LOUGHEED JAMES
Form 4
May 29, 2018

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
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(Print or Type Responses)

1. Name and Address of Reporting Person *
LOUGHEED JAMES
(Last) (First) (Middle)
C/O MAXLINEAR, INC., 5966 LA PLACE COURT, SUITE 100
(Street)
CARLSBAD, CA 92008
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
MAXLINEAR INC [MXL]

3. Date of Earliest Transaction (Month/Day/Year)
05/24/2018

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
See Remarks

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. De Sec

(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)		Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)					(In
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Restricted Stock Units	(1)	05/24/2018	A		26,939		(2)	(2)	Common Stock	26,939

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LOUGHEED JAMES C/O MAXLINEAR, INC. 5966 LA PLACE COURT, SUITE 100 CARLSBAD, CA 92008			See Remarks	

Signatures

/s/ Connie Kwong, as Attorney-in-Fact	05/29/2018
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Each restricted stock unit ("RSU") represents a contingent right to receive one share of MaxLinear, Inc. Common Stock.

(2) Subject to the Reporting Person continuing to be a Service Provider (as defined in the 2010 Equity Incentive Plan) through each applicable vesting date, the restricted stock units ("RSUs") subject to the award will vest as follows: one-sixteenth (1/16th) of the RSUs will vest on August 20, 2018, and one-sixteenth (1/16th) of the RSUs will vest on each November 20, February 20, May 20, and August 20 thereafter, such that the award will be fully vested on May 20, 2022.

Remarks:
Vice President, Marketing, High Performance Analog
Exhibit 24 - Power of Attorney

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. cash and cash equivalents are not the only indicator of our liquidity. We also have a $300 million unsecured revolving credit facility that matures July 27, 2011, which had an outstanding balance of $77.0 million at December 31, 2010. During 2010, the maximum amount of borrowings outstanding under our revolving credit facility was $82.0 million, the weighted average amount of borrowings outstanding was $23.4 million, and the weighted average interest rate, before amortization of debt fees, was 0.7%.

During 2011, we have approximately $112.3 million of debt maturities related to mortgages payable and senior notes. Additionally, our $300 million revolving credit facility matures in July 2011. We are currently working with lenders to refinance our revolving credit facility and anticipate being able to obtain at least similar levels of commitments under a new facility. We expect the interest rate to be higher than our current revolving credit facility consistent with current market rates for similar facilities. We currently believe that cash flows from operations, cash on hand and our revolving credit facility will be sufficient to finance our operations, debt maturities, litigation settlement, and recurring capital expenditures.

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Our overall capital requirements in 2011 will depend upon acquisition opportunities, the level of improvements and redevelopments on existing properties and the timing and cost of development of future phases of existing properties. While the amount of future expenditures will depend on numerous factors, we expect to incur at least similar levels of capital expenditures in 2011 compared to prior periods which will be funded on a short-term basis with cash flow from operations, cash on hand, and/or the revolving credit facility, and on a long-term basis, with long-term debt or equity.

If necessary, we may access the debt or equity capital markets to finance significant acquisitions. Given our past success as well as the status of 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 the 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 for 2010 and 2009

	Year Ended December 31, 2010	2009
	(In thousands)	
Cash provided by operating activities	$ 256,735	$ 256,765
Cash used in investing activities	(187,088)	(127,341)
Cash used in financing activities	(189,239)	(9,258)
(Decrease) increase in cash and cash equivalents	(119,592)	120,166
Cash and cash equivalents, beginning of year	135,389	15,223
Cash and cash equivalents, end of year	$ 15,797	$ 135,389

Net cash provided by operating activities was $256.7 million during 2010 and $256.8 million during 2009. The minimal change was primarily attributable to increases in net income before the litigation provision offset by timing of interest payments on our senior notes and term loan as a result of changes in the debt outstanding in 2009 and 2010 and timing of payments related to operating expenses.

Net cash used in investing activities increased $59.7 million to $187.1 million during 2010 from $127.3 million during 2009. The increase was primarily attributable to:

$57.1 million of acquisitions in 2010 primarily related to Huntington Square, the former Mervyn s outparcel at Escondido Promenade, and the fee interest in Pentagon Row and a portion of Bethesda Row,

$16.7 million investment in the Newbury Street Partnership, and

$10.5 million acquisition of a first mortgage loan in March 2010, partially offset by

- $13.0 million decrease in capital investments, and

- $7.0 million contribution in 2009, to our real estate partnership with a discretionary fund created and advised by ING Clarion Partners, which was used to repay property level debt which came due in December 1, 2009.

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Net cash used in financing activities increased $180.0 million to $189.2 million during 2010 from $9.3 million during 2009. The increase was primarily attributable to:

- $516.7 million decrease in net proceeds from the issuance of mortgages, capital leases and notes payable due primarily to the 2009 issuance of our $372 million term loan and $163.1 million in new mortgage loans,

- $108.9 million decrease in net proceeds from the issuance of common shares due primarily to the 2009 issuance of 2.0 million shares in August 2009, and

- $7.0 million increase in dividends paid to common and preferred shareholders due to an increase in the dividend rate as well as an increase in the number of shares outstanding primarily as a result of the August 2009 issuance of 2.0 million shares,

partially offset by

- $175.9 million decrease in repayment of senior notes as our 8.75% senior notes due December 1, 2009, were repaid in 2009,

- $200.1 million increase in net borrowings on our revolving credit facility, and

- $74.9 million decrease in repayment of mortgages, capital leases and notes payable due substantially to the payoff of our $200 million term loan in May 2009 and $122 million of pay-downs on our new term loan in the fourth quarter 2009 partially offset by the $250 million payoff of our term loan in 2010.

Contractual Commitments

The following table provides a summary of our fixed, noncancelable obligations as of December 31, 2010:

	Commitments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	After 5 Years
	(In thousands)				
Fixed rate debt (principal and interest)	$ 2,126,400	$ 219,961	$ 581,791	$ 619,858	$ 704,790
Capital lease obligations (principal and interest)	165,342	5,475	10,972	10,975	137,920
Variable rate debt (principal only)(1)	86,400	77,000			9,400
Operating leases	59,924	1,467	2,620	2,556	53,281
Real estate commitments(2)	67,500				67,500
Development, redevelopment, and capital improvement obligations	54,378	54,243	91	44	
Contractual operating obligations	11,700	7,509	3,974	217	
Total contractual obligations	$ 2,571,644	$ 365,655	$ 599,448	$ 633,650	$ 972,891

(1) Variable rate debt includes a $9.4 million bond that had an interest rate of 0.51% at December 31, 2010 and our revolving credit facility, which currently has an outstanding balance of $77.0 million that bears interest at LIBOR plus 0.425%.

(2) A master lease on Melville Mall includes a fixed price put option requiring us to purchase the property for $5 million plus the assumption of the owners debt. The current mortgage loan matures in September 2014, is expected to be refinanced at maturity, and has an outstanding

contractual balance of $23.1 million at December 31, 2010. The real estate commitments currently include the fixed $5 million and all payments related to the current mortgage loan are included in fixed rate debt.

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

(a) Under the terms of the Congressional Plaza partnership agreement, from and after January 1, 1986, an unaffiliated third party has the right to require us and the two other minority partners to purchase between

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one-half to all of its 29.47% interest in Congressional Plaza at the interest s then-current fair market value. Based on management s current estimate of fair market value as of December 31, 2010, our estimated liability upon exercise of the put option would range from approximately $44 million to $51 million.

(b) Under the terms of one other partnership which owns a project in southern California, if certain leasing and revenue levels are obtained for the property owned by the partnership, the other partner may require us to purchase their 10% partnership interest at a formula price based upon property operating income. The purchase price for the partnership interest will be paid using our common shares or, subject to certain conditions, cash. If the other partner does not redeem their interest, we may choose to purchase the partnership interest upon the same terms.

(c) Under the terms of various other partnership agreements, the partners have the right to exchange their operating units for cash or the same number of our common shares, at our option. As of December 31, 2010, a total of 362,314 operating units are outstanding.

(d) At December 31, 2010, we had letters of credit outstanding of approximately $14.0 million which are collateral for existing indebtedness and other obligations of the Trust.

Off-Balance Sheet Arrangements

We have a joint venture arrangement (the Partnership) with affiliates of a discretionary fund created and advised by ING Clarion Partners (Clarion). We own 30% of the equity in the Partnership and Clarion owns 70%. We hold a general partnership interest, however, Clarion also holds a general partnership interest and has substantive participating rights. We cannot make significant decisions without Clarion s approval. Accordingly, we account for our interest in the Partnership using the equity method. As of December 31, 2010, the Partnership owned seven retail real estate properties. We are the manager of the Partnership and its properties, earning fees for acquisitions, management, leasing and financing. We also have the opportunity to receive performance-based earnings through our Partnership interest. The Partnership is subject to a buy-sell provision which is customary in real estate joint venture agreements and the industry. Either partner may initiate these provisions at any time, which could result in either the sale of our interest or the use of available cash or borrowings to acquire Clarion s interest. At December 31, 2010 and 2009, the Partnership had $57.6 million and $57.8 million, respectively, of mortgages payable outstanding and our investment in the Partnership was $35.5 million and $35.6 million, respectively.

In May 2010, we formed Taurus Newbury Street JV II Limited Partnership (Newbury Street Partnership), a joint venture limited partnership with an affiliate of Taurus Investment Holdings, LLC (Taurus), which plans to acquire, operate and redevelop up to $200 million in properties located primarily in the Back Bay section of Boston, Massachusetts. We hold an 85% limited partnership interest in Newbury Street Partnership and Taurus holds a 15% limited partnership interest and serves as general partner. As general partner, Taurus is responsible for the operation and management of the properties, subject to our approval on major decisions. We have evaluated the entity and determined that it is not a VIE. Accordingly, given Taurus role as general partner, we account for our interest in Newbury Street Partnership using the equity method. The entity is subject to a buy-sell provision which is customary for real estate joint venture agreements and the industry. The buy-sell can be exercised only in certain circumstances through May 2014 and may be initiated by either party at anytime thereafter which could result in either the sale of our interest or the use of available cash or borrowings to acquire Taurus interest. At December 31, 2010, we had invested approximately $16.7 million in Newbury Street Partnership including an $8.8 million mortgage loan.

Other than the joint venture described above and items disclosed in the Contractual Commitments Table, we have no off-balance sheet arrangements as of December 31, 2010 that are reasonably likely to have a current or future material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

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Debt Financing Arrangements

The following is a summary of our total debt outstanding as of December 31, 2010:

Description of Debt	Original Debt Issued	Principal Balance as of December 31, 2010	Stated Interest Rate as of December 31, 2010	Maturity Date
	(Dollars in thousands)			
Mortgages payable(1)				
Secured fixed rate				
Federal Plaza	36,500	$ 31,901	6.75%	June 1, 2011
Tysons Station	7,000	5,713	7.40%	September 1, 2011
Courtyard Shops	Acquired	7,289	6.87%	July 1, 2012
Bethesda Row	Acquired	19,994	5.37%	January 1, 2013
Bethesda Row	Acquired	4,163	5.05%	February 1, 2013
White Marsh Plaza(2)	Acquired	9,580	6.04%	April 1, 2013
Crow Canyon	Acquired	20,395	5.40%	August 11, 2013
Idylwood Plaza	16,910	16,544	7.50%	June 5, 2014
Leesburg Plaza	29,423	28,786	7.50%	June 5, 2014
Loehmann s Plaza	38,047	37,224	7.50%	June 5, 2014
Pentagon Row	54,619	53,437	7.50%	June 5, 2014
Melville Mall(3)	Acquired	23,073	5.25%	September 1, 2014
THE AVENUE at White Marsh	Acquired	57,803	5.46%	January 1, 2015
Barracks Road	44,300	39,850	7.95%	November 1, 2015
Hauppauge	16,700	15,022	7.95%	November 1, 2015
Lawrence Park	31,400	28,246	7.95%	November 1, 2015
Wildwood	27,600	24,827	7.95%	November 1, 2015
Wynnewood	32,000	28,785	7.95%	November 1, 2015
Brick Plaza	33,000	29,429	7.42%	November 1, 2015
Rollingwood Apartments	24,050	23,567	5.54%	May 1, 2019
Shoppers World	Acquired	5,593	5.91%	January 31, 2021
Mount Vernon(4)	13,250	10,937	5.66%	April 15, 2028
Chelsea	Acquired	7,795	5.36%	January 15, 2031
Subtotal		529,953		
Net unamortized discount		(452)		
Total mortgages payable		529,501		
Notes payable				
Unsecured fixed rate				
Various(5)	15,308	11,481	3.57%	Various through 2013
Unsecured variable rate				
Revolving credit facility(6)	300,000	77,000	LIBOR + 0.425%	July 27, 2011
Escondido (Municipal bonds)(7)	9,400	9,400	0.51%	October 1, 2016
Total notes payable		97,881		
Senior notes and debentures				
Unsecured fixed rate				
4.50% notes	75,000	75,000	4.500%	February 15, 2011
6.00% notes	175,000	175,000	6.000%	July 15, 2012
5.40% notes	135,000	135,000	5.400%	December 1, 2013
5.95% notes	150,000	150,000	5.950%	August 15, 2014
5.65% notes	125,000	125,000	5.650%	June 1, 2016
6.20% notes	200,000	200,000	6.200%	January 15, 2017
5.90% notes	150,000	150,000	5.900%	April 1, 2020
7.48% debentures	50,000	29,200	7.480%	August 15, 2026
6.82% medium term notes	40,000	40,000	6.820%	August 1, 2027

Subtotal		1,079,200		
Net unamortized premium		627		
Total senior notes and debentures		1,079,827		
Capital lease obligations				
Various		59,940	Various	Various through 2106
Total debt and capital lease obligations	**$**	**1,767,149**		

(1) Mortgages payable do not include our 30% share ($17.3 million) of the $57.6 million debt of the Partnership with a discretionary fund created and advised by ING Clarion Partners. It also excludes the $8.8 million mortgage loan on our Newbury Street Partnership for which we are the lender.

(2) The interest rate of 6.04% represents the weighted average interest rate for two mortgage loans secured by this property. The loan balance represents an interest only loan of $4.35 million at a stated rate of 6.18% and the remaining balance at a stated rate of 5.96%.
(3) We acquired control of Melville Mall through a 20-year master lease and secondary financing. Because we control the activities that most significantly impact this property and retain substantially all of the economic benefit and risk associated with it, this property is consolidated and the mortgage loan is reflected on the balance sheet, though it is not our legal obligation.
(4) The interest rate is fixed at 5.66% for the first ten years and then will be reset to a market rate in 2013. The lender has the option to call the loan on April 15, 2013 or any time thereafter.
(5) The interest rate of 3.57% represents the weighted average interest rate for three unsecured fixed rate notes payable. These notes mature between April 1, 2012 and January 31, 2013.
(6) The maximum amount drawn under our revolving credit facility during 2010 was $82.0 million and the weighted average effective interest rate, before amortization of debt fees, was 0.72%.
(7) The bonds require monthly interest only payments through maturity. The bonds bear interest at a variable rate determined weekly, which would enable the bonds to be remarketed at 100% of their principal amount. The property is not encumbered by a lien.

Our revolving credit facility and other debt agreements include financial and other covenants that may limit our operating activities in the future. As of December 31, 2010, 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 any applicable cure period, our lenders could require us to repay the debt immediately and, if the debt is secured, could immediately begin proceedings to take possession of the property securing the loan. Many of our debt arrangements, including our public notes and our revolving credit facility, are cross-defaulted, which means that the lenders under those debt arrangements can put us in default and require immediate repayment of their debt if we breach and fail to cure a default under certain of our other debt obligations. As a result, any default under our debt covenants could have an adverse effect on our financial condition, our results of operations, our ability to meet our obligations and the market value of our shares. Our organizational documents do not limit the level or amount of debt that we may incur.

The following is a summary of our debt maturities as of December 31, 2010:

	Unsecured	**Secured**	**Capital Lease**	**Total**
		(In thousands)		
2011	$ 152,724(1)	$ 47,349	$ 1,403	$ 201,476
2012	185,727	17,380	1,500	204,607
2013	135,030	72,107	1,609	208,746
2014	150,000	156,364	1,725	308,089
2015		203,398	1,851	205,249
Thereafter	553,600	33,355	51,852	638,807
	$ 1,177,081	$ 529,953	$ 59,940	$ 1,766,974(2)

(1) Our $300 million revolving credit facility matures on July 27, 2011. As of December 31, 2010, there is $77.0 million drawn under this credit facility.
(2) Total debt maturities differs from the total reported on the consolidated balance sheet due to unamortized discounts and premiums as of December 31, 2010.

Interest Rate Hedging

We had no hedging instruments outstanding during 2010. We 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.

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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 the U.S. GAAP, plus depreciation and amortization of real estate assets and excluding extraordinary items and gains and losses on the sale of 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 it is necessary for us to maintain REIT status. However, we must distribute 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.

Included below is a reconciliation of net income to FFO available for common shareholders as well as FFO available to common shareholders excluding the litigation provision. As further discussed in Note 8 to the consolidated financial statements, net income for 2010 and 2009 includes certain charges related to the litigation and appeal process over a parcel of land adjacent to Santana Row as well as adjusting the accrual for such litigation matter. Management believes FFO excluding this litigation provision provides a more meaningful evaluation of operations; while litigation is not unusual, we believe the premise of the underlying litigation matter (see Note 8 for discussion) warrants presentation of FFO excluding the related charges.

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

	Year Ended December 31,		
	2010	2009	2008
	(In thousands, except per share data)		
Net income	$ 128,237	$ 103,872	$ 135,153
Net income attributable to noncontrolling interests	(5,447)	(5,568)	(5,366)
Gain on sale of real estate	(1,410)	(1,298)	(12,572)
Depreciation and amortization of real estate assets	107,187	103,104	101,450
Amortization of initial direct costs of leases	9,552	9,821	8,771
Depreciation of joint venture real estate assets	1,499	1,388	1,331
Funds from operations	239,618	211,319	228,767
Dividends on preferred shares	(541)	(541)	(541)
Income attributable to operating partnership units	980	974	950
Income attributable to unvested shares	(847)	(687)	(779)
Funds from operations available for common shareholders	$ 239,210	$ 211,065	$ 228,397
Litigation provision, net of allocation to unvested shares	329	16,301	
Funds from operations available for common shareholders excluding litigation provision	$ 239,539	$ 227,366	$ 228,397
Weighted average number of common shares, diluted(1)	61,693	60,201	59,266
Funds from operations available for common shareholders, per diluted share	$ 3.88	$ 3.51	$ 3.85
Litigation provision per diluted share		0.27	
Funds from operations available for common shareholders excluding litigation provision, per diluted share	$ 3.88	$ 3.78	$ 3.85

(1) 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.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

As of December 31, 2010, we were not party to any open derivative financial instruments. We may enter into certain types of derivative financial instruments to further reduce interest rate risk. We use interest rate protection and swap agreements, for example, to convert some of our variable rate debt to a fixed-rate basis or to hedge anticipated financing transactions. We use derivatives for hedging purposes rather than speculation and do not enter into financial instruments for trading purposes.

Interest Rate Risk

The following discusses the effect of hypothetical changes in market rates of interest on interest expense for our variable rate debt and on the fair value of our total outstanding debt, including our fixed-rate debt. Interest rate risk amounts were determined by considering the impact of hypothetical interest rates on our debt. Quoted market prices were used to estimate the fair value of our marketable senior notes and debentures and discounted cash flow analysis is generally used to estimate the fair value of our mortgage 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 2031 or through 2106 including capital lease obligations) have fixed interest rates which limit the risk of fluctuating interest rates. However, interest rate fluctuations may affect the fair value of our fixed rate debt instruments. At December 31, 2010, we had $1.6 billion of fixed-rate debt outstanding and $59.9 million of capital lease obligations. If market interest rates on our fixed-rate debt instruments at December 31, 2010 had been 1.0% higher, the fair value of those debt instruments on that date would have decreased by approximately $67.2 million. If market interest rates on our fixed-rate debt instruments at December 31, 2010 had been 1.0% lower, the fair value of those debt instruments on that date would have increased by approximately $71.7 million.

Variable Interest Rate Debt

Generally, we believe that our primary interest rate risk is due to fluctuations in interest rates on our variable rate debt. At December 31, 2010, we had $86.4 million of variable rate debt outstanding which consisted of $77.0 million outstanding on our revolving credit facility and $9.4 million of municipal bonds. Based upon this amount of variable rate debt and the specific terms, if market interest rates increased 1.0%, our annual interest expense would increase by approximately $0.9 million, and our net income and cash flows for the year would decrease by approximately $0.9 million. Conversely, if market interest rates decreased 1.0%, our annual interest expense would decrease by approximately $0.6 million with a corresponding increase in our net income and cash flows for the year.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Quarterly Assessment

We carried out an assessment as of December 31, 2010 of the effectiveness of the design and operation of our disclosure controls and procedures and our internal control over financial reporting. This assessment was done under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer. Rules adopted by the SEC require that we present the conclusions of our principal executive officer and our principal financial officer about the effectiveness of our disclosure controls and procedures and the conclusions of our management about the effectiveness of our internal control over financial reporting as of the end of the period covered by this annual report.

Principal Executive Officer and Principal Financial Officer Certifications

Included as Exhibits 31.1 and 31.2 to this Annual Report on Form 10-K are forms of Certification of our principal executive officer and our principal financial officer. The forms of Certification are required in accordance with Section 302 of the Sarbanes-Oxley Act of 2002. This section of this Annual Report on Form 10-K that you are currently reading is the information concerning the assessment referred to in the Section 302 certifications and this information should be read in conjunction with the Section 302 certifications for a more complete understanding of the topics presented.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our Exchange Act reports, such as this report on Form 10-K, is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and that such information is accumulated and communicated to our management, including our President and Chief Executive Officer and Senior Vice President-Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. These controls and procedures are based closely on the definition of disclosure controls and procedures in Rule 13a-15(e) promulgated under the Exchange Act. Rules adopted by the SEC require that we present the conclusions of the Chief Executive Officer and Chief Financial Officer about the effectiveness of our disclosure controls and procedures as of the end of the period covered by this annual report.

Internal Control over Financial Reporting

Establishing and maintaining internal control over financial reporting is a process designed by, or under the supervision of, our President and Chief Executive Officer and Senior Vice President-Chief Financial Officer, as appropriate, and effected by our employees, including management and our Board of Trustees, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America. This process includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect the transactions and dispositions of our assets in reasonable detail;

provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are made only in accordance with the authorization procedures we have established; and

provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of any of our assets in circumstances that could have a material adverse effect on our financial statements.

Limitations on the Effectiveness of Controls

Management, including our Chief Executive Officer and Chief Financial Officer, do not expect that our disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. In designing and evaluating our control system, management recognized that any control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. Further, the design of a control system must reflect the fact that there are resource constraints, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, that may affect our operation have been or will be detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management s override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions that cannot be anticipated at the present time, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Scope of the Evaluations

The evaluation by our Chief Executive Officer and our Chief Financial Officer of our disclosure controls and procedures and our internal control over financial reporting included a review of our procedures and procedures performed by internal audit, as well as discussions with our Disclosure Committee and others in our organization, as appropriate. In conducting this evaluation, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control Integrated Framework.* In the course of the evaluation, we sought to identify data errors, control problems or acts of fraud and to confirm that appropriate corrective action, including process improvements, were being undertaken. The evaluation of our disclosure controls and procedures and our internal control over financial reporting is done on a quarterly basis, so that the conclusions concerning the effectiveness of such controls can be reported in our Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K.

Our internal control over financial reporting is also assessed on an ongoing basis by personnel in our accounting department and by our independent auditors in connection with their audit and review activities. The overall goals of these various evaluation activities are to monitor our disclosure controls and procedures and our internal control over financial reporting and to make modifications as necessary. Our intent in this regard is that the disclosure controls and procedures and internal control over financial reporting will be maintained and updated (including with improvements and corrections) as conditions warrant. Among other matters, we sought in our evaluation to determine whether there were any significant deficiencies or material weaknesses in our internal control over financial reporting, or whether we had identified any acts of fraud involving personnel who have a significant role in our internal control over financial reporting. This information is important both for the evaluation generally and because the Section 302 certifications require that our Chief Executive Officer and our Chief Financial Officer disclose that information to the Audit Committee of our Board of Trustees and our independent auditors and also require us to report on related matters in this section of the Annual Report on Form 10-K. In the Public Company Accounting Oversight Board s Auditing Standard No. 5, a deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company s financial reporting. A material weakness is defined in Auditing Standard No. 5 as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company s annual or interim financial statements will not be prevented or detected on a timely basis. We also sought to deal with other control matters in the evaluation, and in any case in which a problem was identified, we considered what revision, improvement and/or correction was necessary to be made in accordance with our on-going procedures.

Periodic Evaluation and Conclusion of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that such controls and procedures were effective as of the end of the period covered by this report to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

Periodic Evaluation and Conclusion of Internal Control over Financial Reporting

Our Chief Executive Officer and Chief Financial Officer have conducted an evaluation of the effectiveness of the design and operation of our internal control over financial reporting as of the end of our most recent fiscal year. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that such internal control over financial reporting was effective as of the end of our most recent fiscal year to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America.

Statement of Our Management

Our management has issued a report on its assessment of the Trust s internal control over financial reporting, which appears on page F-2 of this Annual Report on Form 10-K.

Statement of Our Independent Registered Public Accounting Firm

Grant Thornton LLP, our independent registered public accounting firm that audited the financial statements included in this Annual Report on Form 10-K, has issued an attestation report on the Trust s internal control over financial reporting, which appears on page F-3 of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting during our fourth fiscal quarter of 2010 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

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PART III

Certain information required in Part III is omitted from this Report but is incorporated herein by reference from our Proxy Statement for the 2011 Annual Meeting of Shareholders (as amended or supplemented, the Proxy Statement).

ITEM 10. TRUSTEES, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

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

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

ITEM 11. EXECUTIVE COMPENSATION

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

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

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

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

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

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

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

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

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

(2) Financial Statement Schedules

Our financial statement schedules are included in a separate section of this Annual Report on Form 10-K commencing on page F-34.

(3) Exhibits

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

(b) See Exhibit Index

(c) Not Applicable

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized this 15th day of February, 2011.

Federal Realty Investment Trust

By: /s/ DONALD C. WOOD
Donald C. Wood

President, Chief Executive Officer and Trustee

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

Signature	Title	Date
/s/ DONALD C. WOOD **Donald C. Wood**	President, Chief Executive Officer and Trustee (Principal Executive Officer)	February 15, 2011
/s/ ANDREW P. BLOCHER **Andrew P. Blocher**	Senior Vice President-Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	February 15, 2011
/s/ JOSEPH S. VASSALLUZZO **Joseph S. Vassalluzzo**	Non-Executive Chairman	February 15, 2011
/s/ JON E. BORTZ **Jon E. Bortz**	Trustee	February 15, 2011
/s/ DAVID W. FAEDER **David W. Faeder**	Trustee	February 15, 2011
/s/ KRISTIN GAMBLE **Kristin Gamble**	Trustee	February 15, 2011
/s/ GAIL P. STEINEL **Gail P. Steinel**	Trustee	February 15, 2011
/s/ WARREN M. THOMPSON	Trustee	February 15, 2011

Warren M. Thompson

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Item 8 and Item 15(a)(1) and (2)

Index to Consolidated Financial Statements and Schedules

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

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Management Assessment Report on Internal Control over Financial Reporting

The management of Federal Realty is responsible for establishing and maintaining adequate internal control over financial reporting. Establishing and maintaining internal control over financial reporting is a process designed by, or under the supervision of, our President and Chief Executive Officer and Senior Vice President and Chief Financial Officer, as appropriate, and effected by our employees, including management and our Board of Trustees, 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. This process includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect the transactions and dispositions of our assets in reasonable detail;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are made only in accordance with the authorization procedures we have established; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of any of our assets in circumstances that could have a material adverse effect on our financial statements.

Management, including our Chief Executive Officer and Chief Financial Officer, do not expect that our internal control over financial reporting will prevent all errors and fraud. In designing and evaluating our control system, management recognized that any control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. Further, the design of a control system must reflect the fact that there are resource constraints, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, that may affect our operation have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management s override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Management conducted an assessment of the effectiveness of the Trust s internal control over financial reporting as of December 31, 2010. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control Integrated Framework.* Based on this assessment, management concluded that our internal control over financial reporting is effective, based on those criteria, as of December 31, 2010.

Grant Thornton LLP, the independent registered public accounting firm that audited the Trust s consolidated financial statements included in this Annual Report on Form 10-K, has issued an attestation report on the Trust s internal control over financial reporting, which appears on page F-3 of this Annual Report on Form 10-K.

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Report of Independent Registered Public Accounting Firm

Trustees and Shareholders of Federal Realty Investment Trust

We have audited Federal Realty Investment Trust (a Maryland real estate investment trust) and subsidiaries (collectively, the Trust) internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Federal Realty Investment Trust s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Assessment Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on Federal Realty Investment Trust s internal control over financial reporting based on our audit.

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

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

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

In our opinion, Federal Realty Investment Trust and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Federal Realty Investment Trust and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of operations, shareholders equity, and cash flows for each of the three years in the period ended December 31, 2010 and our report dated February 15, 2011 expressed an unqualified opinion.

/s/ GRANT THORNTON LLP

McLean, Virginia

February 15, 2011

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Report of Independent Registered Public Accounting Firm

Trustees and Shareholders of Federal Realty Investment Trust

We have audited the accompanying consolidated balance sheets of Federal Realty Investment Trust (a Maryland real estate investment trust) and subsidiaries (collectively, the Trust) as of December 31, 2010 and 2009, and the related consolidated statements of operations, shareholders equity, and cash flows for each of the three years in the period ended December 31, 2010. Our audits of the basic financial statements included the financial statement schedules listed in the index appearing under Item 15(a) (1) and (2). These financial statements and financial statement schedules are the responsibility of the Trust s management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of December 31, 2010 and 2009, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Trust s internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated February 15, 2011 expressed an unqualified opinion.

/s/ GRANT THORNTON LLP

McLean, Virginia

February 15, 2011

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Federal Realty Investment Trust

CONSOLIDATED BALANCE SHEETS

	December 31, 2010	December 31, 2009
	(In thousands)	
ASSETS		
Real estate, at cost		
Operating (including $97,157 and $68,643 of consolidated variable interest entities, respectively)	$ 3,726,223	$ 3,619,562
Construction-in-progress	163,200	132,758
Assets held for sale (discontinued operations)	6,519	6,914
	3,895,942	3,759,234
Less accumulated depreciation and amortization (including $4,431 and $3,053 of consolidated variable interest entities, respectively)	(1,035,204)	(938,087)
Net real estate	2,860,738	2,821,147
Cash and cash equivalents	15,797	135,389
Accounts and notes receivable, net	68,997	72,191
Mortgage notes receivable, net	44,813	48,336
Investment in real estate partnerships	51,606	35,633
Prepaid expenses and other assets	110,686	99,265
Debt issuance costs, net of accumulated amortization of $9,075 and $8,291, respectively	6,916	10,348
TOTAL ASSETS	$ 3,159,553	$ 3,222,309
LIABILITIES AND SHAREHOLDERS EQUITY		
Liabilities		
Mortgages payable (including $22,785 and $23,417 of consolidated variable interest entities, respectively)	$ 529,501	$ 539,609
Capital lease obligations	59,940	62,275
Notes payable	97,881	261,745
Senior notes and debentures	1,079,827	930,219
Accounts payable and accrued expenses	102,574	109,061
Dividends payable	41,601	40,800
Security deposits payable	11,751	11,710
Other liabilities and deferred credits	55,348	57,827
Total liabilities	1,978,423	2,013,246
Commitments and contingencies (Note 8)		
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, 61,526,418 and 61,242,050 issued and outstanding, respectively	615	612
Additional paid-in capital	1,666,803	1,653,177
Accumulated dividends in excess of net income	(527,582)	(486,449)
Total shareholders equity of the Trust	1,149,833	1,177,337
Noncontrolling interests	31,297	31,726
Total shareholders equity	1,181,130	1,209,063

TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 3,159,553	$ 3,222,309

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

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Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2010	2009	2008
	(In thousands, except per share data)		
REVENUE			
Rental income	$ 525,528	$ 512,725	$ 501,055
Other property income	14,545	12,850	14,008
Mortgage interest income	4,601	4,943	4,548
Total revenue	544,674	530,518	519,611
EXPENSES			
Rental expenses	111,034	108,627	109,463
Real estate taxes	59,108	58,109	55,417
General and administrative	24,189	22,032	26,732
Litigation provision	330	16,355	
Depreciation and amortization	119,539	114,812	110,748
Total operating expenses	314,200	319,935	302,360
OPERATING INCOME	230,474	210,583	217,251
Other interest income	256	1,894	916
Interest expense	(101,882)	(108,781)	(99,163)
Early extinguishment of debt	(2,801)	(2,639)	
Income from real estate partnerships	1,060	1,322	1,612
INCOME FROM CONTINUING OPERATIONS	127,107	102,379	120,616
DISCONTINUED OPERATIONS			
Discontinued operations (loss) income	(280)	195	1,965
Discontinued operations gain on sale of real estate	1,000	1,298	12,572
Results from discontinued operations	720	1,493	14,537
INCOME BEFORE GAIN ON SALE OF REAL ESTATE	127,827	103,872	135,153
Gain on sale of real estate	410		
NET INCOME	128,237	103,872	135,153
Net income attributable to noncontrolling interests	(5,447)	(5,568)	(5,366)
NET INCOME ATTRIBUTABLE TO THE TRUST	122,790	98,304	129,787
Dividends on preferred shares	(541)	(541)	(541)
NET INCOME AVAILABLE FOR COMMON SHAREHOLDERS	$ 122,249	$ 97,763	$ 129,246
EARNINGS PER COMMON SHARE, BASIC			
Continuing operations	$ 1.97	$ 1.60	$ 1.94
Discontinued operations	0.01	0.03	0.25
Gain on sale of real estate	0.01		
	$ 1.99	$ 1.63	$ 2.19

Weighted average number of common shares, basic	61,182	59,704	58,665
EARNINGS PER COMMON SHARE, DILUTED			
Continuing operations	$ 1.96	$ 1.60	$ 1.94
Discontinued operations	0.01	0.03	0.25
Gain on sale of real estate	0.01		
	$ 1.98	$ 1.63	$ 2.19
Weighted average number of common shares, diluted	61,324	59,830	58,889

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

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Federal Realty Investment Trust

CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY

	Shareholders Equity of the Trust								
	Preferred Shares		Common Shares						
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Dividends In Excess of Net Income	Notes Receivable From the Issuance of Common Shares	Noncontrolling Interests	Total Shareholders Equity
	(In thousands, except share data)								
BALANCE AT DECEMBER 31, 2007	399,896	$ 9,997	58,645,665	$ 586	$ 1,512,228	$ (407,376)	$ (803)	$ 31,818	$ 1,146,450
Net income/comprehensive income						129,787		5,366	135,153
Dividends declared to common shareholders						(148,444)			(148,444)
Dividends declared to preferred shareholders						(541)			(541)
Distributions declared to noncontrolling interests								(4,788)	(4,788)
Common shares issued			274		19				19
Exercise of stock options			214,853	2	8,006				8,008
Shares issued under dividend reinvestment plan			39,343		2,755				2,755
Share-based compensation expense, net			85,543	2	7,776				7,778
Conversion and redemption of OP units					(195)			(368)	(563)
Loans paid							803		803
Contributions by noncontrolling interests								324	324
BALANCE AT DECEMBER 31, 2008	399,896	9,997	58,985,678	590	1,530,589	(426,574)		32,352	1,146,954
Net income/comprehensive income						98,304		5,568	103,872
Dividends declared to common shareholders						(157,638)			(157,638)
Dividends declared to preferred shareholders						(541)			(541)
Distributions declared to noncontrolling interests								(6,139)	(6,139)
Common shares issued			1,995,563	20	109,996				110,016
Exercise of stock options			126,500	1	2,757				2,758
Shares issued under dividend reinvestment plan			50,888		2,728				2,728
Share-based compensation expense, net			83,421	1	7,138				7,139
Conversion and redemption of OP units					(31)			(55)	(86)
BALANCE AT DECEMBER 31, 2009	399,896	9,997	61,242,050	612	1,653,177	(486,449)		31,726	1,209,063
Net income/comprehensive income						122,790		5,447	128,237
Dividends declared to common shareholders						(163,382)			(163,382)
Dividends declared to preferred shareholders						(541)			(541)
Distributions declared to noncontrolling interests								(5,207)	(5,207)
Common shares issued			190		14				14
Exercise of stock options			107,493	1	4,051				4,052
			34,401		2,544				2,544

Shares issued under dividend reinvestment plan									
Share-based compensation expense, net			135,338	2	6,485				6,487
Conversion and redemption of OP units			6,946		532			(669)	(137)
BALANCE AT DECEMBER 31, 2010	399,896	$ 9,997	61,526,418	$ 615	$ 1,666,803	$ (527,582)	$	$ 31,297	$ 1,181,130

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

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Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2010	2009 (In thousands)	2008
OPERATING ACTIVITIES			
Net income	$ 128,237	$ 103,872	$ 135,153
Adjustment to reconcile net income to net cash provided by operating activities			
Depreciation and amortization, including discontinued operations	119,817	115,093	111,069
Litigation provision	(250)	15,690	
Gain on sale of real estate	(1,410)	(1,298)	(12,572)
Early extinguishment of debt	2,801	2,639	
Income from real estate partnerships	(1,060)	(1,322)	(1,612)
Other, net	4,099	5,265	1,585
Changes in assets and liabilities net of effects of acquisitions and dispositions:			
Decrease (increase) in accounts receivable	7,461	7,079	(6,303)
(Increase) decrease in prepaid expenses and other assets	(2,824)	(716)	2,668
(Decrease) increase in accounts payable and accrued expenses	(879)	9,753	(4,329)
Increase in security deposits and other liabilities	743	710	2,626
Net cash provided by operating activities	256,735	256,765	228,285
INVESTING ACTIVITIES			
Acquisition of real estate	(57,133)	(10,531)	(99,625)
Capital expenditures development and redevelopment	(50,414)	(76,079)	(104,196)
Capital expenditures other	(38,681)	(26,000)	(33,790)
Proceeds from sale of real estate		2,122	44,890
Investment in real estate partnerships	(16,930)	(7,020)	
Distribution from real estate partnership in excess of earnings	237	594	363
Leasing costs	(10,272)	(8,924)	(9,921)
Issuance of mortgage and other notes receivable, net	(13,895)	(1,503)	(5,288)
Net cash used in investing activities	(187,088)	(127,341)	(207,567)
FINANCING ACTIVITIES			
Net borrowings (repayments) under revolving credit facility, net of costs	76,550	(123,500)	123,500
Issuance of senior notes, net of costs	148,457	147,534	
Purchase and retirement of senior notes/debentures		(175,867)	(20,800)
Issuance of mortgages, capital leases and notes payable, net of costs	9,950	526,617	
Repayment of mortgages, capital leases and notes payable	(262,340)	(337,221)	(18,512)
Extension fee on term loan			(200)
Issuance of common shares	6,610	115,502	11,585
Dividends paid to common and preferred shareholders	(163,120)	(156,100)	(146,418)
Distributions to noncontrolling interests	(5,346)	(6,223)	(5,341)
Net cash used in financing activities	(189,239)	(9,258)	(56,186)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(119,592)	120,166	(35,468)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	135,389	15,223	50,691
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 15,797	$ 135,389	$ 15,223

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

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Federal Realty Investment Trust

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010, 2009 and 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, as well as in California. As of December 31, 2010, we owned or had a majority interest in community and neighborhood shopping centers and mixed-use properties which are operated as 85 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.

Principles of Consolidation and Estimates

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. All significant intercompany transactions and balances are eliminated in consolidation. We account for our interests in joint ventures, which we do not control or manage, using the equity method of accounting.

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.

Reclassifications

Certain 2009 and 2008 amounts have been reclassified to conform to current period presentation.

Revenue Recognition and Accounts Receivable

Our leases with tenants are classified as operating leases. Substantially all such leases contain fixed escalations which occur at specified times during the term of the lease. Base rents are recognized on a straight-line basis from when the tenant controls the space through the term of the related lease, net of valuation adjustments, based on management s assessment of credit, collection and other business risk. Percentage rents, which represent additional rents based upon the level of sales achieved by certain tenants, are recognized at the end of the lease year or earlier if we have determined the required sales level is achieved and the percentage rents are collectible. Real estate tax and other cost reimbursements are recognized on an accrual basis over the periods in which the related expenditures are incurred. For a tenant to terminate its lease agreement prior to the end of the agreed term, we may require that they pay a fee to cancel the lease agreement. Lease termination fees for which the tenant has relinquished control of the space are generally recognized on the termination date. When a lease is terminated early but the tenant continues to control the space under a modified lease agreement, the lease termination fee is generally recognized evenly over the remaining term of the modified lease agreement.

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We make estimates of the collectability of our accounts receivable related to minimum rents, straight-line rents, expense reimbursements and other revenue. Accounts receivable is carried net of this allowance for doubtful accounts. Our determination as to the collectability of accounts receivable and correspondingly, the adequacy of this allowance, is based primarily upon evaluations of individual receivables, current economic conditions, historical experience and other relevant factors. The allowance for doubtful accounts is increased or decreased through bad debt expense. Accounts receivable are written-off when they are deemed to be uncollectible and we are no longer actively pursuing collection.

In some cases, primarily relating to straight-line rents, the collection of accounts receivable extends beyond one year. Our experience relative to unbilled straight-line rents is that a portion of the amounts otherwise recognizable as revenue is never billed to or collected from tenants due to early lease terminations, lease modifications, bankruptcies and other factors. Accordingly, the extended collection period for straight-line rents along with our evaluation of tenant credit risk may result in the nonrecognition of a portion of straight-line rental income until the collection of such income is reasonably assured. If our evaluation of tenant credit risk changes indicating more straight-line revenue is reasonably collectible than previously estimated and realized, the additional straight-line rental income is recognized as revenue. If our evaluation of tenant credit risk changes indicating a portion of realized straight-line rental income is no longer collectible, a reserve and bad debt expense is recorded. At December 31, 2010 and 2009, accounts receivable include approximately $45.6 million and $41.8 million, respectively, related to straight-line rents. At December 31, 2010 and 2009, our allowance for doubtful accounts was $18.7 million and $16.1 million, respectively.

Real Estate

Land, buildings and improvements are recorded at cost. Depreciation is computed using the straight-line method. Estimated useful lives range generally from 35 years to a maximum of 50 years on buildings and major improvements. Minor improvements, furniture and equipment are capitalized and depreciated over useful lives ranging from 3 to 20 years. Maintenance and repairs that do not improve or extend the useful lives of the related assets are charged to operations as incurred. Tenant improvements are capitalized and depreciated over the life of the related lease or their estimated useful life, whichever is shorter. If a tenant vacates its space prior to contractual termination of its lease, the undepreciated balance of any tenant improvements are written off if they are replaced or have no future value. In 2010, 2009 and 2008, real estate depreciation expense was $108.3 million, $103.7 million and $101.3 million, respectively, including amounts from discontinued operations and assets under capital lease obligations.

Sales of real estate are recognized only when sufficient down payments have been obtained, possession and other attributes of ownership have been transferred to the buyer and we have no significant continuing involvement. The application of this criteria can be complex and requires us to make assumptions. We believe this criteria was met for all real estate sold during 2010, 2009 and 2008.

Our methodology of allocating the cost of acquisitions to assets acquired and liabilities assumed is based on estimated fair values, replacement cost and appraised values. When we acquire operating real estate properties, the purchase price is allocated to land, building, improvements, intangibles such as in-place leases, and to current assets and liabilities acquired, if any. The value allocated to in-place leases is amortized over the related lease term and reflected as rental income in the statement of operations. If the value of below market lease intangibles includes renewal option periods, we include such renewal periods in the amortization period utilized. If a tenant vacates its space prior to contractual termination of its lease, the unamortized balance of any in-place lease value is written off to rental income.

Effective January 1, 2009 with the adoption of a new accounting standard for business combinations, transaction costs, such as broker fees, transfer taxes, legal, accounting, valuation, and other professional and consulting fees, related to the acquisition of a business are expensed as incurred and included in general and administrative

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expenses in our consolidated statements of operations. The acquisition of an operating shopping center typically qualifies as a business. For acquisitions prior to January 1, 2009 and asset acquisitions not meeting the definition of a business, transaction costs are capitalized as part of the acquisition cost.

When applicable, as lessee, we classify our leases of land and building as operating or capital leases. We are required to use judgment and make estimates in determining the lease term, the estimated economic life of the property and the interest rate to be used in determining whether or not the lease meets the qualification of a capital lease and is recorded as an asset.

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

We review for impairment on a property by property basis. Impairment is recognized on properties held for use when the expected undiscounted cash flows for a property are less than its carrying amount at which time the property is written-down to fair value. Properties held for sale are recorded at the lower of the carrying amount or the expected sales price less costs to sell. The sale or disposal of a component of an entity is treated as discontinued operations. The operating properties sold by us typically meet the definition of a component of an entity and as such the revenues and expenses associated with sold properties are reclassified to discontinued operations for all periods presented.

Cash and Cash Equivalents

We define cash and cash equivalents as cash on hand, demand deposits with financial institutions and short term liquid investments with an initial maturity under three months. Cash balances in individual banks may exceed the federally insured limit by the Federal Deposit Insurance Corporation (the FDIC). At December 31, 2010, we had $6.8 million in excess of the FDIC insured limit.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist primarily of lease costs, prepaid property taxes and acquired above market leases. Capitalized lease costs are direct costs incurred which were essential to originate a lease and would not have been incurred had the leasing transaction not taken place and include third party commissions and salaries and related costs of personnel directly related to time spent obtaining a lease. Capitalized lease costs are amortized over the life of the related lease. If a tenant vacates its space prior to the contractual termination of its lease, the unamortized balance of any lease costs are written off. Other assets also include the premiums paid for split dollar life insurance covering several officers and former officers which were approximately $4.6 million at December 31, 2010 and 2009.

Debt Issuance Costs

Costs related to the issuance of debt instruments are capitalized and are amortized as interest expense over the estimated life of the related issue using the straight-line method which approximates the effective interest method. If a debt instrument is paid off prior to its original maturity date, the unamortized balance of debt issuance costs are written off to interest expense or, if significant, included in early extinguishment of debt.

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Derivative Instruments

As of December 31, 2010 and 2009, we had no outstanding hedging instruments. At times, 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.

Our cash flow hedges are recorded at fair value. 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 our cash flow hedges is recorded in other comprehensive income, and the ineffective portion of changes in fair value of our cash flow hedges is recognized in earnings in the period affected. In February 2008, we entered into interest swap agreements to fix the variable portion of our $200 million term loan at a combined fixed rate of 2.789% through November 6, 2008. Both swaps were designated and qualified as cash flow hedges and were recorded at fair value until the swaps ended on November 6, 2008. No hedge instruments were outstanding during 2010 and 2009. Hedge ineffectiveness did not have a significant impact on earnings in 2008, and we do not anticipate it will have a significant effect in the future.

Mortgage Notes Receivable

We have made certain mortgage loans that, because of their nature, qualify as loan receivables. At the time the loans were made, we did not intend for the arrangement to be anything other than a financing and did not contemplate a real estate investment. We evaluate each investment to determine whether the loan arrangement qualifies as a loan, joint venture or real estate investment and the appropriate accounting thereon. Such determination affects our balance sheet classification of these investments and the recognition of interest income derived therefrom. On some of the loans we receive additional interest, however, we never receive in excess of 50% of the residual profit in the project, and because the borrower has either a substantial investment in the project or has guaranteed all or a portion of our loan (or a combination thereof), the loans qualify for loan accounting. The amounts under these arrangements are presented as mortgage notes receivable at December 31, 2010 and 2009.

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

Share Based Compensation

We grant share based compensation awards to employees and trustees typically in the form of options, commons shares, and restricted common shares. We measure stock based compensation expense based on the grant date fair value of the award and recognize the expense ratably over the vesting period. See Note 14 for further discussion regarding our share based compensation plans and policies.

Variable Interest Entities

Certain entities that do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties or in which equity investors do not have the characteristics of a

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controlling financial interest qualify as VIEs. VIEs are required to be consolidated by their primary beneficiary. Effective January 1, 2010 with the adoption of a new accounting pronouncement, the primary beneficiary of a VIE has both the power to direct the activities that most significantly impact economic performance of the VIE and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. Prior to January 1, 2010, the primary beneficiary of a VIE was determined to be the party that absorbs a majority of the entity s expected losses, receives a majority of its expected returns, or both.

We have evaluated our investments in certain joint ventures including our real estate partnership with affiliates of a discretionary fund created and advised by ING Clarion Partners and our Taurus Newbury Street JV II Limited Partnership and determined that these joint ventures do not meet the requirements of a variable interest entity and, therefore, consolidation of these ventures is not required. These investments are accounted for using the equity method. We have also evaluated our mortgage loans receivable and determined that entities obligated under the mortgage loans are not VIEs except with respect to our first and second mortgage loans on a shopping center and adjacent building located in Norwalk, Connecticut as further discussed in Note 3. Our investment balances from our real estate partnerships and mortgage notes receivable are presented separately in our consolidated balance sheets.

On October 16, 2006, we acquired the leasehold interest in Melville Mall under a 20 year master lease. Additionally, we loaned the owner of Melville Mall $34.2 million secured by a second mortgage on the property. We have an option to purchase the shopping center on or after October 16, 2021 for a price of $5.0 million plus the assumption of the first mortgage and repayment of the second mortgage. If we fail to exercise our purchase option, the owner of Melville Mall has a put option which would require us to purchase Melville Mall in 2023 for $5 million and the assumption of the owner s debt. We have determined that this property is held in a variable interest entity for which we are the primary beneficiary. Accordingly, beginning October 16, 2006, we consolidated this property and its operations. As of December 31, 2010 and 2009, $22.8 million and $23.4 million, respectively, are included in mortgages payable (net of unamortized discounts) for the mortgage loan secured by Melville Mall, however, the loan is not our legal obligation. At December 31, 2010 and 2009, net real estate assets related to Melville Mall included in our consolidated balance sheet are approximately $64.8 million and $65.6 million, respectively.

In conjunction with the acquisitions of several of our properties, we entered into Reverse Section 1031 like-kind exchange agreements with a third party intermediary. The exchange agreements are for a maximum of 180 days and allow us, for tax purposes, to defer gains on sale of other properties sold within this period. Until the earlier of termination of the exchange agreements or 180 days after the respective acquisition dates, the third party intermediary is the legal owner of each property, although we control the activities that most significantly impact each property and retain all of the economic benefits and risks associated with each property. Each property is held by a third party intermediary in a variable interest entity for which we are the primary beneficiary. Accordingly, we consolidate these properties and their operations even during the period they are held by a third party intermediary. A summary of such properties is as follows:

Property	***Dates Held by a Third Party Intermediary***	***Date Consolidated***
Del Mar Village	May 30, 2008 to November 25, 2008	May 30, 2008
7015 & 7045 Beracasa Way	July 11, 2008 to January 7, 2009	July 11, 2008
Courtyard Shops	September 4, 2008 to March 2, 2009	September 4, 2008
Huntington Square(1)	August 16, 2010 to February 12, 2011	August 16, 2010

(1) Quantitative and qualitative information regarding significant assets and liabilities are included in Note 2.

Income Taxes

We operate in a manner intended to enable us to qualify as a REIT for federal income tax purposes. A REIT that distributes at least 90% of its taxable income to its shareholders each year and meets certain other conditions is

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not taxed on that portion of its taxable income which is distributed to its shareholders. Therefore, federal income taxes on our taxable income have been and are generally expected to be immaterial. We are obligated to pay state taxes, generally consisting of franchise or gross receipts taxes in certain states. Such state taxes also have not been material.

We have elected to treat certain of our subsidiaries as taxable REIT subsidiaries, which we refer to as a TRS. In general, a TRS may engage in any real estate business and certain non-real estate businesses, subject to certain limitations under the Internal Revenue Code of 1986, as amended (the Code). A TRS is subject to federal and state income taxes. Other than the sales of condominiums at Santana Row, which occurred between August 2005 and August 2006, our TRS activities have not been material.

With few exceptions, we are no longer subject to U.S. federal, state, and local tax examinations by tax authorities for years before 2006. As of December 31, 2010 and 2009, we had no material unrecognized tax benefits. While we currently have no material unrecognized tax benefits, as a policy, we recognize penalties and interest accrued related to unrecognized tax benefits as income tax expense.

Segment Information

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

Recently Adopted Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) issued a new accounting standard which provides certain changes to the evaluation of a VIE including requiring a qualitative rather than quantitative analysis to determine the primary beneficiary of a VIE, continuous assessments of whether an enterprise is the primary beneficiary of a VIE, and enhanced disclosures about an enterprise s involvement with a VIE. Under the new standard, the primary beneficiary has both the power to direct the activities that most significantly impact economic performance of the VIE and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

We adopted the standard effective January 1, 2010. The adoption did not have a material impact to our financial statements. The newly required balance sheet disclosures regarding assets and liabilities of a consolidated VIE have been parenthetically included in our balance sheet. These parenthetical amounts relate to Melville Mall in Huntington, New York, a shopping center and adjacent commercial building in Norwalk, Connecticut, and Huntington Square in East Northport, New York. Although the adoption of this standard did not have a material impact to our financial statements, this standard could impact future consolidation of entities based on the specific facts and circumstances of those entities.

In July 2010, the FASB issued a new accounting standard that requires enhanced disclosures about financing receivables, including the allowance for credit losses, credit quality, and impaired loans. This standard is effective for fiscal years ending after December 15, 2010. We adopted the standard in the fourth quarter 2010 and it did not have a material impact to our financial statements.

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Consolidated Statements of Cash Flows Supplemental Disclosures

The following table provides additional information related to the consolidated statements of cash flows:

	2010	2009 (In thousands)	2008
SUPPLEMENTAL DISCLOSURES:			
Total interest costs incurred	$ 108,167	$ 114,330	$ 104,464
Interest capitalized	(6,285)	(5,549)	(5,301)
Interest expense	$ 101,882	$ 108,781	$ 99,163
Cash paid for interest, net of amounts capitalized	$ 98,932	$ 102,106	$ 95,897
Cash paid for income taxes	$ 255	$ 324	$ 444
NON-CASH INVESTING AND FINANCING TRANSACTIONS:			
Extinguishment of deferred ground rent liability	$ 8,832	$	$
Extinguishment of capital lease obligations	$ 1,031	$	$ 11,545
Acquisition of real estate through exchange transaction	$	$ 30,100	$
Proceeds from sale of real estate through exchange transaction	$	$ 25,100	$
Liability assumed through exchange transaction	$	$ 5,000	$
Mortgage loans assumed with acquisitions	$	$	$ 32,452
Note payable issued with acquisitions	$	$	$ 2,221

Capitalized lease costs are direct costs incurred which were essential to originate a lease and would not have been incurred had the leasing transaction not taken place. These costs include third party commissions and salaries and personnel costs related to obtaining a lease. Capitalized lease costs are amortized over the initial term of the related lease which generally ranges from three to ten years. We view these lease costs as part of the up-front initial investment we made in order to generate a long-term cash inflow and therefore, we classify cash outflows related to leasing costs as an investing activity in our consolidated statements of cash flows.

NOTE 2. REAL ESTATE

A summary of our real estate investments and related encumbrances is as follows:

	Cost	Accumulated Depreciation and Amortization (In thousands)	Encumbrances
December 31, 2010			
Retail and mixed-use properties	$ 3,758,960	$ (995,328)	$ 505,934
Retail properties under capital leases	108,381	(29,421)	59,940
Residential	28,601	(10,455)	23,567
	$ 3,895,942	$ (1,035,204)	$ 589,441
December 31, 2009			
Retail and mixed-use properties	$ 3,615,514	$ (899,120)	$ 515,729
Retail properties under capital leases	115,813	(29,261)	62,275
Residential	27,907	(9,706)	23,880
	$ 3,759,234	$ (938,087)	$ 601,884

Retail and mixed-use properties includes the residential portion of Santana Row and Bethesda Row. The residential property investments are comprised of our investments in Rollingwood Apartments and Crest Apartments at Congressional Plaza.

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2010 Significant Acquisitions and Transactions

A summary of our significant acquisitions in 2010 is as follows:

Date	Property	City, State	Gross Leasable Area (In square feet)	Purchase Price (In millions)
August 16	Huntington Square	East Northport, NY	74,000	$ 17.6(1)
November 10	Former Mervyn s Parcel (Escondido Promenade)	Escondido, CA	75,000	11.2(2)
November 22	Pentagon Row	Arlington, VA	N/A	8.5(3)
December 27	Bethesda Row	Bethesda, MD	N/A	9.4(4)
		Total	149,000	$ 46.7

(1) We acquired the leasehold interest in this property. Approximately $9.2 million of net assets acquired were allocated to other assets for above market leases and a below market ground lease for which we are the lessee. Approximately $1.7 million of net assets acquired were allocated to liabilities for below market leases . We incurred approximately $0.3 million of acquisition costs which are included in general and administrative expenses .

(2) This property is adjacent to and operated as part of Escondido Promenade which is owned through a partnership in which we own the controlling interest.

(3) We and a subsidiary of Post Properties, Inc. (Post) purchased the fee interest in the land under Pentagon Row. The land was purchased as a result of a favorable outcome to litigation. In September 2008, we and Post sued Vornado Realty Trust and related entities (Vornado) for breach of contract in the Circuit Court of Arlington County, Virginia. The breach of contract was a result of Vornado s acquiring in transactions in 2005 and 2007 the fee interest in the land under our Pentagon Row project without first giving us and Post the opportunity to purchase the fee interest in that land as required by the right of first offer (ROFO) provisions included in the documentation relating to the Pentagon Row project. On April 30, 2010, the judge in this case issued a ruling that Vornado failed to comply with the ROFO and as a result, breached the contract, and ordered Vornado to sell to us and Post, collectively, the land under Pentagon Row. Vornado appealed the ruling, however, the appeal was denied in November 2010. As part of the acquisition of the land and termination of the respective ground lease, we were relieved of our deferred ground rent liability for approximately $8.8 million. The liability was offset against the purchase price with the excess of the liability over the purchase price of $0.3 million included in the statement of operations as an adjustment to rental expense.

(4) We acquired the fee interest in approximately 2.1 acres of land under Bethesda Row. Prior to the transaction, the land parcel was owned pursuant to a ground lease and encumbered by a capital lease obligation which was terminated as part of the transaction.

The $0.4 million gain on sale of real estate relates to condemnation proceeds, net of costs, at one of our Northern Virginia properties in order to expand a local road.

In December 2010, we committed to a plan of sale for two buildings on Fifth Avenue in San Diego, California. As the buildings met the criteria to be classified as held for sale, we recognized a $0.4 million loss to write down one of the buildings to its expected sales price less cost to sell. We expect the sales will be completed in 2011. The operations of the buildings have been reclassified as discontinued operations in the consolidated statements of operations for all years presented and included in assets held for sale in our consolidated balance sheets.

2009 Significant Acquisitions and Dispositions

On June 26, 2009, one of our tenants acquired from us our fee interest in a land parcel in White Marsh, Maryland, that was subject to a long-term ground lease. The ground lease included an option for the tenant to purchase the fee interest. The sales price was $2.1 million and resulted in a gain of $0.4 million.

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On October 16, 2009, we acquired 16.6 acres of riverfront property at Assembly Row in Somerville, Massachusetts, for use in future development, in exchange for the sale of 12.4 acres of adjacent inland land, $3 million in cash, and the assumption of a $5 million liability. The purchase price of the riverfront parcel was determined to be $33.1 million based on current fair value calculations. The sale of the inland land resulted in no gain or loss on sale as the fair value of the consideration exchanged equaled the cost basis of the land sold.

NOTE 3. MORTGAGE NOTES RECEIVABLE

At December 31, 2010 and 2009, we had four mortgage notes receivable with an aggregate carrying amount of $44.8 million and $48.3 million, respectively. Approximately $33.0 million and $29.1 million of the loans are secured by first mortgages on retail buildings at December 31, 2010 and 2009, respectively. One of the loans, which is secured by a second mortgage on a hotel at our Santana Row property, was considered impaired when it was amended in August 2006. At December 31, 2010 and 2009, the loan has an outstanding face amount of $15.0 million and $ 15.5 million, respectively, and is carried net of a valuation allowance of $3.2 million and $3.7 million, respectively. At December 31, 2010 and 2009, our mortgages (excluding mortgages in default at the balance sheet date as further discussed below) had a weighted average interest rate of 9.9%. Under the terms of certain of these mortgages, we receive additional interest based upon the gross income of the secured properties and upon sale, share in the appreciation of the properties.

On March 30, 2010, we acquired the first mortgage loan on a shopping center located in Norwalk, Connecticut. The first mortgage loan bears interest at 7.25%, matures on September 1, 2032, and as of December 31, 2010, had an outstanding contractual principal balance of $11.3 million. Since November 5, 2008, we have held the second mortgage on this shopping center and a first mortgage on an adjacent commercial building which had an outstanding balance of $7.4 million at December 31, 2010. All of these loans are currently in default and foreclosure proceedings have been filed.

We reached an agreement with the borrower whereby the borrower would repay the loans by March 29, 2011, and are currently in negotiations with the borrower to modify the loans. If the loans are not modified or the borrower fails to repay the loans at that time, we will be entitled to receive a deed-in-lieu of foreclosure for both properties. If we acquire the properties through the exercise of the deed-in-lieu of foreclosure, we believe the fair value of the properties approximates our carrying amount of these loans which are on non-accrual status.

Because the loans are in default, we have certain rights under the first mortgage loan agreement that give us the ability to direct the activities that most significantly impact the shopping center. Although we are not currently exercising and do not expect to exercise those rights, the existence of those rights in the loan agreement results in the entity being a VIE. Additionally, given our investment in both the first and second mortgage on the property, the overall decline in fair market value since the loans were initiated, and the current default status of the loans, we also have the obligation to absorb losses or rights to receive benefits that could potentially be significant to the VIE. Consequently, we have determined we are the primary beneficiary of this VIE and consolidated the shopping center and adjacent building as of March 30, 2010. Therefore, our investment in the property of approximately $18.3 million is included in real estate in the consolidated balance sheet as of December 31, 2010. However, given our position as lender, creditors of this VIE do not have recourse to our general credit.

NOTE 4. REAL ESTATE PARTNERSHIPS

Federal/Lion Venture LP

We have a joint venture arrangement (the Partnership) with affiliates of a discretionary fund created and advised by ING Clarion Partners (Clarion). We own 30% of the equity in the Partnership and Clarion owns 70%. We hold a general partnership interest, however, Clarion also holds a general partnership interest and has

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substantive participating rights. We cannot make significant decisions without Clarion s approval. Accordingly, we account for our interest in the Partnership using the equity method. As of December 31, 2010, the Partnership owned seven retail real estate properties. We are the manager of the Partnership and its properties, earning fees for acquisitions, dispositions, management, leasing, and financing. Intercompany profit generated from the fees is eliminated in consolidation. We also have the opportunity to receive performance-based earnings through our Partnership interest. The Partnership is subject to a buy-sell provision which is customary for real estate joint venture agreements and the industry. Either partner may initiate these provisions at any time, which could result in either the sale of our interest or the use of available cash or borrowings to acquire Clarion s interest. As of December 31, 2010, we have made total contributions of $42.1 million and received total distributions of $9.9 million. The following tables provide summarized operating results and the financial position of the Partnership:

	Year Ended December 31,		
	2010	**2009**	**2008**
		(In thousands)	
OPERATING RESULTS			
Revenue	$ 18,639	$ 19,109	$ 19,111
Expenses			
Other operating expenses	6,149	6,019	5,185
Depreciation and amortization	5,046	4,998	4,792
Interest expense	3,400	4,430	4,537
Total expenses	14,595	15,447	14,514
Net income	$ 4,044	$ 3,662	$ 4,597
Our share of net income from real estate partnership	$ 1,449	$ 1,322	$ 1,612

	December 31,	
	2010	**2009**
	(In thousands)	
BALANCE SHEETS		
Real estate, net	$ 181,565	$ 183,757
Cash	3,054	2,959
Other assets	7,336	6,853
Total assets	$ 191,955	$ 193,569
Mortgages payable	$ 57,584	$ 57,780
Other liabilities	5,439	6,101
Partners capital	128,932	129,688
Total liabilities and partners capital	$ 191,955	$ 193,569
Our share of unconsolidated debt	$ 17,275	$ 17,334
Our investment in real estate partnership	$ 35,504	$ 35,633

On December 1, 2009, the Partnership repaid $23.4 million of mortgage loans secured by two properties on their maturity dates. Both partners made additional capital contributions totaling $23.4 million to repay the mortgage loans, of which our contribution was $7.0 million.

Taurus Newbury Street JV II Limited Partnership

In May 2010, we formed Taurus Newbury Street JV II Limited Partnership (Newbury Street Partnership), a joint venture limited partnership with an affiliate of Taurus Investment Holdings, LLC (Taurus), which plans

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to acquire, operate and redevelop up to $200 million of properties located primarily in the Back Bay section of Boston, Massachusetts. We hold an 85% limited partnership interest in Newbury Street Partnership and Taurus holds a 15% limited partnership interest and serves as general partner. As general partner, Taurus is responsible for the operation and management of the properties, subject to our approval on major decisions. We have evaluated the entity and determined that it is not a VIE. Accordingly, given Taurus role as general partner, we account for our interest in Newbury Street Partnership using the equity method. During 2010, we recorded expenses of approximately $0.2 million related to our share of formation costs of Newbury Street Partnership.

Newbury Street Partnership is subject to a buy-sell provision which is customary for real estate joint venture agreements and the industry. The buy-sell can be exercised only in certain circumstances through May 2014 and may be initiated by either party at anytime thereafter which could result in either the sale of our interest or the use of available cash or borrowings to acquire Taurus interest.

On May 26, 2010, Newbury Street Partnership acquired the fee interest in two buildings located on Newbury Street in Boston, Massachusetts for a purchase price of $17.5 million. The properties include approximately 32,000 square feet of retail and office space. A significant portion of the office space was vacant when the properties were acquired and is currently being leased up. We contributed $7.8 million towards this acquisition and provided an $8.8 million interest-only loan secured by the two buildings. The loan matures in May 2012, subject to a one-year extension option, and bears interest at 30-day LIBOR plus 400 basis points. Intercompany profit generated from interest income on the loan is eliminated in consolidation. All amounts contributed and advanced to Newbury Street Partnership are included in Investment in real estate partnerships in the consolidated balance sheet. During 2010, we recorded approximately $0.2 million related to our share of acquisition related costs.

Due to the timing of receiving financial information from the general partner, our share of operating earnings is recorded one quarter in arrears. Consequently, the following tables provide summarized operating results from formation through September 30, 2010, and the financial position of the Newbury Street Partnership as of September 30, 2010:

OPERATING RESULTS *(in thousands)*	
Revenue	$ 371
Expenses	
Other operating expenses	254
Depreciation and amortization	121
Interest expense	136
Acquisition and formation expenses	492
Total expenses	1,003
Net loss	$ (632)
Our share of net loss from real estate partnership	$ (389)
BALANCE SHEET *(in thousands)*	
Real estate, net	$ 17,140
Cash	375
Other assets	375
Total assets	$ 17,890
Mortgages payable	$ 8,750
Other liabilities	399
Partners capital	8,741
Total liabilities and partners capital	$ 17,890
Our investment in real estate partnership	$ 16,102

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NOTE 5. ACQUIRED IN-PLACE LEASES

Acquired above market leases are included in prepaid expenses and other assets and had a balance of $20.6 million and $18.4 million and accumulated amortization of $9.9 million and $8.3 million at December 31, 2010 and 2009, respectively. Acquired below market leases are included in other liabilities and deferred credits and had a balance of $53.9 million and $52.8 million and accumulated amortization of $23.5 million and $20.5 million at December 31, 2010 and 2009, respectively. The value allocated to in-place leases is amortized over the related lease term and reflected as additional rental income for below market leases or a reduction of rental income for above market leases in the statement of operations. Rental income included net amortization from acquired in-place leases of $1.6 million, $1.7 million and $2.2 million in 2010, 2009 and 2008, respectively. The remaining weighted-average amortization period as of December 31, 2010, is 7.7 years and 14 years for above market leases and below market leases, respectively.

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

	Above Market Leases	Below Market Leases
	(In thousands)	
Year ending December 31,		
2011	$ 1,907	$ 3,190
2012	1,526	2,955
2013	1,212	2,548
2014	1,159	1,983
2015	1,133	1,897
Thereafter	3,772	17,795
	$ 10,709	$ 30,368

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NOTE 6. DEBT

The following is a summary of our total debt outstanding as of December 31, 2010 and 2009:

Description of Debt	Principal Balance as of December 31, 2010	2009	Stated Interest Rate as of December 31, 2010	Stated Maturity Date
	(Dollars in thousands)			
Mortgages payable				
Federal Plaza	$ 31,901	$ 32,536	6.750%	June 1, 2011
Tysons Station	5,713	5,898	7.400%	September 1, 2011
Courtyard Shops	7,289	7,518	6.870%	July 1, 2012
Bethesda Row	19,994	19,995	5.370%	January 1, 2013
Bethesda Row	4,163	4,304	5.050%	February 1, 2013
White Marsh Plaza	9,580	9,859	6.040%	April 1, 2013
Crow Canyon	20,395	20,816	5.400%	August 11, 2013
Idylwood Plaza	16,544	16,792	7.500%	June 5, 2014
Leesburg Plaza	28,786	29,219	7.500%	June 5, 2014
Loehmann s Plaza	37,224	37,783	7.500%	June 5, 2014
Pentagon Row	53,437	54,240	7.500%	June 5, 2014
Melville Mall	23,073	23,782	5.250%	September 1, 2014
THE AVENUE at White Marsh	57,803	58,939	5.460%	January 1, 2015
Barracks Road	39,850	40,639	7.950%	November 1, 2015
Hauppauge	15,022	15,320	7.950%	November 1, 2015
Lawrence Park	28,246	28,805	7.950%	November 1, 2015
Wildwood	24,827	25,319	7.950%	November 1, 2015
Wynnewood	28,785	29,355	7.950%	November 1, 2015
Brick Plaza	29,429	30,053	7.415%	November 1, 2015
Rollingwood Apartments	23,567	23,880	5.540%	May 1, 2019
Shoppers World	5,593	5,733	5.910%	January 31, 2021
Mount Vernon	10,937	11,298	5.660%	April 15, 2028
Chelsea	7,795	7,952	5.360%	January 15, 2031
Subtotal	529,953	540,035		
Net unamortized discount	(452)	(426)		
Total mortgages payable	529,501	539,609		
Notes payable				
Revolving credit facility	77,000		LIBOR+0.425%	July 27, 2011
Term loan		250,000	LIBOR+3.000%	July 27, 2011
Various	11,481	2,345	3.57%	Various through 2013
Escondido (Municipal bonds)	9,400	9,400	0.51%	October 1, 2016
Total notes payable	97,881	261,745		
Senior notes and debentures				
4.50% notes	75,000	75,000	4.500%	February 15, 2011
6.00% notes	175,000	175,000	6.000%	July 15, 2012
5.40% notes	135,000	135,000	5.400%	December 1, 2013
5.95% notes	150,000	150,000	5.950%	August 15, 2014
5.65% notes	125,000	125,000	5.650%	June 1, 2016
6.20% notes	200,000	200,000	6.200%	January 15, 2017

5.90% notes	150,000		5.900%	April 1, 2020
7.48% debentures	29,200	29,200	7.480%	August 15, 2026
6.82% medium term notes	40,000	40,000	6.820%	August 1, 2027
Subtotal	1,079,200	929,200		
Net unamortized premium	627	1,019		
Total senior notes and debentures	1,079,827	930,219		
Capital lease obligations	59,940	62,275	Various	Various through 2106
Total debt and capital lease obligations	$ 1,767,149	$ 1,793,848		

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On January 28, 2010, we delivered notice exercising our option to extend the maturity date by one year to July 27, 2011 on our revolving credit facility, which bears interest at LIBOR plus 42.5 basis points. We paid an extension fee of $0.5 million which is being amortized over the remaining term of the revolving credit facility.

On March 1, 2010, we issued $150.0 million of fixed rate senior notes that mature on April 1, 2020 and bear interest at 5.90%. The net proceeds from this note offering after issuance discounts, underwriting fees and other costs were $148.5 million.

On various dates from February 25, 2010 to March 2, 2010, we repaid the remaining $250.0 million balance of our term loan. The term loan had an original maturity date of July 27, 2011, however, the loan agreement included an option to prepay the loan, in whole or in part, at any time without premium or penalty. Due to these repayments, approximately $2.8 million of unamortized debt fees were recorded as additional interest expense in 2010 and are included in early extinguishment of debt in the consolidated statement of operations. The term loan was repaid using cash on hand and cash from the $150.0 million note issuance.

On December 27, 2010, we acquired the fee interest in approximately 2.1 acres of land under our Bethesda Row property. Prior to the transaction, we had a capital lease obligation of $1.0 million on the land parcel which was extinguished as part of the transaction.

The maximum amount of borrowings outstanding under our $300 million revolving credit facility during 2010, 2009 and 2008 was $82.0 million, $172.5 million and $159.0 million, respectively. The weighted average amount of borrowings outstanding was $23.4 million, $47.7 million and $61.4 million for 2010, 2009 and 2008, respectively. Our revolving credit facility had a weighted average interest rate, before amortization of debt fees, of 0.7%, 1.4% and 3.0% for 2010, 2009 and 2008, respectively. Our revolving credit facility also had a weighted average interest rate, before amortization of debt fees, of 0.7% at December 31, 2010 and 0% at December 31, 2009 as there was no outstanding balance. In addition, we are required to pay an annual facility fee of $0.5 million. The loan matures on July 27, 2011.

Our revolving credit facility and certain notes require us to comply with various financial covenants, including the maintenance of minimum shareholders equity and debt coverage ratios and a maximum ratio of debt to net worth. As of December 31, 2010, we were in compliance with all loan covenants.

Scheduled principal payments on mortgages payable, notes payable, senior notes and debentures as of December 31, 2010 are as follows:

	Mortgages Payable	Notes Payable	Senior Notes and Debentures	Total Principal
		(In thousands)		
Year ending December 31,				
2011	$ 47,349	$ 77,724(1)	$ 75,000	$ 200,073
2012	17,380	10,727	175,000	203,107
2013	72,107(2)	30	135,000	207,137
2014	156,364		150,000	306,364
2015	203,398			203,398
Thereafter	33,355	9,400	544,200	586,955
	$ 529,953	$ 97,881	$ 1,079,200	$ 1,707,034(3)

(1) Our $300 million revolving credit facility matures on July 27, 2011. As of December 31, 2010, there was $77.0 drawn under this credit facility.

(2) Includes the repayment of the outstanding mortgage payable balance on Mount Vernon. The lender has the option to call the loan on April 15, 2013 or any time thereafter.

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(3) The total debt maturities differ from the total reported on the consolidated balance sheet due to the unamortized discount or premium on certain senior notes, debentures and mortgages payable.

Future minimum lease payments and their present value for property under capital leases as of December 31, 2010, are as follows:

	(In thousands)
Year ending December 31,	
2011	$ 5,475
2012	5,484
2013	5,488
2014	5,487
2015	5,488
Thereafter	137,920
	165,342
Less amount representing interest	(105,402)
Present value	$ 59,940

NOTE 7. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

	December 31, 2010		December 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
Mortgages and notes payable	$ 627,382	$ 685,552	$ 801,354	$ 819,733
Senior notes and debentures	$ 1,079,827	$ 1,168,679	$ 930,219	$ 951,861

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NOTE 8. COMMITMENTS AND CONTINGENCIES

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

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

In May 2003, a breach of contract action was filed against us in the United States District Court for the Northern District of California, San Jose Division, alleging that a one page document entitled Final Proposal constituted a ground lease of a parcel of property located adjacent to our Santana Row property and gave the plaintiff the option to require that we acquire the property at a price determined in accordance with a formula included in the Final Proposal. The Final Proposal explicitly stated that it was subject to approval of the terms and conditions of a formal agreement. A trial as to liability only was held in June 2006 and a jury rendered a verdict against us.

A trial on the issue of damages was held in April 2008 and the court issued a tentative ruling in April 2009 awarding damages to the plaintiff of approximately $14.4 million plus interest. Accordingly, considering all the information available to us when we filed our March 31, 2009 Form 10-Q, our best estimate of damages, interest, and other costs was $21.4 million resulting in an increase in our accrual for this matter of $20.6 million. In June 2009, the court issued a final judgment awarding damages of $15.9 million (including interest) plus costs of suit and in July 2009, we and the plaintiff both filed a notice of appeal with the United States Court of Appeals for the Ninth Circuit. In December 2009, the plaintiff filed an appellee s principal and response brief providing additional information regarding the issues the plaintiff is appealing. Given the additional information regarding the appeal, we lowered our accrual to $16.4 million in the fourth quarter 2009, which reflected our best estimate of the litigation liability. Oral arguments on the appeal were heard in December 2010. A final ruling on the appeal was issued in February 2011 which rejected both appeals and consequently, affirmed the final judgment against us. Therefore, in December 2010, we adjusted our accrual to $16.2 million which reflects the amount we expect to pay in first quarter 2011.

The net change in our accrual in 2010 and 2009 is included in litigation provision in our consolidated statements of operations. The litigation accrual of $16.2 million and $16.4 million at December 31, 2010 and 2009, respectively, is included in the accounts payable and accrued expenses line item in our consolidated balance sheets. During 2010 and 2009, we incurred additional legal and other costs related to this lawsuit and appeal process which are also included in the litigation provision line item in the consolidated statements of operations.

We were also involved in a litigation matter relating to a shopping center in New Jersey where a former tenant alleged that we and our management agent acted improperly by failing to disclose a condemnation action at the property that was pending when the lease was signed. A trial as to liability only was concluded in April 2007, and in May 2008, a judgment was entered that ruled in our favor on certain legal issues and against us on other legal issues. In December 2008, we reached a settlement with the plaintiff of those matters where the court ruled against us and determined that we were liable. The total settlement amount was $3.3 million, including $1.0 million of the plaintiff s legal fees, of which we paid 50% and the third party management agent paid 50%. Our share of the total estimated settlement is included in general and administrative expense in the statement of operations.

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

In 2005 and 2006, warranty reserves for condominium units sold at Santana Row were established to cover potential costs for materials, labor and other items associated with warranty-type claims that may arise within the ten-year statutorily mandated latent construction defect warranty period. In 2006 and 2007, we increased our warranty reserves by $2.5 million and $5.1 million, respectively, net of taxes, related to defective work done by third party contractors while upgrades were made to certain units being prepared for sale. During 2007 and 2008, we evaluated the potentially affected units, and as of December 31, 2008, had substantially completed the inspections and repairs. The extent of the damages encountered in the units and the resulting costs to repair varied considerably amongst the units. As a result, we adjusted the warranty reserve at December 31, 2008, to reflect the actual costs incurred related to these issues which is approximately $2.4 million, net of $1.5 million of taxes. The change in the reserve of $5.2 million is included in Discontinued operations gain on sale of real estate in 2008. Due to the inherent uncertainty related to the recovery from insurance or the contractors, these amounts did not reflect any potential recoveries from insurance or the contractors responsible for the defective work.

In 2009, we entered into a settlement agreement with the insurance provider and recovered approximately $0.9 million. In 2010, we reached a settlement with the contractors responsible for performing the defective work for approximately $1.0 million. The settlements are included in Discontinued operations gain on sale of real estate in 2009 and 2010.

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

At December 31, 2010 and 2009, our reserves for warranties and general liability costs were $7.2 million and $8.0 million, respectively, and are included in accounts payable and accrued expenses in our consolidated balance sheets. Any potential losses which exceed our estimates would result in a decrease in our net income. During 2010 and 2009, we made payments from these reserves of $1.3 million and $1.0 million, respectively. Although we consider the reserve to be adequate, there can be no assurance that the reserve will prove to be adequate over-time to cover losses due to the difference between the assumptions used to estimate the reserve and actual losses.

At December 31, 2010, we had letters of credit outstanding of approximately $14.0 million which are collateral for existing indebtedness and other obligations of the Trust.

Under the terms of the Congressional Plaza partnership agreement, from and after January 1, 1986, an unaffiliated third party has the right to require us and the two other minority partners to purchase between

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one-half to all of its 29.47% interest in Congressional Plaza at the interest s then-current fair market value. Based on management s current estimate of fair market value as of December 31, 2010, our estimated maximum liability upon exercise of the put option would range from approximately $44 million to $51 million.

Under the terms of one other partnership which owns a project in southern California, if certain leasing and revenue levels are obtained for the property owned by the partnership, the other partner may require us to purchase their 10% partnership interest at a formula price based upon property operating income. The purchase price for the partnership interest will be paid using our common shares or, subject to certain conditions, cash. If the other partner does not redeem their interest, we may choose to purchase the partnership interest upon the same terms.

Under the terms of various other partnership agreements, the partners have the right to exchange their operating units for cash or the same number of our common shares, at our option. As of December 31, 2010, a total of 362,314 operating units are outstanding which have a total fair value of $28.2 million, based on our closing stock price on December 31, 2010.

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

A master lease for Melville Mall includes a fixed purchase price option in 2021 for $5 million and the assumption of the owner s debt which is $23.1 million at December 31, 2010. If we fail to exercise our purchase option, the owner of Melville Mall has a put option which would require us to purchase Melville Mall in 2023 for $5 million and the assumption of the owner s debt.

As of December 31, 2010 in connection with capital improvement, development, and redevelopment projects, the Trust has contractual obligations of approximately $54.4 million.

We are obligated under ground lease agreements on several shopping centers requiring minimum annual payments as follows, as of December 31, 2010:

		(In thousands)
Year ending December 31,		
2011	$	1,467
2012		1,306
2013		1,314
2014		1,303
2015		1,253
Thereafter		53,281
	$	59,924

NOTE 9. SHAREHOLDERS EQUITY

We have a Dividend Reinvestment Plan (the Plan), whereby shareholders may use their dividends and optional cash payments to purchase shares. In 2010, 2009 and 2008, 34,401 shares, 50,888 shares and 39,343 shares, respectively, were issued under the Plan.

As of December 31, 2010, 2009, and 2008, we had 399,896 shares of 5.417% Series 1 Cumulative Convertible Preferred Shares (Series 1 Preferred Shares) outstanding that have a liquidation preference of $25 per share and

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par value $0.01 per share. The Series 1 Preferred Shares accrue dividends at a rate of 5.417% per year and are convertible at any time by the holders to our common shares at a conversion rate of $104.69 per share. The Series 1 Preferred Shares are also convertible under certain circumstances at our election. The holders of the Series 1 Preferred Shares have no voting rights.

On August 14, 2009, we issued 2.0 million common shares at $57.50 per share, for cash proceeds of approximately $110.0 million net of expenses of the offering.

NOTE 10. DIVIDENDS

A summary of dividends declared and paid per share is as follows:

	Year Ended December 31,					
	2010		2009		2008	
	Declared	Paid	Declared	Paid	Declared	Paid
Common shares	$ 2.660	$ 2.650	$ 2.620	$ 2.610	$ 2.520	$ 2.480
5.417% Series 1 Cumulative Convertible Preferred	$ 1.354	$ 1.354	$ 1.354	$ 1.354	$ 1.354	$ 1.354

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

	Year Ended December 31,		
	2010	2009	2008
Common shares			
Ordinary dividend	$ 2.519	$ 2.377	$ 2.455
Ordinary dividend eligible for 15% rate	0.025	0.024	0.025
Return of capital	0.106	0.183	
Capital gain		0.026	
	$ 2.650	$ 2.610	$ 2.480
5.417% Series 1 Cumulative Convertible Preferred			
Ordinary dividend	$ 1.341	$ 1.246	$ 1.341
Ordinary dividend eligible for 15% rate	0.013	0.095	0.013
Capital gain		0.013	
	$ 1.354	$ 1.354	$ 1.354

On November 3, 2010, the Trustees declared a quarterly cash dividend of $0.67 per common share, payable January 18, 2011 to common shareholders of record on January 3, 2011.

NOTE 11. OPERATING LEASES

At December 31, 2010, our 85 predominantly retail shopping center and mixed use properties are located in 13 states and the District of Columbia. There are approximately 2,400 leases with tenants providing a wide range of retail products and services. These tenants range from sole proprietorships to national retailers; no one tenant or corporate group of tenants accounts for more than 2.6% of annualized base rent.

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

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As of December 31, 2010, minimum future commercial property rentals from noncancelable operating leases, before any reserve for uncollectible amounts and assuming no early lease terminations, at our operating properties are as follows:

	(In thousands)
Year ending December 31,	
2011	$ 377,121
2012	344,775
2013	297,424
2014	247,311
2015	202,320
Thereafter	1,106,887
	$ 2,575,838

NOTE 12. COMPONENTS OF RENTAL INCOME AND EXPENSE

The principal components of rental income are as follows:

	Year Ended December 31, 2010	2009 (In thousands)	2008
Minimum rents			
Retail and commercial	$ 381,012	$ 373,506	$ 365,735
Residential	21,583	21,093	18,326
Cost reimbursement	107,658	104,052	103,118
Percentage rent	6,374	6,508	8,415
Other	8,901	7,566	5,461
Total rental income	$ 525,528	$ 512,725	$ 501,055

Minimum rents include $4.6 million, $5.4 million and $5.8 million for 2010, 2009 and 2008, respectively, to recognize minimum rents on a straight-line basis. In addition, minimum rents include $1.6 million, $1.7 million and $2.2 million for 2010, 2009 and 2008, respectively, to recognize income from the amortization of in-place leases.

The principal components of rental expenses are as follows:

	Year Ended December 31, 2010	2009 (In thousands)	2008
Repairs and maintenance	$ 42,692	$ 41,093	$ 38,857
Utilities	18,594	17,964	18,085
Management fees and costs	14,641	14,342	14,082
Payroll	7,920	7,781	8,089
Bad debt expense	6,396	6,472	6,202
Ground rent	3,049	4,458	5,875
Insurance	5,071	4,878	5,489
Marketing	4,791	4,847	5,953
Other operating	7,880	6,792	6,831

Total rental expenses	$ 111,034	$ 108,627	$ 109,463

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NOTE 13. DISCONTINUED OPERATIONS

Results of properties sold or held for sale which meet certain requirements, constitute discontinued operations and as such, the operations of these properties are classified as discontinued operations for all periods presented. A summary of the financial information for the discontinued operations is as follows:

	Year Ended December 31,		
	2010	2009	2008
	(In thousands)		
Revenue from discontinued operations	$ 656	$ 728	$ 3,637
(Loss) income from discontinued operations	$ (280)	$ 195	$ 1,965

In September 2008, we applied for a refund of taxes paid to the state of California related to our TRS activities, primarily the condominium units sold in 2005 and 2006 at Santana Row. The refund related to the condominium units of $1.1 million is included in Discontinued operations gain on sale of real estate in 2008.

NOTE 14. SHARE-BASED COMPENSATION PLANS

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

	Year Ended December 31,		
	2010	2009	2008
	(In thousands)		
Share-based compensation incurred			
Grants of common shares	$ 5,232	$ 5,718	$ 6,442
Grants of options	1,255	1,421	1,336
	6,487	7,139	7,778
Capitalized share-based compensation	(745)	(945)	(1,208)
Share-based compensation expensed	$ 5,742	$ 6,194	$ 6,570

As of December 31, 2010, we have grants outstanding under three share-based compensation plans. In May 2010, our shareholders approved the 2010 Performance Incentive Plan, as amended (the 2010 Plan), which authorized the grant of share options, common shares and other share-based awards for up to 2,450,000 common shares of beneficial interest. Our 2001 Long Term Incentive Plan (the 2001 Plan), which expired in May 2010, authorized the grant of share options, common shares and other share-based awards of 3,250,000 common shares of beneficial interest. Our 1993 Long Term Incentive Plan (the 1993 Plan), which expired in May 2003, authorized the grant of share options, common shares and other share-based awards for up to 5,500,000 common shares of beneficial interest.

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

As a result of the exercise of options, we had notes outstanding from our officers and employees for $0.8 million at December 31, 2007; the notes were fully repaid during 2008. Option awards made in 2001 and later do not provide for employees to be able to exercise their options with a loan from the Trust.

In October 2010, Donald C. Wood, our Chief Executive Officer, was granted 60,931 shares of restricted stock valued at approximately $5,000,000, which will vest on October 12, 2015. Additionally, Mr. Wood s annual base

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pay was increased from $700,000 to $850,000 per year effective November 1, 2010, his target bonus was increased from 100% of his base salary to 150% of his base salary beginning with his 2010 bonus, and his target amount for potential equity to be issued in February 2011 under our 2010 Plan was increased from $2.0 million to $4.0 million.

The fair value of each option award is estimated on the date of grant using the Black-Scholes model. Expected volatilities, term, dividend yields, employee exercises and estimated forfeitures are primarily based on historical data. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The fair value of each share award is determined based on the closing trading price of our common shares on the grant date.

The following table provides a summary of the weighted-average assumption used to value options:

	Year Ended December 31, 2010	2008	2007
Volatility	30.0%	28.6%	21.4%
Expected dividend yield	4.0%	3.6%	3.6%
Expected term (in years)	4.3	4.9	5.4
Risk free interest rate	1.9%	1.6%	2.7%

The following table provides a summary of option activity for 2010:

	Shares Under Option	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value (In thousands)
Outstanding at December 31, 2009	873,367	$ 59.35		
Granted	717	66.22		
Exercised	(107,493)	38.77		
Forfeited or expired	(9,167)	75.19		
Outstanding at December 31, 2010	757,424	$ 62.09	6.3	$ 12,740
Exercisable at December 31, 2010	394,565	$ 63.80	5.3	$ 6,067

The weighted-average grant-date fair value of options granted during 2010, 2009 and 2008 was $11.77 per share, $7.62 per share and $10.46 per share, respectively. The total cash received from options exercised during 2010, 2009 and 2008 was $4.2 million, $2.9 million and $8.0 million, respectively. The total intrinsic value of options exercised during the year ended December 31, 2010, 2009 and 2008 was $4.2 million, $4.6 million and $9.3 million, respectively.

The following table provides a summary of restricted share activity for 2010:

	Shares	Weighted-Average Grant-Date Fair Value
Unvested at December 31, 2009	200,254	$ 65.81
Granted	135,833	73.51
Vested	(64,799)	72.41
Forfeited	(495)	89.06
Unvested at December 31, 2010	270,793	$ 68.07

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The weighted-average grant-date fair value of stock awarded in 2010, 2009 and 2008 was $73.51, $45.77 and $72.98, respectively. The total vesting-date fair value of shares vested during the year ended December 31, 2010, 2009 and 2008 was $4.3 million, $4.6 million and $5.9 million, respectively.

As of December 31, 2010, there was $14.0 million of total unrecognized compensation cost related to unvested share-based compensation arrangements (i.e. options and unvested shares) granted under our plans. This cost is expected to be recognized over the next 4.9 years with a weighted-average period of 3.1 years.

Subsequent to December 31, 2010, common shares were awarded under various compensation plans as follows:

Date	Award	Vesting Term	Beneficiary
February 10, 2011	86,681 Restricted shares	3 to 6 years	Officers and key employees
January 3, 2011	4,172 Shares	Immediate	Trustees

NOTE 15. SAVINGS AND RETIREMENT PLANS

We have a savings and retirement plan in accordance with the provisions of Section 401(k) of the Code. Generally, employees can elect, at their discretion, to contribute a portion of their compensation up to a maximum of $16,500, $16,500 and $15,500 for 2010, 2009 and 2008, respectively. Under the plan, we contribute 50% of each employee s elective deferrals up to 5% of eligible earnings. In addition, we may make discretionary contributions within the limits of deductibility set forth by the Code. Our employees are immediately eligible to become plan participants. Employees are eligible to receive matching contributions immediately on their participation; however, these matching payments will not vest until their first anniversary of employment. Our expense for the years ended December 31, 2010, 2009 and 2008 was approximately $596,000, $282,000 and $397,000, respectively.

A non-qualified deferred compensation plan for our officers and certain other employees was established in 1994 that allows the participants to defer a portion of their income. As of December 31, 2010 and 2009, we are liable to participants for approximately $5.7 million and $4.8 million, respectively, under this plan. Although this is an unfunded plan, we have purchased certain investments to match this obligation. Our obligation under this plan and the related investments are both included in the accompanying financial statements.

NOTE 16. EARNINGS PER SHARE

In June 2008, the FASB issued a new accounting standard which requires unvested share-based payment awards that contain non-forfeitable rights to receive dividends (whether paid or unpaid) to be treated as participating securities and should be included in the computation of EPS pursuant to the two-class method. As part of our stock based compensation program, we issue restricted shares which typically vest over a three to six year period; these shares have non-forfeitable rights to dividends immediately after issuance.

EPS is calculated under the two-class method for all periods presented. 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 2009, 2008 and 2007, we had approximately 0.2 million weighted average unvested shares outstanding which are considered participating securities. Therefore, we have allocated our earnings for basic and diluted EPS between common shares and unvested shares; the portion of earnings allocated to the unvested shares is reflected as earnings allocated to unvested shares in the reconciliation below.

In the dilutive EPS calculation, dilutive stock options were calculated using the treasury stock method consistent with prior periods. Approximately 0.2 million, 0.6 million and 0.4 million stock options have been excluded in

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2010, 2009 and 2008, respectively, as they were anti-dilutive. The conversions of downREIT operating partnership units and Series 1 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.

The following table provides a reconciliation of the numerator and denominator of the basic and diluted EPS calculations:

	Year Ended December 31,		
	2010	2009	2008
	(In thousands, except per share data)		
NUMERATOR			
Income from continuing operations	$ 127,107	$ 102,379	$ 120,616
Preferred share dividends	(541)	(541)	(541)
Less: Net income attributable to noncontrolling interests	(5,447)	(5,568)	(5,366)
Less: Earnings allocated to unvested shares	(572)	(510)	(506)
Income from continuing operations available for common shareholders	120,547	95,760	114,203
Results from discontinued operations	720	1,493	14,537
Gain on sale of real estate	410		
Net income available for common shareholders, basic and diluted	$ 121,677	$ 97,253	$ 128,740
DENOMINATOR			
Weighted average common shares outstanding basic	61,182	59,704	58,665
Effect of dilutive securities:			
Stock options	142	126	224
Weighted average common shares outstanding diluted	61,324	59,830	58,889
EARNINGS PER COMMON SHARE, BASIC			
Continuing operations	$ 1.97	$ 1.60	$ 1.94
Discontinued operations	0.01	0.03	0.25
Gain on sale of real estate	0.01		
	$ 1.99	$ 1.63	$ 2.19
EARNINGS PER COMMON SHARE, DILUTED			
Continuing operations	$ 1.96	$ 1.60	$ 1.94
Discontinued operations	0.01	0.03	0.25
Gain on sale of real estate	0.01		
	$ 1.98	$ 1.63	$ 2.19
Income from continuing operations attributable to the Trust	$ 121,660	$ 96,811	$ 115,250

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NOTE 17. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data is as follows:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except per share data)			
2010				
Revenue(1)	$ 138,324	$ 133,689	$ 133,913	$ 138,748
Operating Income(2)	$ 58,982	$ 56,116	$ 56,164	$ 59,212
Net income(2)	$ 30,554	$ 32,368	$ 31,010	$ 34,305
Net income attributable to the Trust(2)	$ 29,220	$ 31,114	$ 29,640	$ 32,816
Net income available for common shareholders(2)	$ 29,085	$ 30,979	$ 29,504	$ 32,681
Earnings per common share basic(2)	$ 0.47	$ 0.50	$ 0.48	$ 0.53
Earnings per common share diluted(2)	$ 0.47	$ 0.50	$ 0.48	$ 0.53

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except per share data)			
2009				
Revenue(1)	$ 131,031	$ 130,225	$ 130,841	$ 138,421
Operating Income(2)	$ 34,279	$ 55,423	$ 57,577	$ 63,304
Net income(2)	$ 11,873	$ 29,794	$ 28,839	$ 33,366
Net income attributable to the Trust(2)	$ 10,484	$ 28,417	$ 27,433	$ 31,970
Net income available for common shareholders(2)	$ 10,349	$ 28,282	$ 27,297	$ 31,835
Earnings per common share basic(2)	$ 0.17	$ 0.48	$ 0.45	$ 0.52
Earnings per common share diluted(2)	$ 0.17	$ 0.48	$ 0.45	$ 0.52

(1) Revenue has been reduced to reflect the results of discontinued operations. Revenue from discontinued operations, by quarter, is summarized as follows:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands)			
2010 revenue from discontinued operations	$ 146	$ 146	$ 151	$ 213
2009 revenue from discontinued operations	$ 169	$ 215	$ 152	$ 192

(2) First quarter and fourth quarter 2009 and fourth quarter 2010 amounts include adjustments to the accrual for litigation regarding a parcel of land located adjacent to Santana Row. See Note 8 for further discussion of the matter.

NOTE 18. SUBSEQUENT EVENT

On January 19, 2011, we acquired the fee interest in Tower Shops located in Davie, Florida for a net purchase price of approximately $66.1 million which includes the assumption of a mortgage loan of approximately $41.0 million. The mortgage loan bears interest at 6.52%, is interest only until July 2011 at which time it converts to a 30-year amortization schedule and matures in July 2015. The loan is pre-payable after June 2011 and we expect to repay the loan during 2011 which will include a 3% prepayment premium on the outstanding loan balance. The property contains approximately 372,000 square feet of gross leasable area and is shadow-anchored by Home Depot and Costco**.** The purchase price allocation will be finalized after certain valuation studies are complete.

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FEDERAL REALTY INVESTMENT TRUST

SCHEDULE III

SUMMARY OF REAL ESTATE AND ACCUMULATED DEPRECIATION

DECEMBER 31, 2010

(Dollars in thousands)

COLUMN A		COLUMN B	COLUMN C		COLUMN D	COLUMN E			COLUMN F	COLUMN G	COLUMN H	COLUMN I
			Initial cost to company			Gross amount at which carried at close of period						Life on which depreciation in latest income statements is computed
Descriptions		Encumbrance	Land	Building and Improvements	Cost Capitalized Subsequent to Acquisition	Land	Building and Improvements	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	
150 POST STREET (California)	CA	$	$ 11,685	$ 9,181	$ 16,995	$ 11,685	$ 26,176	$ 37,861	$ 12,545	1908	10/23/97	35 years
ANDORRA (Pennsylvania)	PA		2,432	12,346	8,994	2,432	21,340	23,772	13,686	1953	01/12/88	35 years
ASSEMBLY SQUARE MARKETPLACE/ASSEMBLY ROW (Massachusetts)	MA		54,615	34,196	105,090	54,615	139,286	193,901	11,071	2005	2005-2010	35 years
THE AVENUE AT WHITE MARSH (Maryland)	MD	57,837	20,682	72,432	2,641	20,682	75,073	95,755	10,393	1997	03/08/07	35 years
BALA CYNWYD (Pennsylvania)	PA		3,565	14,466	15,625	3,566	30,090	33,656	11,551	1955	09/22/93	35 years
BARRACKS ROAD (Virginia)	VA	39,850	4,363	16,459	30,139	4,363	46,598	50,961	30,242	1958	12/31/85	35 years
BETHESDA ROW (Maryland)	MD	24,131	36,971	35,406	134,771	42,378	164,770	207,148	31,241	1945-2008	12/31/93, 1/20/06, 9/25/08, 9/30/08, & 12/27/10	35 -50 years
BRICK PLAZA (New Jersey)	NJ	29,429		24,715	33,228	3,923	54,020	57,943	35,659	1958	12/28/89	35 years
BRISTOL (Connecticut)	CT		3,856	15,959	8,456	3,856	24,415	28,271	10,655	1959	09/22/95	35 years
CHELSEA COMMONS (Massachusetts)	MA	7,440	9,417	19,466	1,385	9,396	20,872	30,268	2,289	1962/1969/2008	08/25/06, 1/30/07, & 7/16/08	35 years
COLORADO BLVD (California)	CA		5,262	4,071	7,371	5,262	11,442	16,704	6,576	1905/1915/1980 s	12/31/96 & 8/14/98	35 years
CONGRESSIONAL PLAZA (Maryland)	MD		2,793	7,424	61,082	1,020	70,279	71,299	39,445	1965/2003	04/01/65	35 years
COURTHOUSE CENTER (Maryland)	MD		1,750	1,869	747	1,750	2,616	4,366	1,110	1975	12/17/97	35 years
COURTYARD SHOPS (Florida)	FL	7,388	16,862	21,851	1,004	16,894	22,823	39,717	1,906	1990/1998	09/04/08	35 years
CROSSROADS (Illinois)	IL		4,635	11,611	12,979	4,635	24,590	29,225	9,896	1959	07/19/93	35 years
CROW CANYON COMMONS (California)	CA	20,395	8,638	54,575	2,050	8,638	56,625	65,263	8,573	Late 1970 s/2006	12/29/05 & 02/28/07	35 years
DEDHAM PLAZA (Massachusetts)	MA		12,287	12,918	7,803	12,287	20,721	33,008	9,900	1959	12/31/93	35 years
DEL MAR VILLAGE (Florida)	FL		14,218	39,559	1,103	14,180	40,700	54,880	3,509	1982/1984	5/30/08 & 7/11/08	35 years
EASTGATE (North Carolina)	NC		1,608	5,775	18,994	1,608	24,769	26,377	13,219	1963	12/18/86	35 years

ELLISBURG CIRCLE (New Jersey)	NJ	4,028	11,309	12,680	4,013	24,004	28,017	15,047	1959	10/16/92	35 years

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FEDERAL REALTY INVESTMENT TRUST

SCHEDULE III

SUMMARY OF REAL ESTATE AND ACCUMULATED

DEPRECIATION CONTINUED

DECEMBER 31, 2010

(Dollars in thousands)

COLUMN A		COLUMN B	COLUMN C		COLUMN D	COLUMN E			COLUMN F	COLUMN G	COLUMN H	COLUMN I
			Initial cost to company			Gross amount at which carried at close of period						Life on which depreciation in latest income statements is computed
Descriptions		Encumbrance	Land	Building and Improvements	Cost Capitalized Subsequent to Acquisition	Land	Building and Improvements	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	
ESCONDIDO PROMENADE (California)	CA		19,117	15,829	8,721	19,117	24,550	43,667	6,800	1987	12/31/96 & 11/10/10	35 years
FALLS PLAZA (Virginia)	VA		1,798	1,270	9,241	1,819	10,490	12,309	6,411	1960-1962	09/30/67 & 10/05/72	25 years
FEASTERVILLE (Pennsylvania)	PA		1,431	1,600	9,033	1,452	10,612	12,064	7,915	1958	07/23/80	20 years
FEDERAL PLAZA (Maryland)	MD	31,901	10,216	17,895	34,662	10,216	52,557	62,773	30,712	1970	06/29/89	35 years
FIFTH AVENUE (California) (4)	CA		3,844	1,352	7,378	3,874	8,700	12,574	4,147	1888-1995	1996-1997	35 years
FINLEY SQUARE (Illinois)	IL		9,252	9,544	13,679	9,252	23,223	32,475	12,820	1974	04/27/95	35 years
FLOURTOWN (Pennsylvania)	PA		1,345	3,943	10,542	1,470	14,360	15,830	7,074	1957	04/25/80	35 years
FOREST HILLS (New York)	NY		2,885	2,885	2,334	3,031	5,073	8,104	2,158	1937-1987	12/16/97	35 years
FRESH MEADOWS (New York)	NY		24,625	25,255	20,336	24,628	45,588	70,216	21,495	1946-1949	12/05/97	35 years
FRIENDSHIP CTR (District of Columbia)	DC		12,696	20,803	855	12,696	21,658	34,354	5,562	1998	09/21/01	35 years
GAITHERSBURG SQUARE (Maryland)	MD		7,701	5,271	12,012	5,973	19,011	24,984	12,785	1966	04/22/93	35 years
GARDEN MARKET (Illinois)	IL		2,677	4,829	4,866	2,677	9,695	12,372	4,845	1958	07/28/94	35 years
GOVERNOR PLAZA (Maryland)	MD		2,068	4,905	18,768	2,068	23,673	25,741	12,313	1963	10/01/85	35 years
GRATIOT PLAZA (Michigan)	MI		525	1,601	16,761	525	18,362	18,887	11,872	1964	03/29/73	25 3/4 years
GREENWICH AVENUE (Connecticut)	CT		7,484	5,445	1,040	7,484	6,485	13,969	2,813	1900-1993	1995	35 years
HAUPPAUGE (New York)	NY	15,022	8,791	15,262	3,930	8,791	19,192	27,983	7,053	1963	08/06/98	35 years

HERMOSA AVE. (California)	CA		1,116	280	4,213	1,368	4,241	5,609	1,798	1922	09/17/97	35 years
HOLLYWOOD BLVD. (California)	CA		8,300	16,920	13,956	8,300	30,876	39,176	6,021	1929/1991	3/22/99 & 6/18/99	35 years
HOUSTON STREET (Texas) (8)	TX		14,680	1,976	49,117	14,778	50,995	65,773	20,183	var	1998	35 years
HUNTINGTON (New York)	NY			16,008	22,776	11,713	27,071	38,784	8,079	1962	12/12/88 & 10/26/07	35 years
HUNTINGTON SQUARE (New York)	NY			10,075	4		10,079	10,079	131	1980/2004-2007	08/16/10	35 years
IDYLWOOD PLAZA (Virginia)	VA	16,544	4,308	10,026	1,637	4,308	11,663	15,971	5,620	1991	04/15/94	35 years
KINGS COURT (California)	CA			10,714	886		11,600	11,600	5,735	1960	08/24/98	26 years
LANCASTER (Pennsylvania)	PA	4,907		2,103	10,658	76	12,685	12,761	6,094	1958	04/24/80	22 years
LANGHORNE SQUARE (Pennsylvania)	PA		720	2,974	16,616	720	19,590	20,310	10,665	1966	01/31/85	35 years
LAUREL (Maryland)	MD		7,458	22,525	17,626	7,576	40,033	47,609	29,137	1956	08/15/86	35 years
LAWRENCE PARK (Pennsylvania)	PA	28,246	5,723	7,160	17,695	5,734	24,844	30,578	20,822	1972	07/23/80	22 years

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FEDERAL REALTY INVESTMENT TRUST

SCHEDULE III

SUMMARY OF REAL ESTATE AND ACCUMULATED

DEPRECIATION CONTINUED

DECEMBER 31, 2010

(Dollars in thousands)

COLUMN A		COLUMN B	COLUMN C		COLUMN D	COLUMN E			COLUMN F	COLUMN G	COLUMN H	COLUMN I
			Initial cost to company			Gross amount at which carried at close of period						Life on which depreciation in latest income statements is computed
Descriptions		Encumbrance	Land	Building and Improvements	Cost Capitalized Subsequent to Acquisition	Land	Building and Improvements	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	
LEESBURG PLAZA (Virginia)	VA	28,786	8,184	10,722	15,613	8,184	26,335	34,519	7,935	1967	09/15/98	35 years
LINDEN SQUARE (Massachusetts)	MA		79,382	19,247	46,072	79,269	65,432	144,701	5,854	1960-2008	08/24/06	35 years
LOEHMANN'S PLAZA (Virginia)	VA	37,224	1,237	15,096	16,301	1,248	31,386	32,634	20,397	1971	07/21/83	35 years
MELVILLE MALL (New York)	NY	22,785	35,622	32,882	263	35,622	33,145	68,767	4,000	1974	10/16/06	35 years
MERCER MALL (New Jersey)	NJ	48,706	4,488	70,076	30,528	5,032	100,060	105,092	25,291	1975	10/14/03	25 - 35 years
MID PIKE PLAZA (Maryland)	MD			10,335	37,339	7,517	40,157	47,674	6,367	1963	05/18/82 & 10/26/07	50 years
MOUNT VERNON/SOUTH VALLEY/7770 RICHMOND HWY. (Virginia)	VA	10,937	10,068	33,501	34,743	10,189	68,123	78,312	15,535	1972/1966/1974	03/31/03, 3/21/03, & 1/27/06	35 years
TOWN CENTER OF NEW BRITAIN (Pennsylvania)	PA		1,282	12,285	874	1,262	13,179	14,441	1,906	1969	06/29/06	35 years
NORTH DARTMOUTH (Massachusetts)	MA		27,214		(17,846)	9,366	2	9,368	1	2004	08/24/06	
NORTHEAST (Pennsylvania)	PA		1,152	10,596	11,374	1,153	21,969	23,122	15,369	1959	08/30/83	35 years
NORTH LAKE COMMONS (Illinois)	IL		2,782	8,604	2,749	2,628	11,507	14,135	5,407	1989	04/27/94	35 years
OLD KEENE MILL (Virginia)	VA		638	998	4,355	638	5,353	5,991	4,530	1968	06/15/76	33 1/3 years
OLD TOWN CENTER (California)	CA		3,420	2,765	28,127	3,420	30,892	34,312	14,771	1962, 1997-1998	10/22/97	35 years
PAN AM SHOPPING CENTER (Virginia)	VA		8,694	12,929	6,901	8,695	19,829	28,524	10,747	1979	02/05/93	35 years
PENTAGON ROW (Virginia)	VA	53,437		2,955	85,710		88,665	88,665	28,580	1999 - 2002	1998 & 11/22/10	35 years

PERRING PLAZA (Maryland)	MD		2,800	6,461	18,048	2,800	24,509	27,309	17,402	1963	10/01/85	35 years
PIKE 7 (Virginia)	VA		9,709	22,799	2,956	9,653	25,811	35,464	10,643	1968	03/31/97	35 years
QUEEN ANNE PLAZA (Massachusetts)	MA		3,319	8,457	3,883	3,319	12,340	15,659	6,871	1967	12/23/94	35 years
QUINCE ORCHARD PLAZA (Maryland)	MD		3,197	7,949	10,653	2,928	18,871	21,799	11,698	1975	04/22/93	35 years
ROCKVILLE TOWN SQUARE (Maryland)	MD			8,092	29,207		37,299	37,299	4,706	2005-2007	2006-2007	50 years
ROLLINGWOOD APTS. (Maryland)	MD	23,567	552	2,246	5,560	572	7,786	8,358	6,574	1960	01/15/71	25 years
SAM'S PARK & SHOP (District of Columbia)	DC		4,840	6,319	1,391	4,840	7,710	12,550	3,361	1930	12/01/95	35 years
SANTANA ROW (California)	CA		41,969	1,161	507,180	49,725	500,585	550,310	83,274	1999-2010	03/05/97	40 - 50 years

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FEDERAL REALTY INVESTMENT TRUST

SCHEDULE III

SUMMARY OF REAL ESTATE AND ACCUMULATED

DEPRECIATION CONTINUED

DECEMBER 31, 2010

(Dollars in thousands)

COLUMN A		COLUMN B	COLUMN C		COLUMN D	COLUMN E			COLUMN F	COLUMN G	COLUMN H	COLUMN I
			Initial cost to company			Gross amount at which carried at close of period						Life on which depreciation in latest income statements is computed
Descriptions		Encumbrance	Land	Building and Improvements	Cost Capitalized Subsequent to Acquisition	Land	Building and Improvements	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	
SAUGUS (Massachusetts)	MA		4,383	8,291	1,218	4,383	9,509	13,892	3,912	1976	10/01/96	35 years
VILLAGE AT SHIRLINGTON (Virginia)	VA	6,327	9,761	14,808	29,205	5,798	47,976	53,774	13,483	1940, 2006-2009	12/21/95	35 years
SHOPPERS WORLD (Virginia)	VA	5,551	10,211	18,863	1,147	10,225	19,996	30,221	2,519	1975-2001	05/30/07	35 years
THE SHOPPES AT NOTTINGHAM SQUARE (Maryland)	MD		27,029	12,849	(12,308)	14,692	12,878	27,570	1,726	2005-2006	03/08/07	35 years
THIRD STREET PROMENADE (California) (9)	CA		22,645	12,709	41,193	25,125	51,422	76,547	22,083	1888-2000	1996-2000	35 years
TOWER (Virginia)	VA		7,170	10,518	2,719	7,280	13,127	20,407	5,219	1953-1960	08/24/98	35 years
TROY (New Jersey)	NJ		3,126	5,193	16,992	4,028	21,283	25,311	15,840	1966	07/23/80	22 years
TYSON'S STATION (Virginia)	VA	5,713	388	453	3,082	475	3,448	3,923	3,025	1954	01/17/78	17 years
WESTGATE MALL (California)	CA		6,319	107,284	3,584	6,319	110,868	117,187	18,903	1960-1966	03/31/04	35 years
WHITE MARSH PLAZA (Maryland)	MD	9,706	3,478	21,413	131	3,478	21,544	25,022	3,052	1987	03/08/07	35 years
WHITE MARSH OTHER (Maryland)	MD		37,812	1,843	(10,772)	27,009	1,874	28,883	278	1985	03/08/07	35 years
WILDWOOD (Maryland)	MD	24,827	9,111	1,061	7,836	9,111	8,897	18,008	7,584	1958	05/05/69	33 1/3 years
WILLOW GROVE (Pennsylvania)	PA		1,499	6,643	19,761	1,499	26,404	27,903	19,079	1953	11/20/84	35 years
SHOPS AT WILLOW LAWN (Virginia)	VA		3,192	7,723	66,786	7,790	69,911	77,701	42,496	1957	12/05/83	35 years
WYNNEWOOD (Pennsylvania)	PA	28,785	8,055	13,759	15,519	8,055	29,278	37,333	14,913	1948	10/29/96	35 years
MISCELLANEOUS INVESTMENTS			6,176	12,135		6,176	12,135	18,311	300			

TOTALS	$ 589,441	$ 789,331	$ 1,226,058	$ 1,880,553	$ 786,332	$ 3,109,610	$ 3,895,942	$ 1,035,204

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FEDERAL REALTY INVESTMENT TRUST

SCHEDULE III

SUMMARY OF REAL ESTATE AND ACCUMULATED

DEPRECIATION CONTINUED

Three Years Ended December 31, 2010

Reconciliation of Total Cost

(In thousands)

Balance, December 31, 2007	$ 3,452,847
Additions during period	
Acquisitions	122,662
Improvements	144,192
Deduction during period disposition and retirements of property	(46,016)
Balance, December 31, 2008	3,673,685
Additions during period	
Acquisitions	34,485
Improvements	93,304
Deduction during period disposition and retirements of property	(42,240)
Balance, December 31, 2009	3,759,234
Additions during period	
Acquisitions	34,855
Consolidation of VIE	18,311
Improvements	97,129
Deduction during period disposition and retirements of property	(13,587)
Balance, December 31, 2010	$ 3,895,942

(A) For Federal tax purposes, the aggregate cost basis is approximately $3.4 billion as of December 31, 2010.

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FEDERAL REALTY INVESTMENT TRUST

SCHEDULE III

SUMMARY OF REAL ESTATE AND ACCUMULATED

DEPRECIATION CONTINUED

Three Years Ended December 31, 2010

Reconciliation of Accumulated

Depreciation and Amortization

(In thousands)

Balance, December 31, 2007	$ 756,703
Additions during period depreciation and amortization expense	101,321
Deductions during period disposition and retirements of property	(11,766)
Balance, December 31, 2008	846,258
Additions during period depreciation and amortization expense	103,698
Deductions during period disposition and retirements of property	(11,869)
Balance, December 31, 2009	938,087
Additions during period depreciation and amortization expense	108,261
Deductions during period disposition and retirements of property	(11,144)
Balance, December 31, 2010	$ 1,035,204

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FEDERAL REALTY INVESTMENT TRUST

SCHEDULE IV

MORTGAGE LOANS ON REAL ESTATE

Year Ended December 31, 2010

(Dollars in thousands)

Column A Description of Lien	Column B Interest Rate	Column C Maturity Date	Column D Periodic Payment Terms	Column E Prior Liens	Column F Face Amount of Mortgages	Column G Carrying Amount of Mortgages(1)	Column H Principal Amount of Loans Subject to delinquent Principal or Interest
Mortgage on retail buildings in Philadelphia, PA	8% or 10% based on timing of draws, plus participation	May 2021	Interest only monthly; balloon payment due at maturity	$	$ 20,113	$ 20,113(2)	$
Mortgage on retail buildings in Philadelphia, PA	10% plus participation	May 2021	Interest only monthly; balloon payment due at maturity		9,250	9,250	
Second Mortgage on hotel in San Jose, CA	9%	August 2016	Principal and interest; balloon payment due at maturity(3)	36,000(4)	15,030	11,818	
Mortgage on restaurant in Rockville, MD	9%	December 2014	Interest only monthly through January 31, 2011; balloon payment due at maturity(5)		3,632	3,632	
				$ 36,000	$ 48,025(6)	$ 44,813(6)	$

(1) For Federal tax purposes, the aggregate tax basis is approximately $48.0 million as of December 31, 2010.

(2) This mortgage is available for up to $25.0 million.

(3) This note was amended on August 4, 2006. The amended note decreased the interest from 14% to 9% per annum, and requires monthly payments of principal and interest based on 15-year amortization schedule.

(4) We do not hold the first mortgage loan on this property. Accordingly, the amount of the prior lien at December 31, 2010 is estimated.

(5) Beginning February 1, 2011, the note requires monthly payments of principal and interest based on a 30-year amortization schedule. The borrower has one, three-year extension option with an interest rate of 12% which increases 1% in each subsequent year of the extension term.

(6) In March 30, 2010, we acquired the first mortgage loan on a shopping center located in Norwalk, Connecticut. The first mortgage loan bears interest at 7.25%, matures on September 1, 2032, and as of December 31, 2010, had an outstanding contractual principal balance of $11.3 million. Since November 5, 2008, we have held the second mortgage on this shopping center and a first mortgage on an adjacent commercial building which had an outstanding balance of $7.4 million at December 31, 2010. All of these loans are currently in default and foreclosure proceedings have been filed. As more fully described in Note 3 to the Consolidated Financial Statements, effective March 30, 2010, we have determined we are the primary beneficiary of this VIE and consolidated the shopping center and adjacent building as of March 30, 2010. Therefore, our investment in the property of approximately $18.3 million is included in real estate in the consolidated balance sheet as of December 31, 2010.

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FEDERAL REALTY INVESTMENT TRUST

SCHEDULE IV

MORTGAGE LOANS ON REAL ESTATE CONTINUED

Three Years Ended December 31, 2010

Reconciliation of Carrying Amount

(In thousands)

Balance, December 31, 2007	$ 40,638
Additions during period:	
Issuance of loans	5,612
Loan fee	(219)
Deductions during period:	
Collection and satisfaction of loans	(719)
Amortization of discount/loan fee	468
Balance, December 31, 2008	45,780
Additions during period:	
Issuance of loans	2,759
Loan fee	(15)
Deductions during period:	
Collection and satisfaction of loans	(728)
Amortization of discount /loan fee	540
Balance, December 31, 2009	48,336
Additions during period:	
Issuance of loans	14,787
Deductions during period:	
Collection and satisfaction of loans	(464)
Amortization of discount	465
Consolidation of VIE	(18,311)
Balance, December 31, 2010	$ 44,813

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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	Amended and Restated Rights Agreement, dated March 11, 1999, between the Trust and American Stock Transfer & Trust Company (previously filed as Exhibit 1 to the Trust s Registration Statement on Form 8-A/A filed on March 11, 1999 (File No. 1-07533) and incorporated herein by reference)
4.4	First Amendment to Amended and Restated Rights Agreement, dated as of November 2003, between the Trust and American Stock Transfer & Trust Company (previously filed as Exhibit 4.5 to the Trust s Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 1-07533) and incorporated herein by reference)
4.5	Second Amendment to Amended and Restated Rights Agreement, dated as of March 11, 2009, between the Trust and American Stock Transfer & Trust Company (previously filed as Exhibit 4.3 to the Trust s current Report on Form 8-K (File No. 001-07533) and incorporated herein by reference)
4.6	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)
4.7	Indenture dated September 1, 1998 related to the Trust s 8.75% Notes due December 1, 2009; 6 1/8% Notes due November 15, 2007; 4.50% Notes due 2011; 5.65% Notes due 2016; 6.00% Notes due 2012; 6.20% Notes due 2017; 5.40% Notes due 2013; and 5.95% Notes due 2014 (previously filed as Exhibit 4(a) to the Trust s Registration Statement on Form S-3 (File No. 333-63619) filed on September 17, 1998 and incorporated herein by reference)
4.8	Pursuant to Regulation S-K Item 601(b)(4)(iii), the Trust by this filing agrees, upon request, to furnish to the Securities and Exchange Commission a copy of other instruments defining the rights of holders of long-term debt of the Trust
10.1	Amended and Restated 1993 Long-Term Incentive Plan, as amended on October 6, 1997 and further amended on May 6, 1998 (previously filed as Exhibit 10.26 to the Trust s Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 1-07533) and incorporated herein by reference)

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EXHIBIT INDEX

Exhibit No.	Description
10.2	Form of Severance Agreement between the Trust and Certain of its Officers dated December 31, 1994 (previously filed as a portion of Exhibit 10 to the Trust s Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 1-07533) and incorporated herein by reference)
10.3	* 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)
10.4	* 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)
10.5	* 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)
10.6	* Split Dollar Life Insurance Agreement dated August 12, 1998 between the Trust and Donald C. Wood (previously filed as a portion of Exhibit 10 to the Trust s Annual Report on Form 10-K for the year ended December 31, 2000 (File No. 1-07533) and incorporated herein by reference)
10.7	* Severance Agreement between the Trust and Jeffrey S. Berkes dated March 1, 2000 (previously filed as a portion of Exhibit 10 to the Trust s Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 1-07533) and incorporated herein by reference)
10.8	* Amendment to Severance Agreement between Federal Realty Investment Trust and Jeffrey S. Berkes dated February 16, 2005 (previously filed as Exhibit 10.17 to the 2004 Form 10-K and incorporated herein by reference)
10.9	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)
10.10	* 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)
10.11	* 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)
10.12	* 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)
10.13	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)
10.14	Form of Restricted Share Award Agreement for awards made under the Trust s Annual Incentive Bonus Program for shares issued out of 2001 Long-Term Incentive Plan (previously filed as Exhibit 10.29 to the 2004 Form 10-K and incorporated herein by reference)
10.15	Form of Option Award Agreement for options awarded under 2001 Long-Term Incentive Plan (previously filed as Exhibit 10.30 to the 2004 Form 10-K and incorporated herein by reference)

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Exhibit No.	Description
10.16	Form of Option Award Agreement for awards made under the Trust s 2003 Long-Term Incentive Award Program for shares issued out of the 2001 Long-Term Incentive Plan (previously filed as Exhibit 10.32 to the 2005 Form 10-K and incorporated herein by reference)
10.17	Credit Agreement dated as of July 28, 2006, by and between the Trust, Wachovia Capital Markets LLC, Wachovia Bank, National Association and various other financial institutions (previously filed as Exhibit 10.20 to the Trust s Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (File No. 1-07533) and incorporated herein by reference)
10.18	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, 2008 (File No. 1-07533) and incorporated herein by reference)
10.19	Change in Control Agreement between the Trust and Andrew P. Blocher dated February 12, 2007 (previously filed as Exhibit 10.27 to the Trust s Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (File No. 1-07533) and incorporated herein by reference)
10.20	* 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)
10.21	* 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)
10.22	* 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)
10.23	* Second Amendment to Severance Agreement between the Trust and Jeffrey S. Berkes dated January 1, 2009 (previously filed as Exhibit 10.29 to the Trust s 2008 Form 10-K and incorporated herein by reference)
10.24	* 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)
10.25	* Amendment to Change in Control Agreement between the Trust and Andrew P. Blocher dated January 1, 2009 (previously filed as Exhibit 10.31 to the Trust s 2008 Form 10-K and incorporated herein by reference)
10.26	* Amendment to Stock Option Agreements between the Trust and Andrew P. Blocher dated February 17, 2009 (previously filed as Exhibit 10.32 to the Trust s 2008 Form 10-K and incorporated herein by reference)
10.27	* Restricted Share Award Agreement between the Trust and Andrew P. Blocher dated February 17, 2009 (previously filed as Exhibit 10.33 to the Trust s 2008 Form 10-K and incorporated herein by reference)
10.28	* Combined Incentive and Non-Qualified Stock Option Agreement between the Trust and Andrew P. Blocher dated February 17, 2009 (previously filed as Exhibit 10.34 to the Trust s 2008 Form 10-K and incorporated herein by reference)
10.29	* Severance Agreement between the Trust and Andrew P. Blocher dated February 17, 2009 (previously filed as Exhibit 10.35 to the Trust s 2008 Form 10-K and incorporated herein by reference)

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Exhibit No.	Description
10.30	Credit Agreement dated as of May 4, 2009, by and among the Trust, Wachovia Capital Markets LLC, PNC Capital Markets LLC, Wachovia Bank, National Association, PNC Bank, National Association and various other financial institutions (previously filed as Exhibit 10.36 to the Trust s Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (File No. 1-07533) and incorporated herein by reference)
10.31	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)
10.32	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)
10.33	* 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)
10.34	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 (filed herewith)
10.35	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 (filed herewith)
10.36	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 (filed herewith)
10.37	Form of Performance Share Award Agreement for awards made under the Trust s Long-Term Incentive Award Program for shares issued out of the 2010 Plan (filed herewith)
10.38	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 (filed herewith)
10.39	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 (filed herewith)
10.40	Form of Option Award Agreement for basic options awarded out of the 2010 Plan (filed herewith)
10.41	Form of Restricted Share Award Agreement, dated as of February 10, 2011, between the Trust and each of Dawn M. Becker, Jeffrey S. Berkes and Andrew P. Blocher (filed herewith)
21.1	Subsidiaries of Federal Realty Investment Trust (filed herewith)
23.1	Consent of Grant Thornton LLP (filed herewith)
24.1	Power of Attorney (included on signature page)

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EXHIBIT INDEX

Exhibit No.	Description
31.1	Rule 13a-14(a) Certification of Chief Executive Officer (filed herewith)
31.2	Rule 13a-14(a) Certification of Chief Financial Officer (filed herewith)
32.1	Section 1350 Certification of Chief Executive Officer (filed herewith)
32.2	Section 1350 Certification of Chief Financial Officer (filed herewith)
101	The following materials from Federal Realty Investment Trust s Annual Report on Form 10-K for the year ended December 31, 2010, formatted in XBRL (Extensible Business Reporting Language): (1) the Consolidated Balance Sheets, (2) the Consolidated Statements of Operations, (3) the Consolidated Statement of Shareholders Equity, (4) the Consolidated Statements of Cash Flows, and (5) Notes to Consolidated Financial Statements, tagged as blocks of text.

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