

FEDERAL REALTY INVESTMENT TRUST

Form S-3ASR

May 08, 2012

Table of Contents

As filed with the Securities and Exchange Commission on May 8, 2012

Registration No. 333-

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM S-3**  
**REGISTRATION STATEMENT**

*UNDER THE SECURITIES ACT OF 1933*

**FEDERAL REALTY INVESTMENT TRUST**

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

52-0782497

(I.R.S. Employer Identification No.)

1626 East Jefferson Street

Rockville, Maryland 20852

Edgar Filing: FEDERAL REALTY INVESTMENT TRUST - Form S-3ASR

Telephone: (301) 998-8100

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Dawn M. Becker, Executive Vice President, General Counsel and Secretary**

**Federal Realty Investment Trust**

**1626 East Jefferson Street**

**Rockville, Maryland 20852**

**Telephone: (301) 998-8100**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

**Copies to:**

**Jeffrey B. Grill, Esq.**

**Eric M. Green, Esq.**

**Pillsbury Winthrop Shaw Pittman LLP**

**2300 N Street, N.W.**

**Washington, D.C. 20037**

**(202) 663-8000**

**Approximate date of commencement of proposed sale of the securities to the public:**

From time to time following the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

## Edgar Filing: FEDERAL REALTY INVESTMENT TRUST - Form S-3ASR

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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

Large accelerated filer  Accelerated filer   
 Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Shares, \$0.01 par value	899,936	(1)	(1)	(1)

(1) Pursuant to Rule 415(a)(6) under the Securities Act, the securities registered pursuant to this registration statement consist of 899,936 unsold common shares previously registered under the registrant's registration statement on Form S-3 (Registration No. 333-160306) (the Prior Registration Statement). In connection with the registration of such unsold common shares under the Prior Registration Statement, the registrant paid a registration fee of \$2,489.23, which will continue to be applied to such unsold securities. Pursuant to Rule 415(a)(6), the offering of the unsold securities registered under the Prior Registration Statement will be deemed terminated as of the date of effectiveness of this registration statement.

**Table of Contents**

**PROSPECTUS**

**Dividend Reinvestment and Share Purchase Plan**

**899,936 Common Shares of Beneficial Interest**

The Dividend Reinvestment and Share Purchase Plan, which we refer to as the Plan, provides record holders of our common shares of beneficial interest, as well as other interested investors, with a convenient and economical way to acquire common shares.

**PLAN HIGHLIGHTS**

You may participate in the Plan if you own our common shares. If you do not own any common shares, you may be able to make your initial investment in our common shares through the Plan with a minimum initial investment of \$250.

Once you are enrolled in the Plan, you may buy additional common shares by automatically reinvesting all or a portion of the cash dividends paid on your common shares.

Once you are enrolled in the Plan, you may buy additional common shares by making optional cash investments from \$25 to \$10,000 per month.

Your participation in the Plan is entirely voluntary, and you may terminate your participation at any time. If you do not elect to participate in the Plan, you will receive cash dividends, if and when declared by our board of trustees.

Our common shares are traded on the New York Stock Exchange under the ticker symbol FRT. The closing price of our common shares on May 7, 2012 was \$102.03.

**Investing in our securities involves risks. See Risk Factors on page 5 of this prospectus.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus is May 8, 2012.

**Table of Contents**

No person has been authorized to give any information or to make any representation not contained in this prospectus. This prospectus does not constitute an offer of any securities other than those described on the cover page or an offer to sell or a solicitation of an offer to buy within any jurisdiction to any person to whom it is unlawful to make such offer or solicitation within such jurisdiction.

**QUESTIONS CONCERNING THE PLAN**

Please address all correspondence concerning the Plan to:

American Stock Transfer & Trust Company, LLC

Wall Street Station

P.O. Box 922

New York, NY 10269-0560

Federal Realty Investment Trust should be mentioned in all correspondence and Plan participants should give the number of their account. American Stock Transfer & Trust Company, LLC may be reached by telephone at (718) 921-8283 or (877) 611-8039.

**TABLE OF CONTENTS**

	<b>Page</b>
<u>About this Prospectus</u>	1
<u>Prospectus Summary</u>	2
<u>Risk Factors</u>	5
<u>Forward-Looking Statements</u>	5
<u>Use of Proceeds</u>	5
<u>The Plan</u>	5
<u>Purpose</u>	5
<u>Participation Options</u>	6
<u>Benefits and Disadvantages</u>	6
<u>Eligibility</u>	7
<u>Administration</u>	8
<u>Participation</u>	8
<u>Costs</u>	9
<u>Purchases and Optional Cash Investments</u>	9
<u>Reports</u>	11
<u>Dividends</u>	11
<u>Certificates for Shares</u>	12
<u>Withdrawal from the Plan</u>	12
<u>Other Information</u>	13
<u>Material Federal Income Tax Considerations</u>	15
<u>Experts</u>	33
<u>Legal Matters</u>	33
<u>Where You Can Find More Information</u>	33

**Table of Contents**

**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or the SEC, under the Securities Act of 1933, as amended, or the Securities Act. This prospectus does not contain all of the information included in the registration statement, portions of which we have omitted as permitted by the rules and regulations of the SEC. For further information, we refer you to the registration statement, including its exhibits. Statements contained in this prospectus about the provisions or contents of any agreement or other document are not necessarily complete. If the SEC's rules and regulations require that an agreement or document be filed as an exhibit to the registration statement, please see the agreement or document for a complete description of these matters. You should not assume that the information in this prospectus or any incorporated document is accurate as of any date other than the date of the document. You should read this prospectus together with the additional information described under the heading "Where You Can Find More Information" in this prospectus.

References to we, us, our or ours refer to Federal Realty Investment Trust and its directly or indirectly owned subsidiaries, unless the context otherwise requires.

**Table of Contents**

**PROSPECTUS SUMMARY**

*The following summary is qualified in its entirety by the more detailed information and consolidated financial statements and notes thereto contained elsewhere in or incorporated by reference into this prospectus. This summary may omit information that may be important to you. You should carefully read the entire text of this prospectus, including the Plan beginning on page 5 of this prospectus, before you decide to participate in the Plan.*

**The Trust**

We are an equity real estate investment trust, or REIT, specializing in the ownership, management and redevelopment of high quality retail and mixed-use properties located primarily in densely populated and affluent communities in strategically selected metropolitan markets in the Northeast and Mid-Atlantic regions of the United States, as well as in California. As of March 31, 2012, we owned or had a majority interest in community and neighborhood shopping centers and mixed-use properties which are operated as 87 predominantly retail real estate projects comprising approximately 19.2 million square feet. In total, the real estate projects were 93.8% leased and 92.6% occupied at March 31, 2012. A joint venture in which we own a 30% interest owned seven retail real estate projects totaling approximately 1.0 million square feet as of March 31, 2012. In total, the joint venture properties in which we own a 30% interest were 87.8% leased and occupied at March 31, 2012. We have paid quarterly dividends to our shareholders continuously since our founding in 1962 and have increased our dividends per common share for 44 consecutive years.

We operate in a manner intended to enable us to qualify as a REIT pursuant to provisions of the Internal Revenue Code of 1986, as amended, or the Code.

We were founded in 1962 as a REIT under the laws of the District of Columbia and re-formed as a real estate investment trust in the state of Maryland in 1999. Our principal executive offices are located at 1626 East Jefferson Street, Rockville, Maryland 20852. Our telephone number is (301) 998-8100. Our website address is [www.federalrealty.com](http://www.federalrealty.com). The information contained on our website is not a part of this prospectus and is not incorporated herein by reference.

**The Plan**

**Enrollment:**

Our existing shareholders can participate in the Plan by submitting a completed authorization form or by completing the enrollment procedures specified on the website of the Plan's administrator, American Stock Transfer & Trust Company, LLC, or AST, at [www.amstock.com](http://www.amstock.com). Please see Questions 6 and 7 for more detailed information.

**Initial Investment:**

If you do not own any of our common shares, you may be able to participate in the Plan by making an initial investment in our common shares through the Plan with a minimum initial investment of \$250. Your ability to make your initial investment in our common shares through the Plan may be limited, however, by applicable state securities or "blue sky" laws, as well as laws applicable to investors residing outside the United States. Please see Questions 4 and 6 for more detailed information.

**Table of Contents**

**Reinvestment of Dividends:** You can reinvest your cash dividends on all or a portion of your common shares. You will be able to purchase additional common shares by reinvesting your dividends. As a result of the Emergency Economic Stabilization Act of 2008, the Plan administrator will now report cost basis to both the participants in the Plan and the Internal Revenue Service, or the IRS. The common reporting method applicable to dividend reinvestment plans is the average basis method. In order to use this method, the plan requires shareholders to reinvest a minimum of 10% of their dividend each scheduled disbursement date. If your account falls under the 10% mandatory threshold, you will be sent a notification outlining your alternatives for dividend reinvestment. Please see Question 2 for more detailed information.

**Optional Cash Investments:** After your enrollment in the Plan, you can buy additional common shares. You can invest a minimum of \$25 to a maximum of \$10,000 in any one month.

**Source of Shares:** Initially, the administrator of the Plan will purchase our common shares directly from us as newly issued common shares. We may, at our election, also direct the Plan administrator to acquire shares for use under the Plan through open market transactions. Please see Question 10 for more detailed information.

**Purchase Price:** Under the Plan, with respect to reinvested dividends and optional cash investments, the purchase price for our common shares that the administrator purchases directly from us will equal 100% of the average of the daily high and low sales prices for common shares reported by the New York Stock Exchange for the period of five trading days ending on the day of purchase. The purchase price for common shares purchased by the administrator in the open market will equal the weighted average purchase price paid for the shares on the relevant investment date. Regardless of the source of shares, in no event will the purchase price be less than 95% of the closing price of the common shares as reported on the New York Stock Exchange on the day of purchase. Please see Question 13 for more detailed information.

Optional cash investments of less than \$25 and that portion of any optional cash investments that exceed \$10,000 in a particular month will be returned to the participant without interest.

**Administration and Plan Administrator:** AST initially will serve as the administrator and registered transfer agent of the Plan. You should send all correspondence with the administrator to:

American Stock Transfer & Trust Company, LLC

6201 15th Avenue

Brooklyn, New York 11219

Attention: Shareholder Relations Department



**Table of Contents**

You should send all completed enrollment forms, payments and other documents for processing to:

American Stock Transfer & Trust Company, LLC

Wall Street Station

P.O. Box 922

New York, NY 10269-0560

Please mention Federal Realty Investment Trust and this Plan in all correspondence. You may call the Plan administrator at (718) 921-8283 or (866) 627-2644. Please see Question 5 for more detailed information.

**Tracking Your Investment:**

You will receive periodic statements of the transactions made in your Plan account. These statements will provide you with details of the transactions and will indicate the share balance in your Plan account. Please see Question 16 for more detailed information.

You may also track your Plan account through AST's interactive voice response system (IVR) by calling (877) 611-8039, or over the Internet through AST's website at [www.amstock.com](http://www.amstock.com). You will need a password to access your Plan account information over the Internet. Please see Questions 6 and 14 for more detailed information.

**Table of Contents**

**RISK FACTORS**

Investing in our securities involves a high degree of risk. Before making an investment decision, please consider the risks described under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, on file with the SEC, which is incorporated herein by reference, in addition to any risks and additional information included in this prospectus, in an applicable prospectus supplement and in any subsequent filing with the SEC that is incorporated herein by reference. The risks and uncertainties we have described are those we believe to be the principal risks that could affect us, our business or our industry, and which could result in a material adverse impact on our financial condition, results of operation or the market price of our securities. However, additional risks and uncertainties not currently known to us or that we currently deem immaterial may affect our business operations and the market price of our securities.

**FORWARD-LOOKING STATEMENTS**

This prospectus contains and incorporates forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the Private Securities Litigation Reform Act of 1995. Also, documents that we incorporate by reference into this prospectus, including documents that we subsequently file with the SEC, will contain forward-looking statements. When we refer to forward-looking statements or information, sometimes we use words such as "may," "will," "could," "should," "plans," "intends," "expects," "believes," "estimates," "anticipates" and "continues." The risk factors in this prospectus and in any prospectus supplement describe risks that may affect these statements but are not all-inclusive, particularly with respect to possible future events. Many things can happen that can cause actual results to be different from those we describe. Given these uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements. We also make no promise to update any of the forward-looking statements, or to publicly release the results if we revise any of them.

**USE OF PROCEEDS**

We will use the net proceeds from the sale of common shares pursuant to the Plan, when and as received, to repay indebtedness, acquire additional properties, develop and redevelop existing properties, redeem any outstanding preferred shares and for working capital and general trust purposes. We have not yet determined the amount of the proceeds which will be devoted to any one of these purposes. We have no basis for estimating precisely either the number of common shares that ultimately may be sold pursuant to the Plan, or the prices at which such common shares will be sold.

**THE PLAN**

The Plan is set forth and explained in the following questions and answers.

**Purpose**

**1. What is the purpose of the Plan?**

The primary purpose of the Plan is to provide shareholders and other interested investors a convenient and economical way to reinvest all or a portion of their cash dividends in additional common shares. A secondary purpose is to provide us with additional funds from our sales of common shares under the optional cash investment feature of the Plan, which we will use to make real estate investments, make improvements to our existing properties, repay indebtedness, and for working capital and other general trust purposes.

## **Table of Contents**

### **Participation Options**

#### **2. What are my investment options under the Plan?**

By participating in the Plan, you may buy common shares through any of the following investment options:

**Full Dividend Reinvestment.** You may reinvest the cash dividends paid on all of your certificated common shares in additional common shares. This option also permits you to make optional cash investments from \$25 to \$10,000 per month to buy additional common shares.

**Partial Dividend Reinvestment.** You may reinvest cash dividends paid on a number of your certificated common shares in additional common shares. We will continue to pay you cash dividends on any common shares for which you do not elect dividend reinvestment, when and if such dividends are declared by our board of trustees. This option also permits you to make optional cash investments from \$25 to \$10,000 per month to buy additional common shares. As a result of the Emergency Economic Stabilization Act of 2008, the Plan administrator will now report cost basis to both the participants in the Plan and the IRS. The common reporting method applicable to dividend reinvestment plans is the average basis method. In order to use this method, the plan requires shareholders to reinvest a minimum of 10% of their dividend each scheduled disbursement date. If your account falls under the 10% mandatory threshold, you will be sent a notification outlining your alternatives for dividend reinvestment.

**Optional Cash Investment Only.** You may choose not to reinvest any cash dividends paid on your common shares, but remain enrolled in the Plan in order to make optional cash investments from \$25 to \$10,000 per month to buy additional common shares. We will continue to pay you cash dividends, when and if declared by our board of trustees, on the common shares owned by you then or in the future, unless you designate the shares for reinvestment pursuant to the Plan.

You must select one of these three investment options when you enroll in the Plan. If you fail to make a selection, the administrator will enroll you in the Full Dividend Reinvestment option and will reinvest all dividends on all common shares registered in your name.

### **Benefits and Disadvantages**

#### **3. What are the benefits and disadvantages of the Plan?**

##### *Benefits*

You will not pay brokerage commissions or service fees to purchase common shares through the Plan.

You will get the convenience of having all or a portion of your cash dividends automatically reinvested in additional common shares. Since the administrator will credit fractional common shares to your Plan account, you will receive full investment of your dividends and optional cash investments.

You may join without being a current shareholder.

Your share certificates will be held for safekeeping by the administrator, ensuring your protection against loss, theft or destruction of the certificates representing your common shares.

## Edgar Filing: FEDERAL REALTY INVESTMENT TRUST - Form S-3ASR

You will simplify your record keeping by receiving periodic statements which will reflect all current activity in your Plan account, including purchases, sales and latest balances, and you may track your Plan account by accessing AST's IVR telephone system or Internet website.

You will have the flexibility of making optional cash investments from \$25 to \$10,000 in any one month to buy additional common shares. You may make these optional cash investments on a regular or occasional basis by check, money order or electronic fund transfer.

At any time, you may direct the administrator to sell or transfer all or a portion of the common shares held in your Plan account.

## **Table of Contents**

### *Disadvantages*

Without giving you prior notice, we may direct the administrator to buy common shares under the Plan either directly from us or in open market transactions.

You will be treated for federal income tax purposes as receiving a distribution equal to the fair market value of the common shares credited to your account as a result of the reinvestment of cash dividends. In addition, we will pay all brokerage commissions or service fees incurred if the administrator buys shares on the open market for use with the Plan. In that case, you will be treated for federal income tax purposes as receiving an additional distribution equal to your pro rata share of these commissions or fees. The distributions will be taxable as a dividend to the extent of our current and accumulated earnings and profits. Accordingly, you may have a tax liability without a corresponding distribution of cash with which to pay the liability when it comes due.

You may not know the actual number of common shares that the administrator of the Plan buys for your account until after the applicable investment date, as described in more detail under Question 11.

The price paid for the shares on any date may be greater than the price at which shares are then trading.

Sales of common shares held in your Plan account may take up to five business days to process.

You will pay brokerage commissions or trading and transaction fees on the sale of common shares held in your Plan account.

The administrator will not pay interest on funds that it holds pending reinvestment or investment.

You may not pledge common shares deposited in your Plan account unless you withdraw the common shares from the Plan.

### **Eligibility**

#### **4. Who is eligible to participate in the Plan?**

All shareholders are eligible to participate in the Plan. If you are a shareholder and your common shares are registered in a name other than your own (e.g., in the name of a broker, bank or nominee) and you want to participate, you may either make appropriate arrangements for your broker, bank or nominee to become a participant or you may become a shareholder of record by having a part or all of your common shares transferred to your own name. To have common shares of which you are the beneficial owner re-registered in your name, you must request your broker, bank or nominee to send you a certificate representing such common shares. A broker, bank or other nominee who wishes to participate in the Plan may do so but only with respect to all common shares held by the broker, bank or nominee.

If you are an interested investor, but not yet a shareholder, you may use the Plan to make your initial purchase of at least \$250 of common shares. This initial purchase would enable you to participate in both the optional cash investment and dividend reinvestment portions of the Plan. Please note that regulations in certain countries may limit or prohibit participation in services provided under this type of Plan. Therefore, persons residing outside of the United States are responsible for complying with any such regulations. We and the Plan's administrator reserve the right to prohibit or terminate participation of any shareholder or prospective shareholder if deemed necessary or advisable under any applicable laws or regulations.

*Exclusion from Plan for short-term trading or other practices.* You should not use the Plan to engage in short-term trading activities that could change the normal trading volume of the common shares. If you do engage in short-term trading activities, we may prevent you from participating in the Plan. We reserve the right to modify, suspend or terminate participation in the Plan, by otherwise eligible holders of common

shares, in order to eliminate practices which are, in our sole discretion, not consistent with the purpose or operation of the

---

**Table of Contents**

Plan or which adversely affect the price of the common shares. In addition to short-term trading activities, we reserve the right to prevent you from participating in the Plan for any other reason. It is in our sole discretion to exclude you from or terminate your participation in the Plan.

**Administration**

**5. Who administers the Plan for the participants?**

AST administers the Plan and acts as agent for the participants. You should send all correspondence concerning the Plan to: Federal Realty Investment Trust, c/o American Stock Transfer & Trust Company, LLC, 6201 15th Avenue, Brooklyn, New York 11219, Attention: Shareholder Relations Department. You should send all completed enrollment forms, payments and other documents to Federal Realty Investment Trust, c/o American Stock Transfer & Trust Company, LLC, Wall Street Station, P.O. Box 922, New York, NY 10269-0560. Should you have any questions regarding the Plan or your Plan account, you may call AST at (718) 921-8283 or (866) 627-2644.

**Participation**

**6. How does a shareholder enroll and participate in the Plan?**

If you are not already a participant in the Plan, you may enroll by completing the attached authorization card and mailing it to AST or by following the enrollment procedures specified on AST's website at [www.amstock.com](http://www.amstock.com). If you have questions, please contact AST at (718) 921-8283 or (866) 627-2644.

Once enrolled, there are three ways that you can process transactions for your account. You can:

1. Utilize AST's website at [www.amstock.com](http://www.amstock.com). You will be able to process the following transactions online:

Set up an account	Sell shares
Make additional purchases	Terminate your participation in the Plan
Change your investment options	Request a certificate for (non-fractional) shares held in your Plan account

2. Utilize AST's Interactive Voice Response System (IVR) by calling AST at (866) 627-2644. You will be able to process the following transactions through the IVR system:

Sell shares

Request a certificate for (non-fractional) shares held in your Plan account

Terminate participation in the Plan

3. Utilize the Transaction Request Form attached to the bottom of your statement and mail it to:

American Stock Transfer & Trust Company, LLC

Edgar Filing: FEDERAL REALTY INVESTMENT TRUST - Form S-3ASR

Wall Street Station

P.O. Box 922

New York, NY 10269-0560

By utilizing the Transaction Request form you will be able to do the following:

Make additional purchases

Sell shares

8



## **Table of Contents**

Deposit shares for safekeeping

Request a certificate for (non-fractional) shares held in your Plan account

Terminate your Plan account

If you are not presently a shareholder, you may enroll and make your initial investment through the Plan. To make this initial investment, include with your authorization card a check or money order drawn on a U.S. bank for a minimum of \$250, or such greater amount you may specify (up to the maximum monthly amount of \$10,000) made out to American Stock Transfer and Trust Co./FRT. Or, if you enroll by following the procedures specified on AST's website, you may make your initial investment by wire transfer as described more fully in the answer to Question 14.

### **7. When may a shareholder join the Plan?**

Shareholders may join the Plan at any time. If the authorization card or online enrollment is received by AST on or before the record date for the payment of the next dividend, reinvestment will begin with that dividend. If the authorization card or online enrollment is received in the period between any dividend record date and payment date, that dividend will be paid in cash and the shareholder's initial dividend reinvestment will begin with the next dividend.

Optional cash investments may be made at any time. See Question 14 for a description of when and how amounts received will be invested in our common shares.

### **8. How may a participant change options under the Plan?**

As a participant, you may change investment options or modify the number of common shares designated under the Partial Dividend Reinvestment option at any time by completing a new authorization card and returning it to AST at the address set forth on the authorization card. You may also process these types of transactions through AST's Internet website and its IVR system, as described in Question 6, above. Any such change will become effective as of the dividend record date following the date the authorization card is received by AST or the IVR or Internet request has been processed by AST. See Question 2 above for a discussion regarding the Partial Dividend Reinvestment option.

## **Costs**

### **9. What costs do participants pay for their purchases of shares under the Plan?**

None. There are no brokerage commissions or service fees on purchases. We will pay all costs of administration of the Plan, except that participants may incur certain costs in connection with their withdrawal from the Plan if they direct AST to sell their common shares.

## **Purchases and Optional Cash Investments**

### **10. What is the source of the shares purchased under the Plan?**

Initially, common shares purchased under the Plan will come from our legally authorized but unissued common shares. We may, however, in our sole discretion, direct the administrator to obtain common shares for sale through the Plan in open market purchases.

### **11. When will dividends and optional cash investments be invested in shares?**

If we are using newly issued common shares, dividends will be reinvested on the same day as we pay our cash dividends to shareholders not participating in the Plan. The record dates for our dividend payments typically have preceded the dividend payment dates by approximately two to four weeks. We have historically paid

## **Table of Contents**

dividends on or about January 15, April 15, July 15 and October 15 of each year. We cannot assure you that we will continue to pay dividends according to this schedule, and nothing in the Plan obligates us to do so. Neither we nor the administrator will be liable if conditions, including our obligation to comply with the rules and regulations of the SEC, prevent the administrator from buying common shares or interfere with the timing of purchases.

We pay dividends as and when declared by our board of trustees. We cannot assure you that we will declare or pay a dividend in the future, and nothing contained in the Plan obligates us to do so. The Plan does not represent a guarantee of future dividends. Optional cash investments will be invested as of the 1st and 15th of each month, or the next business day if the 1st or the 15th is not a business day. If the administrator is buying common shares for the Plan through open market purchases, the administrator will reinvest dividends or make optional cash investments as soon as practicable on or after the regular investment date.

### **12. How many shares will be purchased with a participant's dividends and optional cash investments?**

The number of full and fractional common shares (calculated to three decimal places) purchased with a participant's dividends and optional cash investments will be determined by dividing the aggregate amount of dividends and voluntary cash payments, if any, by the applicable purchase price of common shares.

### **13. What will be the price for shares purchased under the Plan?**

The price of common shares purchased directly from us with reinvested cash dividends and with optional cash investments will equal 100% of the average of the daily high and low sales prices for our common shares (as published in The Wall Street Journal report of New York Stock Exchange Composite Transactions) for the period of five trading days ending on the applicable investment date or, if the New York Stock Exchange is closed on the investment date, the five trading days immediately preceding the investment date.

If the administrator purchases common shares in the open market, then the purchase price for common shares will be the weighted average purchase price paid by the administrator for the shares on the applicable investment date. In that case, we will pay any brokerage commissions or service fees incurred by the administrator in making the open market purchases. The administrator will purchase the shares as soon as is practical on or after an investment date.

Regardless of the source of shares, in no event will the purchase price be less than 95% of the sum of the closing price of the common shares as reported on the New York Stock Exchange on the day of purchase, plus, if the shares are acquired through open market purchases, the per share amount of brokerage commissions or fees paid by us. While this is not expected to be the case, if the amount of brokerage commissions or service fees paid by us on open market purchases caused this 95% limitation not to be met, you effectively would pay the proportionate share of such brokerage commissions or service fees equal to the amount that will cause the 95% limitation to be met.

### **14. How does a participant make optional cash investments?**

Existing shareholders and interested investors can make an optional cash investment when joining the Plan by enclosing a check or money order with your authorization card. Thereafter, optional cash payments should be mailed with the tear-off portion of your account statement or your purchase transaction advice mailed to you after a purchase is completed by the Plan administrator. Optional cash payments may also be transacted online by logging on to [www.amstock.com](http://www.amstock.com). Enter your ten digit account number (provided to you in your account statement) and the last four digits of your social security number. You may then complete your optional cash investment confirmation in two simple steps. For first-time investors (non-registered holders) the minimum initial investment is \$250.00. For existing investors who have shares already registered in their names, the minimum investment is \$25.00. The maximum investment for existing or new investors is \$10,000.00 in any given month.

## **Table of Contents**

To make your initial payment, you should mail a check, money order or automatic funds transfer election with an executed authorization card to the agent at the address set forth below. After an authorization card has been received by the agent, optional cash investments may be made by mailing a check, money order or by automatic funds transfer together with a properly executed copy of the form for such purpose which will accompany the account statement sent to participants. All checks and money orders must be payable to American Stock Transfer and Trust Co./FRT. Do not send cash. Optional cash investments must be received five business days prior to a particular investment date, and checks or other drafts must clear prior to such investment date, for an optional cash investment to be invested on such investment date. If a check submitted is returned to the Plan administrator as unpaid, the Plan administrator will resell the shares just purchased and liquidate additional shares, if necessary, to reimburse itself for any fees or loss incurred when reselling from your account.

You are also allowed to make automatic monthly purchases for a constant dollar value by instructing the Plan administrator to electronically debit and transfer funds from your bank. You may also purchase additional shares online by logging onto [www.amstock.com](http://www.amstock.com). Please enter your bank account number and the bank's ABA number for an investment of not less than \$250.00 if you are a new investor or \$25.00 if you already have an account with AST. The maximum amount of each of your investments in a given month may not exceed \$10,000.00.

Common shares purchased with optional cash investments will be held by the administrator and credited to your account under the Plan. Thereafter, dividends on such common shares will automatically be fully or partially reinvested in additional common shares or paid in cash, depending upon the investment option selected, unless such common shares are withdrawn from the Plan.

Payments should be mailed to American Stock Transfer & Trust Company, LLC, Wall Street Station, P.O. Box 922, New York, NY 10269-0560. Optional cash investments which are received by the agent after the investment date will be applied to the purchase of common shares on the next following investment date. On written request from a participant, the administrator will return any uninvested voluntary cash payments if the administrator receives the request at least 72 hours prior to the investment date. Funds held by the administrator will not earn interest pending investment or return.

### **15. Are there any limitations on optional cash investments?**

Yes. A participant may not make optional cash investments of less than \$25 or more than \$10,000 per month. Any amounts less than \$25 or in excess of \$10,000 received by the administrator in any given month from a participant will be returned to the participant, without interest.

## **Reports**

### **16. What reports will participants receive?**

Following each purchase of common shares for a participant under the Plan, the administrator will mail a statement of account showing the amounts invested, the number of common shares purchased, and the purchase price on the investment date. These statements should be retained for income tax purposes. During the year participants will receive copies of the same materials sent to all shareholders, including our annual reports, proxy statements and other information concerning annual shareholder meetings.

## **Dividends**

### **17. Will dividends be paid on shares held in participants' accounts under the Plan?**

Yes. Dividends for all full and fractional Plan common shares will be paid to participants. You can reinvest all, a portion or none of the dividends in additional common shares depending on the investment option you elect. See Question 2 for more details regarding your investment options.

## **Table of Contents**

### **Certificates for Shares**

#### **18. Do participants receive certificates for shares purchased under the Plan?**

No. The administrator holds all shares for participants in book-entry form. Instead of certificates for your shares, you will receive a quarterly dividend reinvestment statement which reflects all activity in your account.

This complimentary custodial service provides protection against loss, theft or destruction of share certificates.

#### **19. What are the consequences if a participant requests certificates?**

You may at any time request the administrator to send certificates for any full common shares credited to your account. A request for a certificate for whole common shares does not terminate participation in the Plan as long as you remain in the Plan and own, either directly or under your Plan account, one full common share. Any fractional common share balance will continue to be maintained to the credit of the participant's account.

#### **20. In whose name will certificates be registered when issued?**

When issued, certificates for full common shares will be registered in the name in which your Plan account is maintained. For holders of record, this generally will be the name in which common share certificates are registered at the time you enroll in the Plan.

#### **21. May shares in a Plan account be pledged?**

No. If you want to pledge common shares credited to your Plan account, you must withdraw those common shares from your Plan account.

### **Withdrawal from the Plan**

#### **22. When may a participant withdraw from the Plan?**

A participant may withdraw from the Plan at any time by accessing AST's Internet website at [www.amstock.com](http://www.amstock.com), by using AST's IVR telephone system or by written request to American Stock Transfer & Trust Company, LLC, Wall Street Station, P.O. Box 922, New York, NY 10269-0560. Any voluntary cash payments sent to the administrator prior to a withdrawal request will be invested in common shares. Whenever a participant no longer owns common shares directly and owns less than one full common share under the Plan, the administrator is authorized to withdraw the participant from the Plan.

#### **23. What happens after a participant withdraws from the Plan?**

When a participant withdraws from the Plan, or upon termination of the Plan by the Trust, a certificate for the full common shares held in the participant's Plan account and cash for any fractional common share held in that account will be mailed to the participant.

Upon withdrawal from the Plan, you may request the administrator to sell all of your common shares in the Plan account. In that case, the sale will be made as promptly as possible after processing the withdrawal request, and the administrator will pay you the proceeds of the sale, less any applicable brokerage commission or charge.

After withdrawal from the Plan has become effective, you will receive all dividends in cash unless and until you rejoin the Plan.

#### **24. What happens to a participant's fractional share upon withdrawal from the Plan or if the Plan is terminated?**

When a participant withdraws from the Plan, or if the Plan is terminated by us, a cash adjustment representing any fraction of a common share then credited to the participant's Plan account will be paid. The

## **Table of Contents**

cash payment will be based upon the closing price of the common shares, on the day the withdrawal request is received or on the day the Plan is terminated.

### **25. When may a shareholder rejoin the Plan?**

Generally, a shareholder may again become a participant at any time. However, we may, in our sole discretion, prevent a shareholder from participating in the Plan, as described in more detail under Question 4.

## **Other Information**

### **26. What happens when a participant sells or transfers some or all of the shares registered in his or her name?**

If you dispose of all or a portion of the common shares for which you hold certificates, the administrator will continue to reinvest dividends on common shares credited to your Plan account in additional common shares unless and until a request to withdraw such common shares from your Plan account is received by the administrator in writing or through AST's website or IVR system.

If you dispose of a portion of your common shares and you have directed the administrator to reinvest dividends on some of your common shares (e.g., Partial Dividend Reinvestment), you should provide new instructions to the administrator in writing or through AST's website or IVR system on how to handle your account. If the administrator does not receive new instructions, it may, in its discretion, pay cash dividends on all of your remaining common shares.

### **27. What effect does the disposal of all shares held directly by a participant have on a participant's Plan account?**

None, as long as you have at least one full common share in your Plan account. Dividends on your Plan common shares and any optional cash investments would continue to be invested under the Plan in additional common shares.

### **28. What happens if we issue a share dividend, declare a share split, have a rights offering or propose to engage in an extraordinary transaction?**

Any share dividends or split common shares distributed by us on common shares held in the Plan will be credited to each participant's account. Transaction processing may be curtailed or suspended until the completion of any share dividend, share split, rights offering or extraordinary transaction.

### **29. How will a participant's Plan shares be voted at annual or special meetings of shareholders?**

You will receive a proxy to vote the number of full common shares held in your Plan account. Fractional common shares in Plan accounts will not be voted. The common shares in the Plan account may only be voted by proxy and not in person at the meeting. As permitted under applicable law, if no instructions are indicated on a properly signed and returned proxy card, a participant's common shares in the Plan account will be voted in accordance with the recommendations of our management. If the proxy card is not returned or is returned unsigned, the participant's common shares will not be voted. Common shares held by you outside of the Plan may be voted by proxy or in person at the meeting.

### **30. What are the federal income tax consequences of participation in the Plan?**

The following is a description of the material federal income tax consequences of participation in the Plan. The following discussion is for general information only and does not constitute tax advice. This discussion does not reflect every possible tax outcome or consequence that could result from participation in the Plan and does not discuss your tax consequences if you are a non-U.S. person or are otherwise subject to special tax treatment

## Table of Contents

under the Internal Revenue Code of 1986, as amended, or the Code. You should consult your own tax advisor to determine the tax consequences particular to your situation, including any applicable state, local or foreign tax consequences.

**Amounts Treated as a Distribution.** Generally, a Plan participant will be treated as having received a distribution with respect to its common shares for federal income tax purposes in an amount determined as described below.

If the administrator uses cash dividends that the participant has elected to have reinvested to purchase common shares directly from us, the participant will be treated as receiving a distribution from us equal to the fair market value on the date of distribution of the common shares purchased on behalf of the participant. For federal income tax purposes, the fair market value of shares acquired under the Plan will likely be treated as equal to the average of the high and low sale prices of shares on the related investment date.

If the administrator uses cash dividends that the participant has elected to have reinvested to purchase common shares on the open market, the participant will be treated for federal income tax purposes as having received a distribution from us equal to the price paid for the common shares, including all brokerage commissions or service fees paid by us.

A participant who makes an optional cash investment through the Plan will be treated as receiving a distribution from us for a pro rata amount of brokerage commissions or service fees paid by us if common shares are purchased on the open market.

Newly-enrolled participants who are making their initial investment in our shares through the Plan's optional cash investment feature and therefore are not currently shareholders of our common shares should not be treated as receiving a distribution from us. In the situations described above, a shareholder will be treated as receiving a distribution from us even though no cash distribution is actually received. These distributions will be taxable in the same manner as all other distributions by us, as described below under **Material Federal Income Tax Considerations** Taxation of Taxable U.S. Shareholders, Taxation of Tax-Exempt U.S. Shareholders and Taxation of Non-U.S. Shareholders, as applicable.

Based on a series of private rulings issued by the IRS, we intend to take the position that administrative expenses of the plan paid by us are not considered to be distributions to participants.

**Basis and Holding Period in Shares Acquired Pursuant to the Plan.** The tax basis for common shares acquired by reinvesting cash distributions through the Plan generally will equal the fair market value of the common shares on the date of distribution, plus any brokerage commissions or service fees paid by us if the shares are purchased on the open market. The holding period for shares acquired by reinvesting cash distributions will begin on the day following the date of distribution.

The tax basis in common shares acquired through an optional cash investment generally will equal the cost paid by the participant in acquiring the common shares, plus any brokerage commissions or service fees paid by us if the shares are purchased on the open market. The holding period for the shares purchased through the optional cash investment feature of the Plan generally will begin on the day the shares are purchased for the participant's account.

**Withdrawal or Disposition of Shares from the Plan.** When participants withdraw shares from the Plan and receive whole shares, they will not realize any taxable income. However, if they receive cash for a fraction of a share, they will be required to recognize gain or loss with respect to that fraction of a share. Participants also will be required to recognize gain or loss whenever shares are sold either pursuant to a request to the administrator or by the participant after the shares are withdrawn from the Plan. Generally, the amount of gain or

**Table of Contents**

loss that a participant will be required to recognize will be the difference between the amount received for the shares and the participant's tax basis in those shares.

**Effect of Withholding Requirements.** Withholding requirements generally applicable to distributions from us will apply to all amounts treated as distributions pursuant to the Plan. See the discussion below under **Material Federal Income Tax Considerations** **Taxation of Taxable U.S. Shareholders** **Information Reporting and Backup Withholding**, and **Taxation of Non-U.S. Shareholders** **Information Reporting and Backup Withholding**, as applicable. All withholding amounts will be withheld from distributions before the distributions are reinvested under the Plan. Therefore, if a U.S. shareholder is subject to