,568)		
Total mortgages payable		545,679		
Notes payable				
Revolving credit facility (4)	1,000,000	—	LIBOR + 0.775%	January 19, 2024
Various	7,239	3,843	11.31%	Various through 2028
Subtotal		3,843		
Net unamortized debt issuance costs		(62)		
Total notes payable		3,781		
Senior notes and debentures				
Unsecured fixed rate				
2.55% notes	250,000	250,000	2.55%	January 15, 2021
3.00% notes	250,000	250,000	3.00%	August 1, 2022
2.75% notes	275,000	275,000	2.75%	June 1, 2023
3.95% notes	300,000	300,000	3.95%	January 15, 2024
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
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		2,819,200		
Net unamortized discount and debt issuance costs		(12,066)		
Total senior notes and debentures		2,807,134		
Total debt, net		**$ 3,356,594**		

1) On November 26, 2019, we entered into two interest rate swap agreements that fix the interest rate on the mortgage loan at 3.67%.

2) This mortgage loan has a fixed interest rate, however, the rate resets every five years until maturity. The current interest rate is fixed until July 1, 2022, and the loan is prepayable at par anytime after this date.

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

4) The maximum amount drawn under our revolving credit facility during 2019 was $116.5 million and the weighted average effective interest rate on borrowings under our revolving credit facility, before amortization of debt fees, was 3.2%.

Our revolving credit facility and other debt agreements include financial and other covenants that may limit our operating activities in the future. As of December 31, 2019, we were in compliance with all of the financial and other covenants related to our revolving credit facility and senior notes. Additionally, as of December 31, 2019, we were in compliance with all of the financial and other covenants that could trigger loan default on our mortgage loans. If we were to breach any of these financial and other covenants and did not cure the breach within an applicable cure period, our lenders could require us to repay the debt immediately and, if the debt is secured, could immediately begin proceedings to take possession of the property securing the loan. Many of our debt arrangements, including our public notes and our revolving credit facility, are cross-defaulted, which means that the lenders under those debt arrangements can put us in default and require immediate repayment of their debt if we breach and fail to cure a default under certain of our other debt obligations. As a result, any default under our debt covenants could have an adverse effect on our financial condition, our results of operations, our ability to meet our obligations and the market value of our shares. Our organizational documents do not limit the level or amount of debt that we may incur.

The following is a summary of our scheduled principal repayments as of December 31, 2019:

	Unsecured		Secured	Total	
			(In thousands)		
2020	$ 613		$ 66,252	$ 66,865	
2021	250,680		31,519	282,199	
2022	250,756		119,460	370,216	
2023	275,775		3,293	279,068	
2024	300,665	(1)	3,421	304,086	
Thereafter	1,744,554		323,302	2,067,856	
	$ 2,823,043		$ 547,247	$ 3,370,290	(2)

1) Our $1.0 billion revolving credit facility matures on January 19, 2024, plus two six-month extensions at our option. As of December 31, 2019, there was no outstanding balance under this credit facility.

2) The total debt maturities differ from the total reported on the consolidated balance sheet due to the unamortized net premium/discount and debt issuance costs on mortgage loans, notes payable, and senior notes as of December 31, 2019.

Interest Rate Hedging

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

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

During 2019, we entered into two interest rate swap agreements that effectively fix the interest rate on a mortgage payable associated with our Hoboken acquisition at 3.67%. Our Assembly Row hotel joint venture is also a party to two interest rate swap agreements that effectively fix the interest rate on the joint venture's mortgage debt at 5.206%. All swaps were designated and qualify as cash flow hedges. Hedge ineffectiveness has not impacted our earnings in 2019, 2018 and 2017.

REIT Qualification

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

Funds From Operations

Funds from operations ("FFO") is a supplemental non-GAAP financial measure of real estate companies' operating performance. The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as follows: net income, computed in accordance with U.S. GAAP, plus real estate related depreciation and amortization, gains and losses on the sale of real estate, and impairment write-downs of depreciable real estate. 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 unless necessary for us to maintain REIT status. However, we must distribute at least 90% of our taxable income to remain qualified as a REIT. Therefore, a significant increase in FFO will generally require an increase in distributions to shareholders although not necessarily on a proportionate basis.

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

	Year Ended December 31,		
	2019	2018	2017
	(In thousands, except per share data)		
Net income	$ 360,542	$ 249,026	$ 297,870
Net income attributable to noncontrolling interests	(6,676)	(7,119)	(7,956)
Gain on sale of real estate and change in control of interests, net	(116,393)	(11,915)	(77,632)
Depreciation and amortization of real estate assets	215,139	213,098	188,719
Amortization of initial direct costs of leases	19,359	24,603	19,124
Funds from operations	471,971	467,693	420,125
Dividends on preferred shares	(7,500)	(7,500)	(1,917)
Income attributable to operating partnership units	2,703	3,053	3,143
Income attributable to unvested shares	(1,355)	(1,469)	(1,374)
Funds from operations available for common shareholders (1)	$ 465,819	$ 461,777	$ 419,977
Weighted average number of common shares, diluted (2)	75,514	74,153	73,122
Funds from operations available for common shareholders, per diluted share (1)	$ 6.17	$ 6.23	$ 5.74

(1) For the year ended December 31, 2019, FFO available for common shareholders includes an $11.9 million charge relating to the buyout of a lease at Assembly Square Marketplace. If this charge was excluded, our FFO available for common shareholders for 2019 would have been $477.7 million, and FFO available for common shareholders, per diluted share would have been $6.33. For the year ended December 31, 2017, FFO available for common shareholders includes a $12.3 million charge related to early extinguishment of debt. If this charge was excluded, our FFO available for common shareholders for 2017 would have been $432.2 million, and FFO available for common shareholders, per diluted share would have been $5.91.

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

Interest Rate Risk

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

Fixed Interest Rate Debt

The majority of our outstanding debt obligations (maturing at various times through 2046 or, with respect to finance lease obligations through 2106) have fixed interest rates which limit the risk of fluctuating interest rates. However, interest rate fluctuations may affect the fair value of our fixed rate debt instruments. At December 31, 2019, we had $3.4 billion of fixed-rate debt outstanding, including $56.5 million in mortgage payables that are effectively fixed by two interest rate swap agreements. If market interest rates used to calculate the fair value on our fixed-rate debt instruments at December 31, 2019 had been 1.0% higher, the fair value of those debt instruments on that date would have decreased by approximately $250.5 million. If market interest rates used to calculate the fair value on our fixed-rate debt instruments at December 31, 2019 had been 1.0% lower, the fair value of those debt instruments on that date would have increased by approximately $288.1 million.

Variable Interest Rate Debt

Generally, we believe that our primary interest rate risk is due to fluctuations in interest rates on our variable rate debt. At December 31, 2019, we had no variable rate debt outstanding.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

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

Our management, with the participation of the Trust’s Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Trust’s disclosure controls and procedures as of December 31, 2019. Based on that evaluation, the Trust’s Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2019, the Trust’s disclosure controls and procedures were effective at a reasonable assurance level.

Internal Control over Financial Reporting

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

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

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

We assessed the effectiveness of the Trust’s internal control over financial reporting as of December 31, 2019. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)*. Based on that assessment and criteria, management concluded that the Trust's internal control over financial reporting was effective as of December 31, 2019.

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

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting during our fourth fiscal quarter of 2019 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

Certain information required in Part III is omitted from this Report but is incorporated herein by reference from our Proxy Statement for the 2020 Annual Meeting of Shareholders (as amended or supplemented, the "Proxy Statement").

ITEM 10. TRUSTEES, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

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

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

ITEM 11. EXECUTIVE COMPENSATION

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

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

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

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

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

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

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

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

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

(2) Financial Statement Schedules

Our financial statement schedules are included in a separate section of this Annual Report on Form 10-K commencing on page F-31.

(3) Exhibits

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

EXHIBIT INDEX

Exhibit No.	Description
3.1	Declaration of Trust of Federal Realty Investment Trust dated May 5, 1999 as amended by the Articles of Amendment of Declaration of Trust of Federal Realty Investment Trust dated May 6, 2004, as corrected by the Certificate of Correction of Articles of Amendment of Declaration of Trust of Federal Realty Investment Trust dated June 17, 2004, as amended by the Articles of Amendment of Declaration of Trust of Federal Realty Investment Trust dated May 6, 2009 (previously filed as Exhibit 3.1 to the Trust's Registration Statement on Form S-3 (File No. 333-160009) and incorporated herein by reference)
3.2	Amended and Restated Bylaws of Federal Realty Investment Trust dated February 12, 2003, as amended October 29, 2003, May 5, 2004, February 17, 2006, May 6, 2009, November 2, 2016, and February 5, 2019 (previously filed as Exhibit 3.2 to the Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 (File No. 1-07533) and incorporated herein by reference)
4.1	Specimen Common Share certificate (previously filed as Exhibit 4(i) to the Trust's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 1-07533) and incorporated herein by reference)
4.2	Articles Supplementary relating to the 5.417% Series 1 Cumulative Convertible Preferred Shares of Beneficial Interest (previously filed as Exhibit 4.1 to the Trust's Current Report on Form 8-K filed on March 13, 2007, (File No. 1-07533) and incorporated herein by reference)
4.3	** Indenture dated December 1, 1993 related to the Trust's 7.48% Debentures due August 15, 2026; and 6.82% Medium Term Notes due August 1, 2027; (previously filed as Exhibit 4(a) to the Trust's Registration Statement on Form S-3 (File No. 33-51029), and amended on Form S-3 (File No. 33-63687), filed on December 13, 1993 and incorporated herein by reference)
4.4	** Indenture dated September 1, 1998 related to the Trust's 3.00% Notes due 2022; 2.75% Notes due 2023; 3.95% Notes due 2024; 4.50% Notes due 2044; 2.55% Notes due 2021; 3.625% Notes due 2046; 3.25% Notes due 2027; 3.20% Notes due 2029 (previously filed as Exhibit 4(a) to the Trust's Registration Statement on Form S-3 (File No. 333-63619) filed on September 17, 1998 and incorporated herein by reference)
4.5	Articles Supplementary relating to the 5.000% Series C Cumulative Redeemable Preferred Shares of Beneficial Interest (previously filed as Exhibit 3.2 to the Trust's Registration Statement on Form 8-A (File No. 1-07533), filed on September 29, 2017 and incorporated herein by reference)
4.6	Deposit Agreement, dated as of September 29, 2017, by and among Federal Realty Investment Trust, American Stock Transfer and Trust Company, LLC, as Depositary, and all holders from time to time of Receipt (previously filed as Exhibit 4.1 to the Trust's Registration Statement on Form 8-A (File No. 1-07533), filed on September 29, 2017 and incorporated herein by reference)
4.7	Specimen certificate relating to the 5.000% Series C Cumulative Redeemable Preferred Shares of Beneficial Interest (previously filed as Exhibit 4.3 to the Trust's Registration Statement on Form 8-A (File No. 1-07533), filed on September 29, 2017 and incorporated herein by reference)
4.8	Description of Securities (filed herewith)
10.1	* Severance Agreement between the Trust and Donald C. Wood dated February 22, 1999 (previously filed as a portion of Exhibit 10 to the Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999 (File No. 1-07533) (the "1999 1Q Form 10-Q") and incorporated herein by reference)
10.2	* Executive Agreement between Federal Realty Investment Trust and Donald C. Wood dated February 22, 1999 (previously filed as a portion of Exhibit 10 to the 1999 1Q Form 10-Q and incorporated herein by reference)
10.3	* Amendment to Executive Agreement between Federal Realty Investment Trust and Donald C. Wood dated February 16, 2005 (previously filed as Exhibit 10.12 to the Trust's Annual Report on Form 10-K for the year ended December 31, 2004 (File No. 1-07533) (the "2004 Form 10-K") and incorporated herein by reference)
10.4	2001 Long-Term Incentive Plan (previously filed as Exhibit 99.1 to the Trust's S-8 Registration Number 333-60364 filed on May 7, 2001 and incorporated herein by reference)
10.5	* Health Coverage Continuation Agreement between Federal Realty Investment Trust and Donald C. Wood dated February 16, 2005 (previously filed as Exhibit 10.26 to the 2004 Form 10-K and incorporated herein by reference)
10.6	* Severance Agreement between the Trust and Dawn M. Becker dated April 19, 2000 (previously filed as Exhibit 10.26 to the Trust's 2005 2Q Form 10-Q and incorporated herein by reference)
10.7	* Amendment to Severance Agreement between the Trust and Dawn M. Becker dated February 16, 2005 (previously filed as Exhibit 10.27 to the 2004 Form 10-K and incorporated herein by reference)

Exhibit No.	Description
10.8	Form of Restricted Share Award Agreement for awards made under the Trust's 2003 Long-Term Incentive Award Program for shares issued out of 2001 Long-Term Incentive Plan (previously filed as Exhibit 10.28 to the 2004 Form 10-K and incorporated herein by reference)
10.9	Form of Restricted Share Award Agreement for long term vesting and retention awards for shares issued out of the 2010 Plan (previously filed as Exhibit 10.35 to the Trust's Annual Report on Form 10-K for the year ended December 31, 2010 (File No. 1-07533) (the "2010 Form 10-K") and incorporated herein by reference)
10.10	Form of Option Award Agreement for awards made under the Trust's 2003 Long-Term Incentive Award Program for shares issued out of the 2001 Long-Term Incentive Plan (previously filed as Exhibit 10.32 to the 2005 Form 10-K and incorporated herein by reference)
10.11	Amended and Restated 2001 Long-Term Incentive Plan (previously filed as Exhibit 10.34 to the Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 1-07533) and incorporated herein by reference)
10.12	* Amendment to Severance Agreement between the Trust and Donald C. Wood dated January 1, 2009 (previously filed as Exhibit 10.26 to the Trust's Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 1-07533) ("the 2008 Form 10-K") and incorporated herein by reference)
10.13	* Second Amendment to Executive Agreement between the Trust and Donald C. Wood dated January 1, 2009 (previously filed as Exhibit 10.27 to the Trust's 2008 Form 10-K and incorporated herein by reference)
10.14	* Amendment to Health Coverage Continuation Agreement between the Trust and Donald C. Wood dated January 1, 2009 (previously filed as Exhibit 10.28 to the Trust's 2008 Form 10-K and incorporated herein by reference)
10.15	* Second Amendment to Severance Agreement between the Trust and Dawn M. Becker dated January 1, 2009 (previously filed as Exhibit 10.30 to the Trust's 2008 Form 10-K and incorporated herein by reference)
10.16	2010 Performance Incentive Plan (previously filed as Appendix A to the Trust's Definitive Proxy Statement for the 2010 Annual Meeting of Shareholders (File No. 01-07533) and incorporated herein by reference)
10.17	Amendment to 2010 Performance Incentive Plan ("the 2010 Plan") (previously filed as Appendix A to the Trust's Proxy Statement for the 2010 Annual Meeting of Shareholders (File No. 01-07533) and incorporated herein by reference)
10.18	* Restricted Share Award Agreement between the Trust and Donald C. Wood dated October 12, 2010 (previously filed as Exhibit 10.36 to the Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 (File No. 01-07533) and incorporated herein by reference)
10.19	Form of Restricted Share Award Agreement for awards made under the Trust's Long-Term Incentive Award Program and the Trust's Annual Incentive Bonus Program and basic awards with annual vesting for shares issued out of the 2010 Plan (previously filed as Exhibit 10.34 to the Trust's 2010 Form 10-K (File No. 1-07533) and incorporated herein by reference)
10.20	Form of Option Award Agreement for awards made under the Trust's Long-Term Incentive Award Program for shares issued out of the 2010 Plan (previously filed as Exhibit 10.38 to the Trust's 2010 Form 10-K (File No. 1-07533) and incorporated herein by reference)
10.21	Form of Option Award Agreement for front loaded awards made under the Trust's Long-Term Incentive Award Program for shares issued out of the 2010 Plan (previously filed as Exhibit 10.39 to the Trust's 2010 Form 10-K (File No. 1-07533) and incorporated herein by reference)
10.22	Form of Option Award Agreement for basic options awarded out of the 2010 Plan (previously filed as Exhibit 10.40 to the Trust's 2010 Form 10-K (File No. 1-07533) and incorporated herein by reference)
10.23	Form of Restricted Share Award Agreement, dated as of February 10, 2011, between the Trust and Dawn M. Becker (previously filed as Exhibit 10.41 to the Trust's 2010 Form 10-K (File No. 1-07533) and incorporated herein by reference)
10.24	Credit Agreement dated as of July 7, 2011, by and among the Trust, as Borrower, the financial institutions party thereto and their permitted assignees under Section 12.6., as Lenders, Wells Fargo Bank, National Association, as Administrative Agent, PNC Bank, National Association, as Syndication Agent, Wells Fargo Securities, LLC, as a Lead Arranger and Book Manager, and PNC Capital Markets LLC, as a Lead Arranger and Book Manager (previously filed as Exhibit 10.1 to the Trust's Current Report on Form 8-K (File No. 1-07533), filed on July 11, 2011 and incorporated herein by reference)

Exhibit No.	Description
10.25	Term Loan Agreement dated as of November 22, 2011, by and among the Trust, as Borrower, the financial institutions party thereto and their permitted assignees under Section 12.6., as Lenders, PNC Bank, National Association, as Administrative Agent, Capital One, N.A., Syndication Agent, PNC Capital Markets, LLC, as a Lead Arranger and Book Manager, and Capital One, N.A., as a Lead Arranger and Book Manager (previously filed as Exhibit 10.1 to the Trust's Current Report on Form 8-K (File No. 1-07533), filed on November 28, 2011 and incorporated herein by reference)
10.26	Revised Form of Restricted Share Award Agreement for front loaded awards made under the Trust’s Long-Term Incentive Award Program for shares issued out of the 2010 Plan (previously filed as Exhibit 10.35 to the Trust's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 1-07533) (the "2012 Form 10-K") and incorporated herein by reference)
10.27	Revised Form of Restricted Share Award Agreement for long-term vesting and retention awards made under the Trust’s Long-Term Incentive Award Program for shares issued out of the 2010 Plan (previously filed as Exhibit 10.36 to the Trust's 2012 Form 10-K (File No. 1-07533) and incorporated herein by reference)
10.28	Revised Form of Performance Share Award Agreement for shares awarded out of the 2010 Plan (previously filed as Exhibit 10.37 to the Trust's 2012 Form 10-K (File No. 1-07533) and incorporated herein by reference)
10.29	Revised Form of Restricted Share Award Agreement for awards made under the Trust’s Long-Term Incentive Award Program and the Trust’s Annual Incentive Bonus Program and basic awards with annual vesting for shares issued out of the 2010 Plan (previously filed as Exhibit 10.38 to the Trust's 2012 Form 10-K (File No. 1-07533) and incorporated herein by reference)
10.30	First Amendment to the Credit Agreement, dated as of April 22, 2013, by and among Federal Realty Investment Trust, each of the Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent (previously filed as Exhibit 10.1 to the Trust's Current Report on Form 8-K (File No. 1-07533), filed on April 26, 2013 and incorporated herein by reference)
10.31	First Amendment to the Term Loan Agreement, dated as of April 22, 2013, by and among Federal Realty Investment Trust, each of the Lenders party thereto, and PNC Bank, National Association, as Administrative Agent (previously filed as Exhibit 10.40 to the Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 (File No. 1-07533) and incorporated herein by reference
10.32	Second Amendment to Term Loan Agreement, dated as of August 28, 2014, by and among Federal Realty Investment Trust, each of the Lenders party thereto, and PNC Bank, National Association, as Administrative Agent (previously filed as Exhibit 10.1 to the Trust's Current Report on Form 8-K (File No. 1-07533), filed on September 2, 2014 and incorporated herein by reference)
10.33	Second Amendment to Credit Agreement, dated as of April 20, 2016, by and among Federal Realty Investment Trust, each of the Lenders party thereto, and PNC Bank, National Association, as Administrative Agent (previously filed as Exhibit 10.1 to the Trust's Current Report on Form 8K (File No. 1-07533), filed on April 26, 2016 and incorporated herein by reference)
10.34	Third Amendment to Term Loan Agreement, dated as of April 20, 2016, by and among Federal Realty Investment Trust, each of the Lenders party thereto, and PNC Bank, National Association, as Administrative Agent (previously filed as Exhibit 10.1 to the Trust's Current Report on Form 8-K (File No. 1-07533), filed on April 26, 2016 and incorporated herein by reference)
10.35	Severance Agreement between the Trust and Daniel Guglielmone dated August 15, 2016 (previously filed as Exhibit 10.36 to the Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 (File No. 1-07533 and incorporated herein by reference)
10.36	Amended and Restated Credit Agreement, dated as of July 25, 2019, by and among Federal Realty Investment Trust, each of the Lenders party thereto, and PNC Bank, National Association, as Administrative Agent (previously filed as Exhibit 10.1 to the Trust's Current Report on Form 8-K (File No. 1-07533), filed on July 29, 2019 and incorporated herin by reference)
21.1	Subsidiaries of Federal Realty Investment Trust (filed herewith)
23.1	Consent of Grant Thornton LLP (filed herewith)
31.1	Rule 13a-14(a) Certification of Chief Executive Officer (filed herewith)
31.2	Rule 13a-14(a) Certification of Chief Financial Officer (filed herewith)
32.1	Section 1350 Certification of Chief Executive Officer (filed herewith)
32.2	Section 1350 Certification of Chief Financial Officer (filed herewith)

101	The following materials from Federal Realty Investment Trust's Annual Report on Form 10-K for the year ended December 31, 2019, formatted in XBRL (Extensible Business Reporting Language): (1) the Consolidated Balance Sheets, (2) the Consolidated Statements of Comprehensive Income, (3) the Consolidated Statement of Shareholders' Equity, (4) the Consolidated Statements of Cash Flows, and (5) Notes to Consolidated Financial Statements that have been detail tagged.
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

* Management contract or compensatory plan required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.
** Pursuant to Regulation S-K Item 601(b)(4)(iii), the Trust by this filing agrees, upon request, to furnish to the Securities and Exchange Commission a copy of other instruments defining the rights of holders of long-term debt of the Trust.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized this February 10, 2020.

Federal Realty Investment Trust

By: /S/ DONALD C. WOOD

Donald C. Wood
President, Chief Executive Officer and Trustee

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

Signature	Title	Date
/S/ DONALD C. WOOD **Donald C. Wood**	President, Chief Executive Officer and Trustee (Principal Executive Officer)	February 10, 2020
/S/ DANIEL GUGLIELMONE **Daniel Guglielmone**	Executive Vice President-Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	February 10, 2020
/S/ JOSEPH S. VASSALLUZZO **Joseph S. Vassalluzzo**	Non-Executive Chairman	February 10, 2020
/S/ JON E. BORTZ **Jon E. Bortz**	Trustee	February 10, 2020
/S/ DAVID W. FAEDER **David W. Faeder**	Trustee	February 10, 2020
/S/ ELIZABETH I. HOLLAND **Elizabeth I. Holland**	Trustee	February 10, 2020
/S/ MARK S. ORDAN **Mark S. Ordan**	Trustee	February 10, 2020
/S/ GAIL P. STEINEL **Gail P. Steinel**	Trustee	February 10, 2020

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

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

Report of Independent Registered Public Accounting Firm

Trustees and Shareholders
Federal Realty Investment Trust

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Federal Realty Investment Trust (a Maryland real estate investment trust) and Subsidiaries (collectively, the "Trust") as of December 31, 2019, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Trust maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in the 2013 *Internal Control-Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements of the Trust as of and for the year ended December 31, 2019, and our report dated February 10, 2020 expressed an unqualified opinion on those financial statements.

Basis for opinion

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

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

Definition and limitations of internal control over financial reporting

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

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

/s/ GRANT THORNTON LLP

Charlotte, North Carolina
February 10, 2020

Report of Independent Registered Public Accounting Firm

Trustees and Shareholders
Federal Realty Investment Trust

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Federal Realty Investment Trust (a Maryland real estate investment trust) and Subsidiaries (collectively, the "Trust") as of December 31, 2019 and 2018, the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedules included under Item 15(a) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Trust's internal control over financial reporting as of December 31, 2019, based on criteria established in the 2013 *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 10, 2020 expressed an unqualified opinion.

Change in accounting principle

As dicussed in Note 2 to the consolidated financial statements, the Trust has changed its method of accounting for leases in 2019 due to the adoption of Accounting Standards Codification (ASC) Topic 842, Leases.

Basis for opinion

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

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

Critical audit matters

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

Adoption of ASC 842 (Lessee) - Refer to Note 2 to the Financial Statements

The Trust adopted ASC Topic 842, Leases (ASC 842) as of January 1, 2019, which, from a lessee perspective, resulted in the recognition of a right-of-use asset ("ROU asset") and a lease liability for operating leases (other than leases that meet the definition of a short-term lease). The liability is equal to the present value of future lease payments and the asset is based on the liability, subject to certain adjustments, including initial direct costs.

We identified the adoption of ASC 842, from a lessee perspective, as a critical audit matter because it is a substantial change in accounting for leases and as such requires significant auditor judgment in obtaining sufficient appropriate audit evidence related to management's determination of the lease liability and ROU asset and their selection of a discount rate to be applied to future lease payments.

Our audit procedures related to the adoption of ASC 842 included the following:

- We assessed the design and tested the operating effectiveness of internal controls relating to the initial adoption of ASC 842.
- We verified the completeness of the population of leases that management evaluated as part of the initial adoption and ongoing accounting for leases in future periods.
- We inspected a sample of lease contracts, compared the relevant inputs in management's calculation to underlying lease documents, and recalculated the related ROU asset and lease liability.
- We utilized a specialist to evaluate the discount rate used in the initial measurement of the lease liability upon adoption, including the appropriateness of the methodology employed to determine the discount rate and the final conclusion reached.
- We tested the completeness and accuracy of the cumulative catch up adjustment recognized upon adoption.
- We evaluated the new accounting policy for leases where the Trust is the lessee.

Adoption of ASC 842 (Lessor) - Refer to Note 2 to the Financial Statements

The Trust adopted ASC 842 as of January 1, 2019, which, from a lessor perspective, resulted in a change to the Trust's revenue recognition policy for revenue earned under operating leases with their tenants.

We identified the adoption of ASC 842, from a lessor perspective, as a critical audit matter because significant auditor judgment was required in evaluating whether management had appropriately interpreted and implemented this new accounting standard for leases that were in place on the adoption date and for new leases entered into subsequent to the adoption date.

Our audit procedures related to the adoption of ASC 842 included the following:

- We assessed the design and tested the operating effectiveness of internal controls relating to the initial adoption of ASC 842.
- We evaluated the transition method implemented for leases that were in place at the adoption date and the new accounting policy for revenue earned under operating leases with their tenants. We utilized specialists in these evaluations.
- We tested the completeness and accuracy of the cumulative catch up adjustment recognized upon adoption.

/s/ GRANT THORNTON LLP

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

Charlotte, North Carolina
February 10, 2020

Federal Realty Investment Trust
Consolidated Balance Sheets

	December 31, 2019	December 31, 2018
	(In thousands, except share and per share data)	
ASSETS		
Real estate, at cost		
Operating (including $1,676,866 and $1,701,804 of consolidated variable interest entities, respectively)	$ 7,535,983	$ 7,307,622
Construction-in-progress (including $102,583 and $51,313 of consolidated variable interest entities, respectively)	760,420	495,274
Assets held for sale	1,729	16,576
	8,298,132	7,819,472
Less accumulated depreciation and amortization (including $296,165 and $292,374 of consolidated variable interest entities, respectively)	(2,215,413)	(2,059,143)
Net real estate	6,082,719	5,760,329
Cash and cash equivalents	127,432	64,087
Accounts and notes receivable	152,572	142,237
Mortgage notes receivable, net	30,429	30,429
Investment in partnerships	28,604	26,859
Operating lease right of use assets	93,774	—
Finance lease right of use assets	52,402	—
Prepaid expenses and other assets	227,060	265,703
TOTAL ASSETS	$ 6,794,992	$ 6,289,644
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Liabilities		
Mortgages payable, net (including $469,184 and $444,388 of consolidated variable interest entities, respectively)	$ 545,679	$ 474,379
Capital lease obligations	—	71,519
Notes payable, net	3,781	279,027
Senior notes and debentures, net	2,807,134	2,404,279
Accounts payable and accrued expenses	255,503	177,922
Dividends payable	81,676	78,207
Security deposits payable	21,701	17,875
Operating lease liabilities	73,628	—
Finance lease liabilities	72,062	—
Other liabilities and deferred credits	157,938	182,898
Total liabilities	4,019,102	3,686,106
Commitments and contingencies (Note 7)		
Redeemable noncontrolling interests	139,758	136,208
Shareholders’ equity		
Preferred shares, authorized 15,000,000 shares, $.01 par:		
5.0% Series C Cumulative Redeemable Preferred Shares, (stated at liquidation preference $25,000 per share), 6,000 shares issued and outstanding	150,000	150,000
5.417% Series 1 Cumulative Convertible Preferred Shares, (stated at liquidation preference $25 per share), 399,896 shares issued and outstanding	9,997	9,997
Common shares of beneficial interest, $.01 par, 100,000,000 shares authorized, 75,540,804 and 74,249,633 shares issued and outstanding, respectively	759	745
Additional paid-in capital	3,166,522	3,004,442
Accumulated dividends in excess of net income	(791,124)	(818,877)
Accumulated other comprehensive loss	(813)	(416)
Total shareholders’ equity of the Trust	2,535,341	2,345,891
Noncontrolling interests	100,791	121,439
Total shareholders’ equity	2,636,132	2,467,330
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY	$ 6,794,992	$ 6,289,644

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

Federal Realty Investment Trust

Consolidated Statements of Comprehensive Income

	Year Ended December 31,		
	2019	2018	2017
	(In thousands, except per share data)		
REVENUE			
Rental income	$ 932,738	$ 912,287	$ 854,286
Mortgage interest income	3,050	3,149	3,062
Total revenue	935,788	915,436	857,348
EXPENSES			
Rental expenses	187,831	173,094	164,890
Real estate taxes	110,927	114,776	107,839
General and administrative	42,754	33,600	36,281
Depreciation and amortization	239,758	244,245	216,050
Total operating expenses	581,270	565,715	525,060
Gain on sale of real estate, net	116,393	11,915	77,922
OPERATING INCOME	470,911	361,636	410,210
OTHER INCOME/(EXPENSE)			
Other interest income	1,266	942	475
Interest expense	(109,623)	(110,154)	(100,125)
Early extinguishment of debt	—	—	(12,273)
Loss from partnerships	(2,012)	(3,398)	(417)
NET INCOME	360,542	249,026	297,870
Net income attributable to noncontrolling interests	(6,676)	(7,119)	(7,956)
NET INCOME ATTRIBUTABLE TO THE TRUST	353,866	241,907	289,914
Dividends on preferred shares	(8,042)	(8,042)	(2,458)
NET INCOME AVAILABLE FOR COMMON SHAREHOLDERS	$ 345,824	$ 233,865	$ 287,456
EARNINGS PER COMMON SHARE, BASIC			
Net income available for common shareholders	$ 4.61	$ 3.18	$ 3.97
Weighted average number of common shares	74,766	73,274	72,117
EARNINGS PER COMMON SHARE, DILUTED			
Net income available for common shareholders	$ 4.61	$ 3.18	$ 3.97
Weighted average number of common shares	74,766	73,302	72,233
NET INCOME	$ 360,542	$ 249,026	$ 297,870
Other comprehensive (loss) income - change in value of interest rate swaps	(397)	(438)	2,599
COMPREHENSIVE INCOME	360,145	248,588	300,469
Comprehensive income attributable to noncontrolling interests	(6,676)	(7,119)	(7,956)
COMPREHENSIVE INCOME ATTRIBUTABLE TO THE TRUST	$ 353,469	$ 241,469	$ 292,513

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

Federal Realty Investment Trust
Consolidated Statement of Shareholders’ Equity

	Shareholders’ Equity of the Trust								
	Preferred Shares		Common Shares		Additional Paid-in Capital	Accumulated Dividends in Excess of Net Income	Accumulated Other Comprehensive Income/(Loss)	Noncontrolling Interests	Total Shareholders' Equity
	Shares	Amount	Shares	Amount					
	(In thousands, except share data)								
BALANCE AT DECEMBER 31, 2016	399,896	9,997	71,995,897	722	2,718,325	(749,734)	(2,577)	99,102	2,075,835
January 1, 2017 adoption of new accounting standard	—	—	—	—	83	(83)	—	—	—
Net income, excluding $3,874 attributable to redeemable noncontrolling interests	—	—	—	—	—	289,914	—	4,082	293,996
Other comprehensive income - change in value of interest rate swaps	—	—	—	—	—	—	2,599	—	2,599
Dividends declared to common shareholders	—	—	—	—	—	(287,006)	—	—	(287,006)
Dividends declared to preferred shareholders	—	—	—	—	—	(2,458)	—	—	(2,458)
Distributions declared to noncontrolling interests	—	—	—	—	—	—	—	(5,560)	(5,560)
Common shares issued, net	—	—	826,592	8	108,240	—	—	—	108,248
Preferred shares issued, net	6,000	150,000			(5,035)				144,965
Exercise of stock options	—	—	152,634	2	9,977	—	—	—	9,979
Shares issued under dividend reinvestment plan	—	—	17,911	—	2,373	—	—	—	2,373
Share-based compensation expense, net of forfeitures	—	—	107,522	1	12,370	—	—	—	12,371
Shares withheld for employee taxes	—	—	(29,709)	—	(4,229)	—	—	—	(4,229)
Conversion and redemption of OP units	—	—	20,030	—	2,569	—	—	(2,569)	—
Contributions from noncontrolling interests	—	—	—	—	—	—	—	35,331	35,331
Purchase of noncontrolling interests					42			(5,578)	(5,536)
Adjustment to redeemable noncontrolling interests	—	—	—	—	10,606	—	—	—	10,606
BALANCE AT DECEMBER 31, 2017	405,896	$ 159,997	73,090,877	$ 733	$ 2,855,321	$ (749,367)	$ 22	$ 124,808	$ 2,391,514
January 1, 2018 adoption of new accounting standard - See Note 2	—	—	—	—	—	(6,028)	—	—	(6,028)
Net income, excluding $3,865 attributable to redeemable noncontrolling interests	—	—	—	—	—	241,907	—	3,254	245,161
Other comprehensive loss - change in value of interest rate swaps	—	—	—	—	—	—	(438)	—	(438)
Dividends declared to common shareholders	—	—	—	—	—	(297,347)	—	—	(297,347)
Dividends declared to preferred shareholders	—	—	—	—	—	(8,042)	—	—	(8,042)
Distributions declared to noncontrolling interests	—	—	—	—	—	—	—	(5,175)	(5,175)
Common shares issued, net	—	—	987,461	10	126,061	—	—	—	126,071
Exercise of stock options	—	—	105,803	1	4,571	—	—	—	4,572
Shares issued under dividend reinvestment plan	—	—	17,952	—	2,159	—	—	—	2,159
Share-based compensation expense, net of forfeitures	—	—	55,223	1	12,735	—	—	—	12,736
Shares withheld for employee taxes	—	—	(8,432)	—	(958)	—	—	—	(958)
Conversion and redemption of OP units	—	—	749	—	(544)	—	—	(5,468)	(6,012)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	4,020	4,020
Adjustment to redeemable noncontrolling interests	—	—	—	—	5,097	—	$ —	—	5,097
BALANCE AT DECEMBER 31, 2018	405,896	$ 159,997	74,249,633	$ 745	$ 3,004,442	$ (818,877)	$ (416)	$ 121,439	$ 2,467,330
January 1, 2019 adoption of new accounting standard - See Note 2	—	—	—	—	—	(7,098)	—	—	(7,098)
Net income, excluding $3,430 attributable to redeemable noncontrolling interests	—	—	—	—	—	353,866	—	3,246	357,112
Other comprehensive loss - change in value of interest rate swaps	—	—	—	—	—	—	(397)	—	(397)
Dividends declared to common shareholders	—	—	—	—	—	(310,973)	—	—	(310,973)
Dividends declared to preferred shareholders	—	—	—	—	—	(8,042)	—	—	(8,042)
Distributions declared to noncontrolling interests	—	—	—	—	—	—	—	(9,961)	(9,961)
Common shares issued, net	—	—	1,069,740	11	142,705	—	—	—	142,716
Shares issued under dividend reinvestment plan	—	—	15,909	—	2,095	—	—	—	2,095
Share-based compensation expense, net of forfeitures	—	—	111,555	1	13,329	—	—	—	13,330
Shares withheld for employee taxes	—	—	(34,320)	—	(4,626)	—	—	—	(4,626)
Conversion and redemption of OP units	—	—	128,287	2	14,102	—	—	(14,176)	(72)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	243	243
Adjustment to redeemable noncontrolling interests	—	—	—	—	(5,525)	—	—	—	(5,525)
BALANCE AT DECEMBER 31, 2019	405,896	159,997	75,540,804	759	3,166,522	(791,124)	(813)	100,791	2,636,132

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

Federal Realty Investment Trust

Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2019	2018	2017
		(In thousands)	
OPERATING ACTIVITIES			
Net income	$ 360,542	$ 249,026	$ 297,870
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	239,758	244,245	216,050
Gain on sale of real estate, net	(116,393)	(11,915)	(77,922)
Early extinguishment of debt	—	—	12,273
Loss from partnerships	2,012	3,398	417
Other, net	169	4,147	(2,674)
Changes in assets and liabilities, net of effects of acquisitions and dispositions:			
Proceeds from new market tax credit transaction, net of deferred costs	—	12,353	—
(Increase) decrease in accounts receivable, net	(16,128)	917	2,059
Increase in prepaid expenses and other assets	(10,253)	(2,070)	(3,695)
Increase in accounts payable and accrued expenses	2,327	2,650	14,242
(Decrease) increase in security deposits and other liabilities	(115)	13,937	208
Net cash provided by operating activities	461,919	516,688	458,828
INVESTING ACTIVITIES			
Acquisition of real estate	(204,516)	(13,503)	(437,772)
Capital expenditures - development and redevelopment	(327,074)	(302,120)	(441,984)
Capital expenditures - other	(82,836)	(66,138)	(76,952)
Proceeds from sale of real estate	321,997	177,775	136,055
Proceeds from partnership formation	—	37,998	—
Investment in partnerships	(1,052)	(1,037)	(696)
Distribution from partnerships in excess of earnings	2,765	275	1,729
Leasing costs	(25,459)	(25,430)	(16,656)
Issuance of mortgage and other notes receivable, net	(357)	(67)	(1,646)
Net cash used in investing activities	(316,532)	(192,247)	(837,922)
FINANCING ACTIVITIES			
Net (repayments) borrowings under revolving credit facility, including costs	(4,012)	(41,000)	41,000
Issuance of senior notes, net of costs	399,913	—	572,134
Redemption and retirement of senior notes	—	—	(161,930)
Repayment of mortgages, finance leases, and notes payable	(301,029)	(16,620)	(56,328)
Issuance of common shares, net of costs	143,027	130,918	118,583
Issuance of preferred shares, net of costs	—	—	144,991
Dividends paid to common and preferred shareholders	(313,649)	(301,194)	(282,995)
Shares withheld for employee taxes	(4,626)	(958)	(4,229)
Contributions from noncontrolling interests	404	2,838	13,449
Distributions to and redemptions of noncontrolling interests	(20,133)	(15,293)	(15,230)
Net cash (used in) provided by financing activities	(100,105)	(241,309)	369,445
Increase (decrease) in cash, cash equivalents, and restricted cash	45,282	83,132	(9,649)
Cash, cash equivalents, and restricted cash at beginning of year	108,332	25,200	34,849
Cash, cash equivalents, and restricted cash at end of year	$ 153,614	$ 108,332	$ 25,200

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

Federal Realty Investment Trust

Notes to Consolidated Financial Statements
December 31, 2019, 2018 and 2017

NOTE 1—BUSINESS AND ORGANIZATION

Federal Realty Investment Trust (the "Trust") is an equity real estate investment trust ("REIT") specializing in the ownership, management, and redevelopment of retail and mixed-use properties. Our properties are located primarily in densely populated and affluent communities in strategically selected metropolitan markets in the Mid-Atlantic and Northeast regions of the United States, California, and South Florida. As of December 31, 2019, we owned or had a majority interest in community and neighborhood shopping centers and mixed-use properties which are operated as 104 predominantly retail real estate projects.

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

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

Our consolidated financial statements include the accounts of the Trust, its corporate subsidiaries, and all entities in which the Trust has a controlling interest or has been determined to be the primary beneficiary of a variable interest entity ("VIE"). The equity interests of other investors are reflected as noncontrolling interests or redeemable noncontrolling interests. All significant intercompany transactions and balances are eliminated in consolidation. We account for our interests in joint ventures, which we do not control, using the equity method of accounting. Certain 2018 and 2017 amounts have been reclassified to conform to current period presentation.

Use of Estimates

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

Revenue Recognition and Accounts Receivable

Policy beginning January 1, 2019, with our adoption of Accounting Standards Codification (ASC) 842, "Leases"

Our leases with our tenants are classified as operating leases. When collection of substantially all lease payments during the lease term is considered probable, the lease qualifies for accrual accounting. Lease payments are recognized on a straight-line basis from when the tenant controls the space through the term of the related lease. Variable lease payments relating to percentage rent are recognized at the end of the lease year or earlier if we have determined the required sales level is achieved. Real estate tax and other cost reimbursements are recognized on an accrual basis over the periods in which the related expenditures are incurred. For a tenant to terminate its lease agreement prior to the end of the agreed term, we may require that they pay a fee to cancel the lease agreement. Lease termination fees for which the tenant has relinquished control of the space are generally recognized on the termination date. When a lease is terminated early but the tenant continues to control the space under a modified lease agreement, the lease termination fee is generally recognized evenly over the remaining term of the modified lease agreement.

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

Policy prior to January 1, 2019

Prior to January 1, 2019, management estimates of collectability were considered when reserving for billed and accrued lease receivables and straight-line rent receivables. Full and partial reserves were recorded when determined to be appropriate with a corresponding charge to bad debt expense. The primary impact of the adoption of ASC 842, “Leases,” on our recognition of lease revenue relates to the upfront and ongoing assessment of the collectability of substantially all lease payments required by the new standard.

Other revenue recognition policies

In 2018, we completed construction on 221 condominium units at our Assembly Row and Pike & Rose properties. Beginning on January 1, 2018, with the adoption of ASU 2014-09, "Revenue from Contracts with Customers," gains or losses on the sale of these condominium units are recognized as the condominium units are legally sold. In 2017, we accounted for contracted condominium sales under the percentage-of completion method, based on an evaluation of the criteria specified in ASC Topic 360-20, “Property, Plant and Equipment – Real Estate Sales,” including: the legal commitment of the purchaser in the real estate contract, whether the construction of the project was beyond a preliminary phase, whether sufficient units had been contracted to ensure the project would not revert to a rental project, the ability to reasonably estimate the aggregate project sale proceeds and aggregate project costs, and the determination that the buyer had made an adequate initial and continuing cash investment under the contract. When the percentage-of-completion criteria had not been met, no profit was recognized. The application of these criteria can be complex and required us to make assumptions.

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

Real Estate

Land, buildings and improvements are recorded at cost. Depreciation is computed using the straight-line method. Estimated useful lives range generally from 35 years to a maximum of 50 years on buildings and major improvements. Minor improvements, furniture and equipment are capitalized and depreciated over useful lives ranging from 2 to 20 years. Maintenance and repairs that do not improve or extend the useful lives of the related assets are charged to operations as incurred. Tenant improvements are capitalized and depreciated over the life of the related lease or their estimated useful life, whichever is shorter. If a tenant vacates its space prior to contractual termination of its lease, the undepreciated balance of any tenant improvements are written off if they are replaced or have no future value. In 2019, 2018 and 2017, real estate depreciation expense was $215.4 million, $216.0 million and $193.3 million, respectively, including amounts from real estate sold.

Effective January 1, 2018, (upon the adoption of ASU 2014-09, "Revenue from Contracts with Customers," as amended and interpreted) sales of real estate are recognized generally upon the transfer of control, which usually occurs when the real estate is legally sold. Prior to January 1, 2018, sales of real estate were recognized only when sufficient down payments had been obtained, possession and other attributes of ownership had been transferred to the buyer and we had no significant continuing involvement. The application of these criteria can be complex and required us to make assumptions. We believe the relevant criteria were met for all real estate sold during the periods presented.

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

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

Prior to the adoption of ASU 2016-02, "Leases," when applicable, as lessee, we classify our leases of land and building as operating or capital leases. We are required to use judgment and make estimates in determining the lease term, the estimated economic life of the property and the interest rate to be used in determining whether or not the lease meets the qualification of a capital lease. Subsequently, capital leases are now considered "finance leases," see "Recent Accounting Pronouncements," for an explanation of the impact to our consolidated balance sheet.

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

We review for impairment on a property by property basis. Impairment is recognized on properties held for use when the expected undiscounted cash flows for a property are less than its carrying amount, at which time, the property is written-down to fair value. Properties held for sale are recorded at the lower of the carrying amount or the expected sales price less costs to sell.

Cash and Cash Equivalents

We define cash and cash equivalents as cash on hand, demand deposits with financial institutions and short term liquid investments with an initial maturity, when purchased, under three months. Cash balances in individual banks may exceed the federally insured limit by the Federal Deposit Insurance Corporation (the “FDIC”). At December 31, 2019, we had $131.5 million in excess of the FDIC insured limit.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist primarily of lease costs, prepaid property taxes and acquired above market leases. Capitalized lease costs are incremental direct costs incurred which were essential to originate a successful leasing arrangement and would not have been incurred had the leasing transaction not taken place. Capitalized lease costs are amortized over the life of the related lease. If a tenant vacates its space prior to the contractual termination of its lease, the unamortized balance of any previously capitalized lease costs are written off.

Debt Issuance Costs

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

Derivative Instruments

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

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

During 2019, we entered into two interest rate swap agreements that effectively fix the interest rate on a mortgage payable associated with our Hoboken acquisition at 3.67%. Both swaps were designated and qualify for cash flow hedge accounting. As of December 31, 2019, our Assembly Row hotel joint venture is a party to two interest rate swap agreements that effectively fix the interest rate on the joint venture's mortgage debt at 5.206%. Both swaps were designated and qualify as cash flow hedges. Hedge ineffectiveness has not impacted earnings in 2019, 2018 and 2017.

Mortgage Notes Receivable

We have made certain mortgage loans that, because of their nature, qualify as loan receivables. At the time the loans were made, we did not intend for the arrangement to be anything other than a financing and did not contemplate a real estate investment. We evaluate each investment to determine whether the loan arrangement qualifies as a loan, joint venture or real estate investment and the appropriate accounting thereon. Such determination affects our balance sheet classification of these investments and the recognition of interest income derived therefrom. We receive additional interest, however, we never receive in excess of 50% of the residual profit in the project, and because the borrower has either a substantial investment in the project or has guaranteed all or a portion of our loan (or a combination thereof), the loans qualify for loan accounting. The amounts under these arrangements are presented as mortgage notes receivable at December 31, 2019 and 2018.

Mortgage notes receivable are recorded at cost, net of any valuation adjustments. Interest income is accrued as earned. Mortgage notes receivable are considered past due based on the contractual terms of the note agreement. On a quarterly basis, we evaluate the collectability of each mortgage note receivable based on various factors which may include payment history, expected fair value of the collateral securing the loan, internal and external credit information and/or economic trends. A loan is considered impaired when, based upon current information and events, it is probable that we will be unable to collect all amounts due under the existing contractual terms. When a loan is considered impaired, the amount of the loss accrual is calculated by comparing the carrying amount of the mortgage note receivable to the present value of expected future cash flows. Since our loans are collateralized by a first mortgage, the loans have risk characteristics similar to the risks in owning commercial real estate.

At December 31, 2019 and 2018, we had two mortgage notes receivable, with aggregate carrying amounts of $30.4 million, and weighted average interest rates of 10.0% and 10.3%, respectively, which were secured by first mortgages on retail buildings.

Share Based Compensation

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

Variable Interest Entities

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

Our equity method investments in the Pike & Rose hotel joint venture, the Assembly Row hotel joint venture, and the La Alameda shopping center are also considered variable interests in a VIE. As we do not control the activities that most significantly impact the economic performance of the joint ventures, we are not the primary beneficiary and do not consolidate. As of December 31, 2019 and 2018, our investment in these joint ventures and maximum exposure to loss was $23.4 million and $26.9 million, respectively.

In addition, we have 18 entities that meet the criteria of a VIE in which we hold a variable interest. For each of these entities, we control the significant operating decisions and consequently have the power to direct the activities that most significantly impact the economic performance of the entities. As we also have the obligation to absorb the majority of the losses and/or the right to receive a majority of the benefits for each of these entities, all are consolidated in our financial statements. Net real estate assets related to VIEs included in our consolidated balance sheets were approximately $1.5 billion for both December 31, 2019 and 2018, and mortgages related to VIEs included in our consolidated balance sheets were approximately $469.2 million and $444.4 million, as of December 31, 2019 and 2018, respectively.

We have also evaluated our mortgage notes receivable investments and determined that the entities obligated under the mortgage notes are not VIEs. Our equity method investments and mortgage notes receivable balances are presented separately in our consolidated balance sheets.

Redeemable Noncontrolling Interests

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

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

	Year Ended December 31,	
	2019	2018
	(In thousands)	
Beginning balance	$ 136,208	$ 141,157
Contributions	9,961	354
Net Income	3,430	3,865
Distributions & Redemptions	(15,366)	(4,071)
Change in redemption value	5,525	(5,097)
Ending balance	$ 139,758	$ 136,208

On August 2, 2019, we acquired the 10.1% redeemable noncontrolling interest in the partnership that owns our Montrose Crossing Shopping Center for $10.0 million, bringing our ownership interest to 100%.

Income Taxes

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

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

With few exceptions, we are no longer subject to U.S. federal, state, and local tax examinations by tax authorities for years before 2016. As of December 31, 2019 and 2018, we had no material unrecognized tax benefits. While we currently have no material unrecognized tax benefits, as a policy, we recognize penalties and interest accrued related to unrecognized tax benefits as income tax expense.

Segment Information

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

Recent Accounting Pronouncements

Standard	Description	Date of Adoption	Effect on the financial statements or significant matters
Recently adopted:			
Leases (Topic 842) and related updates: ASU 2016-02, February 2016, Leases (Topic 842) ASU 2018-10, July 2018, Codification improvements to Topic 842, Leases ASU 2018-11, July 2018, Leases (Topic 842) ASU 2018-20, December 2018, Leases (Topic 842) Narrow Scope Improvements for Lessors ASU 2019-01, March 2019, Leases (Topic 842), Codification Improvements	ASC 842 significantly changes the accounting for leases by requiring lessees to recognize assets and liabilities for leases greater than 12 months on their balance sheet. The larger changes to the lessor model include: a change to the definition of initial direct costs of leases (resulting in the upfront expensing of more leasing related costs), the requirement to make an upfront and ongoing assessment of whether collection of substantially all of the lease payments required for the term of the lease is probable (if not probable, lease revenue is effectively recongnized when cash is collected), certain presentation changes, and the elimination of real estate specific guidance. ASU 2018-10, ASU 2018-20, and ASU 2019-01 provide narrow amendments that clarify how to apply certain aspects of the guidance in ASU 2016-02. ASU 2018-11 provides the option of an additional transition method, by allowing entities to initially apply the new leases standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. It also provides lessors an option to not separate lease and non-lease components when certain criteria are met.	January 2019	We have elected to apply the transition provisions of ASC Topic 842 at the beginning of the period of adoption (i.e., January 1, 2019), and therefore, did not retrospectively adjust prior periods presented. We have also elected to apply certain adoption related practical expedients for all leases that commenced prior to the effective date. These practical expedients include not reassessing whether any expired or existing contracts are or contain leases; not reassessing the lease classification for any expired or existing leases; and not reassessing initial direct costs for any existing leases. We have also elected the practical expedient allowing lessors to combine non-lease and lease components (primarily impacts common area maintenance recoveries). From a lessee perspective, the primary impact of adoption on January 1, 2019 was to record a lease obligation liability and right of use asset for operating leases where we are the lessee. The most significant of these operating leases are ground leases at 14 properties. The operating lease right of use assets and related liabilities are shown separately on the face of our consolidated balance sheet and reflect the present value of the minimum lease payments. A key input in the calculation is the discount rate. As the rate implied in the lease agreements is not readily determinable, we utilized our incremental borrowing rate, which takes into account estimates including interest rates that correspond to the remaining term of the lease, our credit spread, and an adjustment to reflect the collateralized payment terms present in the lease. Additionally, amounts previously recorded as capital lease assets and included in real estate have been reclassified in the December 31, 2019 balance sheet as finance lease right of use assets and the related capital lease obligations have been reclassified in the December 31, 2019 balance sheet as finance lease liabilities. Income statement presentation is not impacted for our existing operating and finance leases. From a lessor perspective, adoption of ASC 842 results in a charge to opening accumulated dividends in excess of net income of $7.1 million. This charge is attributable to the write off of certain direct leasing costs recorded as of December 31, 2018 under the previous lease accounting rules for leases which had not commenced and the write off of December 31, 2018 unreserved receivables (including straight-line receivables) for leases where we have determined that the collection of substantially all of the lease payments required for the term of the lease is not probable. Income statement presentation changes incorporated into our December 31, 2019 financial statements include: no longer recording a gross up of revenue and expense for costs (such as real estate taxes) paid directly by lessees on our behalf and recording collectability adjustments against revenue rather than as bad debt within rental expenses. As a result of the change in the definition of initial direct costs of leases, capitalized leasing costs excluding external commissions decreased to $2.2 million for the year ended December 31, 2019 from $7.5 million for the year ended December 31, 2018.

Standard	Description	Date of Adoption	Effect on the financial statements or significant matters
Adopted subsequent to December 31, 2019:			
Financial Instruments - Credit Losses (Topic 326) and related updates: ASU 2016-13, June 2016, *Financial Instruments - Credit Losses (Topic 326)* ASU 2018-19, November 2018, *Codification improvements to Topic 326, Financial Instruments - Credit Losses*	This ASU changes the impairment model for most financial assets and certain other instruments, requiring the use of an "expected credit loss" model and adding more disclosure requirements. ASU 2018-19 clarifies that impairment of of receivables arising from operating leases should accounted for in accordance with Topic 842, Leases.	January 2020	While our mortgage notes receivable and certain other accounts receivables are impacted by this standard, the adoption of this standard will not have a significant impact to our consolidated financial statements.
ASU 2018-15, August 2018, *Intangibles - Goodwill and Other Internal Use Software: Customers Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*	This ASU requires a customer in a cloud computing arrangement (i.e. hosting arrangement) that is a service contract to follow the internal-use software guidance in ASC 350-40 to determine which implementation costs to capitalize as assets. Capitalized implementation costs related to a hosting arrangement that is a service contract will be amortized over the term of the hosting arrangement. Entities will expense costs during the preliminary project and post-implementation stages as they are incurred. The guidance can be applied prospectively to all implementation costs incurred after the date of adoption or retrospectively in accordance with ASC 250-10-45-5 through ASC 250-10-45-10.	January 2020	The adoption of this standard will not have a significant impact to our consolidated financial statements.

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

	Year Ended December 31, 2019 (In thousands)
LEASE COST:	
Finance lease cost:	
Amortization of right-of-use assets	$ 1,284
Interest on lease liabilities	5,824
Operating lease cost	6,063
Variable lease cost	487
Total lease cost	$ 13,658
OTHER INFORMATION:	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows for finance leases	5,759
Operating cash flows for operating leases	5,561
Financing cash flows for finance leases	47

	December 31, 2019
Weighted-average remaining term - finance leases	18.2 years
Weighted-average remaining term - operating leases	53.7 years
Weighted-average discount rate - finance leases	8.0%
Weighted-average discount rate - operating leases	4.5%

Consolidated Statements of Cash Flows—Supplemental Disclosures

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

	Year Ended December 31,		
	2019	2018	2017
	(In thousands)		
SUPPLEMENTAL DISCLOSURES:			
Total interest costs incurred	$ 130,110	$ 129,001	$ 125,684
Interest capitalized	(20,487)	(18,847)	(25,559)
Interest expense	$ 109,623	$ 110,154	$ 100,125
Cash paid for interest, net of amounts capitalized	$ 106,180	$ 107,494	$ 105,201
Cash paid for income taxes	$ 483	$ 675	$ 352
NON-CASH INVESTING AND FINANCING TRANSACTIONS (1):			
Mortgage loans refinanced	$ —	$ —	$ 166,823
Mortgage loans assumed/entered into with acquisition	$ 98,041	$ —	$ 79,401
DownREIT operating partnership units issued with acquisition	$ —	$ —	$ 5,918
DownREIT operating partnership units redeemed for common shares	$ 14,105	$ 101	$ 2,569
Settlement of partner loan receivable via dilution of partner interests	$ 5,379	$ —	$ —
Shares issued under dividend reinvestment plan	$ 1,784	$ 1,884	$ 2,017
Contribution from noncontrolling interest	$ —	$ 1,435	$ —

(1) See Note 5 for additional disclosures relating to the mortgages entered into and assumed as a result of the Hoboken acquisition in 2019. In addition, see Note 3 for additional disclosures relating to our investment in the Assembly Row hotel joint venture in 2018.

Capitalized lease costs are incremental direct costs incurred which were essential to originate a lease and would not have been incurred had the leasing transaction not taken place. These costs include third party commissions related to obtaining a lease. Capitalized lease costs are amortized over the initial term of the related lease which generally ranges from three to ten years. We view these lease costs as part of the up-front initial investment we made in order to generate a long-term cash inflow and therefore, we classify cash outflows related to leasing costs as an investing activity in our consolidated statements of cash flows. See the "Recent Accounting Pronouncements" section in this note for further discussion regarding the change in accounting for lease costs as well as the operating lease right of use assets and lease liabilities recorded in connection with our adoption of ASC Topic 842.

	December 31, 2019	December 31, 2018
	(In thousands)	
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:		
Cash and cash equivalents	$ 127,432	$ 64,087
Restricted cash (1)	26,182	44,245
Total cash, cash equivalents, and restricted cash	$ 153,614	$ 108,332

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

NOTE 3—REAL ESTATE

2019 Property Acquisitions

Date Acquired	Property	City/State	Gross Leasable Area (GLA)	Purchase Price	
			(in square feet)	(in millions)	
February 8, 2019	Fairfax Junction	Fairfax, Virginia	75,000	$ 22.5	(1)
September 13, 2019	San Antonio Center	Mountain View, California	6,000	$ 6.5	
November 15, 2019	Georgetowne Shopping Center	Brooklyn, New York	147,000	$ 83.7	(2)
Various 2019	Hoboken (37 mixed-use buildings)	Hoboken, New Jersey	158,000	$ 189.2	(3)

(1) Approximately $0.6 million and $0.4 million of net assets acquired were allocated to other assets for "above market leases," and other liabilities for "below market leases," respectively.
(2) Approximately $2.0 million and $0.4 million of net assets acquired were allocated to other assets for "above market leases," and other liabilities for "below market leases," respectively.
(3) These acquisitions were completed through a newly formed joint venture, for which we own a 90% interest. The purchase price includes new and assumptions of mortgage debt totaling approximately $98.0 million. This property includes 123 residential units in addition to the GLA in the table above. Approximately $3.6 million and $8.1 million of net assets acquired were allocated to other assets for "above market leases," and other liabilities for "below market leases," respectively.

2019 Property Dispositions

On December 11, 2019, we received $154.7 million in net proceeds related to the sale under the threat of condemnation of 11.7 acres of San Antonio Center to a local school district ("the condemning authority"). As part of the transaction, the condemning authority will commence condemnation proceedings in order to terminate all existing leases they assumed at closing. We have indemnified the condemning authority for all costs incurred related to the condemnation proceedings including any payments required to tenants at the property and expect the process will take several years to complete. The consideration in the transaction is considered variable because we have agreed to indemnify the condemning authority for these costs. Consequently, we have recorded a liability of $45.5 million to reflect our estimate of the final consideration, net of estimated condemnation proceeding costs and other transaction related costs. The resulting net gain on sale is approximately $85.1 million.

During the year ended December 31, 2019, we sold three properties and one land parcel for a net sales price of $149.0 million, which resulted in a net gain of $28.3 million.

During the year ended December 31, 2019, we closed on the sale of 43 condominium units at our Assembly Row and Pike & Rose properties (combined), received proceeds net of closing costs of $20.1 million, and recognized a gain of $2.6 million, net of income taxes. The cost basis for the remaining condominium units as of December 31, 2019 is $1.7 million, and is included in "assets held for sale" on our consolidated balance sheet.

2018 Property Acquisitions and Dispositions

On June 15, 2018, we formed a new joint venture to develop Freedom Plaza (formerly known as Jordan Downs Plaza) which, when completed, will be an approximately 113,000 square foot grocery anchored shopping center located in Los Angeles County, California. We initially invested $34.4 million as a result of a pre-funding requirement for equity to be advanced prior to the start of construction. We own approximately 91% of the venture, and control the 9.4 acre land parcel on which the shopping center will be constructed under a long-term ground lease that expires June 15, 2093 (including two 10-year option periods which may be exercised at our option). The Freedom Plaza development is expected to generate income tax credits under the New Market Tax Credit Program ("NMTC") which was provided for in the Community Renewal Tax Relief Act of 2000 ("the Act") and is intended to induce investment in underserved areas of the United States. The Act permits taxpayers to claim credits against their Federal income taxes for qualified investments. A third party bank contributed $13.9 million to the development, and is entitled to the related tax credit benefits, but they do not have an interest in the underlying economics of the property. The transaction also includes a put/call provision whereby we may be obligated or entitled to purchase the third party bank's interest. We believe the put will be exercised at its $1,000 strike price. Based on our assessment of control, we concluded that the project and certain other transaction related entities should be consolidated. The $13.9 million in proceeds received in exchange for the transfer of the tax credits has been deferred and will be recognized when the tax benefits are delivered to the third party bank without risk of recapture. Direct and incremental costs of $1.6 million incurred in structuring the NMTC transaction have also been deferred. The Trust anticipates recognizing the net cash received as revenue upon completion of the seven-year NMTC compliance period. Cash in escrow at December 31, 2019 of $12.6 million, reflects remaining cash that will ultimately be used for the development of the shopping center, and is included in "prepaid expenses and other assets" on our consolidated balance sheets. The cash is held in escrow pursuant to the new market tax credit transaction documents and will be released as qualified development expenditures are incurred.

In August 2018, we contributed hotel related assets valued at $44.0 million to our Assembly Row hotel joint venture, and received a cash distribution of $38.0 million. At December 31, 2019, our investment in the venture was $3.2 million. The joint venture is considered a variable interest entity controlled by our partner, and as a result, we are using the equity method to account for our investment.

During the year ended December 31, 2018, we sold two properties for a net sales price of $42.2 million, which resulted in a net gain of $4.7 million.

On November 29, 2018, we acquired a 40,000 square foot building adjacent to our Bell Gardens property for $9.6 million.

During the year ended December 31, 2018, we closed on the sale of 176 condominium units at our Assembly Row and Pike & Rose properties (combined) and received proceeds net of closing costs of $133.5 million, For the year ended December 31, 2018, we recognized a gain of $7.2 million, net of $1.6 million of income taxes. The cost basis for remaining condominium units that were ready for their intended use as of December 31, 2018 was $16.6 million, and is included in "assets held for sale" on our consolidated balance sheet.

NOTE 4—ACQUIRED IN-PLACE LEASES

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

	December 31, 2019		December 31, 2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	(in thousands)			
Above market leases, lessor	$ 48,530	$ (32,833)	$ 49,128	$ (33,843)
Below market leases, lessee	34,604	(3,362)	34,604	(2,533)
Total	$ 83,134	$ (36,195)	$ 83,732	$ (36,376)
Below market leases, lessor	$ (177,512)	$ 66,419	$ (189,379)	$ 65,408
Above market leases, lessee	(9,084)	1,590	(9,084)	1,065
Total	$ (186,596)	$ 68,009	$ (198,463)	$ 66,473

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

	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
Amortization of above market leases, lessor	$ (3,239)	$ (5,608)	$ (6,005)
Amortization of below market leases, lessor	9,623	12,445	10,726
Net increase in rental income	$ 6,384	$ 6,837	$ 4,721
Amortization of below market leases, lessee	$ 828	$ 828	$ 781
Amortization of above market leases, lessee	(525)	(505)	(290)
Net increase in rental expense	$ 303	$ 323	$ 491

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

	December 31, 2019
Above market leases, lessor	3.7 years
Below market leases, lessee	39.6 years
Below market leases, lessor	18.1 years
Above market leases, lessee	14.4 years

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

	Acquired Lease Assets	Acquired Lease Liabilities
	(In thousands)	
Year ending December 31,		
2020	$ 4,350	$ 8,235
2021	3,370	7,687
2022	2,716	7,394
2023	2,488	7,134
2024	2,223	6,603
Thereafter	31,792	81,534
	$ 46,939	$ 118,587

NOTE 5—DEBT

The following is a summary of our total debt outstanding as of December 31, 2019 and 2018:

Description of Debt	Principal Balance as of December 31, 2019	Principal Balance as of December 31, 2018	Stated Interest Rate as of December 31, 2019	Stated Maturity Date as of December 31, 2019
	(Dollars in thousands)			
Mortgages payable				
Rollingwood Apartments	$ —	$ 20,331	5.54%	May 1, 2019
The Shops at Sunset Place	61,987	64,453	5.62%	September 1, 2020
29th Place	3,878	4,117	5.91%	January 31, 2021
Sylmar Towne Center	16,630	17,006	5.39%	June 6, 2021
Plaza Del Sol	8,230	8,409	5.23%	December 1, 2021
THE AVENUE at White Marsh	52,705	52,705	3.35%	January 1, 2022
Montrose Crossing	67,492	69,310	4.20%	January 10, 2022
Azalea	40,000	40,000	3.73%	November 1, 2025
Bell Gardens	12,677	12,936	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)	56,450	—	LIBOR + 1.95%	December 15, 2029
Various Hoboken (12 Buildings)	24,627	—	Various (1)	Various through 2029
Chelsea	5,597	5,941	5.36%	January 15, 2031
Hoboken (1 Building)	16,874	—	3.75%	July 1, 2042
Subtotal	547,247	475,308		
Net unamortized premium and debt issuance costs	(1,568)	(929)		
Total mortgages payable	545,679	474,379		
Notes payable				
Term loan	—	275,000	LIBOR + 0.90%	November 21, 2019
Revolving credit facility	—	—	LIBOR + 0.775%	January 19, 2024
Various	3,843	4,392	11.31%	Various through 2028
Subtotal	3,843	279,392		
Net unamortized debt issuance costs	(62)	(365)		
Total notes payable	3,781	279,027		
Senior notes and debentures				
2.55% notes	250,000	250,000	2.55%	January 15, 2021
3.00% notes	250,000	250,000	3.00%	August 1, 2022
2.75% notes	275,000	275,000	2.75%	June 1, 2023
3.95% notes	300,000	300,000	3.95%	January 15, 2024
7.48% debentures	29,200	29,200	7.48%	August 15, 2026
3.25% notes	475,000	475,000	3.25%	July 15, 2027
6.82% medium term notes	40,000	40,000	6.82%	August 1, 2027
3.20% notes	400,000	—	3.20%	June 15, 2029
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	2,819,200	2,419,200		
Net unamortized discount and debt issuance costs	(12,066)	(14,921)		
Total senior notes and debentures	2,807,134	2,404,279		
Various	—	71,519	Various	Various through 2106
Total debt and capital lease obligations	**$ 3,356,594**	**$ 3,229,204**		

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

On January 31, 2019, we repaid the $20.3 million mortgage loan on Rollingwood Apartments, at par, prior to its original maturity date.

On June 7, 2019, we issued $300.0 million of fixed rate senior unsecured notes that mature on June 15, 2029 and bear interest at 3.20%. The notes were offered at 99.838% of the principal amount with a yield to maturity of 3.219%. On August 21, 2019, we issued an additional $100.0 million senior notes of the same series and with the same terms. The August notes were offered at 103.813% of the principal amount, with a yield to maturity of 2.744%. The combined net proceeds from the note offerings after net issuance premium, underwriting fees, and other costs were $399.9 million, which were primarily used to repay our $275.0 million unsecured term loan, at par, on June 7, 2019 and for general corporate purposes.

On July 25, 2019, we amended our revolving credit facility to increase our borrowing capacity to $1.0 billion and extend the maturity date to January 19, 2024, plus two six-month extensions at our option. Under the amended facility, the spread over LIBOR is 77.5 basis points based on our current credit rating. In addition, we have an option (subject to bank approval) to increase the credit facility through an accordion feature to $1.5 billion.

During 2019, 2018 and 2017, the maximum amount of borrowings outstanding under our revolving credit facility was $116.5 million, $177.0 million and $344.0 million, respectively. The weighted average amount of borrowings outstanding was $26.8 million, $83.1 million and $147.5 million, respectively, and the weighted average interest rate, before amortization of debt fees, was 3.2%, 2.7% and 1.9%, respectively. The revolving credit facility requires an annual facility fee of $1.0 million. At December 31, 2019 and 2018, our revolving credit facility had no balance outstanding.

In connection with our Hoboken, New Jersey acquisitions in 2019, we assumed mortgage loans with a face amount of $41.6 million and a fair value of $42.9 million, and entered into a new mortgage loan with a face amount of $56.5 million. The mortgage loans associated with our Hoboken acquisitions have the following contractual terms:

	Principal (in millions)	Stated Interest Rate	Maturity Date
September 18, 2019 (date assumed)	$ 17.0	3.75%	July 1, 2042
November 26, 2019 (date originated)	$ 56.5	LIBOR + 1.95% (1)	December 15, 2029
November 26, 2019 (date assumed)	$ 5.7	Various (2)	Various (2)
December 19, 2019 (date assumed)	$ 18.9	Various (3)	Various (3)

(1) The interest rate is effectively fixed at 3.67% as a result of two interest rate swap agreements.
(2) The interest rates on these mortgages range from 3.91% to 5.00% and have maturity dates ranging from January 9, 2025 to May 31, 2029.
(3) The interests rates on these mortgages range from 4.00% to 4.38% and have maturity dates ranging from October 1, 2025 to July 1, 2026.

Our revolving credit facility and certain notes require us to comply with various financial covenants, including the maintenance of minimum shareholders' equity and debt coverage ratios and a maximum ratio of debt to net worth. As of December 31, 2019, we were in compliance with all default related debt covenants.

Scheduled principal payments on mortgages payable, notes payable, senior notes and debentures as of December 31, 2019 are as follows:

	Mortgages Payable	Notes Payable	Senior Notes and Debentures	Total Principal
	(In thousands)			
Year ending December 31,				
2020	$ 66,252	$ 613	$ —	$ 66,865
2021	31,519	680	250,000	282,199
2022	119,460	756	250,000	370,216
2023	3,293	775	275,000	279,068
2024	3,421	665 (1)	300,000	304,086
Thereafter	323,302	354	1,744,200	2,067,856
	$ 547,247	$ 3,843	$ 2,819,200	$ 3,370,290 (2)

(1) Our $1.0 billion revolving credit facility matures on January 19, 2024, plus two six-month extensions at our option. As of December 31, 2019, there was no outstanding balance under this credit facility.

(2) The total debt maturities differ from the total reported on the consolidated balance sheet due to the unamortized net premium/discount and debt issuance costs on mortgage loans, notes payable, and senior notes as of December 31, 2019.

NOTE 6—FAIR VALUE OF FINANCIAL INSTRUMENTS

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

1. Level 1 Inputs—quoted prices in active markets for identical assets or liabilities

2. Level 2 Inputs—observable inputs other than quoted prices in active markets for identical assets and liabilities

3. Level 3 Inputs—prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable

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

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

	December 31, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
Mortgages and notes payable	$ 549,460	$ 562,049	$ 753,406	$ 751,361
Senior notes and debentures	$ 2,807,134	$ 3,001,216	$ 2,404,279	$ 2,371,392

During 2019, we entered into two interest rate swap agreements with notional amounts of $56.5 million that are measured at fair value on a recurring basis. The interest rate swap agreements fix the interest rate on $56.5 million of mortgage payables associated with our Hoboken acquisition at 3.67% through December 15, 2029. The fair values of the interest rate swap agreements are based on the estimated amounts we would receive or pay to terminate the contracts at the reporting date and are determined using interest rate pricing models and interest rate related observable inputs. The fair value of our swaps at December 31, 2019 was an asset of $0.1 million and is included in "prepaid expenses and other assets" on our consolidated balance sheet. During 2019, we reclassified less than $0.1 million from other comprehensive income as an increase 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:

	December 31, 2019				December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(In thousands)							
Interest rate swaps	$ —	$ 130	$ —	$ 130	$ —	$ —	$ —	$ —

One of our equity method investees has two interest rate swaps which qualify as cash flow hedges. At December 31, 2019 and December 31, 2018, our share of the decrease in fair value of the related swaps included in "accumulated other comprehensive loss" was $0.9 million and $0.4 million, respectively.

NOTE 7—COMMITMENTS AND CONTINGENCIES

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

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

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

We reserve for estimated losses, if any, associated with warranties given to a buyer at the time real estate is sold or other potential liabilities relating to that sale, taking any insurance policies into account. These warranties may extend up to ten years and require significant judgment. If changes in facts and circumstances indicate that warranty reserves are understated, we will accrue additional reserves at such time a liability has been incurred and the costs can be reasonably estimated. Warranty reserves are released once the legal liability period has expired or all related work has been substantially completed.

At December 31, 2019 and 2018, our reserves for general liability costs were $3.0 million and $3.1 million, respectively, and are included in “accounts payable and accrued expenses” in our consolidated balance sheets. Any potential losses which exceed our estimates would result in a decrease in our net income. During 2019 and 2018, we made payments from these reserves of $1.3 million and $1.4 million, respectively. Although we consider the reserve to be adequate, there can be no assurance that the reserve will prove to be adequate over-time to cover losses due to the difference between the assumptions used to estimate the reserve and actual losses.

At December 31, 2019, we had letters of credit outstanding of approximately $4.3 million.

As of December 31, 2019 in connection with capital improvement, development, and redevelopment projects, the Trust has contractual obligations of approximately $572.4 million.

Future minimum lease payments and their present value for properties under finance leases as of December 31, 2019, are as follows:

	(In thousands)
Year ending December 31,	
2020	$ 5,800
2021	5,800
2022	5,810
2023	60,013
2024	1,013
Thereafter	81,849
	160,285
Less amount representing interest	(88,808)
Add straight line lease obligation	585
Present value	$ 72,062

We are obligated under operating lease agreements on several shopping centers requiring minimum annual payments as follows, as of December 31, 2019:

	(In thousands)
Year ending December 31,	
2020	$ 4,824
2021	4,832
2022	4,948
2023	4,988
2024	4,951
Thereafter	179,896
	$ 204,439

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

Under the terms of the Congressional Plaza partnership agreement, a minority partner has the right to require us and the other minority partner to purchase its 26.63% interest in Congressional Plaza at the interest’s then-current fair market value. If the other minority partner defaults in their obligation, we must purchase the full interest. Based on management’s current estimate of fair market value as of December 31, 2019, our estimated maximum liability upon exercise of the put option would range from approximately $79 million to $84 million.

A master lease for Melville Mall includes a fixed purchase price option in 2021 for $5 million. If we fail to exercise our purchase option, the owner of Melville Mall has a put option which would require us to purchase Melville Mall in 2023 for $5 million.

Two of the members in Plaza El Segundo have the right to require us to purchase their 10.0% and 11.8% ownership interests at the interests' then-current fair market value. If the members fail to exercise their put options, we have the right to purchase each of their interests on or after December 30, 2026 at fair market value. Based on management’s current estimate of fair market value as of December 31, 2019, our estimated maximum liability upon exercise of the put option would range from approximately $30 million to $33 million.

The other member in The Grove at Shrewsbury and Brook 35 has the right to require us to purchase all of its approximately 4.1% interest in The Grove at Shrewsbury and approximately 6.5% interest in Brook 35 at the interests' then-current fair market value. Based on management's current estimate of fair market value as of December 31, 2019, our estimated maximum liability upon exercise of the put option would range from $7 million to $8 million.

Effective September 18, 2023, the other member in Hoboken has the right to require us to purchase all of its 10.0% ownership interest at the interest's then-current fair market value. Based on management's current estimate of fair market value as of December 31, 2019, our estimated maximum liability upon exercise of the put option would range from $9 million to $10 million.

Under the terms of certain partnership agreements, the partners have the right to exchange their operating partnership units for cash or the same number of our common shares, at our option. A total of 609,584 downREIT operating partnership units are outstanding which have a total fair value of $78.5 million, based on our closing stock price on December 31, 2019.

NOTE 8—SHAREHOLDERS’ EQUITY

We have a Dividend Reinvestment Plan (the “Plan”), whereby shareholders may use their dividends and optional cash payments to purchase shares. In 2019, 2018 and 2017, 15,909 shares, 17,952 shares and 17,911 shares, respectively, were issued under the Plan.

On September 29, 2017, we issued 6,000,000 Depositary Shares, each representing 1/1000th interest of 5.0% Series C Cumulative Redeemable Preferred Share, par value $0.01 per share ("Series C Preferred Shares"), at the liquidation preference of $25.00 per depositary share (or $25,000 per Series C Preferred share) in an underwritten public offering, which were outstanding as of December 31, 2019, 2018, and 2017. The Series C Preferred Shares accrue dividends at a rate of 5.0% of the $25,000 liquidation preference per year and are redeemable at our option on or after September 29, 2022. Additionally, they are not convertible and holders of these shares generally have no voting rights, unless we fail to pay dividends for six or more quarters. The net proceeds after underwriting fees and other costs were approximately $145.0 million for the year ended December 31, 2017.

As of December 31, 2019, 2018, and 2017, we had 399,896 shares of 5.417% Series 1 Cumulative Convertible Preferred Shares ("Series 1 Preferred Shares") outstanding that have a liquidation preference of $25 per share and par value $0.01 per share. The Series 1 Preferred Shares accrue dividends at a rate of 5.417% per year and are convertible at any time by the holders to our common shares at a conversion rate of $104.69 per share. The Series 1 Preferred Shares are also convertible under certain circumstances at our election. The holders of the Series 1 Preferred Shares have no voting rights.

On May 7, 2018, we replaced our existing at-the-market ("ATM") equity program with a new ATM equity program in which we may from time to time offer and sell common shares having an aggregate offering price of up to $400.0 million. We intend to use the net proceeds to fund potential acquisition opportunities, fund our development and redevelopment pipeline, repay amounts of outstanding under our revolving credit facility and/or for general corporate purposes. For the year ended December 31, 2019, we issued 1,069,699 common shares at a weighted average price per share of $134.71 for net cash proceeds of $142.7 million and paid $1.2 million in commissions and $0.2 million in additional offering expenses related to the sales of these common shares. For the year ended December 31, 2018, we issued 987,383 common shares at a weighted average price per share of $129.19 for net cash proceeds of $126.1 million and paid $1.3 million in commissions and $0.2 million in additional offering expenses related to the sales of these common shares. As of December 31, 2019, we had the capacity to issue up to $128.3 million in common shares under our ATM equity program.

NOTE 9—DIVIDENDS

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

	Year Ended December 31,					
	2019		2018		2017	
	Declared	Paid	Declared	Paid	Declared	Paid
Common shares	$ 4.140	$ 4.110	$ 4.040	$ 4.020	$ 3.960	$ 3.940
5.417% Series 1 Cumulative Convertible Preferred shares	$ 1.354	$ 1.354	$ 1.354	$ 1.354	$ 1.354	$ 1.354
5.0% Series C Cumulative Redeemable Preferred shares (1)	$ 1.250	$ 1.250	$ 1.250	$ 1.306	$ 0.368	$ —

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

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

	Year Ended December 31,		
	2019	2018	2017
Common shares			
Ordinary dividend	$ 4.110	$ 3.859	$ 3.940
Ordinary dividend eligible for 15% rate	—	0.161	—
	$ 4.110	$ 4.020	$ 3.940
5.417% Series 1 Cumulative Convertible Preferred shares			
Ordinary dividend	$ 1.354	$ 1.300	$ 1.354
Ordinary dividend eligible for 15% rate	—	0.054	—
	$ 1.354	$ 1.354	$ 1.354
5.0% Series C Cumulative Redeemable Preferred shares			
Ordinary dividend	$ 1.250	$ 1.254	$ —
Ordinary dividend eligible for 15% rate	—	0.052	$ —
	$ 1.250	$ 1.306	$ —

On October 30, 2019, the Trustees declared a quarterly cash dividend of $1.05 per common share, payable January 15, 2020 to common shareholders of record on January 2, 2020.

NOTE 10—OPERATING LEASES

At December 31, 2019, our 104 predominantly retail shopping center and mixed-use properties are located in 12 states and the District of Columbia. There are approximately 3,000 commercial leases and 2,700 residential leases. Our commercial tenants range from sole proprietorships to national retailers and corporations. At December 31, 2019, no one tenant or corporate group of tenants accounted for more than 2.6% of annualized base rent.

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

As of December 31, 2019, future minimum rentals from noncancelable commercial operating leases (excluding both tenant reimbursements of operating expenses and percentage rent based on tenants' sales) are as follows:

	(In thousands)
Year ending December 31,	
2020	$ 616,760
2021	565,835
2022	498,438
2023	422,729
2024	352,221
Thereafter	1,528,699
	$ 3,984,682

NOTE 11—COMPONENTS OF RENTAL EXPENSE

The principal components of rental expenses are as follows:

	Year Ended December 31,		
	2019	2018	2017
	(In thousands)		
Repairs and maintenance	$ 73,179	$ 67,745	$ 67,996
Utilities	27,729	27,635	25,763
Management fees and costs	24,930	24,024	22,297
Payroll	16,485	16,140	14,922
Insurance	9,036	7,547	7,762
Marketing	7,427	7,935	9,007
Ground rent	4,803	4,697	3,826
Bad debt (1)	—	4,708	2,591
Other operating (2)	24,242	12,663	10,726
Total rental expenses	$ 187,831	$ 173,094	$ 164,890

(1) Collectibility adjustments are now presented as a reduction of rental income rather than rental expense in accordance with our adoption of the new lease standard (see Note 2 for additional disclosure).

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

NOTE 12—SHARE-BASED COMPENSATION PLANS

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

	Year Ended December 31, 2019	2018	2017
	(In thousands)		
Grants of common shares and options	$ 13,330	$ 12,736	$ 12,371
Capitalized share-based compensation	(1,054)	(1,017)	(1,385)
Share-based compensation expense	$ 12,276	$ 11,719	$ 10,986

We have grants outstanding under our shareholder approved 2010 Performance Incentive Plan, as amended (the "2010 Plan"), which authorized the grant of share options, common shares and other share-based awards for up to 2,450,000 common shares of beneficial interest.

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

The fair value of each option award is estimated on the date of grant using the Black-Scholes model. Expected volatilities, term, dividend yields, employee exercises and estimated forfeitures are primarily based on historical data. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The fair value of each share award is determined based on the closing trading price of our common shares on the grant date. No options were granted in 2019 and 2017.

The following table provides a summary of the assumptions used to value options granted in 2018:

	Year Ended December 31, 2018
Volatility	18.0%
Expected dividend yield	3.6%
Expected term (in years)	7.5
Risk free interest rate	2.8%

The following table provides a summary of option activity for 2019:

	Shares Under Option	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
			(In years)	(In thousands)
Outstanding at December 31, 2018	682	$ 152.34		
Granted	—	—		
Exercised	—	—		
Forfeited or expired	—	—		
Outstanding at December 31, 2019	682	$ 152.34	6.1	$ —
Exercisable at December 31, 2019	409	$ 152.34	6.1	$ —

The weighted-average grant-date fair value of options granted in 2018 was $14.42 per share, which were later forfeited during 2018. The total cash received from options exercised during 2018 and 2017 was $4.6 million and $10.0 million, respectively. The total intrinsic value of options exercised during the years ended December 31, 2018 and 2017 was $8.2 million and $10.7 million, respectively.

The following table provides a summary of restricted share activity for 2019:

	Shares	Weighted-Average Grant-Date Fair Value
Unvested at December 31, 2018	206,100	$ 130.46
Granted	122,056	133.30
Vested	(97,077)	133.35
Forfeited	(10,501)	151.22
Unvested at December 31, 2019	220,578	$ 129.78

The weighted-average grant-date fair value of stock awarded in 2019, 2018 and 2017 was $133.30, $112.88 and $139.31, respectively. The total vesting-date fair value of shares vested during the year ended December 31, 2019, 2018 and 2017, was $13.0 million, $9.7 million and $12.5 million, respectively.

As of December 31, 2019, there was $17.1 million of total unrecognized compensation cost related to unvested share-based compensation arrangements (i.e. options and unvested shares) granted under our plans. This cost is expected to be recognized over the next 4.9 years with a weighted-average period of 2.4 years.

Subsequent to December 31, 2019, common shares were awarded under various compensation plans as follows:

Date	Award		Vesting Term	Beneficiary
January 2, 2020	5,591	Shares	Immediate	Trustees
February 4, 2020	101,981	Restricted Shares	1-7 years	Officers and key employees

NOTE 13—SAVINGS AND RETIREMENT PLANS

We have a savings and retirement plan in accordance with the provisions of Section 401(k) of the Code. Generally, employees can elect, at their discretion, to contribute a portion of their compensation up to a maximum of $19,000 for 2019, $18,500 for 2018, and 18,000 for 2017. Under the plan, we contribute 50% of each employee's elective deferrals up to 5% of eligible earnings. In addition, we may make discretionary contributions within the limits of deductibility set forth by the Code. Our full-time employees are immediately eligible to become plan participants. Employees are eligible to receive matching contributions immediately on their participation; however, these matching payments will not vest until their third anniversary of employment. Our expense for the years ended December 31, 2019, 2018 and 2017 was approximately $764,000, $688,000 and $632,000, respectively.

A non-qualified deferred compensation plan for our officers and certain other employees was established in 1994 that allows the participants to defer a portion of their income. As of December 31, 2019 and 2018, we are liable to participants for approximately $14.7 million and $12.0 million, respectively, under this plan. Although this is an unfunded plan, we have purchased certain investments to match this obligation. Our obligation under this plan and the related investments are both included in the accompanying consolidated financial statements.

NOTE 14—EARNINGS PER SHARE

We have calculated earnings per share ("EPS") under the two-class method. The two-class method is an earnings allocation methodology whereby EPS for each class of common stock and participating securities is calculated according to dividends declared and participation rights in undistributed earnings. For 2019, 2018, and 2017 we had 0.2 million weighted average unvested shares outstanding, which are considered participating securities. Therefore, we have allocated our earnings for basic and diluted EPS between common shares and unvested shares; the portion of earnings allocated to the unvested shares is reflected as "earnings allocated to unvested shares" in the reconciliation below.

In the dilutive EPS calculation, dilutive stock options were calculated using the treasury stock method consistent with prior periods. There were 682 anti-dilutive stock options in 2019, 2018, and 2017, respectively. The conversions of downREIT operating partnership units and 5.417% Series 1 Cumulative Convertible Preferred Shares are anti-dilutive for all periods presented and accordingly, have been excluded from the weighted average common shares used to compute diluted EPS.

	Year Ended December 31,		
	2019	2018	2017
	(In thousands, except per share data)		
NUMERATOR			
Net income	$ 360,542	$ 249,026	$ 297,870
Less: Preferred share dividends	(8,042)	(8,042)	(2,458)
Less: Income from operations attributable to noncontrolling interests	(6,676)	(7,119)	(7,956)
Less: Earnings allocated to unvested shares	(1,007)	(930)	(942)
Net income available for common shareholders, basic and diluted	$ 344,817	$ 232,935	$ 286,514
DENOMINATOR			
Weighted average common shares outstanding—basic	74,766	73,274	72,117
Stock options	—	28	116
Weighted average common shares outstanding—diluted	74,766	73,302	72,233
EARNINGS PER COMMON SHARE, BASIC			
Net income available for common shareholders	$ 4.61	$ 3.18	$ 3.97
EARNINGS PER COMMON SHARE, DILUTED			
Net income available for common shareholders	$ 4.61	$ 3.18	$ 3.97

NOTE 15—SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data is as follows:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except per share data)			
2019				
Revenue	$ 232,227	$ 230,465	$ 233,947	$ 239,149
Operating income (1)	$ 91,093	$ 109,579	$ 94,018	$ 176,221
Net income (1)	$ 61,803	$ 82,667	$ 67,106	$ 148,966
Net income attributable to the Trust (1)	$ 60,144	$ 80,902	$ 65,465	$ 147,355
Net income available for common shareholders (1)	$ 58,134	$ 78,891	$ 63,455	$ 145,344
Earnings per common share—basic (1)	$ 0.78	$ 1.05	$ 0.84	$ 1.92
Earnings per common share—diluted (1)	$ 0.78	$ 1.05	$ 0.84	$ 1.92
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except per share data)			
2018				
Revenue	$ 225,405	$ 224,902	$ 229,753	$ 235,376
Operating income (2)	$ 89,461	$ 93,868	$ 93,467	$ 84,840
Net income (2)	$ 62,931	$ 65,533	$ 64,180	$ 56,382
Net income attributable to the Trust (2)	$ 61,247	$ 63,595	$ 62,558	$ 54,507
Net income available for common shareholders (2)	$ 59,237	$ 61,584	$ 60,548	$ 52,496
Earnings per common share—basic (2)	$ 0.81	$ 0.84	$ 0.82	$ 0.71
Earnings per common share—diluted (2)	$ 0.81	$ 0.84	$ 0.82	$ 0.71

(1) Second and third quarter 2019 include net gains of $16.2 million and $14.3 million, respectively, related to the sale of two properties and one parcel of land, as well as condominiums sold at our Assembly Row and Pike & Rose properties. Third quarter 2019 also includes an $11.9 million charge related to the buyout of a lease at Assembly Square Marketplace. Fourth quarter 2019 includes an $85.1 million net gain on sale under the threat of condemnation of a portion of San Antonio Center. All of these transactions are further discussed in Note 3.

(2) First and second quarter 2018 include net gains of $3.3 million and $4.0 million, respectively, related to condominiums sold at our Assembly Row and Pike & Rose properties. Third and fourth quarter 2018 include gains of $3.1 million and $1.6 million, respectively, related to the sale of one residential building and one property. All of these transactions are further discussed in Note 3.

NOTE 16—SUBSEQUENT EVENT

On January 10, 2020, we acquired a 49,000 square foot shopping center in Fairfax, Virginia for $22.3 million. This acquisition was funded by 163,322 downREIT operating partnership units.

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		Initial cost to company			Gross amount at which carried at close of period						
Descriptions	Encumbrance	Land	Building and Improvements	Cost Capitalized Subsequent to Acquisition	Land	Building and Improvements	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	Life on which depreciation in latest income statements is computed
29TH PLACE (Virginia)	$ 3,868	$ 10,211	$ 18,863	$ 11,985	$ 10,195	$ 30,864	$ 41,059	$ 14,953	1975 - 2001	5/30/2007	(1)
ANDORRA (Pennsylvania)		2,432	12,346	11,718	2,432	24,064	26,496	20,382	1953	1/12/1988	(1)
ASSEMBLY ROW/ASSEMBLY SQUARE MARKETPLACE (Massachusetts)		93,252	34,196	662,720	69,421	720,747	790,168	72,687	2005, 2012-2019	2005-2013	(1)
AZALEA (California)	39,702	40,219	67,117	(3)	40,219	67,114	107,333	6,109	2014	8/2/2017	(1)
BALA CYNWYD (Pennsylvania)		3,565	14,466	39,175	2,683	54,523	57,206	23,062	1955	9/22/1993	(1)
BARCROFT PLAZA (Virginia)		12,617	29,603	6,515	12,617	36,118	48,735	4,513	1963, 1972, 1990, & 2000	1/13/16 & 11/7/16	(1)
BARRACKS ROAD (Virginia)		4,363	16,459	48,764	4,363	65,223	69,586	47,069	1958	12/31/1985	(1)
BELL GARDENS (California)	12,292	24,406	85,947	589	24,406	86,536	110,942	10,215	1990, 2003, 2006	8/2/17 & 11/29/18	(1)
BETHESDA ROW (Maryland)		46,579	35,406	151,640	43,904	189,721	233,625	85,602	1945-2008	12/31/93, 6/2/97, 1/20/06, 9/25/08, 9/30/08, & 12/27/10	(1)
BRICK PLAZA (New Jersey)		—	24,715	72,050	4,094	92,671	96,765	52,749	1958	12/28/1989	(1)
BRISTOL PLAZA (Connecticut)		3,856	15,959	11,786	3,856	27,745	31,601	19,149	1959	9/22/1995	(1)
BROOK 35 (New Jersey)	11,304	7,128	38,355	2,792	7,128	41,147	48,275	8,360	1986/2004	1/1/2014	(1)
CAMPUS PLAZA (Massachusetts)		16,710	13,412	315	16,710	13,727	30,437	2,415	1970	1/13/2016	(1)
CHELSEA COMMONS (Massachusetts)	5,402	8,689	19,466	2,126	8,669	21,612	30,281	8,382	1962/1969/2008	8/25/06, 1/30/07, & 7/16/08	(1)
COCOWALK (Florida)		35,063	71,476	47,158	34,406	119,291	153,697	10,175	1990/1994, 1922-1973, 2018-2019	5/4/15, 7/1/15, 12/16/15, 7/26/16, 6/30/17, & 8/10/17	(1)
COLORADO BLVD (California)		5,262	4,071	10,375	5,262	14,446	19,708	11,507	1905-1988	12/31/96 & 8/14/98	(1)
CONGRESSIONAL PLAZA (Maryland)		2,793	7,424	95,064	2,793	102,488	105,281	58,521	1965/2003	4/1/1965	(1)

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		Initial cost to company		Cost Capitalized Subsequent to Acquisition	Gross amount at which carried at close of period			Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	Life on which depreciation in latest income statements is computed
Descriptions	Encumbrance	Land	Building and Improvements		Land	Building and Improvements	Total				
COURTHOUSE CENTER (Maryland)		1,750	1,869	3,106	1,750	4,975	6,725	2,408	1975	12/17/1997	(1)
CROSSROADS (Illinois)		4,635	11,611	19,462	4,635	31,073	35,708	18,708	1959	7/19/1993	(1)
CROW CANYON COMMONS (California)		27,245	54,575	8,392	27,245	62,967	90,212	25,878	Late 1970's/ 1998/2006	12/29/05 & 2/28/07	(1)
DARIEN (Connecticut)		30,368	19,523	7,214	30,368	26,737	57,105	4,351	1920-2009	4/3/13 & 7/20/18	(1)
DEDHAM PLAZA (Massachusetts)		16,658	13,964	15,825	16,658	29,789	46,447	17,108	1959	12/31/93, 12/14/16, 1/29/19, & 3/12/19	(1)
DEL MAR VILLAGE (Florida)		15,624	41,712	15,821	15,587	57,570	73,157	24,154	1982/1994/2007	5/30/08, 7/11/08, & 10/14/14	(1)
EAST BAY BRIDGE (California)		29,069	138,035	11,839	29,069	149,874	178,943	36,029	1994-2001, 2011/2012	12/21/2012	(1)
EASTGATE CROSSING (North Carolina)		1,608	5,775	27,806	1,608	33,581	35,189	21,822	1963	12/18/1986	(1)
ELLISBURG (New Jersey)		4,028	11,309	19,277	4,013	30,601	34,614	21,832	1959	10/16/1992	(1)
ESCONDIDO PROMENADE (California)		19,117	15,829	17,942	19,117	33,771	52,888	19,105	1987	12/31/96 & 11/10/10	(1)
FAIRFAX JUNCTION (Virgina)		10,229	11,321	25	10,229	11,346	21,575	548	1981/2000	2/8/2019	(1)
FALLS PLAZA (Virginia)		1,798	1,270	11,370	1,819	12,619	14,438	9,078	1960/1962	9/30/67 & 10/05/72	(1)
FEDERAL PLAZA (Maryland)		10,216	17,895	42,396	10,216	60,291	70,507	46,693	1970	6/29/1989	(1)
FINLEY SQUARE (Illinois)		9,252	9,544	22,645	9,252	32,189	41,441	22,071	1974	4/27/1995	(1)
FLOURTOWN (Pennsylvania)		1,345	3,943	11,795	1,507	15,576	17,083	7,028	1957	4/25/1980	(1)
FOURTH STREET (California)		13,978	9,909	2,345	13,978	12,254	26,232	1,014	1948,1975	5/19/2017	(1)
FREEDOM PLAZA (California)		—	3,255	35,623	—	38,878	38,878	—	2018-2019	6/15/2018	(1)
FRESH MEADOWS (New York)		24,625	25,255	43,297	24,633	68,544	93,177	43,607	1946-1949	12/5/1997	(1)
FRIENDSHIP CENTER (District of Columbia)		12,696	20,803	4,662	12,696	25,465	38,161	13,970	1998	9/21/2001	(1)
GAITHERSBURG SQUARE (Maryland)		7,701	5,271	15,692	5,973	22,691	28,664	18,933	1966	4/22/1993	(1)
GARDEN MARKET (Illinois)		2,677	4,829	7,295	2,677	12,124	14,801	8,640	1958	7/28/1994	(1)

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		Initial cost to company		Cost Capitalized Subsequent to Acquisition	Gross amount at which carried at close of period			Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	Life on which depreciation in latest income statements is computed
Descriptions	Encumbrance	Land	Building and Improvements		Land	Building and Improvements	Total				
GEORGETOWNE SHOPPING CENTER (New York)		30,738	50,103	946	32,199	49,588	81,787	295	1969/2006/2015	11/15/2019	(1)
GOVERNOR PLAZA (Maryland)		2,068	4,905	20,620	2,068	25,525	27,593	22,092	1963	10/1/1985	(1)
GRAHAM PARK PLAZA (Virginia)		1,237	15,096	20,518	1,169	35,682	36,851	28,526	1971	7/21/1983	(1)
GRATIOT PLAZA (Michigan)		525	1,601	17,996	525	19,597	20,122	18,005	1964	3/29/1973	(1)
GREENLAWN PLAZA (New York)		10,590	20,869	412	10,590	21,281	31,871	3,468	1975/2004	1/13/2016	(1)
GREENWICH AVENUE (Connecticut)		7,484	5,445	10,819	7,484	16,264	23,748	4,824	1968	4/12/1995	(1)
HASTINGS RANCH PLAZA (California)		—	22,393	438	—	22,831	22,831	2,272	1958, 1984, 2006, 2007	2/1/2017	(1)
HAUPPAUGE (New York)		8,791	15,262	5,388	8,419	21,022	29,441	13,170	1963	8/6/1998	(1)
HOBOKEN (New Jersey)	98,224	45,385	150,905	952	43,450	153,792	197,242	628	1887-2006	9/18/19, 11/26/19, & 12/19/19	(1)
HOLLYWOOD BLVD (California)		8,300	16,920	26,745	8,370	43,595	51,965	16,783	1929/1991	3/22/99 & 6/18/99	(1)
HUNTINGTON (New York)		12,194	16,008	18,484	12,194	34,492	46,686	17,431	1962	12/12/88, 10/26/07, & 11/24/15	(1)
HUNTINGTON SQUARE (New York)		—	10,075	3,148	506	12,717	13,223	4,238	1980/2004-2007	8/16/2010	(1)
IDYLWOOD PLAZA (Virginia)		4,308	10,026	2,779	4,308	12,805	17,113	9,716	1991	4/15/1994	(1)
KINGS COURT (California)		—	10,714	866	—	11,580	11,580	9,545	1960	8/24/1998	(1)
LANCASTER (Pennsylvania)		—	2,103	6,116	432	7,787	8,219	6,008	1958	4/24/1980	(1)
LANGHORNE SQUARE (Pennsylvania)		720	2,974	18,992	720	21,966	22,686	16,661	1966	1/31/1985	(1)
LAUREL (Maryland)		7,458	22,525	28,273	7,462	50,794	58,256	40,417	1956	8/15/1986	(1)
LAWRENCE PARK (Pennsylvania)		6,150	8,491	19,621	6,161	28,101	34,262	23,385	1972	7/23/1980 & 4/3/17	(1)
LEESBURG PLAZA (Virginia)		8,184	10,722	18,165	8,184	28,887	37,071	16,067	1967	9/15/1998	(1)
LINDEN SQUARE (Massachusetts)		79,382	19,247	51,735	79,346	71,018	150,364	26,947	1960-2008	8/24/2006	(1)
MELVILLE MALL (New York)		35,622	32,882	31,450	35,622	64,332	99,954	17,028	1974	10/16/2006	(1)
MERCER MALL (New Jersey)		5,917	18,358	48,524	5,917	66,882	72,799	33,340	1975	10/14/03 & 1/31/17	(1)

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Descriptions	Encumbrance	Land	Building and Improvements	Cost Capitalized Subsequent to Acquisition	Land	Building and Improvements	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	Life on which depreciation in latest income statements is computed
MONTROSE CROSSING (Maryland)	67,492	48,624	91,819	22,110	48,624	113,929	162,553	32,948	1960s, 1970s, 1996 & 2011	12/27/11 & 12/19/13	(1)
MOUNT VERNON/SOUTH VALLEY/7770 RICHMOND HWY. (Virginia)		10,068	33,501	42,942	10,150	76,361	86,511	39,734	1966/1972/1987/2001	3/31/03, 3/21/03, & 1/27/06	(1)
NORTH DARTMOUTH (Massachusetts)		9,366	—	3	9,366	3	9,369	1	2004	8/24/2006	(1)
NORTHEAST (Pennsylvania)		938	8,779	22,027	939	30,805	31,744	19,120	1959	8/30/1983	(1)
OLD KEENE MILL (Virginia)		638	998	11,093	638	12,091	12,729	6,017	1968	6/15/1976	(1)
OLD TOWN CENTER (California)		3,420	2,765	29,348	3,420	32,113	35,533	22,722	1962, 1997-1998	10/22/1997	(1)
OLIVO AT MISSION HILLS (California)		15,048	46,732	17,869	15,048	64,601	79,649	3,016	2017-2018	8/2/2017	(1)
PAN AM (Virginia)		8,694	12,929	8,314	8,695	21,242	29,937	16,292	1979	2/5/1993	(1)
PENTAGON ROW (Virginia)		—	2,955	103,383	—	106,338	106,338	52,509	1999 - 2002	1998 & 11/22/10	(1)
PERRING PLAZA (Maryland)		2,800	6,461	22,943	2,800	29,404	32,204	24,834	1963	10/1/1985	(1)
PIKE & ROSE (Maryland)		31,471	10,335	579,682	27,929	593,559	621,488	50,600	1963, 2012-2019	5/18/82, 10/26/07, & 7/31/12	(1)
PIKE 7 PLAZA (Virginia)		14,970	22,799	11,569	14,914	34,424	49,338	18,736	1968	3/31/97 & 7/8/15	(1)
PLAZA DEL MERCADO (Maryland)		10,305	21,553	14,859	10,305	36,412	46,717	5,571	1969	1/13/2016	(1)
PLAZA DEL SOL (California)	8,308	5,605	12,331	—	5,605	12,331	17,936	1,185	2009	8/2/2017	(1)
PLAZA EL SEGUNDO/THE POINT (California)	124,336	62,127	153,556	77,079	64,788	227,974	292,762	54,745	2006/2007/2016	12/30/11, 6/14/13, 7/26/13, & 12/27/13	(1)
QUEEN ANNE PLAZA (Massachusetts)		3,319	8,457	6,166	3,319	14,623	17,942	10,580	1967	12/23/1994	(1)
QUINCE ORCHARD (Maryland)		3,197	7,949	30,386	2,928	38,604	41,532	22,770	1975	4/22/1993	(1)
RIVERPOINT CENTER (Illinois)		15,422	104,572	1,930	15,422	106,502	121,924	9,487	1989, 2012	3/31/2017	(1)
ROCKVILLE TOWN SQUARE (Maryland)		—	8,092	39,639	—	47,731	47,731	20,001	2005 - 2007	2006 - 2007	(1)
ROLLINGWOOD APTS. (Maryland)		552	2,246	8,575	774	10,599	11,373	9,940	1960	1/15/1971	(1)

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Descriptions	Encumbrance	Land	Building and Improvements		Land	Building and Improvements	Total				
SAM'S PARK & SHOP (District of Columbia)		4,840	6,319	3,022	4,840	9,341	14,181	5,912	1930	12/1/1995	(1)
SAN ANTONIO CENTER (California)		26,400	18,462	1,141	26,400	19,603	46,003	3,752	1958, 1964-1965, 1974-1975, 1995-1997	1/9/2015, 9/13/19	(1)
SANTANA ROW (California)		66,682	7,502	976,080	53,217	997,047	1,050,264	221,350	1999-2006, 2009, 2011, 2014, 2016-2019	3/5/97, 7/13/12, 9/6/12, 4/30/13 & 9/23/13	(1)
SAUGUS PLAZA (Massachusetts)		4,383	8,291	4,501	4,383	12,792	17,175	7,557	1976	10/1/1996	(1)
SYLMAR TOWNE CENTER (California)	16,854	18,522	24,636	679	18,522	25,315	43,837	2,205	1973	8/2/2017	(1)
THE AVENUE AT WHITE MARSH (Maryland)	52,597	20,682	72,432	29,311	20,685	101,740	122,425	38,923	1997	3/8/2007	(1)
THE GROVE AT SHREWSBURY (New Jersey)	42,874	18,016	103,115	5,419	18,021	108,529	126,550	20,825	1988/1993/2007	1/1/2014 & 10/6/14	(1)
THE SHOPPES AT NOTTINGHAM SQUARE (Maryland)		4,441	12,849	735	4,441	13,584	18,025	5,889	2005 - 2006	3/8/2007	(1)
THE SHOPS AT SUNSET PLACE (Florida)	62,426	64,499	50,853	8,944	64,499	59,797	124,296	10,136	1999	10/1/2015	(1)
THIRD STREET PROMENADE (California)		22,645	12,709	45,863	25,125	56,092	81,217	36,201	1888-2000	1996-2000	(1)
TOWER SHOPPNG CENTER (Virginia)		7,170	10,518	4,797	7,280	15,205	22,485	9,921	1953-1960	8/24/1998	(1)
TOWER SHOPS (Florida)		29,940	43,390	24,855	29,962	68,223	98,185	21,085	1989	1/19/11 & 6/13/14	(1)
TOWN CENTER OF NEW BRITAIN (Pennsylvania)		1,282	12,285	2,888	1,535	14,920	16,455	5,931	1969	6/29/2006	(1)
TOWSON RESIDENTIAL (FLATS @703) (Maryland)		2,328	—	20,042	2,328	20,042	22,370	1,454	2016-2017	3/8/2007	(1)
TROY HILLS (New Jersey)		3,126	5,193	32,655	5,865	35,109	40,974	23,135	1966	7/23/1980	(1)
TYSON'S STATION (Virginia)		388	453	4,170	493	4,518	5,011	3,939	1954	1/17/1978	(1)
VILLAGE AT SHIRLINGTON (Virginia)		9,761	14,808	38,771	4,234	59,106	63,340	30,187	1940, 2006-2009	12/21/1995	(1)
WESTGATE CENTER (California)		6,319	107,284	43,870	6,319	151,154	157,473	61,106	1960-1966	3/31/2004	(1)
WHITE MARSH PLAZA (Maryland)		3,478	21,413	1,028	3,478	22,441	25,919	9,736	1987	3/8/2007	(1)

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SCHEDULE III
SUMMARY OF REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2019
(Dollars in thousands)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E			COLUMN F	COLUMN G	COLUMN H	COLUMN I
		Initial cost to company		Cost Capitalized Subsequent to Acquisition	Gross amount at which carried at close of period			Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	Life on which depreciation in latest income statements is computed
Descriptions	Encumbrance	Land	Building and Improvements		Land	Building and Improvements	Total				
WHITE MARSH OTHER (Maryland)		29,725	1,843	146	29,754	1,960	31,714	913	1985	3/8/2007	(1)
WILDWOOD (Maryland)		9,111	1,061	15,905	9,111	16,966	26,077	9,208	1958	5/5/1969	(1)
WILLOW GROVE (Pennsylvania)		1,499	6,643	22,061	1,499	28,704	30,203	27,812	1953	11/20/1984	(1)
WILLOW LAWN (Virginia)		3,192	7,723	91,838	7,790	94,963	102,753	62,087	1957	12/5/1983	(1)
WYNNEWOOD (Pennsylvania)		8,055	13,759	21,272	8,055	35,031	43,086	25,668	1948	10/29/1996	(1)
TOTALS	$ 545,679	$1,449,865	$ 2,526,772	$4,321,495	$1,414,814	$ 6,883,318	$8,298,132	$2,215,413			

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

FEDERAL REALTY INVESTMENT TRUST
SCHEDULE III
SUMMARY OF REAL ESTATE AND ACCUMULATED DEPRECIATION - CONTINUED
Three Years Ended December 31, 2019
Reconciliation of Total Cost
(in thousands)

Balance, December 31, 2016	$ 6,759,073
Additions during period	
Acquisitions	555,476
Improvements	492,541
Deduction during period—dispositions and retirements of property	(172,029)
Balance, December 31, 2017	7,635,061
Additions during period	
Acquisitions	14,940
Improvements	407,225
Deduction during period—dispositions and retirements of property	(237,754)
Balance, December 31, 2018	7,819,472
January 1, 2019 adoption of new accounting standard - See Note 2	(71,859)
Additions during period	
Acquisitions	309,921
Improvements	441,703
Deduction during period—dispositions and retirements of property	(201,105)
Balance, December 31, 2019 (1)	$ 8,298,132

(1) For Federal tax purposes, the aggregate cost basis is approximately $7.4 billion as of December 31, 2019.

FEDERAL REALTY INVESTMENT TRUST
SCHEDULE III
SUMMARY OF REAL ESTATE AND ACCUMULATED DEPRECIATION - CONTINUED
Three Years Ended December 31, 2019
Reconciliation of Accumulated Depreciation and Amortization
(in thousands)

Balance, December 31, 2016	$ 1,729,234
Additions during period—depreciation and amortization expense	193,340
Deductions during period—dispositions and retirements of property	(46,030)
Balance, December 31, 2017	1,876,544
Additions during period—depreciation and amortization expense	215,969
Deductions during period—dispositions and retirements of property	(33,370)
Balance, December 31, 2018	2,059,143
January 1, 2019 adoption of new accounting standard - See Note 2	(18,173)
Additions during period—depreciation and amortization expense	215,382
Deductions during period—dispositions and retirements of property	(40,939)
Balance, December 31, 2019	$ 2,215,413

FEDERAL REALTY INVESTMENT TRUST
SCHEDULE IV
MORTGAGE LOANS ON REAL ESTATE
Year Ended December 31, 2019

(Dollars in thousands)

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H
Description of Lien	Interest Rate	Maturity Date	Periodic Payment Terms	Prior Liens	Face Amount of Mortgages	Carrying Amount of Mortgages(1)	Principal Amount of Loans Subject to delinquent Principal or Interest
Mortgage on retail buildings in Philadelphia, PA	8% or 10% based on timing of draws, plus participation	May 2021	Interest only monthly; balloon payment due at maturity	$ —	$ 21,179	$ 21,179 (2)	$ —
Mortgage on retail buildings in Philadelphia, PA	10% plus participation	May 2021	Interest only monthly; balloon payment due at maturity	—	9,250	9,250	—
				$ —	$ 30,429	$ 30,429	$ —

(1) For Federal tax purposes, the aggregate tax basis is approximately $30.4 million as of December 31, 2019.
(2) This mortgage is available for up to $25.0 million.

FEDERAL REALTY INVESTMENT TRUST
SCHEDULE IV
MORTGAGE LOANS ON REAL ESTATE - CONTINUED
Three Years Ended December 31, 2019
Reconciliation of Carrying Amount
(in thousands)

Balance, December 31, 2016	$ 29,904
Additions during period:	
Issuance of loans	525
Balance, December 31, 2017	30,429
Balance, December 31, 2018	30,429
Balance, December 31, 2019	$ 30,429

Exhibit 4.8

Description of the Registrant's Securities
Registered Pursuant to Section 12 of the
Securities Exchange Act of 1934

The following description sets forth certain material terms and provisions of our securities that are registered under Section 12 of the Securities Exchange Act of 1934, as amended. This description also contains summaries of relevant portions of the Code of Maryland, including Title 8 of the Corporations and Associations Article, or Maryland REIT Law, our declaration of trust, our bylaws and the articles supplementary with respect to our Series C preferred shares (as defined below). The following summary of the material terms, rights and preferences of our securities does not purport to be complete and is subject to and qualified in its entirety by reference to our declaration of trust, bylaws and the articles supplementary establishing the Series C preferred shares, copies of which are incorporated by reference as exhibits to the Annual Report on Form 10-K of which this exhibit is a part, as well as the laws of the State of Maryland, including the Maryland REIT law. We encourage you to read the laws of the State of Maryland, including Maryland REIT law, our declaration of trust, bylaws and the articles supplementary establishing the Series C preferred shares for additional information.

In this exhibit, references to "we," "us," "our" or "ours" refer to Federal Realty Investment Trust.

General

Our declaration of trust allows us to issue up to 100,000,000 common shares of beneficial interest, par value $0.01 per share, and 15,000,000 preferred shares of beneficial interest, par value $0.01 per share. As of February 5, 2020, we had issued and outstanding 75,651,842 common shares, 399,896 preferred shares, which are designated as 5.417% Series 1 Cumulative Convertible Preferred Shares, which we refer to as the Series 1 preferred shares, and 6,000 preferred shares, which are designated as 5.000% Series C Cumulative Redeemable Preferred Shares, which we refer to as the Series C preferred shares.

Common Shares

Holders of our common shares are entitled to receive distributions, or dividends, on our common shares if the Board of Trustees authorizes a dividend to the holders of our common shares out of our legally available assets. The right of holders of common shares to receive those dividends may be affected, however, by the preferential rights of the Series 1 preferred shares and Series C preferred shares or any other class or series of shares of beneficial interest and the provisions of our declaration of trust regarding restrictions on the transfer of shares of beneficial interest. For example, holders of our common shares may not receive dividends if no funds are available for distribution after we pay dividends to holders of preferred shares. In the event of our liquidation, dissolution or winding up, holders of our common shares will be entitled to share pro rata in all of our assets remaining after payment or provision for all of our debts and other liabilities and preferential amounts owing in respect of our Series 1 preferred shares, Series C preferred shares and any other shares of beneficial interest having a priority over our common shares in the event of our liquidation, dissolution or winding up.

Ranking. Our outstanding Series 1 preferred shares and Series C preferred shares rank senior to our common shares with respect to the payment of dividends and as to the distribution of assets in the event of our liquidation, dissolution or winding up. All outstanding common shares are fully paid and non-assessable.

Voting Rights. Each outstanding common share owned by a shareholder entitles that holder to one vote on all matters submitted to a vote of common shareholders, including the election of trustees. The right to vote is subject to the provisions of our declaration of trust regarding the restriction of the transfer of shares of beneficial interest, which we describe under "- Restrictions on Ownership and Transfer," below. There is no cumulative voting in the election of trustees, which means that, under Maryland law and our bylaws, the holders of a plurality of all of the votes cast at a meeting of shareholders duly called and at which a quorum is present can elect a trustee. The holders of the remaining shares will not be able to elect any trustees.

Holders of common shares do not have any right to:

- convert their common shares into any other security;
- have any funds set aside for future payments;
- require us to repurchase their common shares; or
- purchase any of our securities, if other securities are offered for sale, other than as a member of the general public.

Subject to the terms of our declaration of trust regarding the restrictions on transfer of shares of beneficial interest, each common share has the same dividend, distribution, liquidation and other rights as each other common share.

According to the terms of our declaration of trust and bylaws, and Maryland law, all matters submitted to the shareholders for approval, except for those matters listed below, are approved if a majority of all the votes cast at a meeting of shareholders duly called and at which a quorum is present are voted in favor of approval. The following matters require approval other than by a majority of all votes cast:

- the election of trustees (which requires a plurality of all the votes cast at a meeting of our shareholders at which a quorum is present), provided, however, that if any trustee does not receive a majority of all the votes cast where the number of nominees is the same as the number of trustees to be elected, such trustee shall tender his or her resignation within five business days after certification of the vote and such resignation shall be acted upon by our Board of Trustees within sixty days of such certification;
- the removal of trustees (which requires the affirmative vote of the holders of two-thirds of the number of shares outstanding and entitled to vote on such a matter if the removal is approved or recommended by a vote of at least two-thirds of the Board of Trustees or the affirmative vote of the holders of not less than 80% of the number of shares then outstanding and entitled to vote on such matter if the removal is not approved or recommended by a vote of at least two-thirds of the Board of Trustees);
- the amendment of our declaration of trust by shareholders (which requires the affirmative vote of two-thirds of all votes entitled to be cast on the matter only if the amendment was not approved by a unanimous vote of the Board of Trustees, but requires the affirmative vote of only a majority of votes entitled to be cast on the matter if the amendment was approved by a unanimous vote of the Board of Trustees);
- our termination, winding up of affairs and liquidation (which requires, after approval by a majority of the entire Board of Trustees, the affirmative vote of two-thirds of all the votes entitled to be cast on the matter); and
- our merger or consolidation with another entity or sale of all or substantially all of our property (which requires the approval of the Board of Trustees and an affirmative vote of two-thirds of all the votes entitled to be cast on the matter).

Our declaration of trust permits the Board of Trustees to revoke our election to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, or the Code, or to determine that compliance with any restriction or limitations on ownership and transfers of shares set forth in the declaration of trust is no longer required in order for us to qualify as a REIT. Our declaration of trust also permits the Board of Trustees to amend the declaration of trust from time to time, without approval by our shareholders, to:

- qualify as a real estate investment trust under Maryland REIT law or the Code; or
- to increase or decrease the authorized aggregate number of shares and number of authorized shares of any class or series.

In addition, any provision of our bylaws may be adopted, altered or repealed either by our Board of Trustees, subject to certain limitations contained in our bylaws, without any action by the shareholders or 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.

No Preemptive, Conversion or Subscription Rights; No Redemption or Sinking Fund Provisions. Holders of our common shares have no preemptive or conversion rights, and there are no sinking fund or redemption provisions relating to our common shares. In addition, under our declaration of trust, no holder of shares of beneficial interest has any preemptive rights to subscribe to any issuance of additional shares. The Board of Trustees, in classifying or reclassifying any unissued shares of beneficial interest, however, has the right to grant holders of shares preemptive rights to purchase or subscribe for additional shares of beneficial interest or other securities.

Stock Exchange Listing. The common shares are traded on the New York Stock Exchange under the trading symbol "FRT."

Transfer Agent and Registrar. The transfer agent and registrar for the common shares is American Stock Transfer & Trust Company, LLC, New York, New York.

Depositary Shares each Representing a 1/1000 Fractional Interest in a 5.000% Series C Preferred Share

General

Our Board of Trustees, has adopted articles supplementary to our declaration of trust establishing the terms of the Series C preferred shares consisting of 6,400 shares, designated 5.000% Series C Cumulative Redeemable Preferred Shares, $0.01 par value per share. Unless redeemed or otherwise repurchased by us, the Series C preferred shares have a perpetual term with no stated maturity date. The following summary of the terms and provisions of the Series C preferred shares does not purport to be complete and is qualified in its entirety by reference to the pertinent sections of our declaration of trust, which includes the articles supplementary establishing the Series C preferred shares.

Each depositary share represents a 1/1000 fractional interest in a Series C preferred share. The Series C preferred shares are deposited with American Stock Transfer & Trust Company, LLC, as depositary (referred to herein as the preferred share depositary), under a deposit agreement between us, the preferred share depositary and the holders from time to time of the depositary receipts issued by the preferred share depositary thereunder. The depositary receipts evidence the depositary shares. Subject to the terms of the deposit agreement, each holder of a depositary receipt representing a depositary share is entitled to all the rights and preferences of a fractional interest in a Series C preferred share (including dividends, voting, redemption and liquidation rights and preferences). Holders of depositary shares representing Series C preferred shares may surrender their depositary receipts and the depositary will be required to deliver certificates to the holder of the depositary shares representing Series C preferred shares evidencing the number of preferred shares represented by those receipts (but only in whole shares). If a holder delivers depositary receipts representing a number of depositary shares that is greater than the number of whole shares to be withdrawn, the depositary will deliver to the holder, at the same time, a new depositary receipt evidencing the fractional shares.

Ranking. With respect to the payment of dividends and distribution of our assets and rights upon liquidation, dissolution or winding up, the Series C preferred shares rank (i) senior to our common shares and to all other equity securities that, by their terms, rank junior to the Series C preferred shares, (ii) on a parity with all equity securities issued by us other than those referred to in clause (i) or clause (iii), including our outstanding Series 1 preferred shares, and (iii) junior to all equity securities issued by us whose senior ranking is consented to by holders of at least two-thirds of the shares of the Series C preferred shares outstanding at the time. For these purposes, the term “equity securities” does not include convertible debt securities. We currently have no equity securities outstanding senior to the Series C preferred shares.

Dividends

Holders of the Series C preferred shares shall be entitled to receive, when, as and if authorized by our Board of Trustees and declared by us, out of assets legally available for payment, cumulative cash dividends at the rate of 5.000% of the $25,000.00 liquidation preference per year (equal to $1.250 per depositary share per year). Dividends on the Series C preferred shares shall accrue and be cumulative from, and including, the date of original issue and shall be payable, subject to authorization by our Board of Trustees and declaration by us, quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, commencing on January 15, 2018, or, if any such date is not a business day, the next succeeding business day. Dividends payable on the Series C preferred shares are computed on the basis of a 360-day year consisting of twelve 30-day months. The preferred share depositary distributes cash dividends received in respect of the Series C preferred shares to the record holders of the depositary receipts as of the close of business on the applicable record date, which shall be the first day of the calendar month in which the applicable dividend payment date falls or such other date designated by our Board of Trustees for the payment of dividends that is not more than 30 nor less than 10 days prior to the dividend payment date.

No full dividends shall be declared or paid or set apart for payment on any class or series of equity securities ranking, as to dividends or payment upon liquidation, dissolution or winding up, on a parity with or junior to our Series C preferred shares unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for that payment on the Series C preferred shares for all past dividend periods.

When dividends are not paid in full (or a sum sufficient for their full payment is not so set apart) on the Series C preferred shares and any other class or series of equity securities ranking on a parity as to dividends or payment upon liquidation, dissolution or winding up with the Series C preferred shares, all dividends declared upon the Series C preferred shares and any other such equity securities shall be declared pro rata so that the amount of dividends declared per share on the Series C preferred shares and all other such parity securities shall in all cases bear to each other the same ratio that accrued and unpaid dividends per share on the Series C preferred shares and all other such parity securities bear to each other.

Except as provided in the immediately preceding paragraph, unless full cumulative dividends on the Series C preferred shares have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods, then no dividends (other than in the form of our common shares or any of our other equity securities ranking junior to the Series C preferred shares as to dividends and upon our liquidation, dissolution or winding up) shall be declared or paid or set apart for payment or other distribution shall be declared or made upon our common shares or any of our other equity securities ranking junior to or on a parity with the Series C preferred shares as to dividends or upon liquidation, dissolution or winding up, nor shall any common shares or any of our other equity securities ranking junior to or on a parity with the Series C preferred shares as to dividends or upon our liquidation, dissolution or winding up be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such equity securities) by us (except by conversion into or exchange for other of our equity securities ranking junior to the Series C preferred shares as to dividends and upon our liquidation, dissolution or winding up).

No dividends on the Series C preferred shares shall be authorized by our Board of Trustees or declared by us or be paid or set apart for payment by us at such time as the terms and provisions of any agreement of ours, including any agreement relating to our indebtedness, prohibits the authorization, declaration, payment or setting apart for payment or provides that the authorization, declaration, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if the declaration or payment shall be restricted or prohibited by law.

Notwithstanding the foregoing, dividends on the Series C preferred shares accrue whether or not we have earnings, whether or not there are funds legally available for the payment of the dividends and whether or not the dividends are authorized or declared. Accrued but unpaid dividends on the Series C preferred shares do not bear interest and holders of the Series C preferred shares are not entitled to any dividends in excess of full cumulative dividends as described above.

Any dividend payment made on the Series C preferred shares shall first be credited against the earliest accrued but unpaid dividend due with respect to the shares which remains payable.

Liquidation Preference

In the event of any liquidation, dissolution or winding up of our affairs, the holders of the Series C preferred shares are entitled to be paid out of our assets legally available for distribution to our shareholders liquidating distributions in cash or property at its fair market value as determined by our Board of Trustees in the amount of a liquidation preference of $25,000.00 per share (equivalent to $25.00 per depositary share), plus an amount equal to all accrued and unpaid dividends to, but excluding, the date of the liquidation, dissolution or winding up, before any distribution or payment shall be made to the holders of any common shares or any other class or series of equity securities issued by us ranking junior to our Series C preferred shares as to liquidation rights. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of the Series C preferred shares will have no right or claim to any of our remaining assets. Our consolidation or merger with or into any other entity or the sale, lease, transfer or conveyance of all or substantially all of our property or business, individually or as part of a series of transactions, shall not be deemed to constitute a liquidation, dissolution or winding up of our affairs.

In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, our legally available assets are insufficient to pay the amount of the liquidating distributions on all outstanding Series C preferred shares and the corresponding amounts payable on all other classes or series of equity securities issued by us ranking on a parity with the Series C preferred shares as to liquidation rights, then the holders of the depositary shares representing the Series C preferred shares and all other classes or series of equity securities issued by us ranking on a parity with the Series C preferred shares as to liquidation rights, including all other preferred shares, shall share ratably in any distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

Optional Redemption

Series C preferred shares are not redeemable prior to September 29, 2022. On or after September 29, 2022, we may redeem, at our option upon not less than 30 nor more than 60 days' written notice, the Series C preferred shares (and the preferred share depositary will redeem the number of depositary shares representing the Series C preferred shares so redeemed), in whole or in part, at any time or from time to time, for cash at a redemption price of $25,000.00 per share (equivalent to $25.00 per depositary share), plus accrued and unpaid dividends thereon, if any, to, but excluding, the date fixed for redemption. If fewer than all of the outstanding Series C preferred shares and depositary shares are to be redeemed, the Series C preferred shares and depositary shares to be redeemed will be determined pro rata (as nearly as practicable without creating fractional shares) or by lot. In addition, we may redeem Series C preferred shares at any time in certain circumstances relating to the maintenance of our ability to qualify as a REIT for federal income tax purposes.

We will give the preferred share depositary prior written notice of redemption of the deposited Series C preferred shares. A similar notice will be mailed by the preferred share depositary, postage prepaid, not less than 30 nor more than 60 days prior to the date fixed for redemption of the Series C preferred shares and the depositary shares, addressed to the respective holders of depositary shares to be redeemed at their respective addresses shown on the records of the preferred share depositary. The notice of redemption may be contingent on the occurrence of a future event. No failure to give notice or any defect of the notice or in the mailing of the notice shall affect the validity of the proceedings for the redemption of any Series C preferred shares except as to the holder to whom notice was defective or not given. Each notice shall state:

- the date fixed for redemption of the Series C preferred shares and the depositary shares;
- the redemption price;
- the number of Series C preferred shares and the number of depositary shares to be redeemed;
- the place or places where certificates representing the Series C preferred shares and the depositary receipts are to be surrendered for payment of the redemption price; and
- that dividends on the shares to be redeemed will cease to accrue on the redemption date.

The notice mailed to each holder shall also specify the number of Series C preferred shares and depositary shares to be redeemed from such holder.

On or after the redemption date, each holder of Series C preferred shares to be redeemed must present and surrender the certificates representing the Series C preferred shares at the place designated in the redemption notice and then the redemption price of such Series C preferred shares and any accrued and unpaid dividends payable upon such redemption will be paid to the person who presented and surrendered such certificates and each surrendered certificate will be canceled. Similarly, on or after the redemption date, each holder of depositary receipts representing depositary shares to be redeemed must present and surrender the depositary receipts representing depositary shares at the place designated in the redemption notice and then the redemption price of such depositary shares and any accrued and unpaid dividends payable upon such redemption will be paid to the person who presented and surrendered such depositary receipts and each surrendered depositary receipt will be canceled. In the event that fewer than all the Series C preferred shares or depositary shares represented by any certificate or depositary receipt are to be redeemed, a new certificate or depositary receipt will be issued representing the unredeemed preferred shares or depositary shares, as the case may be.

At our election, we may, prior to the redemption date, irrevocably deposit cash in an amount equal to the redemption price (including accrued and unpaid dividends) of the Series C preferred shares called for redemption in trust for the holders thereof with a bank or trust company, in which case the notice to holders of the Series C preferred shares and depositary shares to be redeemed will:

- specify the office of such bank or trust company as the place of payment of the redemption price; and
- call upon such holders to surrender the certificates or depositary receipts, as the case may be, representing such shares at such place on or about the date fixed in such redemption notice (which may not be later than the redemption date) against payment of the redemption price (including all accrued and unpaid dividends up to, but excluding, the redemption date). Subject to applicable law, any moneys deposited which remain unclaimed at the end of two years after the redemption date will be returned to us by such bank or trust company.

The holders of depositary shares at the close of business on a record date of any dividend will be entitled to receive the dividend payable with respect to the Series C preferred shares represented thereby on the corresponding payment date notwithstanding the redemption thereof between such dividend record date and the corresponding dividend payment date. Except as provided above, we will make no payment or allowance for unpaid dividends, whether or not in arrears, on Series C preferred shares to be redeemed.

If notice of redemption of any Series C preferred shares has been given, if the funds necessary for that redemption have been set apart by us in trust for the benefit of the holders of any Series C preferred shares so called for redemption, and unless we default in providing funds for the payment of the redemption price, then from and after the redemption date dividends will cease to accrue on those Series C preferred shares, those Series C preferred shares will no longer be deemed outstanding and such shares will not thereafter be transferred (except with our consent) on our books and all rights of the holders of those shares will terminate, except the right to receive the redemption price (including all accrued and unpaid dividends up to, but excluding, the redemption date).

Notwithstanding the foregoing, unless full cumulative dividends on all outstanding Series C preferred shares have been or contemporaneously are paid or declared and a sum sufficient for the payment set apart for payment for all past dividend periods, no Series C preferred shares or depositary shares representing Series C preferred shares will be redeemed unless all outstanding Series C preferred shares and depositary shares representing Series C preferred shares are simultaneously redeemed. Unless full cumulative dividends on all outstanding Series C preferred shares and depositary shares representing Series C preferred shares have been or contemporaneously are paid or declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods, we will not purchase or otherwise acquire, directly or indirectly, any Series C preferred shares or depositary shares representing Series C preferred shares (except by conversion into or exchange for equity securities ranking junior to the Series C preferred shares as to dividend and liquidation rights). However, the foregoing will not prevent the purchase or acquisition of Series C preferred shares or depositary shares representing Series C preferred shares pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Series C preferred shares and depositary shares representing Series C preferred shares.

The Series C preferred shares and the depositary shares have no stated maturity date and are not be subject to any sinking fund or mandatory redemption provisions (except in connection with the preservation of our REIT status).

Voting Rights

Except as indicated below, the holders of the depositary shares representing the Series C preferred shares have no voting rights. On any matter on which the Series C preferred shares are entitled to vote, each Series C preferred share shall be entitled to one thousand votes. As a result, each depositary share is entitled to one vote on each matter for which the holders of Series C preferred shares are entitled to vote.

If and whenever dividends payable on the Series C preferred shares are in arrears for six or more dividend periods, whether or not consecutive, holders of the depositary shares representing the Series C preferred shares (voting together as a class with holders of any other classes or series of preferred shares upon which like voting rights have been conferred and are exercisable) will be entitled to elect two additional trustees to serve on our Board of Trustees until we pay all accrued and unpaid dividends on the Series C preferred shares to which the holders of such Series C preferred shares are entitled.

So long as any depositary shares representing Series C preferred shares remain outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of the Series C preferred shares outstanding at the time, given in person or by proxy, either in writing or at a meeting (with the holders of the depositary shares representing the Series C preferred shares voting separately as a class): (i) authorize or create, or increase the authorized or issued amount of, any class or series of equity securities issued by us that rank senior to Series C preferred shares with respect to payment of dividends or the distribution of assets upon our liquidation, dissolution or winding-up, or reclassify any of our authorized shares into such equity securities or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such equity securities; or (ii) amend, alter or repeal the provisions of the declaration of trust or bylaws, whether by merger, consolidation, or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the holders of the depositary shares representing Series C preferred shares; except that (1) with respect to the occurrence of any of the events described in (ii) above, so long as the Series C preferred shares remain outstanding with the terms of the Series C preferred shares materially unchanged or are converted into a security in another entity with the terms materially unchanged, the occurrence of such event will not be deemed to materially and adversely affect the rights, preferences, privileges or voting powers of holders of the depositary shares representing Series C preferred shares and (2) (A) any increase in the amount of the authorized Series C preferred shares or the authorization or issuance of any other class or series of equity securities or (B) any increase in the number of authorized Series C preferred shares or any other class or series of equity securities, in each case ranking on a parity with or junior to the Series C preferred shares with respect to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up, will not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which the vote would otherwise be required shall be effected, all outstanding Series C preferred shares shall have been redeemed or called for redemption and sufficient funds shall have been deposited in trust to effect the redemption.

No Preemptive, Conversion or Subscription Rights. Holders of our Series C preferred shares and the depositary shares have no preemptive or conversion rights. In addition, under our declaration of trust, no holder of shares of beneficial interest has any preemptive rights to subscribe to any issuance of additional shares. The Board of Trustees, in classifying or reclassifying any unissued shares of beneficial interest, however, has the right to grant holders of shares preemptive rights to purchase or subscribe for additional shares of beneficial interest or other securities.

Stock Exchange Listing. The depositary shares representing Series C preferred shares are traded on the New York Stock Exchange under the trading symbol “FRTPRC.”

Restrictions on Ownership and Transfer

Restrictions on ownership and transfer of shares are important to ensure that we meet certain conditions under the Code to qualify as a REIT. For example, the Code contains the following requirements.

- No more than 50% in value of a REIT's shares may be owned, actually or constructively (based on attribution rules in the Code), by five or fewer individuals during the last half of a taxable year or a proportionate part of a shorter taxable year, which we refer to as the 5/50 Rule. Under the Code, individuals include certain tax-exempt entities except that qualified domestic pension funds are not generally treated as individuals.
- If a REIT, or an owner of 10% or more of a REIT, is treated as owning 10% or more of a tenant of the REIT's property, the rent received by the REIT from the tenant will not be "qualifying income" for purposes of the REIT gross income tests of the Code.
- A REIT's stock or beneficial interests must be owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year.

In order to maintain our qualification as a REIT, our declaration of trust, subject to certain exceptions described below, provides that no person may own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.8% (in value or in number of shares, whichever is more restrictive) of the outstanding common shares or more than 9.8% in value of our outstanding capital stock. In this exhibit, the term "ownership limitation" is used to describe this provision of our declaration of trust.

Any transfer of shares will be null and void, and the intended transferee will acquire no rights in such shares if the transfer:

- results in any person owning, directly or indirectly, shares in excess of the ownership limitation;
- results in the shares being owned by fewer than 100 persons (determined without reference to any rules of attribution);
- results in our being "closely held" (within the meaning of Section 856(h) of the Code);
- causes us to own, directly or constructively, 10% or more of the ownership interests in a tenant of our real property (within the meaning of Section 856(d)(2)(B) of the Code); or
- otherwise results in our failure to qualify as a REIT.

Automatic Transfer of Shares to Trust. With certain exceptions described below, if any purported transfer of shares would violate any of the restrictions described in the immediately preceding paragraph, then the transfer will be null and void, and those shares will be designated as "shares-in-trust" and transferred automatically to a charitable trust. The transfer to the trust is effective as of the end of the business day before the purported transfer of such shares. The record holder of the shares that are designated as shares-in-trust must deliver those shares to us for registration in the name of the trust. We will designate a trustee who is not affiliated with us. The beneficiary of the trust will be one or more charitable organizations named by us.

Any shares-in-trust remain issued and outstanding shares and are entitled to the same rights and privileges as all other shares of the same class or series. The trust receives all dividends and distributions on the shares-in-trust and holds such dividends and distributions in trust for the benefit of the beneficiary. The trustee votes all shares-in-trust. The trustee shall also designate a permitted transferee of the shares-in-trust. The permitted transferee must purchase the shares-in-trust for valuable consideration and acquire the shares-in-trust without resulting in the transfer being null and void.

The record holder with respect to shares-in-trust must pay the trust any dividends or distributions received by such record holder that are attributable to any shares-in-trust if the record date for those shares-in-trust was on or after the date that such shares became shares-in-trust. Upon sale or other disposition of the shares-in-trust to a permitted transferee, the record holder generally will receive from the trustee, the lesser of:

- the price per share, if any, paid by the record holder for the shares; or
- if no amount was paid for such shares (e.g., if such shares were received through a gift or devise),
- the price per share equal to the market price (which is calculated as defined in our declaration of trust) on the date the shares were received, or
- the price per share received by the trustee from the sale of such shares-in-trust.

Any amounts received by the trustee in excess of the amounts paid to the record owner will be distributed to the beneficiary. Unless sooner sold to a permitted transferee, upon our liquidation, dissolution or winding up, the record owner generally will receive from the trustee its share of the liquidation proceeds but in no case more than the price per share paid by the record owner or, in the case of a gift or devise, the market price per share on the date such shares were received by the trust.

The shares-in-trust will be offered for sale to us, or our designee, at a price per share equal to the lesser of the price per share in the transaction that created the shares-in-trust (or, in the case of a gift or devise, the market price per share on the date of such transfer) or the market price per share on the date that we, or our designee, accepts such offer. We may accept such offer until the trustee has sold the shares-in-trust as provided above.

Any person who acquires or attempts to acquire shares which would be null and void under the restrictions described above, or any person who owned common shares or preferred shares that were transferred to a trust, must both give us immediate written notice of such event and provide us such other information as requested in order to determine the effect, if any, of such transfer on our status as a REIT.

If a shareholder owns more than 5% of the outstanding common shares or preferred shares, then the shareholder must notify us of its share ownership by January 30 of each year.

The ownership limitation generally does not apply to the acquisition of shares by an underwriter that participates in a public offering of such shares. In addition, the Board of Trustees may exempt a person from the ownership limitation under certain circumstances and conditions. The restrictions on ownership and transfer described in this section of this exhibit will continue to apply until the Board of Trustees determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT.

The Board of Trustees has agreed to exempt from the ownership limitation BlackRock, Inc., or BlackRock, for itself, its subsidiaries and on behalf of investment funds and accounts for whom BlackRock acts as manager or investment advisor with respect to ownership of our equity shares. The Board of Trustees approved an exemption for BlackRock which permits BlackRock and its subsidiaries and investment funds and accounts combined, to the extent they comprise a group under SEC rules, to own up to 15.0% of our outstanding equity or common shares. BlackRock and each of its subsidiaries and investment funds and accounts will remain individually subject to the ownership limitation. The exemption will terminate upon at least 30 days notice given by us.

The Board of Trustees has also agreed to exempt from the ownership limitation Cohen & Steers Capital Management, Inc., or Cohen & Steers, for itself, its affiliates and on behalf of the mutual funds and institutional investor client accounts it advises with respect to ownership of our common shares. The Board of Trustees approved an exemption for Cohen & Steers which permits Cohen & Steers and its affiliates and mutual funds and investor client accounts, combined, to own up to 15.0% of our outstanding common shares. The exemption will expire upon prior notice given by us to Cohen & Steers in the event its mutual funds and investor client accounts no longer own at least 7.0% of our common shares for 180 days in any calendar year.

The ownership limitation could have the effect of delaying, deferring or preventing a transaction or a change in our control that might involve a premium price for the common shares or preferred shares or otherwise be in the best interest of our shareholders. All certificates representing shares will bear a legend referring to the restrictions described above.

Certain Provisions of Maryland Law and our Declaration of Trust and Bylaws

The following provisions, together with the ability of the Board of Trustees to increase the number of authorized shares, in the aggregate or by class, and to issue preferred shares without further shareholder action, the transfer restrictions described under “Restrictions on Ownership and Transfer” and the supermajority voting rights described under “Common Shares - Voting Rights,” may delay or frustrate the removal of incumbent trustees or the completion of transactions that would be beneficial, in the short term, to our shareholders. The provisions may also discourage or make more difficult a merger, tender offer, other business combination or proxy contest, the assumption of control by a holder of a large block of our securities or the removal of incumbent management, even if these events would offer our shareholders a premium price on their securities or otherwise be favorable to the interests of our shareholders.

***Business Combinations*.** Applicable Maryland law, as set forth in the Maryland General Corporation Law, limits our ability to enter into “business combinations” and other corporate transactions, including a merger, consolidation, share exchange, or, in certain circumstances, an asset transfer or issuance of equity securities when the combination is between us and an “interested shareholder” (as defined below) or an affiliate of an “interested shareholder.” An interested shareholder is:

- any person who beneficially owns 10% or more of the voting power of our outstanding voting shares; or
- any of our affiliates that beneficially owned, directly or indirectly, 10% or more of the voting power of our outstanding voting shares at any time within two years immediately prior to the applicable date in question.

We may not engage in a business combination with an interested shareholder or any of its affiliates for five years after the interested shareholder becomes an interested shareholder. This prohibition does not apply to business combinations involving us that are exempted by the Board of Trustees before the interested shareholder becomes an interested shareholder.

We may engage in business combinations with an interested shareholder if at least five years have passed since the person became an interested shareholder, but only if the transaction is:

- recommended by our Board of Trustees; and
- approved by at least,
  - 80% of our outstanding shares entitled to vote; and
  - two-thirds of our outstanding shares entitled to vote that are not held by the interested shareholder or any of its affiliates.

Shareholder approval will not be required if our common shareholders receive a minimum price (as defined in the statute) for their shares and our shareholders receive cash or the same form of consideration as the interested shareholder paid for its shares.

Control Share Acquisitions. Our bylaws exempt acquisitions of our shares of beneficial interest by any person from "control share acquisition" requirements discussed below. With the approval of our Board of Trustees, and of shareholders holding at least a majority of shares outstanding and entitled to vote on the matter, however, we could modify or eliminate the exemption in the future. If the exemption were eliminated, "control share acquisitions" would be subject to the following provisions.

The Maryland General Corporation Law provides that "control shares" of a Maryland REIT acquired in a "control share acquisition" have no voting rights unless two-thirds of the shareholders (excluding shares owned by the acquirer and by the officers and trustees who are employees of the Maryland REIT) approve their voting rights.

"Control Shares" are shares that, if added to all other shares previously acquired, would entitle that person to exercise voting power, in electing trustees, within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority, or
- a majority or more of all voting power.

Control shares do not include shares the acquiring person is entitled to vote with shareholder approval. A "control share acquisition" means the acquisition of control shares, subject to certain exceptions.

If this provision becomes applicable to us, a person who has made or proposes to make a control share acquisition could, under certain circumstances, compel our Board of Trustees to call a special meeting of shareholders to consider the voting rights of the control shares. We could also present the question at any shareholders' meeting on our own.

If this provision becomes applicable to us, subject to certain conditions and limitations, we would be able to redeem any or all control shares. If voting rights for control shares were approved at a shareholders' meeting and the acquirer were entitled to vote a majority of the shares entitled to vote, all other shareholders could exercise appraisal rights and exchange their shares for a fair value as defined by statute.

***Duties of Trustees*.** Under Maryland law, there is a presumption that the act of a trustee satisfies the required standard of care. An act of a trustee relating to or affecting an acquisition or a potential acquisition of control is not subject under Maryland law to a higher duty or greater scrutiny than is applied to any other act of a trustee.

Number of Trustees. The number of trustees may be increased or decreased pursuant to the bylaws, provided that the total number of trustees may not be less than five or more than 10. Under Maryland law and our declaration of trust, trustees are elected for one-year terms.

***Removal of Trustees*.** Under the declaration of trust, and subject to the rights of any holders of preferred shares, our trustees may remove a trustee with cause, as defined in our declaration of trust, by the vote of all the other trustees or the shareholders may remove a trustee, with or without cause, at any meeting of shareholders called for that purpose, either by:

- the affirmative vote of the holders of two-thirds of the number of shares outstanding and entitled to vote on that matter if the removal is approved or recommended by a vote of at least two-thirds of the Board of Trustees; or
- the affirmative vote of the holders of not less than 80% of the number of shares then outstanding and entitled to vote on that matter if the removal is not approved or recommended by a vote of at least two-thirds of the Board of Trustees.

***Vacancies on the Board of Trustees*.** The bylaws provide that, subject to the rights of any holders of preferred shares, any vacancy on the Board of Trustees, including a vacancy created by an increase in the number of trustees, may be filled by vote of a majority of the remaining trustees, or, if the trustees fail to act, at a meeting called for that purpose by the vote of a majority of the shares entitled to vote on the matter. Each trustee so elected shall serve for the unexpired term of the trustee he or she is replacing.

***Meetings of Shareholders*.** Our bylaws provide for an annual meeting of shareholders, to be held in May after delivery of the annual report to shareholders, to elect individuals to the Board of Trustees and transact such other business as may properly be brought before the meeting. Special meetings of shareholders may be called by our Chairman of the Board of Trustees, Chief Executive Officer, President or by one-third of the Board of Trustees, and shall be called at the request in writing of the holders of 25% of all votes entitled to be cast at the meeting.

Our declaration of trust provides that any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting, if a majority of shares entitled to vote on the matter (or such larger proportion as shall be required to take the action) consent to the action in writing and the written consents are filed with the records of the meetings of shareholders.

***Advance Notice for Shareholder Nominations and Shareholder New Business Proposals*.** Our bylaws require advance written notice for shareholders to nominate a trustee or bring other business before a meeting of shareholders. For an annual meeting, to nominate a trustee or bring other business before a meeting of shareholders, a shareholder must deliver notice to our Secretary not later than the close of business on the 120th day prior to the first anniversary of the date of the proxy statement relating to the preceding year's annual meeting. If the date of the annual meeting is changed by more than 30 days from the date of the preceding year's meeting or if we did not hold an annual meeting the preceding year, notice must be delivered within a reasonable time before we begin to print and mail our proxy materials.

For a special meeting, to nominate a trustee, a shareholder must deliver notice to our Secretary not earlier that the close of business on the 120th day prior to the special meeting and not later than the close of business on the later of the 90th day prior to the special meeting or the 10th day following the date on which public announcement is first made of the special meeting. Nominations for elections to the Board of Trustees may be made at a special meeting by shareholders of record both at the time of giving of notice of the special meeting and at the time of the special meeting and who are entitled to vote at the special meeting and who complied with the notice procedures in our bylaws only (a) pursuant to the notice of special meeting, (b) by or at the direction of the Board of Trustees or (c) if the Board of Trustees has determined that trustees shall be elected at the special meeting.

The postponement or adjournment of an annual or special meeting to a later date or time shall not commence any new time periods for the giving of notice as described above. Our bylaws contain detailed requirements for the contents of shareholder notices of trustee nominations and new business proposals.

Shareholder Liability and Indemnification. Under Maryland law, holders of our shares of beneficial interest will not be personally liable for any obligation of ours solely because they are a shareholder. Under our declaration of trust, our shareholders are not liable for our debts or obligations by reason of being a shareholder and will not be subject to any personal liability, in tort, contract or otherwise, to any person in connection with our property or affairs by reason of being a shareholder. Under our bylaws, our shareholders shall have similar indemnification and expense advancement rights as our trustees and officers.

In some jurisdictions other than Maryland, however, with respect to tort claims, contractual claims where shareholder liability is not negated by the express terms of the contract, claims for taxes and certain statutory liabilities, our shareholders may be personally liable to the extent that those claims are not satisfied by us. In addition, common law theories of "piercing the corporate veil" may be used to impose liability on shareholders in certain instances.

Limitation of Liability of Trustees and Officers. Our declaration of trust, to the maximum extent permitted under Maryland law in effect from time to time with respect to liability of trustees and officers of a REIT, provides that no trustee or officer of ours shall be liable to us or to any shareholder for money damages. The Maryland General Corporation Law provides that we may restrict or limit the liability of trustees or officers for money damages except to the extent:

- it is proved that the trustee or officer actually received an improper benefit or profit in money, property or services; or
- a judgment or other final adjudication adverse to the person is entered in a proceeding based on a finding that the person's action, or failure to act, was material to the cause of action adjudicated and was the result of active and deliberate dishonesty.

Our declaration of trust provides that neither amendment nor repeal or any provision of our declaration of trust, nor adoption of any other provision, shall apply to or affect in any respect the applicability of such limitation of liability with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

Indemnification of Directors and Officers. Our declaration of trust permits us to indemnify and advance expenses to, to the maximum extent permitted by Maryland law in effect from time to time, any individual who is a present or former trustee or officer of ours or to any individual who, while a trustee of ours, serves or has served as a director, officer, partner, trustee, employee or agent of another REIT, corporation partnership, joint venture, trust, employee benefit plan or any other enterprise, in connection with any claim or liability to which such person may become subject or which such person may incur by reason of such status.

Our bylaws require us to indemnify: (a) any trustee, officer or former trustee or officer, including any individual who, while a trustee or officer at our express request, serves or served for another REIT, 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 entity, 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; and (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 deliberative 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. In addition, our bylaws require us, without requiring a preliminary determination of the ultimate entitlement to indemnification, to pay or reimburse expenses incurred by a trustee, officer or former trustee or officer made a party to a proceeding by reason of such status, provided that we have received from any such trustee or officer an affirmation and written undertaking as required by our bylaws. Our bylaws provide that neither amendment nor repeal or any provision of our bylaws, nor adoption of any other provision, shall apply to or affect in any respect the applicability of such indemnification and expense advancement rights with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

Exhibit 21.1

FEDERAL REALTY INVESTMENT TRUST AND SUBSIDIARIES

NAME OF SUBSIDIARY	STATE OF INCORPORATION OR ORGANIZATION
FR Associates Limited Partnership	Maryland
Andorra Associates	Pennsylvania
Governor Plaza Associates	Pennsylvania
Shopping Center Associates	Pennsylvania
Berman Enterprises II Limited Partnership	Maryland
FRIT Escondido Promenade, LLC	California
FRIT Leasing & Development Services, Inc.	Delaware
Congressional Plaza Associates, LLC	Maryland
FR Pike 7 Limited Partnership	Delaware
Federal/LPF GP, Inc.	Delaware
Federal Realty Partners L.P.	Delaware
FRLP, Inc.	Delaware
Federal Realty Partners, Inc.	Delaware
FR East Bay Bridge, LLC	Delaware
East Bay Bridge Retail, LLC	Delaware
Federal Realty Management Services, Inc.	Delaware
FRIT Solar, Inc.	Delaware
Santana Row ROF, Inc.	Delaware
FR Mercer Mall, LLC	Delaware
FR Westgate Mall, LLC	Delaware
FR Assembly Square, LLC	Delaware
FR Crow Canyon, LLC	Delaware
FR Linden Square, Inc.	Delaware
FR Chelsea Commons I, Inc.	Delaware
FR Chelsea Commons I, LLC	Delaware
FR White Marsh, Inc.	Maryland
Cordon Fairfield Business Trust	Maryland
Campbell-Philadelphia Business Trust	Maryland
Shoppes at Nottingham Square Business Trust	Maryland
Retail Properties Business Trust	Maryland
Nottingham Square Business Trust	Maryland
White Marsh Plaza, LLC	Maryland
White Marsh Plaza Limited Partnership	Maryland
White Marsh Plaza Business Trust	Maryland
Byron Station, LLC	Maryland
Byron Station Limited Partnership, LLLP	Maryland
The Avenue at White Marsh Business Trust	Maryland
NVI-Avenue, LLC	Maryland
FR Shoppers World, Inc.	Delaware
FR Shoppers World, LLC	Delaware
FR Florida, Inc.	Delaware
FR Rollingwood, LLC	Delaware
FR Rollingwood, Inc.	Delaware
Federal Realty West Coast, Inc.	Delaware
FR Montrose Crossing, Inc.	Delaware
FR Montrose Crossing, LLC	Delaware
FR Montrose Crossing Borrower, LLC	Delaware

FRIT CA Operations, Inc.	California
FR Huntington Square, LLC	Delaware
FR Darien, LLC	Delaware
FR Hastings Ranch, LLC	Delaware
FR Riverpoint, LLC	Delaware
Street Retail, Inc.	Maryland
SRI/CM 4th Street JV, LLC	Delaware
SRI Old Town, LLC	California
Street Retail West I, L.P.	Delaware
Street Retail West II, L.P.	Delaware
Street Retail West 3, L.P.	Delaware
Street Retail West 4, L.P.	Delaware
Street Retail West 6, L.P.	Delaware
Street Retail West 7, L.P.	Delaware
Street Retail West 10, L.P.	Delaware
FRIT San Jose Town and Country Village, LLC	California
Assembly Row 5B, LLC	Delaware
SRI Assembly Row B7, LLC	Delaware
SRI Assembly Row B8, LLC	Delaware
SRI Assembly Row B9, LLC	Delaware
Santana Row Services, Inc.	Delaware
SRI/Continental JV, LLC	Delaware
CCA Sepulveda, LLC	Delaware
Rosecrans-Sepulveda Partners 3, LLC	Delaware
PES Partners, LLC	Delaware
The Grove Fee Owner, LLC	Delaware
Route 35 Shrewsbury Limited Partnership	New Jersey
Shrewsbury Commons L.P.	Washington
Sea Girt Limited Partnership	Washington
35 West, LLC	Washington
Merritt Shrewsbury Commons LLC	Washington
Cole Grove West, LLC	Washington
FR 508 Broad, LLC	Delaware
FR San Antonio Center, LLC	Delaware
San Antonio Center II, LLC	Delaware
Pike & Rose Condominium, Inc.	Delaware
PNR Hotel XXVI JV LLC	Delaware
PNR Hotel XXVI Owner LLC	Delaware
PNR Hotel XXVI Operator LLC	Delaware
SR Winchester, LLC	Delaware
Assembly Row Condominium, Inc.	Delaware
SRI Assembly Row Hotel, Inc.	Delaware
Assembly Row Hotel Operator, LLC	Delaware
Assembly Row Hotel, LLC	Delaware
FRIT Shops at Sunset Place, LLC	Delaware
FRIT Shops at Sunset Place Owner, LLC	Delaware
FRIT Shops at Sunset Place Fee Owner, LLC	Delaware
FRIT Cocowalk, LLC	Delaware
FRIT Cocowalk Owner, LLC	Delaware
3112 Commodore Plaza Investments, Inc.	Florida
3131 Commodore Plaza Investments, Inc.	Florida
3206 Grand Avenue, LLC	Delaware
3406 Main Highway, LLC	Delaware
3419 Main Highway Investments, LLC	Florida

Federal/Lion Venture LP	Delaware
FLV Campus Plaza GP, LLC	Delaware
FLV Campus Plaza Limited Partnership	Delaware
FLV Plaza del Mercado, LLC	Delaware
FLV Plaza del Mercado, LP	Delaware
FLV Greenlawn Plaza GP, LLC	Delaware
FLV Greenlawn Plaza, LP	Delaware
FLV Barcroft Plaza GP, LLC	Delaware
FLV Barcroft Plaza, LP	Delaware
FLV Free State GP, LLC	Delaware
FLV Free State Limited Partnership	Delaware
South Gate Joint Venture, LLC	Delaware
Primestor/FRIT JV, LLC	Delaware
Azalea Joint Venture, LLC	Delaware
Prime/FRIT Alameda, LLC	Delaware
Prime/FRIT Bell Gardens, LLC	Delaware
Prime/FRIT El Monte, LLC	Delaware
Prime/FRIT El Portal, LLC	Delaware
Prime/FRIT Los Jardines, LLC	Delaware
Prime/FRIT Mission Hills, LLC	Delaware
Prime/FRIT SCP, LLC	Delaware
Prime/FRIT Sylmar, LLC	Delaware
Prime/FRIT TRS JV, LLC	Delaware
Prime/FRIT Plaza Pacoima, LLC	Delaware
Prime/FRIT Olivo Land, LLC	Delaware
Primestor/FRIT Jordan Downs JV, LLC	Delaware
Primestor Jordan Downs, LLC	Delaware
Primestor Development Investment, LLC	Delaware
RevUp, Inc.	Delaware
FR Fairfax Junction. LLC	Delaware
SRI UNLMTD JV, LLC	Delaware
SRA-WSA Properties I, LLC	Delaware
SRA-WSA Properties II, LLC	Delaware
SRA-WSA 214 Washington, LLC	Delaware
SRA-WSA 302 Washington, LLC	Delaware
SRA-WSA 600 Washington, LLC	Delaware
SRA-WSA 210 14^{th}, LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated February 10, 2020, with respect to the consolidated financial statements, schedules, and internal control over financial reporting included in the Annual Report of Federal Realty Investment Trust on Form 10-K for the year ended December 31, 2019. We consent to the incorporation by reference of said reports in the Registration Statements of Federal Realty Investment Trust on Form S-3 (File No. 333-224701, File No. 333-224721, File No. 333-224807, File No. 333-217607, File No. 333-124195, and File No. 033-63687) and on Form S-8 (File No. 333-166531, File No. 333-147080, File No. 333-147081, and File No. 333-60364).

/s/ GRANT THORNTON LLP

Charlotte, North Carolina
February 10, 2020

Exhibit 31.1

CERTIFICATION

I, Donald C. Wood, certify that:

1) I have reviewed this annual report on Form 10-K of Federal Realty Investment Trust;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of trustees (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 10, 2020

/s/ Donald C. Wood

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

Exhibit 31.2

CERTIFICATION

I, *Daniel Guglielmone*, certify that:

1) I have reviewed this annual report on Form 10-K of Federal Realty Investment Trust;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of trustees (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 10, 2020

/s/ Daniel Guglielmone

Daniel Guglielmone,

Executive Vice President -
Chief Financial Officer and Treasurer

(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION

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

The undersigned, Donald C. Wood, the President and Chief Executive Officer of Federal Realty Investment Trust (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Annual Report on Form 10-K for the period ended December 31, 2019 (the "Report"). The undersigned hereby certifies, to the best of his knowledge, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 10, 2020

/s/ Donald C. Wood

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

Exhibit 32.2

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 Guglielmone, the Executive Vice President and Chief Financial Officer and Treasurer of Federal Realty Investment Trust (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Annual Report on Form 10-K for the period ended December 31, 2019 (the "Report"). The undersigned hereby certifies, to the best of his knowledge, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 10, 2020

/s/ Daniel Guglielmone

Daniel Guglielmone,

Executive Vice President -
Chief Financial Officer and Treasurer

(Principal Financial and Accounting Officer)