

FEDERAL REALTY INVESTMENT TRUST
Form DEFA14A
April 23, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

FEDERAL REALTY INVESTMENT TRUST

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): April 23, 2007

Federal Realty Investment Trust

(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State or Other Jurisdiction

of Incorporation)

1-07533
(Commission

File Number)

52-0782497
(IRS Employer

Identification No.)

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

Registrant's Telephone Number, Including Area Code: **301/998-8100**

20852-4041
(Zip Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

 - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 8.01. Other Events.

Federal Realty Investment Trust (the Trust) has made a technical revision to Section 23 of its Amended and Restated 2001 Long-Term Incentive Plan (the Plan) to clarify that the Trust will not reprice options issued under the Plan without receiving the approval of the Trust's shareholders. The Plan is subject to shareholder approval and is scheduled to be voted on by the shareholders at the Trust's 2007 Annual Meeting of Shareholders on Wednesday, May 2, 2007. The Plan is described in detail in the Trust's proxy statement filed with the Securities and Exchange Commission on March 26, 2007.

As revised, Section 23 reads in its entirety as follows:

23. AMENDMENT AND TERMINATION OF THE PLAN

The Board may, at any time and from time to time, amend, suspend, or terminate the Plan as to any Shares as to which Awards have not been made; *provided, however*, that the Board shall not, without approval of the Trust's shareholders, amend the Plan such that it does not comply with (or in a manner that does not comply with) the rules of any stock exchange or national quotation system on which securities of the Trust are listed for trading or quotation, applicable federal securities laws, or the Code (including requirements necessary to qualify Options as Incentive Share Options or qualify Awards as performance-based compensation under Code Section 162(m)). Except as permitted under this **Section 23** or **Section 24** hereof, no amendment, suspension, or termination of the Plan shall, without the consent of the Grantee, alter or impair rights or obligations under any Award theretofore awarded under the Plan. Furthermore, except as permitted under **Section 24** hereof, no adjustment to decrease the Option Price of an outstanding Option, whether by amending the Option Price or by canceling the outstanding Option and reissuing a replacement or substitute Option having a lower Option Price or any other Award, may be made without approval of the Trust's shareholders.

SIGNATURES

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

FEDERAL REALTY INVESTMENT TRUST

Date: April 23, 2007

/s/ Dawn M. Becker
Dawn M. Becker
Executive Vice President-General Counsel and

Secretary

00000;font-size:9.5pt;font-family:Times New
Roman;font-weight:normal;font-style:normal;text-transform:none;font-variant: normal;">

Preferred stock, Series A Junior Participating; \$0.001 par value; 665,000 shares
authorized; none issued or outstanding

—

—

Common stock; \$0.001 par value; 66,500,000 shares authorized; 29,265,870 and
28,901,464 shares issued; and 29,253,422 and 28,891,766 shares outstanding
as of June 30, 2016 and December 31, 2015, respectively

—

—

Additional paid-in capital

545.8

546.0

Accumulated deficit

(414.9

)

(403.3

)

Treasury stock, at cost; 12,448 and 9,698 shares as of June 30, 2016

and December 31, 2015, respectively

(0.1

)

(0.1

)

Accumulated other comprehensive income (loss)

0.2

(1.0

)

Total stockholders' equity—Real Industry, Inc.

131.0

141.6

Noncontrolling interest

1.2

0.8

TOTAL STOCKHOLDERS' EQUITY

132.2

142.4

TOTAL LIABILITIES, REDEEMABLE PREFERRED STOCK AND

STOCKHOLDERS' EQUITY

\$

704.1

\$

700.9

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

1

REAL INDUSTRY, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share amounts)	Three Months		Six Months	
	Ended June 30, 2016	2015	Ended June 30, 2016	2015
Revenues	\$320.9	\$368.7	\$630.3	\$506.5
Cost of sales	298.6	347.4	591.4	480.3
Gross profit	22.3	21.3	38.9	26.2
Selling, general and administrative expenses	14.6	15.7	30.0	23.3
Losses (gains) on derivative				
financial instruments, net	(1.5)	2.1	(0.3)	2.0
Amortization of intangibles	0.6	0.3	1.2	0.4
Other operating expense, net	0.5	0.4	2.0	0.9
Operating profit (loss)	8.1	2.8	6.0	(0.4)
Nonoperating expense (income):				
Interest expense, net	9.1	9.3	18.3	17.4
Change in fair value of common				
stock warrant liability	(1.3)	6.3	(0.7)	5.6
Acquisition-related costs and expenses	—	0.4	—	14.8
Foreign exchange losses (gains) on				
intercompany loans	1.6	—	(1.0)	—
Other, net	(0.2)	0.3	(0.2)	0.5
Total nonoperating expense	9.2	16.3	16.4	38.3
Loss from continuing operations				
before income taxes	(1.1)	(13.5)	(10.4)	(38.7)
Income tax expense (benefit)	0.2	0.2	0.9	(7.2)
Loss from continuing operations	(1.3)	(13.7)	(11.3)	(31.5)
Earnings from discontinued operations,				
net of income taxes	0.1	2.9	0.1	27.2
Net loss	(1.2)	(10.8)	(11.2)	(4.3)
Earnings from continuing operations				
attributable to noncontrolling interest	0.3	0.1	0.4	0.2
Net loss attributable to Real Industry, Inc.	\$(1.5)	\$(10.9)	\$(11.6)	\$(4.5)
LOSS PER SHARE				
Net loss attributable to Real Industry, Inc.	\$(1.5)	\$(10.9)	\$(11.6)	\$(4.5)
Dividends on Redeemable Preferred				
Stock, in-kind	(0.5)	(0.5)	(0.9)	(0.6)
Accretion of fair value adjustment to	(0.2)	(0.2)	(0.5)	(0.3)

Redeemable Preferred Stock

Net loss available to common stockholders	\$(2.2)	\$(11.6)	\$(13.0)	\$(5.4)
Basic and diluted earnings (loss) per share:				
Continuing operations	\$(0.08)	\$(0.53)	\$(0.43)	\$(1.32)
Discontinued operations	0.01	0.11	—	1.10
Basic and diluted loss per share	\$(0.07)	\$(0.42)	\$(0.43)	\$(0.22)

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

REAL INDUSTRY, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In millions)	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2016	2015	2016	2015
Net loss	\$(1.2)	\$(10.8)	\$(11.2)	\$(4.3)
Other comprehensive loss:				
Currency translation adjustments	(1.4)	(1.2)	1.3	(0.9)
Amortization of net actuarial gains, net of tax	—	—	(0.1)	—
Comprehensive loss	(2.6)	(12.0)	(10.0)	(5.2)
Comprehensive income attributable				
to noncontrolling interest	0.3	0.1	0.4	0.2
Comprehensive loss attributable to				
Real Industry, Inc.	\$(2.9)	\$(12.1)	\$(10.4)	\$(5.4)

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

REAL INDUSTRY, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Six Months	
	Ended June 30,	
	2016	2015
Cash flows from operating activities:		
Net loss	\$(11.2)	\$(4.3)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Earnings from discontinued operations, net of income taxes	(0.1)	(27.2)
Depreciation and amortization	25.3	13.9
Deferred income taxes	(0.7)	(7.2)
Change in fair value of common stock warrant liability	(0.7)	5.6
Share-based compensation expense included in Corporate and Other	1.0	0.6
Amortization of debt issuance costs	2.4	2.4
Unrealized losses (gains) on derivative financial instruments	(1.5)	1.3
Foreign currency exchange losses on intercompany loans	(1.0)	—
Amortization of inventories and supplies purchase accounting adjustments	0.9	7.2
Other	1.2	0.6
Changes in operating assets and liabilities	(5.8)	62.6
Net cash used in operating activities of discontinued operations	0.2	(0.6)
Net cash provided by operating activities	10.0	54.9
Cash flows from investing activities:		
Acquisition of business, net of cash	—	(522.3)
Proceeds from sale of NABCO	3.9	74.1
Purchases of property and equipment	(11.1)	(10.0)
Other	0.1	(0.2)
Net cash used in investing activities	(7.1)	(458.4)
Cash flows from financing activities:		
Payment of NABCO outstanding debt	—	(14.3)
Proceeds from Asset-Based Facility, net of issuance costs	44.0	92.4
Repayments on capital leases and the Asset-Based Facility	(43.1)	(45.3)
Proceeds from issuance of Senior Secured Notes, net of debt issuance costs	—	287.1
Proceeds from exercise of common stock options and Warrants	—	1.1
Proceeds from issuance of common stock, net of issuance costs	—	58.2
Other	0.7	0.1
Net cash used in financing activities of discontinued operations	—	(0.4)
Net cash provided by financing activities	1.6	378.9
Effect of exchange rate changes on cash and cash equivalents	—	0.2
Increase (decrease) in cash and cash equivalents	4.5	(24.4)
Cash and cash equivalents, beginning of period	35.8	63.0
Cash and cash equivalents, end of period	\$40.3	\$38.6
Cash and cash equivalents, end of period—continuing operations	\$40.2	\$38.5
Cash and cash equivalents, end of period—discontinued operations	0.1	0.1
Cash and cash equivalents, end of period	\$40.3	\$38.6

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

REAL INDUSTRY, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—BUSINESS AND OPERATIONS

Real Industry, Inc. (“Real Industry,” the “Company,” “we,” “us” or “our”), formerly known as Signature Group Holding, Inc., a Delaware holding company that operates through its operating subsidiaries. Management expects to grow the Company through acquisitions, as well as through organic efforts within our existing operations described below. Our current business strategy seeks to leverage our public company status, considerable United States (“U.S.”) federal net operating tax loss carryforwards (“NOLs”) and the experience of our executive management team to acquire operating businesses at prices and on terms that are aligned with our growth plans.

During the first quarter of 2015, the Company underwent a considerable transformation. On January 9, 2015, we completed the sale of North American Breaker Co., LLC (“NABCO”), previously our primary operating business. On February 27, 2015, we acquired the global recycling and specification alloys business (the “Real Alloy Business”) of Aleris Corporation (“Aleris”) (the “Real Alloy Acquisition”). The Real Alloy Business, operating under Real Alloy Intermediate Holding, LLC (“Real Alloy Parent”) through its wholly owned subsidiary Real Alloy Holding, Inc. (“Real Alloy”), is a global leader in third-party aluminum recycling. Real Alloy offers a broad range of products and services to wrought alloy processors, automotive original equipment manufacturers, and foundries and casters. Real Alloy’s customers include companies that participate in or sell to the automotive, consumer packaging, steel and durable goods, aerospace, and building and construction industries. Real Alloy processes scrap aluminum and by-products, and delivers recycled metal in solid or molten form according to customer specifications. Real Alloy’s facilities are capable of processing industrial (new) scrap, post-consumer (old/obsolete) scrap, and various aluminum by-products, providing a great degree of flexibility in reclaiming high-quality recycled aluminum. Real Alloy currently operates twenty-four facilities strategically located throughout North America and Europe and, as of June 30, 2016, had approximately 1,700 employees.

Other significant milestones achieved in 2015 included: on April 21, 2015, our common stock began trading on the Nasdaq Stock Market (“NASDAQ”) under the symbol “RELY” as part of the NASDAQ Global Select Market; on May 28, 2015, our stockholders approved an amendment to our charter to change our name to Real Industry, Inc.; and in June 2015, Real Industry became a member of the Russell Global[®], Russell 2000[®] and Russell Microcap[®] indexes.

As a result of the transformative nature of the acquisition and divestiture activities described above, our operations for the six months ended June 30, 2015, which included the results of operations of Real Alloy for approximately four months, are not comparable to the results of operations for the six months ended June 30, 2016, in which Real Alloy is reporting results for the full six months in this Quarterly Report on Form 10-Q (the “Report”). See Note 11—Segment Information for additional information about our reportable segments.

The assets and liabilities and results of operations of NABCO, prior to its divestiture, are included in discontinued operations for all periods presented as a result of its sale in the first quarter of 2015, and the strategic shift in the Company’s operations. Discontinued operations also includes certain assets and liabilities related to the former businesses of our subsidiary SGGH, LLC (“SGGH”), then known as Fremont General Corporation (“Fremont”) and its primary operating subsidiary, Fremont Investment & Loan (“FIL”). See Note 12—Discontinued Operations for additional information about our discontinued operations.

NOTE 2—FINANCIAL STATEMENT PRESENTATION AND RECENT ACCOUNTING UPDATES

The accompanying unaudited condensed consolidated financial statements comprise the accounts of Real Industry and its wholly owned and majority-owned subsidiaries, and have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information, and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring adjustments considered necessary for a fair presentation, have been included. The Company evaluates subsequent events through the date of filing with the Securities and Exchange Commission (“SEC”). Operating results for the six months ended June 30, 2016 may not necessarily be indicative of the results that may be expected for the full year ending December 31, 2016. These interim period unaudited condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements as of and for the year ended December 31, 2015, which are included in the Company’s Annual Report on Form 10-K, as filed with the SEC on March 14, 2016 (the “Annual Report”).

During the quarter ended March 31, 2016, the Company identified an error in the depreciation expense reported in the December 31, 2015 consolidated financial statements, which resulted in the overstatement of property, plant and equipment, net, by \$3.8 million, overstated deferred tax liability by \$1.1 million and overstated net earnings by \$2.7 million. The error occurred in the quarter ended December 31, 2015, and was corrected during the quarter ended March 31, 2016. As a result of the correction, cost of sales; gross profit; selling, general and administrative (“SG&A”) expenses; operating loss; loss from continuing operations; and net loss are each impacted

by the correction, with \$3.7 million of the adjustment classified in cost of sales and \$0.1 million in SG&A expenses presented in the results of operations during the six months ended June 30, 2016. Management has concluded that the error reflected in the December 31, 2015 consolidated financial statements was not material and that the error correction in 2016 is not expected to be material to the full year results of operations.

Recent accounting updates

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”), which was the result of a joint project by the FASB and the International Accounting Standards Board to clarify the principles for recognizing revenue and to develop a common revenue standard for GAAP and International Financial Reporting Standards. The issuance of a comprehensive and converged standard on revenue recognition is expected to enable financial statement users to better understand and consistently analyze an entity’s revenue across industries, transactions and geographies. The standard will require additional disclosures to help financial statement users better understand the nature, amount, timing, and potential uncertainty of the revenue that is recognized. ASU 2014-09 will be effective for the Company on January 1, 2018, and management is evaluating the application methods available, but has yet to select from either retrospective application to each prior reporting period presented or retrospective application with the cumulative effect of initially applying the standard recognized at the date of adoption. Management continues to evaluate the impact ASU 2014-09 will have on the Company’s financial position, results of operations, and disclosure requirements. The adoption and implementation of the accounting and disclosure requirements of ASU 2014-09 is expected to have a substantial impact on financial statement disclosures.

In April 2016, the FASB issued ASU 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing (“ASU 2016-10”), which clarifies two aspects of Topic 606, identifying performance obligations and the licensing implementation guidance, while retaining the related principles for those areas. Before an entity can identify its performance obligations in a contract with a customer, the entity first identifies the promised goods or services in the contract. ASU 2016-10 is intended to clarify the operability and understandability of the licensing implementation guidance. ASU 2016-10 will be effective for the Company in conjunction with the effective date of ASU 2014-09. The Company is currently evaluating the impact of adopting this guidance in connection with the adoption of ASU 2014-09.

In May 2016, the FASB issued ASU 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients (“ASU 2016-10”), which provides clarification to Topic 606 on how to assess collectability, present sales tax, treat noncash consideration, and account for completed and modified contracts at the time of transition. In addition, ASU 2016-12 clarifies that an entity retrospectively applying the guidance in Topic 606 is not required to disclose the effect of the accounting change in the period of adoption. The effective date and transition requirements for these amendments are the same as the effective date and transition requirements of ASU 2014-09, which is effective January 1, 2018. The Company is currently evaluating the impact of adopting this guidance in connection with the adoption of ASU 2014-09.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) (“ASU 2016-02”), which generally requires companies to recognize operating and financing lease liabilities and corresponding right-of-use assets on the balance sheet. This guidance will be effective for the Company in fiscal years beginning after December 31, 2018 on a modified retrospective basis and early adoption is permitted. The Company is currently evaluating the effect this guidance will have on our consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU 2016-06, Derivatives and Hedging (Topic 815) (“ASU 2016-06”), which clarifies what steps are required when assessing whether the economic characteristics and risks of call or put options are clearly and closely related to the economic characteristics and risks of their debt hosts, which is one of the criteria for bifurcating an embedded derivative. Consequently, when an option is contingently exercisable, an entity does not have to assess whether the event that triggers the ability to exercise the option is related to interest rates or credit risks. ASU

2016-06 is effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. The Company is currently evaluating the effect this guidance will have on our consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU 2016-09, Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting (“ASU 2016-09”), which simplifies the accounting for share-based payment transactions, including the income tax consequences, an option to recognize gross share-based compensation expense with actual forfeitures recognized as they occur, as well as certain classifications in the statement of cash flows. This guidance will be effective for fiscal years beginning after December 15, 2016, and early adoption is permitted. The Company is currently evaluating the effect this guidance will have on our consolidated financial statements and related disclosures.

NOTE 3—INVENTORIES

The following table presents the components of inventories as of June 30, 2016 and December 31, 2015:

(In millions)	June 30, 2016	December 31, 2015
Real Alloy:		
Finished goods	\$31.2	\$ 32.2
Raw materials and work in process	57.2	68.1
Total Real Alloy inventories	88.4	100.3
Cosmedicine - finished goods	0.9	0.9
Total inventories	\$89.3	\$ 101.2

NOTE 4—DEBT AND REDEEMABLE PREFERRED STOCK

The following table presents the Company's long-term debt as of June 30, 2016 and December 31, 2015:

(In millions)	June 30, 2016	December 31, 2015
Senior Secured Notes:		
Principal amount outstanding	\$305.0	\$ 305.0
Unamortized original issue discount and issuance costs	(12.3)	(14.3)
Senior Secured Notes, net	292.7	290.7
Asset-Based Facility:		
Principal amount outstanding	24.0	22.0
Unamortized debt issuance costs	(1.9)	(2.4)
Asset-Based Facility, net	22.1	