

FEDERAL REALTY INVESTMENT TRUST  
Form DEF 14A  
April 03, 2003  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a)**  
**of the Securities Exchange Act of 1934**  
**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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**FEDERAL REALTY INVESTMENT TRUST**

(Name of Registrant as Specified In Its Charter)

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April 3, 2003

Dear Shareholder:

Please accept our invitation to attend our Annual Meeting of Shareholders on Wednesday, May 7, 2003 at 10:00 a.m. This year's meeting will be held at Woodmont Country Club, 1201 Rockville Pike, Rockville, Maryland.

The business to be conducted at the meeting is set forth in the formal notice that follows. In addition, management will provide a review of 2002 operating results and discuss the outlook for the future. After the formal presentation, our Trustees and management will be available to answer any questions that you may have.

In addition to voting by mail by completing, signing and returning the enclosed proxy card, you may also vote either by telephone (1-800-PROXIES) or on the Internet ([www.voteproxy.com](http://www.voteproxy.com)) by following the instructions on your proxy card.

Your vote is important. We urge you to vote by one of the three methods mentioned above.

We look forward to seeing you on May 7.

Sincerely,

Mark S. Ordan	Donald C. Wood
<i>Chairman of the Board</i>	<i>President and Chief Executive Officer</i>

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**FEDERAL REALTY INVESTMENT TRUST**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD MAY 7, 2003**

To Our Shareholders:

The 2003 Annual Meeting of Shareholders of Federal Realty Investment Trust ( Federal Realty or the Trust ) will be held at Woodmont Country Club, 1201 Rockville Pike, Rockville, Maryland, on Wednesday, May 7, 2003, at 10:00 a.m. for the purpose of considering and acting upon the following:

1. The election of three Trustees to serve until the Trust's 2006 Annual Meeting of Shareholders.
2. The transaction of such other business as may properly come before the meeting or any adjournment.

Shareholders of record at the close of business on March 27, 2003 are entitled to notice of and to vote at the Annual Meeting.

For the Trustees:

Dawn M. Becker  
*Senior Vice  
President General*

*Counsel and Secretary*

**Your vote is important. Please vote, even if you plan to attend the meeting, by completing, signing and returning the enclosed proxy card, by telephone (1-800-PROXIES) or on the Internet ([www.voteproxy.com](http://www.voteproxy.com)) by following the instructions on your proxy card. You may revoke your proxy by submitting a proxy bearing a later date, or by voting in person at the Annual Meeting.**

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**FEDERAL REALTY INVESTMENT TRUST**

**1626 East Jefferson Street, Rockville, Maryland 20852**

**PROXY STATEMENT**

**March 28, 2003**

Proxies in the form enclosed are solicited by the Board of Trustees of Federal Realty Investment Trust for use at the 2003 Annual Meeting of Shareholders ( Annual Meeting ) to be held at 10:00 a.m., Wednesday, May 7, 2003, at Woodmont Country Club, 1201 Rockville Pike, Rockville, Maryland.

This proxy statement and an accompanying proxy are being mailed to shareholders on or about April 3, 2003, together with the Trust's 2002 Annual Report, which includes audited financial statements for the year ended December 31, 2002.

**ABOUT THE MEETING**

***What is the purpose of the Annual Meeting?***

At the Annual Meeting, shareholders will act upon the matters outlined in the notice of meeting included in this proxy statement, including the election of three Trustees. In addition, management will report on the performance of the Trust during 2002 and respond to questions from shareholders.

***Who is entitled to vote at the meeting?***

Only holders of record of the Trust's common shares of beneficial interest ( Shares ) at the close of business on March 27, 2003, the record date for the meeting, are entitled to receive notice of and to vote at the annual meeting. On that date, the Trust had 45,178,117 Shares outstanding. If you were a shareholder of record on that date, you will be entitled to vote all of the Shares that you held on that date at the meeting, or any postponements or adjournments of the meeting.

***What constitutes a quorum?***

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At the Annual Meeting, the presence, in person or by proxy, of a majority of the outstanding Shares entitled to vote constitutes a quorum, permitting the conduct of the business of the meeting. Abstentions will be counted for purposes of determining a quorum.

### ***How do I vote?***

If you complete and properly sign and mail the accompanying proxy card, it will be voted as you direct. If you are a registered shareholder and attend the meeting, you may deliver your completed proxy card in person. Street name shareholders who wish to vote at the meeting will need to obtain a proxy form from the institution that holds their Shares.

If you are a registered shareholder, you may vote by telephone (1-800-PROXIES), or electronically through the Internet (www.voteproxy.com), by following the instructions included with your proxy card. If your shares are held in street name, please check your proxy card or contact your broker or nominee to determine whether you will be able to vote by telephone or electronically.

### ***Can I change my vote after I return my proxy card?***

Yes. A proxy may be revoked by a registered shareholder at any time before it is exercised at the Annual Meeting by submitting a proxy bearing a later date or by voting in person at the Annual Meeting.

### ***What are the Board's recommendations?***

Unless you give other instructions on your proxy card, the persons named as proxies on the proxy card will vote in accordance with the recommendations of the Board of Trustees, *i.e.*, FOR the election of each of the three Trustees nominated.

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With respect to any other matter that properly comes before the meeting, the named proxies will vote as recommended by the Board of Trustees or, if no recommendation is given, in their own discretion.

***What vote is required to approve each item?***

As to each item, shareholders are entitled to cast one vote per Share. The affirmative vote of a plurality of votes cast at the meeting, in person or by proxy, is required for the election of Trustees. Abstentions will not affect the outcome of the vote on the election of Trustees.

**SHARE OWNERSHIP**

***Who are the largest owners of the Trust's Shares?***

To the Trust's knowledge, based upon information available to the Trust, beneficial owners of more than 5% of the Trust's Shares as of March 27, 2003, are as follows:

<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class</b>
Morgan Stanley(1)  1585 Broadway  New York, New York 10036	4,397,425	9.7%
Cohen & Steers Capital Management, Inc.(2)  757 Third Avenue  New York, New York 10017	2,993,795	6.6%

- (1) Information based on a Schedule 13G/A filed with the Securities and Exchange Commission ( SEC ) on March 3, 2003 by Morgan Stanley and its wholly owned subsidiary, Morgan Stanley Investment Management Inc. The Schedule 13G/A indicates that Morgan Stanley is a parent holding company with shared voting power over 3,509,458 Shares and shared dispositive power over 4,397,425 Shares, and that Morgan Stanley Investment Management Inc. is an investment adviser with shared voting power over 3,141,400 Shares and shared dispositive power over 4,007,567 Shares.
- (2) Information based on a Schedule 13G filed with the SEC on February 14, 2003 by Cohen & Steers Capital Management, Inc. The Schedule 13G indicates that the reporting entity is an investment adviser with sole voting power over 2,811,095 Shares and sole dispositive power over 2,993,795 Shares.





**Table of Contents*****How many Shares do the Trust's Trustees and executive officers own?***

As of March 27, 2003, Trustees and executive officers as a group, and each Trustee and named executive officer, beneficially owned the following Shares:

Name of Beneficial Owner	Number of Shares Beneficially Owned (1)	Percentage of Outstanding Shares of the Trust
Trustees and executive officers as a group(10 individuals)(2)	959,902	2.10%
Dawn M. Becker(3)	45,753	*
Jeffrey S. Berkes(4)	60,870	*
Dennis L. Berman(5)	64,112	*
Larry E. Finger(6)	65,689	*
Kristin Gamble(7)	97,367	*
Steven J. Guttman(8)	1,334,313	2.93%
Amy B. Lane	7,500	*
Walter F. Loeb(9)	38,430	*
Mark S. Ordan(10)	20,307	*
Joseph S. Vassalluzzo	4,000	*
Donald C. Wood(11)	555,874	1.22%

\* Less than 1%.

- (1) The number and percentage of Shares shown in this table reflect beneficial ownership, determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act) including Shares which are not owned but as to which options are outstanding and may be exercised within 60 days. Except as noted in the following footnotes, each Trustee and named executive officer has sole voting and investment power as to all Shares listed. Fractional Shares have been rounded to the nearest full Share.
- (2) Includes 561,874 Shares issuable upon exercise of options. Does not include Mr. Guttman, who is no longer a Trustee or executive officer of the Trust.
- (3) Includes 30,834 Shares issuable upon exercise of options. Includes unvested Performance Share Awards of 8,300 Shares and unvested Restricted Share Awards of 2,809 Shares.
- (4) Includes 10,000 Shares issuable upon exercise of options. Includes unvested Performance Share Awards of 7,800 Shares and unvested Restricted Share Awards of 10,416 Shares. Includes 14,145 Shares as to which voting and investment power is shared with Mr. Berkes wife.
- (5) Includes 25,000 Shares issuable upon exercise of options. Includes 12,500 Shares held in trust as to which Mr. Berman shares voting power with two other trustees. Mr. Berman does not have disposition rights with respect to these Shares. This number also includes 1,000 Shares owned by a partnership in which Mr. Berman is a general partner.
- (6) Includes 33,333 Shares issuable upon exercise of options. Includes unvested Performance Share Awards of 30,000 Shares and unvested Restricted Share Awards of 2,356 Shares.
- (7) Includes 20,000 Shares issuable upon exercise of options. Includes 73,467 Shares as to which Ms. Gamble shares investment power for clients. Includes 1,400 Shares as to which Ms. Gamble is a trustee of a profit sharing plan, of which Ms. Gamble has a direct interest in 571 Shares.
- (8) Includes 400,000 Shares issuable upon exercise of options. Includes 12,000 Shares held in trust as to which Mr. Guttman shares voting and investment power with one other trustee and 29,822 Shares held in trust for his children. Includes 6,992 Shares owned by Mr. Guttman's wife. Mr. Guttman resigned from the Trust effective January 1, 2003.
- (9) Includes 25,000 Shares issuable upon exercise of options.
- (10)

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- Includes 17,500 Shares issuable upon exercise of options. Includes 2,807 Shares as to which voting and investment power is shared with Mr. Ordan's former wife.
- (11) Includes 400,207 Shares issuable upon exercise of options. Includes unvested Performance Share Awards of 68,000 Shares and unvested Restricted Share Awards of 31,449 Shares. Includes 9,437 shares owned by Mr. Wood's wife.

**Table of Contents****ITEM 1****Election of Trustees*****Who are the Trustees standing for election?***

Our Board of Trustees consists of seven Trustees. Pursuant to Section 5.2 of the Trust's Declaration of Trust, the Trustees are divided into three classes, with each class serving a three-year term. Three Trustees, comprising one class of Trustees, are nominated for election at the Annual Meeting. Ms. Amy B. Lane, Mr. Walter F. Loeb and Mr. Joseph S. Vassalluzzo have been nominated for election as Trustees to hold office until the 2006 Annual Meeting and until their successors have been elected and qualified. Proxies may not be voted for more than three Trustees.

<b>Name</b>	<b>Age</b>	<b>Principal Occupations and Other Directorships</b>	<b>Trustee Since</b>	<b>Term to Expire</b>
Amy B. Lane	50	Former Founder and Group Leader of the Global Retailing Investment Banking Group of Merrill Lynch & Co., Inc., from 1997 until her retirement in 2002; Managing Director of Salomon Brothers Inc., specializing in mergers and acquisitions in the retail industry from 1989 to 1991 and founding and leading its retail-industry investment banking unit from 1991 until 1996; various positions with Morgan Stanley & Co. from 1977 until 1989. Director, Borders Group, Inc., a retailer specializing in books, music, movies, and other entertainment items.	2002	2006
Walter F. Loeb	78	President of Loeb Associates Inc., management consultants to domestic and international retail companies, real estate developers, apparel companies and other businesses within the retail industry, and Publisher of the <i>Loeb Retail Letter</i> , since 1990; Principal of Morgan Stanley & Co., Inc. from 1984 until 1990 and Senior Retail Analyst from 1974 until 1990, specializing in investment banking and brokerage. Other prior retail industry experience includes: Vice President of Johnson Redbook Service, a publisher of retail industry research; P.K. Halsted & Associates, Inc., an international retail consulting firm with clients throughout the United States and Europe; and executive experience with Macy's, the May Department Stores and Allied Stores. Director, The Gymboree Corp., a retailer of children's apparel, accessories and developmental play programs; Director, Wet Seal, Inc., a women's apparel retailer; Director, Hudson's Bay Company, a Canadian chain of retail department stores and discount stores.	1991	2006
Joseph S. Vassalluzzo	55	Vice Chairman of Staples, Inc., a retailer specializing in home, office, and computer products, since January 2000, with responsibility for overseeing domestic and international growth in its retail and commercial operations; President of Staples Realty & Development, a subsidiary of Staples, Inc., from 1997 to 2000; various other officer positions associated with Staples' growth and worldwide expansion from 1989 to 1997; various officer positions with American Stores Co., a grocery store chain, and its subsidiaries from 1976 to 1989; sales, operations and real estate experience with Mobil Corp. and Amanda Hess Corp. from 1969 to 1976.	2002	2006

**THE BOARD OF TRUSTEES UNANIMOUSLY RECOMMENDS A VOTE FOR THE THREE NOMINEES.**

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Terms of office of the four Trustees named below continue until the Annual Meeting in the years indicated.

Name	Age	Principal Occupations and Other Directorships	Trustee Since	Term to Expire
Dennis L. Berman	52	General Partner of Berman Enterprises since 1973, Vingarden Associates since 1975 and GDR Partnerships since 1981, builders/developers of commercial properties; associated with Beco Management, Inc., a property management company specializing in office, medical and retail environments, since 1986 and Fortress Development Company, an office building developer specializing in CyberFortress facilities, since 1998.	1989	2004
Kristin Gamble	57	President of Flood, Gamble Associates, Inc., an investment counseling firm, since 1984; Senior Vice President of Manufacturers Hanover Corp. with responsibility for all equity investments from 1977 to 1984; Vice President of Research for Foley, Warendorf & Co., a brokerage firm, from 1976 to 1977; Vice President of New Court Capital Management (now Rothschild Inc.), a financial services firm, from 1971 to 1976; Security Analyst with Merrill, Lynch, Pierce, Fenner & Smith from 1968 to 1971. Director, Ethan Allen Interiors, Inc., a furniture manufacturer and retailer.	1995	2004
Mark S. Ordan	44	Chairman of the Board of Trustees of the Trust since January 2003; Chairman and Chief Executive Officer of High Noon Always, Inc., an upscale quick-serve healthy lunch operation (formerly known as Bethesda Retail Partners), since 1999; Chief Executive Officer of Chartwell Health Management Inc., a health benefits brokerage firm, from 1996 until 1999; Chairman, President and Chief Executive Officer of Fresh Fields Markets, Inc., a natural and organic foods supermarket chain, from 1989 until 1996, when it was acquired by Whole Foods Markets; employed in the equities division of Goldman Sachs & Co. from 1983 to 1988. Trustee, Vassar College; Trustee, National Symphony Orchestra.	1996	2005
Donald C. Wood	42	President and Chief Executive Officer of the Trust since January 2003; President and Chief Operating Officer of the Trust from 2001 to 2003; Senior Vice President and Chief Operating Officer of the Trust from 2000 to 2001; Senior Vice President-Chief Operating Officer and Chief Financial Officer of the Trust from 1999 to 2000; Senior Vice President-Treasurer and Chief Financial Officer of the Trust from 1998 to 1999; Senior Vice President and Chief Financial Officer of Caesars World, Inc., a wholly owned subsidiary of ITT Corporation, from 1996 to 1998; various financial positions, including Vice President and Deputy Controller, with ITT Corporation, from 1990 to 1996; Vice President of Finance of the Trump Organization from 1988 to 1990; various positions, including audit manager, with Arthur Andersen LLP from 1982 to 1988.	2003	2005

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***What committees has the Board established, and how often did the Board and committees meet during 2002?***

The Board of Trustees has a standing Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee.

The members of the Audit Committee of the Board of Trustees during 2002 were Mr. Loeb (Chairman effective May 1, 2002), Ms. Gamble, Mr. Berman (Chairman until May 1, 2002 and member until July 24, 2002) and Mr. Vassalluzzo (effective July 24, 2002). The Audit Committee oversees the financial reporting of the Trust, including the audit by the Trust's independent public accountants. Each member of the Audit Committee is independent, as that term is defined in the New York Stock Exchange ( NYSE ) listing standards. The Audit Committee held seven meetings in 2002.

The Compensation Committee of the Board of Trustees is comprised of Ms. Lane (effective July 24, 2002; Chair effective January 3, 2003), Mr. Berman and Mr. Ordan (Chairman until May 1, 2002 and from July 24, 2002 through January 3, 2003). Mr. Kenneth Brody, a former Trustee, served as a member of the Compensation Committee until his resignation from the Board of Trustees on July 24, 2002 and as its Chairman from May 1, 2002 until July 24, 2002. The Compensation Committee reviews and reports to the Board on incentive plans and remuneration of officers; administers the Trust's 2001 Long-Term Incentive Plan (the 2001 Plan ), the Amended and Restated 1993 Long-Term Incentive Plan (the 1993 Plan ) and certain other compensation plans; and approves stock option and other equity-based awards. That committee held three meetings in 2002.

The Board of Trustees established a Nominating and Corporate Governance Committee on October 29, 2002. Until March 1, 2003, the Nominating and Corporate Governance Committee of the Board of Trustees was comprised of all of the non-employee Trustees and was chaired by Ms. Gamble; effective March 1, 2003, it is comprised of Ms. Gamble (Chair), Ms. Lane, Mr. Ordan and Mr. Vassalluzzo. The Nominating and Corporate Governance Committee identifies and recommends to the Board individuals to stand for election or reelection to the Board, makes recommendations to the Board regarding committee memberships and chairmanships, makes determinations of independence for purposes of service on the Board and committees, develops and recommends to the Board corporate governance guidelines and Trust policy governing ethical business conduct, makes recommendations regarding compensation for service on the Board and committees, and evaluates the performance of the Board and each Trustee on an annual basis. The Nominating and Corporate Governance Committee charter provides that the committee will consider suggestions for Board membership submitted by shareholders in accordance with the notice provisions and procedures set forth in the Trust's Bylaws. The Nominating and Corporate Governance Committee held no meetings in 2002 but began its regular meeting schedule in 2003.

The Board of Trustees also established a Special Committee on March 11, 2002 to manage the Chief Executive Officer transition. The CEO transition was completed in January 2003 and the Special Committee was discharged of any further responsibilities. The Special Committee of the Board of Trustees was comprised of all of the non-employee Trustees and was chaired by Ms. Gamble. The Special Committee met seven times in 2002.

During 2002 the Board of Trustees held ten meetings. All Trustees attended at least 75% of all meetings of the Board and Board committees on which they served during 2002.

***How are the Trustees compensated?***

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Trustees' fees are paid to non-employee Trustees. In accordance with the provisions of the 2001 Plan, Trustees' fees (other than per-meeting fees) are payable in cash or Shares or a combination of both, at the election of the Trustee; the Trust issued Shares for 15% of the Trustees' fees paid in 2002. The annual Trustee fee for 2002 was \$25,000. Each Trustee was paid the fee based on the number of months during the year he or she served as a Trustee. The annual fee in 2002 for service on the Compensation Committee was \$2,500 and \$4,500 for service as its Chairman. The annual fee in 2002 for service on the Audit Committee was \$2,000 and



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\$4,000 for service as its Chairman. Committee fees were also prorated based on the number of months of service. There was no annual fee in 2002 for service on the Nominating and Corporate Governance Committee. There was no annual fee in 2002 for service on the Special Committee; however, members of the Special Committee were awarded a one-time fee of \$25,000, payable in cash, for service on the Special Committee in February 2003. In addition to annual fees for service on the Board of Trustees and Board committees, the non-employee Trustees received fees of \$1,000 per meeting attended in person and \$500 per meeting attended by telephone. In accordance with the 2001 Plan, as of the date of the 2002 Annual Meeting of Shareholders, each non-employee Trustee received an option to purchase 2,500 Shares at an exercise price of \$27.15.

**EXECUTIVE OFFICERS***Who are the Trust's executive officers?*

The following sets forth certain information with regard to the current executive officers of the Trust:

Name	Age	Principal Occupations and Other Directorships
Dawn M. Becker	39	Senior Vice President General Counsel and Secretary of the Trust since February 2003, with responsibility for overseeing the Trust's legal work relating to acquisitions, dispositions, development, financing, securities and corporate governance; Vice President General Counsel and Secretary of the Trust from 2002 to February 2003; Vice President Real Estate and Finance Counsel of the Trust from 2000 to 2002; Senior Legal Counsel with the Trust from 1997 to 2000; attorney with Andrews & Kurth LLP from 1993 to 1997, Davis Wright Tremaine from 1992 to 1993, Bingham Dana & Gould from 1991 to 1992 and Shaw Pittman LLP from 1988 to 1991, practicing law in the real estate and creditors rights areas.
Jeffrey S. Berkes	39	Senior Vice President Strategic Transactions of the Trust since February 2002, with responsibility for overseeing acquisitions and dispositions for the Trust; Vice President-Strategic Transactions of the Trust from 2000 to February 2002; Vice President of Acquisitions and Finance for Velsor Properties LLC, a private real estate investment firm, from 1998 until 2000; Director of Acquisitions with the Trust from 1997 to 1998; Vice President of Acquisitions for Heitman Financial Services, Ltd. (formerly JMB Institutional Realty Advisors, Inc., which was acquired by United Asset Management and merged with Heitman Financial), a private real estate investment firm, from 1994 until 1997. Other prior real estate experience from 1985 to 1993 with ITT Real Estate Services, CB Commercial and Joseph Farber and Company.
Larry E. Finger	49	Senior Vice President Chief Financial Officer and Treasurer of the Trust, with responsibility for overseeing the Trust's capital markets, financial reporting and investor relations functions, since March 2002; various positions with Washington Real Estate Investment Trust from 1993 through 2001, most recently as Senior Vice President Chief Financial Officer from 1995 to 2001; Founder and owner of a multi-restaurant delivery service from 1991 to 1993; various positions with Savage/Fogarty Cos., a real estate development, investment, asset management, property management and leasing company, from 1978 to 1991, most recently as Chief Operating Officer from 1984 to 1991.

Information for Mr. Wood is provided above in Item 1: Election of Trustees.



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The following table describes the compensation of the Chief Executive Officer and the four other most highly paid executive officers ( named executive officers ).

**Summary Compensation Table**

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			All Other Compensation (E) (\$)
		Salary (A) (\$)	Bonus (B) (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Restricted Share Award(s) (C) (\$)	Options (D) (#)	LTIP Payouts (\$)	
Steven J. Guttman(1)	2002	\$	\$	\$	\$ 665,000	\$ 180,000	\$	\$ 248,000(F)
Former Chairman of	2001				1,008,000	120,000	1,510,000	