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

FORM 10-Q

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

For the quarterly period ended September 30, 2016

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)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

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

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	o (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

The number of Registrant's common shares outstanding on October 28, 2016 was 71,786,500.

FEDERAL REALTY INVESTMENT TRUST

QUARTERLY REPORT ON FORM 10-Q
QUARTER ENDED September 30, 2016

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The following balance sheet as of December 31, 2015, which has been derived from audited financial statements, and unaudited interim financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles (GAAP) have been omitted pursuant to those rules and regulations, although Federal Realty Investment Trust (the "Trust") believes that the disclosures made are adequate to make the information not misleading. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Trust’s latest Annual Report on Form 10-K. In the opinion of management, all adjustments (consisting of normal, recurring adjustments) necessary for a fair presentation for the periods presented have been included. The results of operations for the three and nine months ended September 30, 2016 are not necessarily indicative of the results that may be expected for the full year.

Federal Realty Investment Trust
Consolidated Balance Sheets

	September 30, 2016	December 31, 2015
	(In thousands, except share and per share data)	
	(Unaudited)	
ASSETS		
Real estate, at cost		
Operating (including $1,219,223 and $1,192,336 of consolidated variable interest entities, respectively)	$ 6,017,414	$ 5,630,771
Construction-in-progress	586,918	433,635
	6,604,332	6,064,406
Less accumulated depreciation and amortization (including $200,877 and $176,057 of consolidated variable interest entities, respectively)	(1,688,510)	(1,574,041)
Net real estate	4,915,822	4,490,365
Cash and cash equivalents	101,281	21,046
Accounts and notes receivable, net	120,135	110,402
Mortgage notes receivable, net	29,904	41,618
Investment in real estate partnerships	11,129	41,546
Prepaid expenses and other assets	219,066	191,582
TOTAL ASSETS	$ 5,397,337	$ 4,896,559
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Mortgages payable (including $441,294 and $448,315 of consolidated variable interest entities, respectively)	$ 473,490	$ 481,084
Capital lease obligations	71,597	71,620
Notes payable	288,489	341,961
Senior notes and debentures	1,975,988	1,732,551
Accounts payable and accrued expenses	184,007	146,532
Dividends payable	71,231	66,338
Security deposits payable	16,228	15,439
Other liabilities and deferred credits	119,231	121,787
Total liabilities	3,200,261	2,977,312
Commitments and contingencies (Note 6)		
Redeemable noncontrolling interests	125,861	137,316
Shareholders' equity		
Preferred shares, authorized 15,000,000 shares, $.01 par: 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, 71,782,989 and 69,493,392 shares issued and outstanding, respectively	721	696
Additional paid-in capital	2,704,490	2,381,867
Accumulated dividends in excess of net income	(737,124)	(724,701)
Accumulated other comprehensive loss	(5,394)	(4,110)
Total shareholders' equity of the Trust	1,972,690	1,663,749
Noncontrolling interests	98,525	118,182
Total shareholders' equity	2,071,215	1,781,931
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 5,397,337	$ 4,896,559

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In thousands, except per share data)			
REVENUE				
Rental income	$ 197,469	$ 181,562	$ 585,712	$ 538,612
Other property income	2,759	2,479	8,559	9,364
Mortgage interest income	929	1,211	3,211	3,529
Total revenue	201,157	185,252	597,482	551,505
EXPENSES				
Rental expenses	38,588	34,439	118,385	108,501
Real estate taxes	24,973	21,804	71,164	62,865
General and administrative	8,232	9,374	25,278	27,526
Depreciation and amortization	48,903	43,718	145,137	128,373
Total operating expenses	120,696	109,335	359,964	327,265
OPERATING INCOME	80,461	75,917	237,518	224,240
Other interest income	105	6	285	109
Interest expense	(24,313)	(21,733)	(71,143)	(69,346)
Early extinguishment of debt	—	—	—	(19,072)
Income from real estate partnerships	—	360	41	986
INCOME FROM CONTINUING OPERATIONS	56,253	54,550	166,701	136,917
Gain on sale of real estate and change in control of interests	4,945	—	32,458	11,509
NET INCOME	61,198	54,550	199,159	148,426
Net income attributable to noncontrolling interests	(2,221)	(2,103)	(7,286)	(6,161)
NET INCOME ATTRIBUTABLE TO THE TRUST	58,977	52,447	191,873	142,265
Dividends on preferred shares	(136)	(136)	(406)	(406)
NET INCOME AVAILABLE FOR COMMON SHAREHOLDERS	$ 58,841	$ 52,311	$ 191,467	$ 141,859
EARNINGS PER COMMON SHARE, BASIC				
Continuing operations	$ 0.75	$ 0.75	$ 2.26	$ 1.89
Gain on sale of real estate and change in control of interests, net	0.07	—	0.44	0.17
	$ 0.82	$ 0.75	$ 2.70	$ 2.06
Weighted average number of common shares, basic	71,319	69,006	70,626	68,637
EARNINGS PER COMMON SHARE, DILUTED				
Continuing operations	$ 0.75	$ 0.75	$ 2.26	$ 1.88
Gain on sale of real estate and change in control of interests, net	0.07	—	0.44	0.17
	$ 0.82	$ 0.75	$ 2.70	$ 2.05
Weighted average number of common shares, diluted	71,489	69,181	70,804	68,821
COMPREHENSIVE INCOME	$ 63,097	$ 52,329	$ 197,875	$ 144,811
COMPREHENSIVE INCOME ATTRIBUTABLE TO THE TRUST	$ 60,876	$ 50,226	$ 190,589	$ 138,650

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

Federal Realty Investment Trust

Consolidated Statement of Shareholders' Equity

For the Nine Months Ended September 30, 2016

(Unaudited)

	Shareholders' Equity of the Trust								
	Preferred Shares		Common Shares						
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Dividends in Excess of Net Income	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Shareholders' Equity
	(In thousands, except share data)								
BALANCE AT DECEMBER 31, 2015	399,896	$ 9,997	69,493,392	$ 696	$2,381,867	$ (724,701)	$ (4,110)	$ 118,182	$ 1,781,931
Net income, excluding $2,133 attributable to redeemable noncontrolling interests	—	—	—	—	—	191,873	—	5,153	197,026
Other comprehensive loss - change in value of interest rate swaps	—	—	—	—	—	—	(1,284)	—	(1,284)
Dividends declared to common shareholders	—	—	—	—	—	(203,890)	—	—	(203,890)
Dividends declared to preferred shareholders	—	—	—	—	—	(406)	—	—	(406)
Distributions declared to noncontrolling interests	—	—	—	—	—	—	—	(6,433)	(6,433)
Common shares issued	—	—	1,950,253	20	295,452	—	—	—	295,472
Exercise of stock options	—	—	52,365	1	4,284	—	—	—	4,285
Shares issued under dividend reinvestment plan	—	—	11,644	—	1,806	—	—	—	1,806
Share-based compensation expense, net of forfeitures	—	—	135,289	2	8,816	—	—	—	8,818
Shares withheld for employee taxes	—	—	(30,562)	—	(4,436)	—	—	—	(4,436)
Conversion and redemption of OP units	—	—	170,608	2	18,677	—	—	(18,679)	—
Contributions from noncontrolling interests	—	—	—	—	—	—	—	302	302
Adjustment to redeemable noncontrolling interests	—	—	—	—	(1,976)	—	—	—	(1,976)
BALANCE AT SEPTEMBER 30, 2016	399,896	$ 9,997	71,782,989	$ 721	$2,704,490	$ (737,124)	$ (5,394)	$ 98,525	$ 2,071,215

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

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

	Nine Months Ended September 30,	
	2016	2015
	(In thousands)	
OPERATING ACTIVITIES		
Net income	$ 199,159	$ 148,426
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	145,137	128,373
Gain on sale of real estate and change in control of interests	(32,458)	(11,509)
Early extinguishment of debt	—	19,072
Income from real estate partnerships	(41)	(986)
Other, net	556	1,082
Changes in assets and liabilities, net of effects of acquisitions and dispositions:		
Increase in accounts receivable	(3,604)	(14,750)
Increase in prepaid expenses and other assets	(25,769)	(11,106)
Increase (decrease) in accounts payable and accrued expenses	6,728	(16)
(Decrease) increase in security deposits and other liabilities	(736)	2,564
Net cash provided by operating activities	288,972	261,150
INVESTING ACTIVITIES		
Acquisition of real estate	(135,151)	(121,130)
Capital expenditures - development and redevelopment	(263,606)	(176,856)
Capital expenditures - other	(40,326)	(28,125)
Proceeds from sale of real estate	—	45,821
Investment in real estate partnerships	(3,494)	(1,555)
Distribution from real estate partnership in excess of earnings	3,910	—
Leasing costs	(11,471)	(15,327)
Repayment of mortgage and other notes receivable, net	11,721	10,693
Net cash used in investing activities	(438,417)	(286,479)
FINANCING ACTIVITIES		
Net repayments under revolving credit facility, net of costs	(53,500)	—
Issuance of senior notes, net of costs	241,787	456,192
Redemption and retirement of senior notes	—	(219,228)
Repayment of mortgages, capital leases and notes and other payables	(38,849)	(161,901)
Issuance of common shares, net of costs	300,040	101,140
Dividends paid to common and preferred shareholders	(197,750)	(178,413)
Distributions to and redemptions of noncontrolling interests	(9,025)	(7,548)
Redemption of redeemable noncontrolling interests	(13,023)	—
Net cash provided by (used in) financing activities	229,680	(9,758)
Increase (decrease) in cash and cash equivalents	80,235	(35,087)
Cash and cash equivalents at beginning of year	21,046	47,951
Cash and cash equivalents at end of period	$ 101,281	$ 12,864

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

Federal Realty Investment Trust
Notes to Consolidated Financial Statements
September 30, 2016
(Unaudited)

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 September 30, 2016, we owned or had a majority interest in community and neighborhood shopping centers and mixed-use properties which are operated as 96 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. Therefore, federal income taxes on our taxable income have been and are generally expected to be immaterial. We are obligated to pay state taxes, generally consisting of franchise or gross receipts taxes in certain states. Such state taxes also have not been material.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 2015 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.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, "Leases." ASU 2016-02 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 lessor model stays substantially the same; however, there were modifications to conform lessor accounting with the lessee model, eliminate real estate specific guidance, further define certain lease and non-lease components, and change the definition of initial direct costs of leases requiring significantly more leasing related costs to be expensed upfront. ASU 2016-02 is effective for us in the first quarter of 2019, and we are currently assessing the impact of this standard to our consolidated financial statements.

In March 2016, the FASB issued ASU 2016-08 as an amendment to ASU 2014-09, "Revenue from Contracts with Customers." The amendment clarifies how to identify the unit of accounting for the principal versus agent evaluation, how to apply the control principle to certain types of arrangements, such as service transactions, and reframed the indicators in the guidance to focus on evidence that an entity is acting as a principal rather than as an agent. We are currently assessing the impact of this standard to our consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, "Compensation - Stock Compensation." ASU 2016-09 simplifies the accounting for share-based payment transactions, including a policy election option with respect to accounting for forfeitures either as they occur or estimating forfeitures (as is currently required), as well as increasing the amount an employer can withhold to cover income taxes on equity awards. ASU 2016-09 is effective for us in the first quarter of 2017, and we are currently assessing the impact of this standard to our consolidated financial statements.

In April 2016 and May 2016, the FASB issued ASU 2016-10 and ASU 2016-12, respectively, "Revenue from Contracts with Customers." ASU 2016-10 clarifies the existing guidance on identifying performance obligations and licensing implementation. ASU 2016-12 adds practical expedients related to the transition for contract modifications and further defines a completed contract, clarifies the objective of the collectability assessment and how revenue is recognized if collectability is not probable, and when non-cash considerations should be measured. We are currently assessing the impact of these standards to our consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses." ASU 2016-13 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 2016-13 is effective for us in the first quarter of 2020, and we are currently assessing the impact of this standard to our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, "Classification of Certain Cash Receipts and Cash Payments." ASU 2016-15 provides classification guidance for eight specific topics including debt extinguishment costs, contingent consideration payments made after a business combination, and distributions received from equity method investees. ASU 2016-15 is effective for us in the first quarter of 2018, and we are currently assessing the impact of this standard to our consolidated financial statements.

Recently Adopted Accounting Pronouncements

In February 2015, the FASB issued ASU 2015-02, "Amendments to the Consolidation Analysis." ASU 2015-02 modifies the evaluation of whether limited partnerships and similar legal entities are variable or voting interest entities, eliminates the presumption that the general partner should consolidate a limited partnership, modifies the consolidation analysis for reporting entities that are involved in variable interest entities, particularly those that have fee arrangements and related party relationships, and provides a scope exception from consolidation guidance for reporting entities with interests in legal entities that operate as registered money market funds. We adopted the standard effective January 1, 2016, and as a result, partnerships controlling ten properties (previously consolidated as voting interest entities) are now considered to be variable interest entities. As we have the obligation to absorb losses and the right to receive benefits and control the activities that most significantly impact the economic performance of these entities, we are the primary beneficiary and we will continue to consolidate each of these entities. Net real estate assets of $566.1 million and mortgage payables of $194.9 million are included in our consolidated balance sheet at January 1, 2016 for these newly classified variable interest entities. In addition, our equity method investment in the Pike & Rose hotel joint venture is now considered a variable interest in a variable interest entity. As we do not control the activities that most significantly impact the economic performance of the joint venture, we are not the primary beneficiary and do not consolidate. Our investment in the joint venture was $6.6 million at January 1, 2016, and our maximum exposure to loss, which includes contributions to date and our remaining required contribution to complete construction of the hotel is approximately $13.5 million.

In April 2015, the FASB issued ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs." ASU 2015-03 requires debt issuance costs related to a debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability, rather than classified as an asset. Recognition and measurement of debt issuance costs are not affected. Subsequently, in August 2015, the FASB issued ASU 2015-15, "Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements," which allows an entity to present the costs related to securing a line-of credit arrangement as an asset, regardless of whether there are any outstanding borrowings. We adopted the standards effective January 1, 2016 and have adjusted our balance sheet presentation in both periods to reflect the net debt issuance costs as a reduction of the respective liability. The adoption resulted in a $15.2 million decrease to total assets and liabilities at December 31, 2015, for this reclassification. Debt issuance costs related to our revolving credit facility continue to be classified as an asset and are included in "prepaids and other assets" in our consolidated balance sheet.

Consolidated Statements of Cash Flows—Supplemental Disclosures

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

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
	(In thousands)	
SUPPLEMENTAL DISCLOSURES:		
Total interest costs incurred	$ 83,803	$ 83,485
Interest capitalized	(12,660)	(14,139)
Interest expense	$ 71,143	$ 69,346
Cash paid for interest, net of amounts capitalized (1)	$ 66,921	$ 91,319
Cash paid for income taxes	$ 300	$ 274
NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
Mortgage loans assumed with acquisition	$ 34,385	$ 18,666
DownREIT operating partnership units redeemed for common shares	$ 18,679	$ —
DownREIT operating partnership units issued with acquisition	$ —	$ 7,742
Shares issued under dividend reinvestment plan	$ 1,523	$ 1,468

(1) 2015 includes $19.2 million related to early extinguishment of debt.

NOTE 3—REAL ESTATE

As of December 31, 2015, we had a joint venture arrangement (the “Partnership”) with affiliates of a discretionary fund created and advised by Clarion Partners (“Clarion”). We owned 30% of the equity in the Partnership and Clarion owned 70%. The Partnership owned six retail real estate properties and we accounted for our interest in the Partnership using the equity method. On January 13, 2016, we acquired Clarion's 70% interest in the Partnership for $153.7 million, which included the payment of $130 million of cash and the assumption of mortgage loans totaling $34.4 million. As a result of the transaction, we gained control of the six underlying properties and, effective January 13, 2016, have consolidated the properties. We also recognized a gain on acquisition of the controlling interest of $25.7 million related to the difference between the carrying value and fair value of the previously held equity interest. Approximately $7.3 million and $4.9 million of net assets acquired were allocated to other assets for "above market leases," and other liabilities for "below market leases," respectively. We incurred $0.2 million of acquisition costs, of which $0.1 million were incurred in 2016 and included in "general and administrative expenses" on the consolidated statement of comprehensive income for the nine months ended September 30, 2016.

On May 12, 2016, an unconsolidated joint venture that we hold an interest in sold a building in Coconut Grove, Florida. Our share of the gain, net of noncontrolling interests, was $0.5 million.

On July 26, 2016, we acquired an additional building in the Coconut Grove neighborhood of Miami, Florida for $5.9 million through our CocoWalk LLC entity. In total, we incurred $0.2 million in acquisition costs which are included in "general and administrative expenses" on the consolidated statements of comprehensive income for the three and nine months ended September 30, 2016.

NOTE 4—DEBT

On January 13, 2016, in connection with the acquisition of our partner's 70% interest in our unconsolidated real estate partnership, we assumed interest only mortgage loans with a face amount of $34.4 million and a fair value of $34.7 million. These mortgage loans had a weighted average interest rate of 5.95% and were repaid at par on April 1, 2016.

On April 20, 2016, we upsized our $600.0 million revolving credit facility to $800.0 million and extended the maturity date to April 20, 2020, subject to two six-month extensions at our option. Under the amended credit facility, the spread over LIBOR is 82.5 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.

On July 12, 2016, we issued $250.0 million of fixed rate senior unsecured notes that mature on August 1, 2046 and bear interest at 3.625%. The notes were offered at 97.756% of the principal amount with a yield to maturity of 3.75%. The net proceeds from this note offering after issuance discounts, underwriting fees, and other costs were $241.8 million.

During the three and nine months ended September 30, 2016, the maximum amount of borrowings outstanding under our revolving credit facility was $95.0 million and $251.5 million, respectively, and the weighted average interest rate, before amortization of debt fees, was 1.3% for both periods. During the three and nine months ended September 30, 2016, the weighted average borrowings outstanding were $10.2 million and $103.3 million, respectively. At September 30, 2016, there was no outstanding balance. Our revolving credit facility, term loan and certain notes require us to comply with various financial covenants, including the maintenance of minimum shareholders’ equity and debt coverage ratios and a maximum ratio of debt to net worth. As of September 30, 2016, we were in compliance with all debt covenants.

NOTE 5—FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	September 30, 2016		December 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
Mortgages and notes payable	$ 761,979	$ 779,867	$ 823,045	$ 833,931
Senior notes and debentures	$ 1,975,988	$ 2,153,692	$ 1,732,551	$ 1,786,758

As of September 30, 2016, we have two interest rate swap agreements with a notional amount of $275.0 million that are measured at fair value on a recurring basis. The interest rate swap agreements fix the variable portion of our $275.0 million term loan at 1.72% through November 1, 2018. We assess effectiveness of our cash flow hedges both at inception and on an ongoing basis. The effective portion of changes in fair value of the interest rate swaps associated with our cash flow hedges is recorded in accumulated other comprehensive loss and is subsequently reclassified into interest expense as interest is incurred on the related variable rate debt. Within the next 12 months, we expect to reclassify an estimated $2.9 million as an increase to interest expense. Our cash flow hedges become ineffective if critical terms of the hedging instrument and the debt instrument do not perfectly match such as notional amounts, settlement dates, reset dates, calculation period and LIBOR rate. In addition, we evaluate the default risk of the counterparty by monitoring the credit-worthiness of the counterparty. When ineffectiveness exists, the ineffective portion of changes in fair value of the interest rate swaps associated with our cash flow hedges is recognized in earnings in the period affected. Hedge ineffectiveness has not impacted earnings as of September 30, 2016, and we do not anticipate it will have a significant effect in the future.

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 September 30, 2016 was a liability of $5.4 million and is included in "accounts payable and accrued expenses" on our consolidated balance sheet. For the three and nine months ended September 30, 2016, the change in valuation on our interest rate swaps resulted in a $1.9 million decrease and a $1.3 million increase in our derivative liability, respectively, (including $0.8 million and $2.6 million, respectively, reclassified from other comprehensive loss to interest expense). The change in valuation on our interest rate swaps is included in "accumulated other comprehensive loss."

A summary of our financial liabilities that are measured at fair value on a recurring basis, by level within the fair value hierarchy is as follows:

	September 30, 2016				December 31, 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(In thousands)							
Interest rate swaps	$ —	$ 5,394	$ —	$ 5,394	$ —	$ 4,110	$ —	$ 4,110

NOTE 6—COMMITMENTS AND CONTINGENCIES

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

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

Under the terms of certain partnership agreements, the partners have the right to exchange their operating partnership units for cash or the same number of our common shares, at our option. A total of 763,797 downREIT operating partnership units are outstanding which have a total fair value of $117.6 million, based on our closing stock price on September 30, 2016.

On February 12, 2016, we acquired the 10% noncontrolling interest of a partnership which owns a project in southern California for $13.0 million, bringing our ownership interest to 100%.

During the quarter ended September 30, 2016, the legal liability period relating to our latent defect warranty on condominiums sold at Santana Row expired. Upon expiration, we released the remaining $4.9 million warranty reserve which is included in "gain on sale of real estate and change in control of interests" in the consolidated statements of comprehensive income for the three and nine months ended September 30, 2016.

NOTE 7—SHAREHOLDERS' EQUITY

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

	Nine Months Ended September 30,			
	2016		2015	
	Declared	Paid	Declared	Paid
Common shares	$ 2.860	$ 2.820	$ 2.680	$ 2.610
5.417% Series 1 Cumulative Convertible Preferred shares	$ 1.016	$ 1.016	$ 1.016	$ 1.016

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 $300.0 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 three months ended September 30, 2016, we issued 346,555 common shares at a weighted average price per share of $159.38 for net cash proceeds of $54.6 million and paid $0.6 million in commissions and less than $0.1 million in additional offering expenses related to the sales of these common shares. For the nine months ended September 30, 2016, we issued 950,171 common shares at a weighted average price per share of $155.48 for net cash proceeds of $146.1 million and paid $1.5 million in commissions and $0.1 million in additional offering expenses related to the sales of these common shares. As of September 30, 2016, we had the capacity to issue up to $42.4 million in common shares under our ATM equity program.

On March 7, 2016, we issued 1.0 million common shares at $149.43 per share, in an underwritten public offering, for cash proceeds of $149.3 million, net of expenses.

NOTE 8—COMPONENTS OF RENTAL INCOME

The principal components of rental income are as follows:

	Three Months Ended September 30, 2016		Nine Months Ended September 30, 2016	
	2016	2015	2016	2015
	(In thousands)		(In thousands)	
Minimum rents				
Retail and commercial	$ 137,009	$ 127,564	$ 409,027	$ 377,565
Residential	12,886	10,752	36,476	31,693
Cost reimbursement	40,565	36,272	119,004	110,694
Percentage rent	2,315	3,374	7,866	8,641
Other	4,694	3,600	13,339	10,019
Total rental income	$ 197,469	$ 181,562	$ 585,712	$ 538,612

Minimum rents include the following:

	Three Months Ended September 30, 2016		Nine Months Ended September 30, 2016	
	2016	2015	2016	2015
	(In millions)		(In millions)	
Straight-line rents	$ 1.5	$ 1.9	$ 6.2	$ 5.0
Amortization of above market leases	$ (1.7)	$ (1.4)	$ (5.3)	$ (3.3)
Amortization of below market leases	$ 2.2	$ 2.0	$ 6.5	$ 5.2

NOTE 9—SHARE-BASED COMPENSATION PLANS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In thousands)			
Grants of shares and options	$ 2,766	$ 2,870	$ 8,818	$ 9,451
Capitalized share-based compensation	(375)	(212)	(1,002)	(660)
Share-based compensation expense	$ 2,391	$ 2,658	$ 7,816	$ 8,791

NOTE 10—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 the three months ended September 30, 2016 and 2015, we had 0.2 million weighted average unvested shares outstanding, which are considered participating securities. For the nine months ended September 30, 2016 and 2015, we had 0.2 million and 0.3 million weighted average unvested shares outstanding, respectively, which are considered participating securities. Therefore, we have allocated our earnings for basic and diluted EPS between common shares and unvested shares; the portion of earnings allocated to the unvested shares is reflected as “earnings allocated to unvested shares” in the reconciliation below.

In the dilutive EPS calculation, dilutive stock options were calculated using the treasury stock method consistent with prior periods. There were no anti-dilutive stock options for the three and nine months ended September 30, 2016 and 2015. 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.

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
	(In thousands, except per share data)			
NUMERATOR				
Income from continuing operations	$ 56,253	$ 54,550	$ 166,701	$ 136,917
Less: Preferred share dividends	(136)	(136)	(406)	(406)
Less: Net income attributable to noncontrolling interests	(1,982)	(2,103)	(5,961)	(6,161)
Less: Earnings allocated to unvested shares	(170)	(221)	(534)	(638)
Income from continuing operations available for common shareholders	53,965	52,090	159,800	129,712
Gain on sale of real estate and change in control of interests, net	4,706	—	31,133	11,509
Net income available for common shareholders, basic and diluted	$ 58,671	$ 52,090	$ 190,933	$ 141,221
DENOMINATOR				
Weighted average common shares outstanding—basic	71,319	69,006	70,626	68,637
Stock options	170	175	178	184
Weighted average common shares outstanding—diluted	71,489	69,181	70,804	68,821
EARNINGS PER COMMON SHARE, BASIC				
Continuing operations	$ 0.75	$ 0.75	$ 2.26	$ 1.89
Gain on sale of real estate and change in control of interests, net	0.07	—	0.44	0.17
	$ 0.82	$ 0.75	$ 2.70	$ 2.06
EARNINGS PER COMMON SHARE, DILUTED				
Continuing operations	$ 0.75	$ 0.75	$ 2.26	$ 1.88
Gain on sale of real estate and change in control of interests, net	0.07	—	0.44	0.17
	$ 0.82	$ 0.75	$ 2.70	$ 2.05
Income from continuing operations attributable to the Trust	$ 54,271	$ 52,447	$ 160,740	$ 130,756

NOTE 11—SUBSEQUENT EVENTS

On October 1, 2016 we repaid the $9.4 million Escondido municipal bonds at par.

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

Forward-Looking Statements

The following discussion should be read in conjunction with the consolidated interim financial statements and notes thereto appearing in Item 1 of this report and the more detailed information contained in our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission (the "SEC") on February 9, 2016.

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. 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." Forward-looking statements are not historical facts or guarantees of future performance and involve certain known and unknown risks, uncertainties, and other factors, many of which are outside our control, that could cause actual results to differ materially from those we describe.

Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements that we make, including those in this Quarterly Report on Form 10-Q. 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 risks and the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2015 and under Part II, Item 1A in this Quarterly Report on Form 10-Q, before making any investments in us.

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 September 30, 2016, we owned or had a majority interest in community and neighborhood shopping centers and mixed-use properties which are operated as 96 predominantly retail real estate projects comprising approximately 22.4 million square feet. In total, the real estate projects were 94.3% leased and 93.1% occupied at September 30, 2016.

2016 Significant Property Acquisitions and Disposition

On January 13, 2016, we acquired our partner's 70% interest in our joint venture arrangement (the "Partnership") with affiliates of a discretionary fund created and advised by Clarion Partners ("Clarion") for $153.7 million, which included the payment of $130 million of cash and the assumption of mortgage loans totaling $34.4 million. As a result of the transaction, we gained control of the six underlying properties, and effective January 13, 2016, have consolidated the properties. We also recognized a gain on acquisition of the controlling interest of $25.7 million related to the difference between the carrying value and fair value of the previously held equity interest. Approximately $7.3 million and $4.9 million of net assets acquired were allocated to other assets for "above market leases," and other liabilities for "below market leases," respectively. We incurred $0.2 million of acquisition costs, of which $0.1 million were incurred in 2016 and included in "general and administrative expenses" on the consolidated statement of comprehensive income for the nine months ended September 30, 2016.

On May 12, 2016, an unconsolidated joint venture that we hold an interest in sold a building in Coconut Grove, Florida. Our share of the gain, net of noncontrolling interests, was $0.5 million.

On July 26, 2016, we acquired an additional building in the Coconut Grove neighborhood of Miami, Florida for $5.9 million through our CocoWalk LLC entity. In total, we incurred $0.2 million in acquisition costs which are included in "general and administrative expenses" on the consolidated statements of comprehensive income for the three and nine months ended September 30, 2016.

2016 Significant Debt and Equity Transactions

On January 13, 2016, in connection with the acquisition of our partner's 70% interest in our unconsolidated real estate partnership, we assumed interest only mortgage loans with a face amount of $34.4 million and a fair value of $34.7 million. These mortgage loans have a weighted average interest rate of 5.95% and were repaid at par on April 1, 2016.

On April 20, 2016, we upsized our $600.0 million revolving credit facility to $800.0 million and extended the maturity date to April 20, 2020, subject to two six-month extensions at our option. Under the amended credit facility, the spread over LIBOR is 82.5 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.

On July 12, 2016, we issued $250.0 million of fixed rate senior notes that mature on August 1, 2046 and bear interest at 3.625%. The notes were offered at 97.756% of the principal amount with a yield to maturity of 3.75%. The net proceeds from this note offering after issuance discounts, underwriting fees, and other costs were $241.8 million.

On October 1, 2016 we repaid the $9.4 million Escondido municipal bonds at par.

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 $300.0 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 three months ended September 30, 2016, we issued 346,555 common shares at a weighted average price per share of $159.38 for net cash proceeds of $54.6 million and paid $0.6 million in commissions and less than $0.1 million in additional offering expenses related to the sales of these common shares. For the nine months ended September 30, 2016, we issued 950,171 common shares at a weighted average price per share of $155.48 for net cash proceeds of $146.1 million and paid $1.5 million in commissions and $0.1 million in additional offering expenses related to the sales of these common shares. As of September 30, 2016, we had the capacity to issue up to $42.4 million in common shares under our ATM equity program.

On March 7, 2016, we issued 1.0 million common shares at $149.43 per share, in an underwritten public offering, for cash proceeds of $149.3 million, net of expenses.

Capitalized Costs

Certain external and internal costs directly related to the development, redevelopment and leasing of real estate, including pre-construction costs, real estate taxes, insurance, construction costs and salaries and related costs of personnel directly involved, are capitalized. We capitalized certain external and internal costs related to both development and redevelopment activities of $289 million and $7 million, respectively, for the nine months ended September 30, 2016, and $174 million and $5 million, respectively, for the nine months ended September 30, 2015. We capitalized external and internal costs related to other property improvements of $39 million and $2 million, respectively, for the nine months ended September 30, 2016, and $25 million and $1 million for the nine months ended September 30, 2015. We capitalized external and internal costs related to leasing activities of $7 million and $4 million, respectively, for the nine months ended September 30, 2016, and $11 million and $4 million, respectively, for the nine months ended September 30, 2015. The amount of capitalized internal costs for salaries and related benefits for development and redevelopment activities, other property improvements, and leasing activities were $6 million, $2 million, and $4 million, respectively, for the nine months ended September 30, 2016, and $5 million, $1 million, and $4 million, respectively, for the nine months ended September 30, 2015. Total capitalized costs were $348 million and $221 million for the nine months ended September 30, 2016 and 2015, respectively.

Recently Issued and Recently Adopted Accounting Pronouncements

See Note 2 to the consolidated financial statements.

Outlook

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

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

Our same-center growth is primarily driven by increases in rental rates on new leases and lease renewals and changes in portfolio occupancy. 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 increase rental rates. We continue to see 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. We believe the locations 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 September 30, 2016, no single tenant accounted for more than 3.1% 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 $203 million that we expect to stabilize between 2016 and 2018.

We continue our ongoing redevelopment efforts at Santana Row, which currently includes a six story 234,500 square foot office building with 670 parking spaces that is pre-leased to Splunk Inc. The building is expected to cost between $110 and $115 million and stabilize in the fourth quarter of 2016. We are also proceeding with an eight story 284,000 square foot office building which will include 29,000 square feet of retail space and 1,300 parking spaces. The building is expected to cost between $205 and $215 million and to deliver in 2019. 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 adjacent to Santana Row.

We continue to invest in the development at Assembly Row which is a long-term multi-phased mixed-use development project we expect to be involved in over the coming years. The carrying value of this project at September 30, 2016 is approximately $501 million. The project currently has zoning entitlements to build 3.4 million square feet of commercial-use buildings, 1,843 residential units, and a 170 room hotel. The first phase consists of approximately 331,000 square feet of retail space and 98,000 square feet of office space (both owned by the Trust) and 445 residential units owned by AvalonBay Communities. The Massachusetts Bay Transit Authority (MBTA) constructed the new orange line T-Stop at the property, which opened in September 2014. The retail and office space in Phase I are fully delivered and are 100% leased. Total costs for Phase I of Assembly Row are $196 million.

We are also proceeding with development of Phase II of Assembly Row which will include 161,000 square feet of retail space, a 159 room boutique hotel and 447 residential units. The hotel will be owned and operated by a joint venture in which we are a partner. Total expected costs range from $270 million to $285 million and delivery is expected in late 2017/2018. Phase II is also expected to include 122 for-sale condominium units with an expected total cost of $70 million to $75 million. Additionally, as part of the second phase, we entered into a ground lease agreement with Partners HealthCare to bring 741,500 square feet of office space to Assembly Row. The ground lease agreement includes a purchase option, which was exercised and is expected to close in 2017. Partners HealthCare commenced construction on this new building in September 2014 and during the second quarter of 2016, started relocating its employees to Assembly Row.

Including costs incurred in the first nine months of 2016, we expect to invest between $130 million and $150 million in Assembly Row in 2016.

Our Pike & Rose project in North Bethesda, MD, a long-term multi-phased mixed-use development project, currently has zoning entitlements to build 1.6 million square feet of commercial-use buildings and 1,605 residential units. Phase I of Pike & Rose includes 493 residential units, 159,000 square feet of retail space and 80,000 square feet of office space. In late June 2014, our 174 unit residential building opened and achieved stabilized occupancy in the 1st quarter 2015. As of September 30, 2016, the retail space, office space, and the units in the second residential building in Phase I have been delivered. We expect Phase I to reach stabilized occupancy in the fourth quarter of 2016. Total expected costs for Phase I of Pike & Rose range from $265 million to $270 million of which $264 million has been incurred to date.

Additionally, we are proceeding with development of Phase II of Pike & Rose, for which building construction has commenced. Phase II will include approximately 216,000 square feet of retail space, a 177 room select-service hotel and 272 residential units. Total expected costs range from $200 million to $207 million and delivery is expected in 2017/2018. The hotel will be owned and operated by a joint venture in which we are a partner. Phase II is also expected to include 99 for-sale condominium units with an expected cost of $53 million to $58 million.

Including costs incurred in the first nine months of 2016, we expect to invest between $100 million and $115 million in Pike & Rose in 2016.

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 new or assumed mortgages.

At September 30, 2016, the leasable square feet in our properties was 93.1% occupied and 94.3% leased. 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 bankruptcies.

Lease Rollovers

For the third quarter of 2016, we signed leases for a total of 453,000 square feet of retail space including 427,000 square feet of comparable space leases (leases for which there was a prior tenant) at an average rental increase of 14% on a cash basis and 27% on a straight-line basis. New leases for comparable spaces were signed for 168,000 square feet at an average rental increase of 21% on a cash basis and 35% on a straight-line basis. Renewals for comparable spaces were signed for 259,000 square feet at an average rental increase of 9% on a cash basis and 21% on a straight-line basis. Tenant improvements and incentives for comparable spaces were $63.57 per square foot for new leases and $17.75 per square foot for renewals for the three months ended September 30, 2016.

For the nine months ended September 30, 2016, we signed leases for a total of 1,340,000 square feet of retail space including 1,199,000 square feet of comparable space leases (leases for which there was a prior tenant) at an average rental increase of 13% on a cash basis and 25% on a straight-line basis. New leases for comparable spaces were signed for 428,000 square feet at an average rental increase of 22% on a cash basis and 36% on a straight-line basis. Renewals for comparable spaces were signed for 771,000 square feet at an average rental increase of 8% on a cash basis and 19% on a straight-line basis. Tenant improvements and incentives for comparable spaces were $62.01 per square foot for new leases and $12.03 per square foot for renewals for the nine months ended September 30, 2016.

The rental increases associated with comparable spaces generally include all leases signed 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.

The leases signed in 2016 generally become effective over the following two years though some may not become effective until 2019 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 1.2 to 1.5 million square feet of retail space each year, and expect that volume for 2016 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.

Same-Center

Throughout this section, we have provided certain information on a “same-center” basis. Information provided on a same-center basis includes the results of properties that we owned and operated for the entirety of both periods being compared except for properties for which significant redevelopment or expansion occurred during either of the periods being compared and properties classified as discontinued operations. For the three and nine months ended September 30, 2016, all or a portion of 77 and 76 properties, respectively, were considered same-center and sixteen were considered redevelopment or expansion. For the nine months ended September 30, 2016, one property was moved from same-center to redevelopment, compared to the designations as of December 31, 2015. For the three months ended September 30, 2016, one property was moved from redevelopment to same-center and one property was moved from acquisitions to redevelopment. While there is judgment surrounding changes in designations, we typically move redevelopment properties to same-center once they have stabilized, which is typically considered 95% occupancy or when the growth expected from the redevelopment has been included in the comparable periods. We typically remove properties from same center when the redevelopment has or is expected to have a significant impact to property operating income within the calendar year. Acquisitions are moved to same-center once we have owned the property for the entirety of comparable periods and the property is not under significant redevelopment or expansion.

RESULTS OF OPERATIONS - THREE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015	Change Dollars	Change %
	(Dollar amounts in thousands)			
Rental income	$ 197,469	$ 181,562	$ 15,907	8.8 %
Other property income	2,759	2,479	280	11.3 %
Mortgage interest income	929	1,211	(282)	(23.3)%
Total property revenue	201,157	185,252	15,905	8.6 %
Rental expenses	38,588	34,439	4,149	12.0 %
Real estate taxes	24,973	21,804	3,169	14.5 %
Total property expenses	63,561	56,243	7,318	13.0 %
Property operating income	137,596	129,009	8,587	6.7 %
Other interest income	105	6	99	1,650.0 %
Income from real estate partnerships	—	360	(360)	(100.0)%
Interest expense	(24,313)	(21,733)	(2,580)	11.9 %
General and administrative expense	(8,232)	(9,374)	1,142	(12.2)%
Depreciation and amortization	(48,903)	(43,718)	(5,185)	11.9 %
Total other, net	(81,343)	(74,459)	(6,884)	9.2 %
Income from continuing operations	56,253	54,550	1,703	3.1 %
Gain on sale of real estate	4,945	—	4,945	100.0 %
Net income	61,198	54,550	6,648	12.2 %
Net income attributable to noncontrolling interests	(2,221)	(2,103)	(118)	5.6 %
Net income attributable to the Trust	$ 58,977	$ 52,447	$ 6,530	12.5 %

Property Revenues

Total property revenue increased $15.9 million, or 8.6%, to $201.2 million in the three months ended September 30, 2016 compared to $185.3 million in the three months ended September 30, 2015. The percentage occupied at our shopping centers decreased to 93.1% at September 30, 2016 compared to 95.1% at September 30, 2015. 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 $15.9 million, or 8.8%, to $197.5 million in the three months ended September 30, 2016 compared to $181.6 million in the three months ended September 30, 2015 due primarily to the following:

- an increase of $4.6 million attributable to properties acquired in 2015 and 2016,
- an increase of $3.8 million from the acquisition of the six previously unconsolidated Clarion joint venture properties in January 2016,
- an increase of $3.3 million from Assembly Row and Pike & Rose as portions of both projects opened throughout 2015 and early 2016,
- an increase of $2.6 million at redevelopment properties due primarily to the lease-up of The Point at Plaza El Segundo, as well as four of our other retail redevelopments, partially offset by lower occupancy as we start redeveloping centers, and
- an increase of $2.5 million at same-center properties due primarily to higher rental rates of approximately $3.3 million and $1.6 million of higher recoveries due primarily to higher real estate taxes, partially offset by lower occupancy impacts of $1.3 million and lower percentage rent of $1.0 million,

partially offset by

- a decrease of $0.9 million due to the sale of our Courtyard Shops property in November 2015.

Property Expenses

Total property expenses increased $7.3 million, or 13.0%, to $63.6 million in the three months ended September 30, 2016 compared to $56.2 million in the three months ended September 30, 2015. Changes in the components of property expenses are discussed below.

Rental Expenses

Rental expenses increased $4.1 million, or 12.0%, to $38.6 million in the three months ended September 30, 2016 compared to $34.4 million in the three months ended September 30, 2015. This increase is primarily due to the following:

- an increase of $1.6 million attributable to properties acquired in 2015 and 2016,
- an increase of $1.1 million at same-center and redevelopment properties primarily due to repairs and maintenance and other operating costs,
- an increase of $0.7 million in bad debt expense due to the 2015 reversal of the valuation allowance remaining on a mortgage note receivable which was repaid in full in August 2015,
- an increase of $0.6 million from the acquisition of the six previously unconsolidated Clarion joint venture properties in January 2016, and
- an increase of $0.4 million from Pike & Rose, primarily related to the new 319 unit residential building.

As a result of the changes in rental income and rental expenses as discussed above, rental expenses as a percentage of rental income plus other property income increased to 19.3% in the three months ended September 30, 2016 from 18.7% in the three months ended September 30, 2015.

Real Estate Taxes

Real estate tax expense increased $3.2 million, or 14.5%, to $25.0 million in the three months ended September 30, 2016 compared to $21.8 million in the three months ended September 30, 2015 due primarily to:

- an increase of $1.8 million due primarily to higher assessments at same-center properties,
- an increase of $0.5 million due to the acquisition of the six previously unconsolidated Clarion joint venture properties in January 2016,
- an increase of $0.4 million from the acquisition of the Shops at Sunset Place in October 2015,
- an increase of $0.3 million from Assembly Row and Pike & Rose, and
- an increase of $0.3 million from redevelopment properties.

Property Operating Income

Property operating income increased $8.6 million, or 6.7%, to $137.6 million in the three months ended September 30, 2016 compared to $129.0 million in the three months ended September 30, 2015. This increase is primarily due to the acquisition of the six previously unconsolidated Clarion joint venture properties in January 2016, Assembly Row and Pike & Rose, the acquisition of the Shops at Sunset Place property in October 2015, and growth in earnings at same-center and redevelopment properties, partially offset by the sale of our Courtyard Shops property in November 2015.

Other

Income From Real Estate Partnerships

The decrease in income from real estate partnerships is the result of our obtaining control of the six Clarion joint venture properties on January 13, 2016 (see discussion in Note 3 to the consolidated financial statements). Prior to this transaction, the properties were accounted for under the equity method of accounting.

Interest Expense

Interest expense increased $2.6 million, or 11.9%, to $24.3 million in the three months ended September 30, 2016 compared to $21.7 million in the three months ended September 30, 2015. This increase is due primarily to the following:

- an increase of $2.5 million due to higher borrowings primarily attributable to the 3.625% senior notes issued in July 2016, and
- an increase of $0.2 million due to a higher overall weighted average borrowing rate,

partially offset by

- an increase of $0.1 million in capitalized interest.

Gross interest costs were $29.0 million and $26.3 million in the three months ended September 30, 2016 and 2015, respectively. Capitalized interest was $4.7 million and $4.6 million in the three months ended September 30, 2016 and 2015, respectively.

General and Administrative

General and administrative expense decreased $1.1 million, or 12.2%, to $8.2 million in the three months ended September 30, 2016 from $9.4 million in the three months ended September 30, 2015. The decrease is primarily due to lower transaction and incentive compensation costs.

Depreciation and Amortization

Depreciation and amortization expense increased $5.2 million, or 11.9%, to $48.9 million in the three months ended September 30, 2016 from $43.7 million in the three months ended September 30, 2015. This increase is due primarily to the acquisition of the six previously unconsolidated Clarion joint venture properties in January 2016, redevelopment properties, Assembly Row and Pike & Rose, and the acquisition of the Shops at Sunset Place property in October 2015.

Gain on Sale of Real Estate

The $4.9 million gain on sale of real estate for the three months ended September 30, 2016 is due to the reversal of the unused portion of the warranty reserve for condominium units at Santana Row, as the statutorily mandated latent construction defect period ended in third quarter 2016 and no further claims have been filed.

RESULTS OF OPERATIONS - NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015	Change Dollars	Change %
	(Dollar amounts in thousands)			
Rental income	$ 585,712	$ 538,612	$ 47,100	8.7 %
Other property income	8,559	9,364	(805)	(8.6)%
Mortgage interest income	3,211	3,529	(318)	(9.0)%
Total property revenue	597,482	551,505	45,977	8.3 %
Rental expenses	118,385	108,501	9,884	9.1 %
Real estate taxes	71,164	62,865	8,299	13.2 %
Total property expenses	189,549	171,366	18,183	10.6 %
Property operating income	407,933	380,139	27,794	7.3 %
Other interest income	285	109	176	161.5 %
Income from real estate partnerships	41	986	(945)	(95.8)%
Interest expense	(71,143)	(69,346)	(1,797)	2.6 %
Early extinguishment of debt	—	(19,072)	19,072	(100.0)%
General and administrative expense	(25,278)	(27,526)	2,248	(8.2)%
Depreciation and amortization	(145,137)	(128,373)	(16,764)	13.1 %
Total other, net	(241,232)	(243,222)	1,990	(0.8)%
Income from continuing operations	166,701	136,917	29,784	21.8 %
Gain on sale of real estate and change in control of interests	32,458	11,509	20,949	182.0 %
Net income	199,159	148,426	50,733	34.2 %
Net income attributable to noncontrolling interests	(7,286)	(6,161)	(1,125)	18.3 %
Net income attributable to the Trust	$ 191,873	$ 142,265	$ 49,608	34.9 %

Property Revenues

Total property revenue increased $46.0 million, or 8.3%, to $597.5 million in the nine months ended September 30, 2016 compared to $551.5 million in the nine months ended September 30, 2015. The percentage occupied at our shopping centers decreased to 93.1% at September 30, 2016 compared to 95.1% at September 30, 2015. 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 $47.1 million, or 8.7%, to $585.7 million in the nine months ended September 30, 2016 compared to $538.6 million in the nine months ended September 30, 2015 due primarily to the following:

- an increase of $16.6 million attributable to properties acquired in 2015 and 2016,
- an increase of $11.1 million from the acquisition of the six previously unconsolidated Clarion joint venture properties in January 2016,
- an increase of $9.6 million from Assembly Row and Pike & Rose as portions of both projects opened throughout 2015 and early 2016,
- an increase of $7.7 million at redevelopment properties due primarily to the lease-up of The Point at Plaza El Segundo, as well as four of our other retail redevelopments, partially offset by lower occupancy as we start redeveloping centers, and
- an increase of $6.7 million at same-center properties due primarily to higher rental rates of approximately $10.8 million, higher recoveries of $1.2 million primarily the net result of higher real estate tax expense and lower snow removal expense, partially offset by lower occupancy of approximately $3.3 million, and lower percentage rent of $1.3 million.

partially offset by

- a decrease of $4.3 million due to the sale of our Houston Street and Courtyard Shops properties in April 2015 and November 2015, respectively.

Other Property Income

Other property income decreased $0.8 million, or 8.6%, to $8.6 million in the nine months ended September 30, 2016 compared to $9.4 million in the nine months ended September 30, 2015. The decrease is primarily due to a decrease in management fee income as we no longer earn fees on the former Clarion joint venture properties.

Property Expenses

Total property expenses increased $18.2 million, or 10.6%, to $189.5 million in the nine months ended September 30, 2016 compared to $171.4 million in the nine months ended September 30, 2015. Changes in the components of property expenses are discussed below.

Rental Expenses

Rental expenses increased $9.9 million, or 9.1%, to $118.4 million in the nine months ended September 30, 2016 compared to $108.5 million in the nine months ended September 30, 2015. This increase is primarily due to the following:

- an increase of $5.4 million attributable to properties acquired in 2015 and 2016,
- an increase of $2.4 million from the acquisition of the six previously unconsolidated Clarion joint venture properties in January 2016,
- an increase of $2.2 million from Assembly Row and Pike & Rose as portions of both projects opened throughout 2015 and early 2016,
- an increase of $1.8 million at redevelopment properties due primarily to the lease-up of several of our retail redevelopments, and
- an increase of $1.0 million in bad debt expense due to the 2015 reversal of the valuation allowance remaining on a mortgage note receivable which was repaid in full in August 2015,

partially offset by

- a decrease of $1.8 million at same-center properties primarily attributable to lower snow removal costs, and
- a decrease of $1.0 million due to the sale of our Houston Street and Courtyard Shops properties in April 2015 and November 2015, respectively.

As a result of the changes in rental income and rental expenses as discussed above, rental expenses as a percentage of rental income plus other property income decreased to 19.9% in the nine months ended September 30, 2016 from 19.8% in the nine months ended September 30, 2015.

Real Estate Taxes

Real estate tax expense increased $8.3 million, or 13.2%, to $71.2 million in the nine months ended September 30, 2016 compared to $62.9 million in the nine months ended September 30, 2015 due primarily to the following:

- an increase of $3.1 million due to higher assessments at same-center properties,
- an increase of $2.2 million from properties acquired in 2015 and 2016,
- an increase of $1.4 million due to the acquisition of the six previously unconsolidated Clarion joint venture properties in January 2016,
- an increase of $1.3 million related to Assembly Row and Pike & Rose, and
- an increase of $0.9 million from redevelopment properties,

partially offset by

- a decrease of $0.7 million due to the sale of our Houston Street and Courtyard Shops properties in April 2015 and November 2015, respectively.

Property Operating Income

Property operating income increased $27.8 million, or 7.3%, to $407.9 million in the nine months ended September 30, 2016 compared to $380.1 million in the nine months ended September 30, 2015. This increase is primarily due to growth in earnings at same-center and redevelopment properties, properties acquired in 2015, the acquisition of the six previously unconsolidated Clarion joint venture properties in January 2016, and portions of Assembly Row and Pike & Rose opening through 2015 and early 2016, partially offset by the sale of our Houston Street and Courtyard Shops properties in April 2015 and November 2015, respectively.

Other

Income From Real Estate Partnerships

The decrease in income from real estate partnerships is the result of our obtaining control of the six Clarion joint venture properties on January 13, 2016 (see discussion in Note 3 to the consolidated financial statements). Prior to this transaction, the properties were accounted for under the equity method of accounting.

Interest Expense

Interest expense increased $1.8 million, or 2.6%, to $71.1 million in the nine months ended September 30, 2016 compared to $69.3 million in the nine months ended September 30, 2015. This increase is due primarily to the following:

- an increase of $7.3 million due to higher borrowings, and
- a decrease of $1.5 million in capitalized interest due primarily to the opening of Phase I of Assembly Row and Pike & Rose, partially offset by capitalized interest on current redevelopment projects.

partially offset by

- a decrease of $6.9 million due to a lower overall weighted average borrowing rate,

Gross interest costs were $83.8 million and $83.5 million in the nine months ended September 30, 2016 and 2015, respectively. Capitalized interest was $12.7 million and $14.1 million in the nine months ended September 30, 2016 and 2015, respectively.

Early Extinguishment of Debt

The $19.1 million of early extinguishment of debt in the nine months ended September 30, 2015 relates to the make-whole premium paid as part of the early redemption of our 6.20% senior notes in the second quarter of 2015, partially offset by the related write-off of unamortized premium and debt fees.

General and Administrative Expense

General and administrative expenses decreased $2.2 million, or 8.2%, to $25.3 million for the nine months ended September 30, 2016, compared to $27.5 million in the nine months ended September 30, 2015. The decrease is primarily due to lower transaction and incentive compensation costs.

Depreciation and Amortization

Depreciation and amortization expense increased $16.8 million, or 13.1%, to $145.1 million in the nine months ended September 30, 2016 from $128.4 million in the nine months ended September 30, 2015. This increase is due primarily the acquisition of the six previously unconsolidated Clarion joint venture properties in January 2016, Assembly Row and Pike & Rose, properties acquired in 2015, and redevelopment properties.

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

The $32.5 million gain on sale of real estate and change in control of interests is primarily the result of our obtaining control of six properties when we acquired Clarion's 70% interest in the partnership that owned those properties (see discussion in Note 3 to the consolidated financial statements). The properties were previously accounted for under the equity method of accounting. We consolidated these assets effective January 13, 2016, and consequently recognized a gain of $25.7 million upon obtaining the controlling interest. The nine months ended September 30, 2016 also included a $1.8 million gain related to the May 2016 sale of a building in Coconut Grove, Florida by an unconsolidated joint venture (our share of the gain, net of noncontrolling interests, was $0.5 million) and a $4.9 million gain due to the reversal of the warranty reserve for condominium units at Santana Row, as the statutorily mandated latent construction defect period ended in third quarter 2016 and no further claims have been filed.

The $11.5 million gain on sale of real estate for the nine months ended September 30, 2015 is due to the sale of our Houston Street property in April 2015.

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 September 30, 2016, we had cash and cash equivalents of $101.3 million and no outstanding balance on our unsecured revolving credit facility. On April 20, 2016, we upsized our $600.0 million revolving credit facility to $800.0 million and extended the maturity date to April 20, 2020, subject to 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. Our $275.0 million unsecured term loan, which matures on November 21, 2018, subject to a one-year extension at our option, also has an option (subject to bank approval) to increase the term loan through an accordion feature to $350.0 million. As of September 30, 2016, we had the capacity to issue up to $42.4 million in common shares under our ATM equity program.

For the nine months ended September 30, 2016, the maximum amount of borrowings outstanding under our revolving credit facility was $251.5 million, the weighted average amount of borrowings outstanding was $103.3 million and the weighted average interest rate, before amortization of debt fees, was 1.3%. On March 7, 2016, we issued 1.0 million common shares at $149.43 per share, for net cash proceeds of $149.3 million. On July 12, 2016, we issued $250.0 million of fixed rate senior unsecured notes that mature on August 1, 2046 and bear interest at 3.625% for net proceeds after issuance discounts, underwriting fees, and other costs of $241.8 million. We also repaid the $9.4 million unsecured Escondido municipal bonds on October 1, 2016. For the remainder of 2016, we have no further debt maturing. 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 (including maturities) and capital expenditures.

Our overall capital requirements for the remainder of 2016 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 future phases of 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 which is the result of construction on Phase II at both Assembly Row and Pike & Rose and construction of the 234,500 square foot office building at Santana Row. 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

	Nine Months Ended September 30,	
	2016	2015
	(In thousands)	
Cash provided by operating activities	$ 288,972	$ 261,150
Cash used in investing activities	(438,417)	(286,479)
Cash provided by (used in) financing activities	229,680	(9,758)
Increase (decrease) in cash and cash equivalents	80,235	(35,087)
Cash and cash equivalents, beginning of year	21,046	47,951
Cash and cash equivalents, end of period	$ 101,281	$ 12,864

Net cash provided by operating activities increased $27.8 million to $289.0 million during the nine months ended September 30, 2016 from $261.2 million during the nine months ended September 30, 2015. The increase was primarily attributable to higher net income before certain non-cash items, timing of interest payments, and timing of payments from tenants, partially offset by higher escrow account balances.

Net cash used in investing activities increased $151.9 million to $438.4 million during the nine months ended September 30, 2016 from $286.5 million during the nine months ended September 30, 2015. The increase was primarily attributable to:

- a $95.1 million increase in capital investments and leasing costs as we continue to invest in Pike & Rose, Assembly Row, Santana Row, and other current redevelopments,
- $45.8 million in proceeds from the sale of our Houston Street property in April 2015, and
- a $14.0 million increase in acquisitions of real estate primarily due to the January 2016 acquisition of Clarion's 70% interest in our unconsolidated real estate partnership, partially offset by the 2015 acquisitions of San Antonio Center and CocoWalk.

Net cash provided by financing activities increased $239.4 million to $229.7 million during the nine months ended September 30, 2016 from $9.8 million used during the nine months ended September 30, 2015. The increase was primarily attributable to:

- the April 2015 redemption of $200 million of senior notes with a make-whole premium of $19.2 million in April 2015,
- a $198.9 million increase in net proceeds from the issuance of common shares as we issued 1.0 million common shares at $149.43 per share in an underwritten public offering on March 7, 2016, and we sold 1.0 million common shares under our ATM equity program at a weighted average price of $155.48 during the nine months ended September 30, 2016, compared to 0.8 million shares at a weighted average price of $134.21 in the nine months ended September 30, 2015, and
- a $123.1 million decrease in repayment of mortgages, capital leases, and notes payable due to the payoff of $34.4 million of mortgage loans on April 1, 2016, compared to the payoff of six mortgages totaling $147.0 million in August 2015.

partially offset by

- $241.8 million in net proceeds from the issuance of 3.625% senior notes in July 2016, compared to $456.2 million in net proceeds from the re-opening of the 4.5% senior notes in March 2015 and the issuance of 2.55% senior notes in September 2015,
- a $53.5 million increase in net repayments in 2016 on our revolving credit facility,
- a $19.3 million increase in dividends paid to shareholders due to an increase in the dividend rate and increased number of shares outstanding, and
- $13.0 million acquisition of the 10% noncontrolling interest of a partnership which owns a project in Southern California.

Debt Financing Arrangements

The following is a summary of our total debt outstanding as of September 30, 2016:

Description of Debt	Original Debt Issued	Principal Balance as of September 30, 2016	Stated Interest Rate as of September 30, 2016	Maturity Date
	(Dollars in thousands)			
Mortgages payable				
Secured fixed rate				
Plaza El Segundo	Acquired	$ 175,000	6.33%	August 5, 2017
The Grove at Shrewsbury (East)	Acquired	42,797	5.82%	October 1, 2017
The Grove at Shrewsbury (West)	Acquired	10,852	6.38%	March 1, 2018
Rollingwood Apartments	24,050	21,395	5.54%	May 1, 2019
The Shops at Sunset Place	Acquired	68,960	5.62%	September 1, 2020
29th Place	Acquired	4,604	5.91%	January 31, 2021
The AVENUE at White Marsh	52,705	52,705	3.35%	January 1, 2022
Montrose Crossing	80,000	73,133	4.20%	January 10, 2022
Brook 35	11,500	11,500	4.65%	July 1, 2029
Chelsea	Acquired	6,650	5.36%	January 15, 2031
Subtotal		467,596		
Net unamortized premium and debt issuance costs		5,894		
Total mortgages payable		473,490		
Notes payable				
Unsecured fixed rate				
Term loan (1)	275,000	275,000	LIBOR + 0.90%	November 21, 2018
Various	7,239	5,320	11.31%	Various through 2028
Unsecured variable rate				
Escondido (municipal bonds)	9,400	9,400	0.61%	October 1, 2016
Revolving credit facility (2)	800,000	—	LIBOR + 0.825%	April 20, 2020
Subtotal		289,720		
Net unamortized debt issuance costs		(1,231)		
Total notes payable		288,489		
Senior notes and debentures				
Unsecured fixed rate				
5.90% notes	150,000	150,000	5.90%	April 1, 2020
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
6.82% medium term notes	40,000	40,000	6.82%	August 1, 2027
4.50% notes	450,000	450,000	4.50%	December 1, 2044
3.625% notes	250,000	250,000	3.625%	August 1, 2046
Subtotal		1,994,200		
Net unamortized premium and debt issuance costs		(18,212)		
Total senior notes and debentures		1,975,988		
Capital lease obligations				
Various		71,597	Various	Various through 2106
Total debt and capital lease obligations		$ 2,809,564		

1) We entered into two interest rate swap agreements that fix the LIBOR portion of the interest rate on the term loan at 1.72%. The spread on the term loan is 90 basis points resulting in a fixed rate of 2.62%.

2) The maximum amount drawn under our revolving credit facility during the nine months ended September 30, 2016 was $251.5 million, and the weighted average interest rate on borrowings under our revolving credit facility, before amortization of debt fees, was 1.3%.

Our revolving credit facility, term loan and other debt agreements include financial and other covenants that may limit our operating activities in the future. As of September 30, 2016, we were in compliance with all of the financial and other covenants. If we were to breach any of our debt 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, term loan 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 September 30, 2016:

	Unsecured	Secured	Capital Lease	Total
		(In thousands)		
2016	$ 9,432	$ 1,267	$ 11	$ 10,710
2017	457	222,469	34	222,960
2018	275,507	15,477	37	$ 291,021
2019	561	25,006	42	25,609
2020	150,623 (1)	$ 64,687	46	$ 215,356
Thereafter	1,847,340	138,690	71,427	2,057,457
	$ 2,283,920	$ 467,596	$ 71,597	$ 2,823,113 (2)

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1) As of September 30, 2016, there was no outstanding balance under our $800.0 million revolving credit facility.

2) The total debt maturities differs from the total reported on the consolidated balance sheet due to the unamortized net premium and debt issuance costs on mortgage loans, notes payable, and senior notes as of September 30, 2016.

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.

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

As of September 30, 2016, we are party to two interest rate swap agreements that effectively fixed the rate on the term loan at 2.62%. Both swaps were designated and qualified as cash flow hedges and were recorded at fair value. Hedge ineffectiveness has not impacted earnings as of September 30, 2016, and we do not anticipate it will have a significant effect in the future.

REIT Qualification

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

Funds From Operations

Funds from operations ("FFO") is a supplemental non-GAAP financial measure of real estate companies' operating performance. The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as follows: net income, computed in accordance with U.S. GAAP, plus real estate related depreciation and amortization and excluding extraordinary items, 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In thousands, except per share data)			
Net income	$ 61,198	$ 54,550	$ 199,159	$ 148,426
Net income attributable to noncontrolling interests	(2,221)	(2,103)	(7,286)	(6,161)
Gain on sale of real estate and change in control of interests, net	(4,706)	—	(31,133)	(11,509)
Depreciation and amortization of real estate assets	42,779	38,603	126,806	113,613
Amortization of initial direct costs of leases	4,260	3,689	12,729	10,805
Funds from operations	101,310	94,739	300,275	255,174
Dividends on preferred shares	(136)	(136)	(406)	(406)
Income attributable to operating partnership units	750	879	2,397	2,520
Income attributable to unvested shares	(263)	(325)	(826)	(899)
Funds from operations available for common shareholders (1)	$ 101,661	$ 95,157	$ 301,440	256,389
Weighted average number of common shares, diluted (2)	72,254	70,115	71,642	69,761
Funds from operations available for common shareholders, per diluted share (1)	$ 1.41	$ 1.36	$ 4.21	$ 3.68

(1) If the $19.1 million early extinguishment of debt charge incurred in the second quarter of 2015 was excluded, our FFO available for common shareholders for the nine months ended September 30, 2015 would have been $275.4 million and FFO available for common shareholders, per diluted share would have been $3.95.

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

We may enter into certain types of derivative financial instruments to further reduce interest rate risk. We use interest rate protection and swap agreements, for example, to convert some of our variable rate debt to a fixed-rate basis or to hedge anticipated financing transactions. We use derivatives for hedging purposes rather than speculation and do not enter into financial instruments for trading purposes. As of September 30, 2016, we were party to two interest rate swap agreements that effectively fixed the rate on the term loan at 2.62%.

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 capital 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 September 30, 2016, we had $2.7 billion of fixed-rate debt outstanding, including our $275.0 million term loan as the rate is effectively fixed by two interest rate swap agreements; we also had $71.6 million of capital lease obligations. If market interest rates used to calculate the fair value on our fixed-rate debt instruments at September 30, 2016 had been 1.0% higher, the fair value of those debt instruments on that date would have decreased by approximately $200.5 million. If market interest rates used to calculate the fair value on our fixed-rate debt instruments at September 30, 2016 had been 1.0% lower, the fair value of those debt instruments on that date would have increased by approximately $235.2 million.

Variable Interest Rate Debt

Generally, we believe that our primary interest rate risk is due to fluctuations in interest rates on our outstanding variable rate debt. At September 30, 2016, we had $9.4 million of variable rate debt outstanding which was repaid at par on October 1, 2016.

ITEM 4. CONTROLS AND PROCEDURES

Periodic Evaluation and Conclusion of Disclosure Controls and Procedures

An evaluation has been performed, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2016. Based on this evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of September 30, 2016 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC.

Changes in Internal Control Over Financial Reporting

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

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed in our Annual Report for the year ended December 31, 2015 filed with the SEC on February 9, 2016. These factors include, but are not limited to, the following:

- 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,

    - new acquisitions may fail to perform as expected,
    - 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,
    - environmental issues may develop at our properties and result in unanticipated costs, and
    - because real estate is illiquid, we may not be able to sell properties when appropriate;
- risks that our growth will be limited if we cannot obtain additional capital;
- risks associated with general economic conditions, including local economic conditions in our geographic markets;
- risks of financing, such as our ability to consummate additional financings or obtain replacement 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.

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

Under the terms of various partnership agreements of certain of our affiliated limited partnerships, the interest of limited partners in those limited partnerships may be redeemed, subject to certain conditions, for cash or an equivalent number of common shares, at our option. During the three months ended September 30, 2016, we redeemed 4,968 downREIT operating partnership units for common shares.

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

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

SIGNATURES

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

	FEDERAL REALTY INVESTMENT TRUST
November 2, 2016	/s/ Donald C. Wood
	Donald C. Wood,
	President, Chief Executive Officer and Trustee
	(Principal Financial and Executive Officer)
	FEDERAL REALTY INVESTMENT TRUST
November 2, 2016	/s/ Daniel Guglielmone
	Daniel Guglielmone,
	Executive Vice President
	Chief Financial Officer and Treasurer
	(Principal Financial and Accounting Officer)

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 and May 6, 2009 (previously filed as Exhibit 3.2 to the Trust's Registration Statement on Form S-3 (File No. 333-160009) 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 5.65% Notes due 2016; 6.20% Notes due 2017; 5.95% Notes due 2014 and the 5.90% Notes due 2020; 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; and 3.625% Notes due 2046 (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)
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)
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)

EXHIBIT INDEX

Exhibit No.	Description
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 Supplement 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 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	Severance Agreement between the Trust and James M. Taylor dated July 30, 2012 (previously filed as Exhibit 10.35 to the Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 (File No. 1-07533) and incorporated herein by reference)
10.25	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)
10.26	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., as 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)

EXHIBIT INDEX

Exhibit No.	Description
10.27	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)
10.28	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)
10.29	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)
10.30	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)
10.31	First Amendment to 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)
10.32	First Amendment to 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)
10.33	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)
10.34	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 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, 2016 and incorporated herein by reference)
10.35	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)
10.36	Severance Agreement between the Trust and Daniel Guglielmone dated August 15, 2016 (filed herewith)
31.1	Rule 13a-14(a) Certification of Chief Executive Officer (filed herewith)
31.2	Rule 13a-14(a) Certification of Principal Financial Officer (filed herewith)
32.1	Section 1350 Certification of Chief Executive Officer (filed herewith)
32.2	Section 1350 Certification of Principal Financial Officer (filed herewith)
101	The following materials from Federal Realty Investment Trust’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, 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.

Exhibit 10.36

SEVERANCE AGREEMENT

THIS SEVERANCE AGREEMENT ("Severance Agreement"), made and entered into as of this 15th day of August, 2016 by and between FEDERAL REALTY INVESTMENT TRUST, a Maryland real estate investment trust ("Employer"), and DANIEL GUGLIELMONE ("Employee").

WHEREAS, Employee serves as Employer's Executive Vice President-Chief Financial Officer and Treasurer. The Employer and the Employee wish to set forth the terms of a severance agreement for Employee;

NOW THEREFORE, in consideration of the foregoing, of the mutual promises herein contained and of other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Termination Without Cause. In the event that Employee's employment with Employer is terminated on or prior to August 15, 2019 under any of the circumstances in Sections 1(a) or 1(b) that constitute a Separation from Service (as defined herein), Employee will be deemed to have been Terminated Without Cause and shall receive payments and benefits as described in this Section 1; *provided*, *however*, in the event Employee's employment with Employer is terminated under any of the circumstances in Sections 1(a) or 1(b) under circumstances described in Section 6 below at any time, Employee shall receive such payments and benefits as are set forth in Section 6 in lieu of the payments and benefits under this Section 1:

(a) by Employer other than with Cause (as "Cause" is defined in Section 3, hereof);

(b) by Employee for "Good Reason" within six (6) months following the occurrence of one or more of the following events which has continued uncured for a period of not less than thirty (30) days following written notice given by Employee to the Employer within ninety (90) days after such event occurs, unless in any case Employee specifically agrees in writing that such event shall not be Good Reason:

(i) the nature of Employee's duties or the scope of Employee's responsibilities or authority are materially modified by Employer without Employee's written consent where such material modification constitutes an actual or constructive demotion of Employee*; provided, however*, that a change in the position(s) to whom Employee reports shall not by itself constitute a material modification of Employee's responsibilities; *provided*, *further*, that if Employee voluntarily becomes an employee of an affiliate of the Employer in connection with a Spin-off (as defined in Section 15) of that affiliate, the nature of Employee's duties and the scope of responsibilities and authority referred to above in this paragraph (i) shall mean those as in effect as of the first day of employment with the affiliate following the Spin-off and not those in effect with the Employer as of the date first written above;

(ii) Employer changes the location of its principal office to outside a fifty (50) mile radius of the office where the Employee is headquartered;

(iii) Employer's setting of Employee's base salary for any year at an amount which is less than ninety percent (90%) of the greater of (A) Employee's base salary for 2016, or (B) Employee's highest base salary during the three (3) then most recent calendar years (including the year of termination), regardless of whether such salary reduction occurs in one year or over the course of years; and

(iv) this Severance Agreement is not expressly assumed by any successor (directly or indirectly, whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Employer.

(c) Decision by Employer to Terminate Without Cause. Employer's decision to terminate Employee's employment Without Cause shall be made by the Board of Trustees.

(d) Severance Payment Upon Termination Without Cause. In the event of Termination Without Cause on or prior to August 15, 2019 other than under circumstances described in Section 6 below, Employee will receive as severance pay an amount in cash equal to one (1) year's salary which amount shall be paid as soon as possible and in any event, within two and one-half (2½) months following the end of the year in which the Termination Date occurs. In the event of a Termination Without Cause on or after August 15, 2019, other than under circumstances described in Section 6 below, Employee will receive no severance payment under this Agreement. For the purpose of calculating amounts payable pursuant to this Section 1(d), "salary" shall be an amount equal to (i) the greater of (A) Employee's highest annual base salary paid during the previous three (3) years or (B) Employee's annual base salary in the year of termination, plus (ii) the greatest annual aggregate amount of any annual bonus paid to Employee in respect of any of the three (3) fiscal years immediately preceding such termination. For purposes of the preceding sentence: (i) the term "salary" shall not include any cash or equity-based incentive award intended to be a long-term incentive award, including awards made pursuant to Employer's Amended and Restated 2003 Long-Term Incentive Award Program; (ii) an annual bonus paid in the form of stock will be considered to have been paid in respect of a particular year if (A) in the case of a bonus paid under Employer's annual Incentive Bonus Plan in effect for the applicable year (as the same may be amended from time or time, or any successor plan, the "Bonus Plan"), the stock bonus was awarded in respect of that year, even if it did not vest in that year, or (B) in the case of any other stock bonus, the shares vested in that year (other than as a result of the Termination Without Cause); (iii) a stock bonus will be valued (A) in the case of a bonus paid under the Bonus Plan, at a figure equal to the number of shares awarded, multiplied by the per-share value (closing price) on the date on which the bonus was approved by the Compensation Committee of Employer's Board of Trustees, and (B) in the case of any other stock bonus, at a figure equal to the number of shares that vested, multiplied by the per-share value (closing price) on the date on which they vested; and (iv) notwithstanding the valuation provisions in clause (iii) above, if Employee elected to receive all or any portion of an annual bonus in the form of stock rather than cash, the maximum amount to be included as bonus in the computation of "salary" for that year shall be the amount of cash bonus otherwise payable without taking into account any additional stock granted in consideration for delayed vesting. Payment also will be made for vacation time that has accrued, but is unused as of the date of termination, with payment to be made within 60 days after the Employee's Termination Date.

(e) Benefits. In the event of Termination Without Cause on or prior to August 15, 2019, other than under circumstances described in Section 6 below, Employee shall receive "Full Benefits" for twelve (12) months. Employer shall have satisfied its obligation to provide Full Benefits to Employee if it (i) pays premiums due in connection with COBRA continuation coverage to continue Employee's medical and dental insurance coverage at not less than the levels of coverage immediately prior to termination of Employee's employment; (ii) maintains at not less than Employee's highest levels of coverage prior to Termination Without Cause individual life insurance policies and accidental death and dismemberment policies for the benefit of Employee and pays the annual premiums associated therewith, subject to any maximum portable limitation that may exist from time to time; (iii) to the extent that Employer maintained a long-term disability policy that provided coverage to Employee in excess of the coverage provided under Employer's group long-term disability policy, maintains at not less than Employee's highest levels of coverage prior to Termination Without Cause an individual long-term disability policy for the benefit of Employee and pays the annual premiums associated therewith to the extent available under Employer's policy and subject to the limitations of the policy; and (iv) pays the annual premiums associated with Employee's continued participation, at not less than Employee's highest levels of coverage prior to Termination Without Cause, under Employer's group long-term disability policy for a period of one (1) year following Termination Without Cause to the extent available under Employer's policy and subject to the limitations of the policy. Notwithstanding the foregoing, Employee shall be required to pay the premiums and any other costs of such Full Benefits in the same dollar amount that Employee was required to pay for such costs immediately prior to Termination Without Cause.

(f) Stock Options. Notwithstanding any agreement to the contrary, in the event of any Termination Without Cause on or prior to August 15, 2019 other than under circumstances described in Section 6 below, the vesting of options to purchase shares of Employer's common stock granted to Employee and outstanding as of the date of Employee's termination and scheduled to vest during the twelve (12) months thereafter shall be accelerated such that all such options will be vested as of the date of Employee's termination of employment with Employer. The terms of the stock option agreements shall determine the period during which any vested options may be exercisable.

(g) Outplacement Services. In the event of Termination Without Cause on or prior to August 15, 2019 other than under circumstances described in Section 6 below, Employer shall make available at Employer's expense to Employee at Employee's option the services of an employment search/outplacement agency selected by Employer for a period not to exceed six (6) months from the date of Employee's termination, subject to any limitations and restrictions that are required to exempt such outplacement services from Code Section 409A. If Employee chooses not to use such outplacement services, Employee shall not be entitled to receive the cash value of these services.

(h) Provision of Telephone/Secretary. In the event of Termination Without Cause on or prior to August 15, 2019 other than under circumstances described in Section 6 below, Employer shall provide Employee for a period not to exceed six (6) months from Employee's date of termination with a telephone number assigned to Employee at Employer's offices, telephone mail and a secretary to answer the telephone. Such benefits shall not include an office or physical access to Employer's offices and will cease upon commencement by Employee of employment with another employer. If Employee chooses not to use such telephone/secretarial services, Employee shall not be entitled to receive the cash value of these services.

(i) Notice. If Employee terminates his or her employment pursuant to Section 1(b) hereof other than under circumstances described in Section 6 below and (i) Employee is not an executive officer of Employer, Employee shall give sixty (60) days' written notice to Employer of such termination, or (ii) if Employee is an executive officer of Employer, Employee shall give ninety (90) days' written notice to Employer of such termination.

(j) Notwithstanding the foregoing provisions of this Severance Agreement, it shall not be considered a Termination Without Cause in the event that the Employee voluntarily becomes an employee of an affiliate of the Employer in connection with a Spin-off of that affiliate if the Employer has assigned this Severance Agreement to the affiliate as contemplated in Section 15 and the affiliate has assumed the obligations hereunder.

(k) Certain Definitions. For purposes of this Severance Agreement, in addition to the capitalized terms defined elsewhere, the following capitalized terms have the meanings indicated unless the context clearly requires otherwise:

(i) "Separation from Service" means the termination of services provided by Employee to the Employer, whether voluntarily or involuntarily, as determined by the Board in accordance with Treasury Regulation Section 1.409A-1(h), as amended from time to time; and

(ii) "Termination Date" means the date upon which the Employee incurs a Separation from Service from the Employer.

2. Voluntary Resignation. If Employee is not an executive officer of Employer, Employee shall give sixty (60) days' written notice to Employer of Employee's resignation from employment in all capacities with Employer other than under circumstances described in Section 6 below; if Employee is an executive officer of Employer, Employee shall give ninety (90) days' written notice to Employer of Employee's resignation from employment in all capacities with Employer other than under circumstances described in Section 6 below.

3. Severance Benefits Upon Termination With Cause. Employee shall be deemed to have been terminated with Cause in the event that the employment of Employee is terminated for any of the following reasons other than under circumstances described in Section 6 below:

(a) failure (other than failure due to disability) to perform his or her material duties with Employer or an affiliate thereof; which failure remains uncured after written notice thereof and the expiration of a reasonable period of time but in any event, not less than ninety (90) days thereafter, in which Employee is diligently pursuing cure ("Failure to Perform");

(b) willful conduct which is demonstrably and materially injurious to Employer or an affiliate thereof, monetarily or otherwise;

(c) breach of fiduciary duty involving personal profit; or

(d) willful violation in the course of performing his or her duties for Employer of any law, rule or regulation (other than traffic violations or misdemeanor offenses). No act or failure to act shall be considered willful unless done or omitted to be done in bad faith and without reasonable belief that the action or omission was in the best interest of Employer.

(e) Decision by Employer to Terminate With Cause. The decision to terminate the employment of Employee with Cause shall be made by the Board of Trustees.

(f) Severance Payment Upon Termination with Cause. In the event of termination for Failure to Perform pursuant to Section 3(a), or termination for cause pursuant to Section 3(b), (c) or (d) above, the terms of the stock option agreements between Employer and Employee thereunder will determine the terms of the vesting of options and the exercisability of vested options.

(i)

For Cause Termination for Failure to Perform. In the event that Employee's employment is terminated with Cause pursuant to Section 3(a) above, Employee shall receive as severance pay an amount in cash equal to one (1) month's salary for every year of service to Employer in excess of five (5) years of service; such severance payment shall not exceed six (6) months' pay which amount shall be paid as soon as possible and in any event within two and one-half (2½) months following the end of the year in which the Termination Date occurs. The number of months for which such a payment is due shall determine the length of the for cause term ("For Cause Term"). For the purposes of this Section 3(f)(i) only, "salary" shall mean Employee's then current annual base salary and shall not include any bonus or other compensation. Payment shall also be made for accrued, but unused, vacation time. Employee shall also receive Full Benefits (as defined above) for the For Cause Term. In the event that, following Employee's termination for Failure to Perform, Employee becomes employed by or affiliated with, as a partner, consultant, contractor or otherwise, any entity which is substantially engaged in the business of property investment or management ("Competitor"), all payments specified in this Section 3(f)(i) shall cease upon the date Employee commences such employment or affiliation; *provided, however*, Employee shall continue to receive medical and dental care benefits from Employer until (i) Employee is eligible to receive medical and dental care benefits from the Competitor, or (ii) the date of expiration of Employee's For Cause Term, whichever comes first.

In the event that Employee's employment is terminated with Cause pursuant to Section 3(a), (b), (c) or (d), Employee shall receive all base salary due and payable as of the date of Employee's termination of employment. No payment shall be made for bonus or other compensation. Payment also will be made for accrued, but unused vacation time.

4. Severance Benefits Upon Termination Upon Disability. Employer may terminate Employee upon thirty (30) days' prior written notice if (i) Employee's Disability has disabled Employee from rendering service to Employer for at least a six (6) month consecutive period during the term of Employee's employment, (ii) Employee's "Disability" is within the meaning of such defined term in Employer's group long-term disability policy, and (iii) Employee is covered under such policy. In the event of Employee's Termination Upon Disability, Employee shall be entitled to receive as severance pay each month for the year immediately following the date of termination an amount in cash equal to the difference, if any, between (i) the sum of (y) the amount of payments Employee receives or will receive during that month pursuant to the disability insurance policies maintained by Employer for Employee's benefit and (z) the adjustment described in the next sentence and (ii) Employee's base monthly salary on the date of termination due to Disability. The adjustment referred to in clause (z) of the preceding sentence is the amount by which any tax-exempt payments referred to in clause (y) would need to be increased if such payments were subject to tax in order to make the after-tax proceeds of such payments equal to the actual amount of such tax-exempt payments.

(a) Benefits. Employee shall receive Full Benefits (as defined above) for one (1) year following termination due to Disability.

(b) Stock Options. In the event that Employee's employment is terminated due to Disability, the terms of the stock option agreements between Employer and Employee shall determine the vesting of any options held by Employee as of the date of termination due to Disability and the exercise period for any vested option.

5. Severance Benefits Upon Termination Upon Death. If Employee dies, Employee's estate shall be entitled to receive an amount in cash equal to Employee's then-current base salary through the last day of the month in which Employee's death occurs plus any bonus previously awarded but unpaid and any accrued vacation pay through the last day of the month in which Employee's death occurs. The terms of the stock option agreements between Employer and Employee shall determine the vesting of any options held by Employee as of the date of his or her death and the exercise period for any vested option.

6. Severance Benefits Upon Termination Upon Change in Control. - The provisions of this Section 6 are applicable during the entire tenure of Employee's employment with the Trust.

(a) Change in Control Defined. No benefits shall be payable under this Section 6 unless there shall have occurred a Change in Control of Employer, as defined below. For purposes of this Section 6, a "Change in Control" of Employer shall mean any of the following events:

(i) An acquisition in one or more transactions (other than directly from Employer or pursuant to options granted by Employer) of any voting securities of Employer (the "Voting Securities") by any "Person" (as the term is used for purposes of Section 13

(d) or 14(d) of the Securities Act of 1934, as amended (the "Exchange Act")) immediately after which such Person has "Beneficial Ownership" (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of the combined voting power of Employer's then outstanding Voting Securities; *provided*, *however*, in determining whether a Change in Control has occurred, Voting Securities which are acquired in a "Non-Control Acquisition" (as hereinafter defined) shall not constitute an acquisition which would cause a Change in Control. A "Non-Control Acquisition" shall mean an acquisition by (A) an employee benefit plan (or a trust forming a part thereof) maintained by (1) Employer or (2) any corporation or other Person of which a majority of its voting power or its equity securities or equity interest is owned directly or indirectly by Employer (a "Subsidiary"), (B) Employer or any Subsidiary, or (C) any Person in connection with a "Non-Control Transaction" (as hereinafter defined);

(ii) The individuals who, as of the date of this Severance Agreement, are members of the Board of Trustees (the "Incumbent Trustees"), cease for any reason to constitute at least two-thirds of the Board; *provided*, *however*, that if the election, or nomination for election by Employer's shareholders, of any new member was approved by a vote of at least two-thirds of the Incumbent Trustees, such new member shall, for purposes of this Severance Agreement, be considered as a member of the Incumbent Trustees; *provided*, *further*, *however*, that no individual shall be considered a member of the Incumbent Trustees if such individual initially assumed office as a result of either an actual or threatened "Election Contest" (as described in Rule 14a-11 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Trustees (a "Proxy Contest") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; or

(iii) Approval by shareholders of Employer of

(A) A merger, consolidation or reorganization involving Employer, unless:

(1) the shareholders of Employer, immediately before such merger, consolidation or reorganization, own, directly or indirectly immediately following such merger, consolidation or reorganization, at least a majority of the combined voting power of the outstanding voting securities of the Person resulting from such merger or consolidation or reorganization (the "Surviving Person") in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation or reorganization,

(2) the individuals who were members of the Incumbent Trustees immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization constitute at least two-thirds of the members of the board of directors of the Surviving Person,

(3) no Person (other than Employer or any Subsidiary, any employee benefit plan (or any trust forming a part thereof) maintained by Employer, or any Subsidiary, or any Person which, immediately prior to such merger, consolidation or reorganization had Beneficial Ownership of 20% or more of the then outstanding Voting Securities) has Beneficial Ownership of 20% or more of the combined voting

power of the Surviving Person's then outstanding voting securities, and

(4) a transaction described in clauses (1) through (3) shall herein be referred to as a "Non-Control Transaction;"

(B) A complete liquidation or dissolution of Employer; or

(C) An agreement for the sale or other disposition of all or substantially all of the assets of Employer to any Person (other than a transfer to a Subsidiary).

(iv) Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) solely because any Person (the "Subject Person") acquired Beneficial Ownership of more than the permitted amount of the outstanding Voting Securities as a result of the acquisition of Voting Securities by Employer which, by reducing the number of Voting Securities outstanding, increases the proportional number of Voting Securities Beneficially Owned by the Subject Person; *provided*, *however*, that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Voting Securities by Employer, and after such share acquisition by Employer, the Subject Person becomes the Beneficial Owner of any additional Voting Securities which increases the percentage of the then outstanding Voting Securities Beneficially Owned by the Subject Person, then a Change in Control shall occur; or (B) if Employer (1) establishes a wholly-owned subsidiary ("Holding Company"), (2) causes the Holding Company to establish a wholly-owned subsidiary ("Merger Sub"), and (3) merges with Merger Sub, with Employer as the surviving entity (such transactions collectively are referred as the "Reorganization"). Immediately following the completion of the Reorganization, all references to the Voting Securities shall be deemed to refer to the voting securities of the Holding Company.

(v) Notwithstanding anything contained in this Severance Agreement to the contrary, if Employee's employment is terminated while this Severance Agreement is in effect and Employee reasonably demonstrates that such termination (A) was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control and who effectuates a Change in Control (a "Third Party") or (B) otherwise occurred in connection with, or in anticipation of, a Change in Control which actually occurs, then for all purposes of this Severance Agreement, the date of a Change in Control with respect to Employee shall mean the date immediately prior to the date of such termination of Employee's employment.

(b) <u>Termination of Employment Following Change in Control</u>. Employee shall be entitled to the benefits provided in this Section 6 if a Change in Control occurs and Employer terminates Employee such that Employee incurs a Separation of Service under any of the circumstances in Sections 1(a) or 1(b) within a period of two years after the occurrence of such Change in Control. For purposes of this Section 6, Employee's Separation from Service shall occur by written notice delivered by either Employer or Employee to the other party. The date of Employee's Separation from Service shall be the earlier of the date of Employee's or Employer's written notice terminating Employee's employment with Employer, unless such notice shall specify an effective date of termination occurring later than the date of such notice, in which event such specified effective date shall govern.

(c) <u>Payment of Benefits upon Separation from Service</u>. If, after a Change in Control has occurred, Employee incurs a Separation from Service in accordance with Section 6(b) above, then Employer shall pay to Employee and provide Employee, his or her beneficiaries and estate, the following:

(i) Employer shall pay to Employee a single cash payment equal to two (2) year's salary which amount shall be paid as soon as possible and in any event within two and one-half (2½) months following the end of the year of Employee's Separation from Service. For the purpose of calculating amounts payable pursuant to this Section 6(c), "salary" shall be calculated in the same manner as set forth in Section 1(d) (without giving effect to any accelerated vesting which may have occurred as a result of the Change in Control). Payment also will be made for vacation time that has accrued, but is unused as of the date of termination. If Employee's employment is terminated by Employee by a written notice which specifies a Termination Date at least five (5) business days later than the date of such notice, the payment shall be made on the Termination Date. If Employee gives less than five (5) business days' notice, then such payment shall be made within five (5) business days of the date of such notice. Notwithstanding the above, if Employee's termination of employment occurs under the circumstances described in clause (ii) of Section 6(b) (i.e., for any reason, either voluntarily or involuntarily, during the 30-day period beginning on the first anniversary of such Change of Control, unless such termination is because of Employee's death, Disability or Retirement), then if and to the extent required in order to comply with Section 409A of the Code, as determined by the Employer, the payment to Employee shall be delayed until six months and one day after the Termination Date;

(ii) Employee shall receive Full Benefits for two (2) years following the Termination Date;

(iii) Employer, to the extent legally permissible, shall continue to provide to Employee all other officer perquisites, allowances, accommodations of employment, and benefits on the same terms and conditions (and according to the same timing for payment and taxation)as such are from time to time made available generally to the other officers of Employer but in no event less than the highest level of the perquisites, allowances, accommodations of employment and benefits that were available to Employee during the last twelve (12) months of Employee's employment prior to the Change in Control for a period of two (2) years following the Termination Date;

(iv) For the purposes of this Section 6(c), Employee's right to receive officer perquisites, allowances and accommodations of employment is intended to include (A) Employee's right to have Employer provide Employee for a period not to exceed nine (9) months from Employee's Termination Date with a telephone number assigned to Employee at Employer's offices, telephone mail and a secretary to answer the telephone; *provided*, *however*, such benefits described in this Section 6(c)(iv)(A) shall not include an office or physical access to Employer's offices and will cease upon the commencement by Employee of employment with another employer, and (B) Employee's right to have Employer make available at Employer's expense to Employee at Employee's option the services of an employment search/outplacement agency selected by Employee for a period not to exceed nine (9) months subject to any limitations and restrictions that are required to exempt such outplacement services from Code Section 409A.

(v) Upon the occurrence of a Change in Control, all restrictions on the receipt of any option to acquire or grant of Voting Securities to Employee shall lapse and such option shall become immediately and fully exercisable. Notwithstanding any applicable restrictions or any agreement to the contrary, Employee may exercise any options to acquire Voting Securities as of the Change in Control by delivery to Employer of a written notice dated on or prior to the expiration of the stated term of the option.

(d) No Set-Off. After a Change in Control, Employer shall have no right of set-off, reduction or counterclaim in respect of any debt or other obligation of Employee to Employer against any payment, benefit or other Employer obligation to Employee provided for in this Section 6 or pursuant to any other plan, agreement or policy.

(e) Interest on Amounts Payable. After a Change of Control, if any amounts which are required or determined to be paid or payable or reimbursed or reimbursable to Employee under this Section 6 (or under any other plan, agreement, policy or arrangement with Employer) are not so paid promptly at the times provided herein or therein, such amounts shall accrue interest, compounded daily at the annual percentage rate which is three percentage points (3%) above the interest rate which is announced by Wells Fargo Bank, NA from time to time as its prime lending rate, from the date such amounts were required or determined to have been paid or payable or reimbursed or reimbursable to Employee until such amounts and any interest accrued thereon are finally and fully paid; *provided*, *however*, that in no event shall the amount of interest contracted for, charged or received hereunder exceed the maximum non-usurious amount of interest allowed by applicable law.

(f) Disputes; Payment of Expenses. At any time after a Change of Control, all costs and expenses (including legal, accounting and other advisory fees and expenses of investigation) incurred by Employee in connection with any dispute as to the validity, interpretation or application of any term or condition of this Section 6 are, upon written demand by Employee, to be paid by Employer (and Employee shall be entitled, upon application to any court of competent jurisdiction, to the entry of a mandatory injunction, without the necessity of posting any bond with respect thereto, compelling Employer) promptly on a current basis (either directly or by reimbursing Employee). Under no circumstances shall Employee be obligated to pay or reimburse Employer for any attorneys' fees, costs or expenses incurred by Employer.

7. Confidentiality - Employer's Obligations. Unless Employee and Employer mutually agree on appropriate language for such purposes, in the event that Employee's employment is Terminated Without Cause pursuant to Section 1 above, With Cause pursuant to Section 3(a) above, or under circumstances described in Section 6, or Employee voluntarily resigns, Employer, except to the extent required by law, will not make or publish, without the express prior written consent of Employee, any written or oral statement concerning Employee's work related performance or the reasons or basis for the severing of Employee's employment relationship with Employer; *provided*, *however*, that the foregoing restriction is not applicable to information which was or became generally available to the public other than as a result of a disclosure by Employer.

8. Confidentiality - Employee's Obligations. Employee acknowledges and reaffirms that Employee will comply with the terms of the confidentiality letter executed by Employee upon commencement of Employee's employment with Employer.

9. Release Condition for Payments. Notwithstanding anything in this Severance Agreement to the contrary, as a condition of receiving any payments or benefits under this Severance Agreement, Employee shall be required to sign, within thirty (30) days after his or her Termination Date, a release and waiver acceptable to Employee and Employer pursuant to which Employee waives and releases Employer from any and all claims arising out of or otherwise relating to Employee's employment by Employer and/or the termination of Employee's employment with Employer.

10. Tax; Withholding; Code Section 409A. Notwithstanding anything herein to the contrary, the Employee shall be solely responsible and liable for the satisfaction of all taxes and penalties that may arise in connection with this Severance Agreement (including any taxes arising under Section 409A of the Code). Employer may withhold from any benefits payable under this Severance Agreement, and pay over to the appropriate authority, all federal, state, county, city or other taxes (other than any excise tax imposed under Section 4999 of the Code or any similar tax to which the indemnity provisions of Section 6(e) of this Severance Agreement shall apply) as shall be required pursuant to any law or governmental regulation or ruling.

(a) This Severance Agreement is intended to comply with (or be exempt from) Code Section 409A, and the Employer shall have complete discretion to interpret and construe this Severance Agreement and any associated documents in any manner that establishes an exemption from (or otherwise conforms them to) the requirements of Code Section 409A. If, for any reason including imprecision in drafting, the Severance Agreement does not accurately reflect its intended establishment of an exemption from (or compliance with) Code Section 409A, as demonstrated by consistent interpretations or other evidence of intent, the provision shall be considered ambiguous and shall be interpreted by the Employer in a fashion consistent herewith, as determined in the sole and absolute discretion of the Employer. Notwithstanding anything to the contrary contained herein, the Employer reserves the right to unilaterally amend this Severance Agreement without the consent of Employee in order to accurately reflect its correct interpretation and operation to maintain an exemption from or compliance with Code Section 409A.

(b) Neither the Employer, nor their affiliates, nor any of their directors, agents, or employees shall have any obligation to indemnify or otherwise hold the Employee harmless from any or all of such taxes. Notwithstanding anything herein to the contrary, if the Employer determines that any amounts that become due under this Severance Agreement as a result of Employee's termination of employment constitute "nonqualified deferred compensation" within the meaning of Section 409A, payment of such amounts shall not commence until the Employee incurs a Separation from Service. If, at the time of Employee's Separation from Service, Employee is a "specified employee" (under Code Section 409A), any amount that the Employer determines constitutes "nonqualified deferred compensation" within the meaning of Code Section 409A that becomes payable to Employee on account of the Employee's Separation from Service will not be paid until after the earlier of: (i) the expiration of the six (6) month period measured from the date of the Employee's Separation from Service with the Employer; or (ii) the date of the Employee's death (the "409A Suspension Period"). Within fourteen (14) calendar days after the end of the 409A Suspension Period, the Employee shall be paid a lump sum payment in cash equal to any payments delayed because of the preceding sentence, without interest. Thereafter, the Employee shall receive any remaining benefits as if there had not been an earlier delay. For the purposes of this Severance Agreement, each payment that is part of a series of installment payments shall be treated as a right to a series of separate payments within the meaning of Code Section 409A.

11. Arbitration.

(a) Any controversy, claim or dispute arising out of or relating to this Severance Agreement or the breach thereof shall be settled by arbitration in accordance with the then existing Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The parties irrevocably consent to the jurisdiction of the federal and state courts located in Maryland for this purpose. Each such arbitration proceeding shall be located in Maryland.

(b) The arbitrator(s) may, in the course of the proceedings, order any provisional remedy or conservatory measure (including, without limitation, attachment, preliminary injunction or the deposit of specified security) that the arbitrator(s) consider to be necessary, just and equitable. The failure of a party to comply with such an interim order may, after due notice and opportunity to cure with such noncompliance, be treated by the arbitrator(s) as a default, and some or all of the claims or defenses of the defaulting party may be stricken and partial or final award entered against such party, or the arbitrator(s) may impose such lesser sanctions as the arbitrator(s) may deem appropriate. A request for interim or provisional relief by a party to a court shall not be deemed incompatible with the agreement to arbitrate or a waiver of that agreement.

(c) The parties acknowledge that any remedy at law for breach of this Severance Agreement may be inadequate, and that, in the event of a breach by Employee of Sections 8 or 14, any remedy at law would be inadequate in that such breach would cause irreparable competitive harm to Employer. Consequently, in addition to any other relief that may be available, the arbitrator(s) also may order permanent injunctive relief, including, without limitation, specific performance, without the necessity of the prevailing party proving actual damages and without regard to the adequacy of any remedy at law.

(d) In the event that Employee is the prevailing party in such arbitration, then Employee shall be entitled to reimbursement by Employer for all reasonable legal and other professional fees and expenses incurred by Employee in such arbitration or in enforcing the award, including reasonable attorney's fees.

(e) The parties agree that the results of any such arbitration proceeding shall be conclusive and binding upon them.

12. Continued Employment. This Severance Agreement shall not confer upon the Employee any right with respect to continuance of employment by Employer.

13. Mitigation. Employee shall not be required to mitigate the amount of any payment, benefit or other Employer obligation provided for in this Severance Agreement by seeking other employment or otherwise and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to Employee in any subsequent employment.

14. Restrictions on Competition; Solicitation; Hiring.

(a) During the term of his or her employment by or with Employer, and for one (1) year from the date of the termination of Employee’s employment with Employer (the “Post Termination Period”), Employee shall not, without the prior written consent of Employer, for himself or herself or on behalf of or in conjunction with any other person, persons, company, firm, partnership, corporation, business, group or other entity (each, a “Person”), work on or participate in the acquisition, leasing, financing, pre-development or development of any project or property which was considered and actively pursued by Employer or its affiliates for acquisition, leasing, financing, pre-development or development within one year prior to the date of termination of Employee’s employment.

(b) During the term of his or her employment by or with Employer, and thereafter during the Post Termination Period, Employee shall not, for any reason whatsoever, directly or indirectly, for himself or herself or on behalf of or in conjunction with any other Person:

(i) so that Employer may maintain an uninterrupted workforce, solicit and/or hire any Person who is at the time of termination of employment, or has been within six (6) months prior to the time of termination of Employee's employment, an employee of Employer or its affiliates, for the purpose or with the intent of enticing such employee away from or out of the employ of Employer or its affiliates, provided that Employee shall be permitted to call upon and hire any member of the Employee’s immediate family;

(ii) in order to protect the confidential information and proprietary rights of Employer, solicit, induce or attempt to induce any Person who or that is, at the time of termination of Employee’s employment, or has been within six (6) months prior to the time of termination of Employee’s employment, an actual customer, client, business partner, property owner, developer or tenant or a prospective customer, client, business partner, property owner, developer or tenant (i.e. , a customer, client, business partner, property owner, developer or tenant who is party to a written proposal or letter of intent with Employer, in each case written less than six (6) months prior to termination of Employee's employment) of Employer, for the purpose or with the intent of (A) inducing or attempting to induce such Person to cease doing business with Employer or its affiliates, or (B) in any way interfering with the relationship between such Person and Employer or its affiliates; or

(iii) solicit, induce or attempt to induce any Person who is or that is, at the time of termination of Employee's employment, or has been within six (6) months prior to the time of termination of Employee's employment, a tenant, supplier, licensee or consultant of, or provider of goods or services to Employer or its affiliates, for the purpose or with the intent of (A) inducing or attempting to induce such Person to cease doing business with Employer or its affiliates or (B) in any way interfering with the relationship between such Person and Employer or its affiliates.

(i) The above notwithstanding, the restrictions contained in subsections (a) and (b) above shall not apply to Employee in the Post-Termination Period in the event that Employee has ceased to be employed by Employer under circumstances described in Section 1(a), 1(b) and 6 of this Severance Agreement.

(d) Because of the difficulty of measuring economic losses to Employer as a result of a breach of the foregoing covenants, and because of the immediate and irreparable damage that could be caused to Employer for which it would have no other adequate remedy, Employee agrees that the foregoing covenants, in addition to and not in limitation of any other rights, remedies or damages available to Employer at law, in equity or under this Severance Agreement, may be enforced by Employer in the event of the breach or threatened breach by Employee, by injunctions and/or restraining orders. If Employer is involved in court or other legal proceedings to enforce the covenants contained in this Section 14, then in the event Employer prevails in such proceedings, Employee shall be liable for the payment of reasonable attorneys' fees, costs and ancillary expenses incurred by Employer in enforcing its rights hereunder.

(e) It is agreed by the parties that the covenants contained in this Section 14 impose a fair and reasonable restraint on Employee in light of the activities and business of Employer on the date of the execution of this Severance Agreement and the current plans of Employer; but it is also the intent of Employer and Employee that such covenants be construed and enforced in accordance with the changing activities, business and locations of Employer and its affiliates throughout the term of these covenants.

(f) It is further agreed by the parties hereto that, in the event that Employee shall cease to be employed hereunder, and enters into a business or pursues other activities that, at such time, are not in competition with Employer or its affiliates or with any business or activity which Employer or its affiliates contemplated pursuing, as of the date of termination of Employee's employment, within twelve (12) months from such date of termination, or similar activities or business in locations the operation of which, under such circumstances, does not violate this Section 14 or any of Employee's obligations under this Section 14, Employee shall not be chargeable with a violation of this Section 14 if Employer or its affiliates subsequently enter the same (or a similar) competitive business, course of activities or location, as applicable.

(g) The covenants in this Section 14 are severable and separate, and the unenforceability of any specific covenant shall not affect the provisions of any other covenant. Moreover, in the event any court of competent jurisdiction shall determine that the scope, time or territorial restrictions set forth herein are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent that such court deems reasonable, and the Severance Agreement shall thereby be reformed to reflect the same.

(h) All of the covenants in this Section 14 shall be construed as an agreement independent of any other provision in this Severance Agreement, and the existence of any claim or cause of action of Employee against Employer whether predicated on this Severance Agreement or otherwise shall not constitute a defense to the enforcement by Employer of such covenants. It is specifically agreed that the Post Termination Period, during which the agreements and covenants of Employee made in this Section 14 shall be effective, shall be computed by excluding from such computation any time during which Employee is in violation of any provision of this Section 14.

(i) Notwithstanding any of the foregoing, if any applicable law, judicial ruling or order shall reduce the time period during which Employee shall be prohibited from engaging in any competitive activity described in Section 14 hereof, the period of time for which Employee shall be prohibited pursuant to Section 14 hereof shall be the maximum time permitted by law.

15. No Assignment. Neither this Severance Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by either Employer or Employee without the prior written consent of the other party; *provided, however*, that this provision shall not preclude Employee from designating one or more beneficiaries to receive any amount that may be payable after Employee’s death and shall not preclude Employee’s executor or administrator from assigning any right hereunder to the person or persons entitled thereto; *provided, further,* that in connection with a voluntary transfer, the Employer may assign this Severance Agreement (and its rights, remedies, obligations, and liabilities) to an affiliate of the Employer without the consent of the Employee in connection with a spin off of such affiliate (whether by a transfer of shares of beneficial ownership, assets, or other substantially similar transaction) to all or substantially all of the shareholders of the Employer (a “Spin-off”) and, upon such assignment, the affiliate shall be deemed the Employer for all purposes of this Severance Agreement. This Severance Agreement shall not be terminated either by the voluntary or involuntary dissolution or the winding up of the affairs of Employer, or by any merger or consolidation wherein Employer is not the surviving entity, or by any transfer of all or substantially all of Employer’s assets on a consolidated basis. In the event of any such merger, consolidation or transfer of assets, the provisions of this Severance Agreement shall be binding upon and shall inure to the benefit of the surviving entity or to the entity to which such assets shall be transferred.

16. Amendment. This Severance Agreement may be terminated, amended, modified or supplemented only by a written instrument executed by Employee and Employer.

17. Waiver. Either party hereto may by written notice to the other: (i) extend the time for performance of any of the obligations or other actions of the other party under this Severance Agreement; (ii) waive compliance with any of the conditions or covenants of the other party contained in this Severance Agreement; (iii) waive or modify performance of any of the obligations of the other party under this Severance Agreement. Except as provided in the preceding sentence, no action taken pursuant to this Severance Agreement shall be deemed to constitute a waiver by the party taking such action of compliance with any representations, warranties, covenants or agreements contained herein. The waiver by any party hereto of a breach of any provision of this Severance Agreement shall not operate or be construed as a waiver of any preceding or succeeding breach. No failure by either party to exercise any right or privilege hereunder shall be deemed a waiver of such party's rights to exercise the same any subsequent time or times hereunder.

18. Severability. In case any one or more of the provisions of this Severance Agreement shall, for any reason, be held or found by determination of the arbitrator(s) pursuant to an arbitration held in accordance with Section 11 above to be invalid, illegal or unenforceable in any respect (i) such invalidity, illegality or unenforceability shall not affect any other provisions of this Severance Agreement, (ii) this Severance Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein, and (iii) if the effect of a holding or finding that any such provision is either invalid, illegal or unenforceable is to modify to Employee’s detriment, reduce

or eliminate any compensation, reimbursement, payment, allowance or other benefit to Employee intended by Employer and Employee in entering into this Severance Agreement, Employer shall promptly negotiate and enter into an agreement with Employee containing alternative provisions (reasonably acceptable to Employee), that will restore to Employee (to the extent legally permissible) substantially the same economic, substantive and income tax benefits Employee would have enjoyed had any such provision of this Severance Agreement been upheld as legal, valid and enforceable. Failure to insist upon strict compliance with any provision of this Severance Agreement shall not be deemed a waiver of such provision or of any other provision of this Severance Agreement.

19. Governing Law. This Severance Agreement has been executed and delivered in the State of Maryland and its validity, interpretation, performance and enforcement shall be governed by the laws of said State; *provided, however*, that any arbitration under Section 11 hereof shall be conducted in accordance with the Federal Arbitration Act as then in force.

20. No Attachment. Except as required by law, no right to receive payments under this Severance Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge, or hypothecation or the execution, attachment, levy, or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void and of no effect.

21. Source of Payments. All payments provided under this Severance Agreement shall be paid in cash from the general funds of Employer, and no special or separate fund shall be established and no other segregation of assets shall be made to assure payment.

22. Headings. The section and other headings contained in this Severance Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Severance Agreement.

23. Notices. Any notice required or permitted to be given under this Severance Agreement shall be in writing and shall be deemed to have been given when delivered in person or when deposited in the U.S. mail, registered or certified, postage prepaid, and mailed to Employee's addresses set forth herein and the business address of Employer, unless a party changes its address for receiving notices by giving notice in accordance with this Section, in which case, to the address specified in such notice.

24. Counterparts. This Severance Agreement may be executed in multiple counterparts with the same effect as if each of the signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

25. Entire Agreement. Except as may otherwise be provided herein, this Severance Agreement supersedes any and all prior written agreements existing between Employer and Employee with regard to the subject matter hereof.

IN WITNESS WHEREOF, the parties have executed and delivered this Severance Agreement to be effective as of the day and year indicated above.

/s/ Daniel Guglielmone
Daniel Guglielmone
Employee's Permanent Address:
16 Beech Hill Road
Llyod Harbor, NY 11743

FEDERAL REALTY INVESTMENT TRUST

By: /s/ Dawn M. Becker
Dawn M. Becker
Executive Vice President-Chief Operating Officer
1626 East Jefferson Street
Rockville, Maryland 20852

Exhibit 31.1

CERTIFICATION

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

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

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

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

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

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

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

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

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

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

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

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

November 2, 2016

/s/ Donald C. Wood

Donald C. Wood,

President, Chief Executive Officer and Trustee

(Principal Financial and Executive Officer)

Exhibit 31.2

CERTIFICATION

I, *Daniel Guglielmone*, certify that:

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

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

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

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

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

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

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

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

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

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

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

November 2, 2016

/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 Quarterly Report on Form 10-Q for the period ended September 30, 2016 (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.

November 2, 2016

/s/ Donald C. Wood

Donald C. Wood,
President, Chief Executive Officer and Trustee
(Principal Financial and 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 Quarterly Report on Form 10-Q for the period ended September 30, 2016 (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.

November 2, 2016

/s/ Daniel Guglielmone

Daniel Guglielmone

**Executive Vice President -
Chief Financial Officer and Treasurer**

(Principal Financial and Accounting Officer)