



- (1) Inserted solely for the purpose of calculating the registration fee pursuant to Rule 457(h). The fee is calculated on the basis of the average of the high and low sales prices for the Registrant's common shares of beneficial interest on The New York Stock Exchange, Inc. on August 15, 1994.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The following documents filed by Federal Realty Investment Trust (the "Trust") are incorporated by reference into this Registration Statement:

(a) The Trust's Annual Report on Form 10-K for the fiscal year ended December 31, 1993, and the audited financial statements and schedules for the Trust included therein, filed pursuant to Section 13 of the Securities Exchange Act of 1934, as amended ("1934 Act").

(b) The Trust's Quarterly Report on Form 10-Q for the three months ended March 31, 1994.

(c) The Trust's Quarterly Report on Form 10-Q for the three months ended June 30, 1994.

(d) All other reports filed by the Trust pursuant to Section 13(a) or 15(d) of the 1934 Act since the end of the quarter covered by the Quarterly Report on Form 10-Q referred to in (c) above.

(d) The description of the Trust's common shares of beneficial interest ("Shares") contained in the Registration Statement on Form 8-A (Registration No. 1-7533) filed with the

Securities and Exchange Commission ("Commission") on December 7, 1984, as amended on December 13, 1984.

All documents subsequently filed by the Trust with the Commission pursuant to Sections 12, 13(a), 13(c), 14 and 15(d) of the 1934 Act after the date of this Registration Statement, but prior to the filing of a post-effective amendment to this Registration Statement that indicates that all securities offered by this Registration Statement have been sold or that

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deregisters all such securities then remaining unsold, shall be deemed to be incorporated by reference into this Registration Statement. Each document incorporated by reference into this Registration Statement shall be deemed to be a part of this Registration Statement from the date of the filing of such document with the Commission until the information contained therein is superseded or updated by any subsequently filed document that is incorporated by reference into this Registration Statement or by any document that constitutes part of the prospectus relating to the Amended and Restated 1983 Stock Option Plan of Federal Realty Investment Trust ("1983 Plan") or the 1985 Non-qualified Stock Option Plan of Federal Realty Investment Trust ("1985 Plan," and, together with the 1983 Plan, the "Plans") that meets the requirements of Section 10(a) of the Securities Act of 1933, as amended ("1933 Act").

ITEM 4. DESCRIPTION OF SECURITIES.

Not applicable.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

None.

ITEM 6. INDEMNIFICATION OF TRUSTEES AND OFFICERS.

The Trust's Third Amended and Restated Declaration of Trust provides in substance that no Trustee or officer of the Trust is personally liable to the Trust or to any other person with respect to the Trust, except for his or her own bad faith, willful misconduct, gross negligence or reckless disregard of duties, or failure to act in good faith in the reasonable belief that his or her action was in the best interests of the Trust. The Trust indemnifies and holds harmless each Trustee and officer against all claims, liabilities and expenses in connection with the defense or disposition of any lawsuit threatened or brought by reason of his or her office, except as to any matter for which he or she is personally liable as stated above.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

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In reliance upon the exemption provided by Section 4(2) of the 1933 Act, certain Shares that are to be reoffered or resold pursuant to this Registration Statement were issued on exercise of stock options ("Options") granted under the 1983 Plan or the 1985 Plan. Under the 1983 Plan, these Options were granted to trustees, key employees and officers of the Trust. Under the 1985 Plan, these Options were granted to certain key employees and officers of one of the Trust's affiliates. However, at the time these 1985 Plan Options were exercised, the persons who exercised them were key employees or officers of the Trust. The Trust believes that each person who exercised Options, as a result of his or her status, had access to sufficient information about the Trust to enable him or her to make an investment decision whether to purchase Shares on exercise of Options.

ITEM 8. EXHIBITS.

The following are filed herewith as part of this Registration Statement:

EXHIBIT NO.  
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EXHIBIT  
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4.1	Amended and Restated 1983 Stock Option Plan of Federal Realty Investment Trust
-----	--------------------------------------------------------------------------------

- 4.2 1985 Non-Qualified Stock Option Plan of Federal Realty Investment Trust, as amended
- 4.3 The Trust's Third Amended and Restated Declaration of Trust dated May 24, 1984, filed with the Commission on July 5, 1984 as Exhibit 4 to the Trust's Registration Statement on Form S-2 (No. 2-92057), is incorporated herein by reference thereto
- 4.4 Bylaws of the Trust, as amended, filed with the Commission as Exhibit 3(ii) to the Trust's Quarterly

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Exhibit No.

Exhibit

- Report on Form 10-Q for the three months ended June 30, 1994, is incorporated herein by reference thereto
- 5.1 Opinion of Kirkpatrick & Lockhart as to the legality of the securities being registered
- 23.1 Consent of Grant Thornton
- 23.2 The consent of Kirkpatrick & Lockhart to the use of their opinion as an exhibit to this Registration Statement is included in their opinion filed herewith as Exhibit 5.1
- 24 Power of Attorney, included on signature page

ITEM 9. UNDERTAKINGS.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a) (3) of the 1933 Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration

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Statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs (a) (1) (i) and (a) (1) (ii) do not apply if the Registration Statement is on Form S-3 or Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the 1934 Act that are incorporated by reference in the Registration Statement.

(2) That, for purposes of determining any liability under the 1933 Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the 1933 Act, each filing of the registrant's Annual Report pursuant to Section 13(a) or Section 15(d) of the 1934 Act that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(h) Insofar as indemnification for liabilities arising under the 1933 Act may be permitted to the directors, officers and controlling persons of the registrant pursuant to the Third Amended and Restated Declaration of Trust or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the 1933 Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any

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action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Bethesda, State of Maryland, on this 17th day of August, 1994.

FEDERAL REALTY INVESTMENT TRUST

By: /s/ Steven J. Guttman  
-----  
Steven J. Guttman, President  
and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Steven J. Guttman or Mary Jane Morrow his or her attorney-in-fact, with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Registration Statement on Form S-8, and to file same, with exhibits thereto, and other documents in connection therewith, with the Commission, hereby ratifying and confirming all that said attorney-in-fact, or his or her substitute or substitutes, may do or cause to be done by virtue hereof.

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Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
-----	-----	----
/s/ Steven J. Guttman ----- Steven J. Guttman	President, Chief Executive Officer and Trustee (Principal Executive Officer)	August 17, 1994

/s/ Mary Jane Morrow  
-----  
Mary Jane Morrow  
Senior Vice President and  
Treasurer (Principal  
Financial Officer) August 17, 1994

/s/ Cecily A. Ward  
-----  
Cecily A. Ward  
Vice President,  
Controller  
(Principal  
Accounting Officer) August 17, 1994

/s/ Dennis L. Berman  
-----  
Dennis L. Berman  
Trustee August 17, 1994

/s/ A. Cornet de Ways Ruart  
-----  
A. Cornet de Ways Ruart  
Trustee August 17, 1994

/s/ Samuel J. Gorlitz  
-----  
Samuel J. Gorlitz  
Trustee August 17, 1994

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/s/ Arnold M. Kronstadt  
-----  
Arnold M. Kronstadt  
Trustee August 17, 1994

/s/ Morton S. Lerner  
-----  
Morton S. Lerner  
Trustee August 17, 1994

/s/ Walter F. Loeb  
-----  
Walter F. Loeb  
Trustee August 17, 1994

/s/ Donald H. Misner  
-----  
Donald H. Misner  
Trustee August 17, 1994

/s/ George L. Perry  
-----  
George L. Perry  
Trustee August 17, 1994

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EXHIBIT INDEX

Exhibit No. -----	Description -----	Sequential Page No. -----
4.1	Amended and Restated 1983 Stock Option Plan of Federal Realty Investment Trust	

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- 4.4 Bylaws of the Trust, as amended, filed with the Commission as Exhibit 3(ii) to the Trust's Quarterly Report on Form 10-Q for the three months ended June 30, 1994, is incorporated herein by reference thereto
- 5.1 Opinion of Kirkpatrick & Lockhart as to the legality of the securities being registered
- 23.1 Consent of Grant Thornton
- 23.2 The consent of Kirkpatrick & Lockhart to the use of their opinion as an exhibit to this Registration Statement

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is included in their opinion filed herewith as Exhibit 5.1

- 24 Power of Attorney See page II-5

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406,643 SHARES

FEDERAL REALTY INVESTMENT TRUST

Common Shares of Beneficial Interest

This prospectus covers a total of 406,643 common shares of beneficial interest ("Shares") of Federal Realty Investment Trust (the "Trust"), which may be sold from time to time by or for the account of 40 persons (collectively, the "Selling Shareholders") who acquired or may acquire the Shares pursuant to awards under the Amended and Restated 1983 Stock Option Plan of Federal Realty Investment Trust ("1983 Plan"), and/or the 1985 Non-Qualified Stock Option Plan of Federal Realty Investment Trust ("1985 Plan," and together with the 1983 Plan, the "Plans").

The Shares may be sold pursuant to this Prospectus from time to time after the date hereof. Sales will be made at prices obtainable at the time of sale. The Selling Shareholders may place sell orders with brokers of their choice, and usual and customary brokerage fees may be paid by the Selling Shareholders in connection with such sales. Whether such sales will be made and the timing and amount of any sale is discretionary with each Selling Shareholder.

DC-146264.3

The Shares are listed and traded on The New York Stock Exchange, Inc. ("NYSE").

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is August 17, 1994

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AVAILABLE INFORMATION

The Trust is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and, in



accordance therewith, files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information filed by the Trust with the Commission pursuant to the information requirements of the 1934 Act may be

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inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the following regional offices of the Commission: Chicago Regional Office, Public Reference Room, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511; and New York Regional Office, Public Reference Room, 7 World Trade Center, Suite 1300, New York, New York 10048. Copies of such material also can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The Common Stock is listed for trading on the NYSE and such reports, proxy statements and other information concerning the Trust may be inspected at the offices of the NYSE at 20 Broad St., New York, New York 10005.

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#### THE TRUST

The Trust is a self-administered real estate investment trust, organized as a District of Columbia business trust. The Trust is an owner, operator and redeveloper of community and neighborhood shopping centers. It was founded in 1962 and, since January 1989, has been managing, leasing and supervising renovations of most of its properties. The Trust operates in a manner intended to enable it to qualify as a real estate investment trust ("REIT") under Sections 856-860 of the Internal Revenue Code of 1986, as amended ("Code").

The principal executive offices of the Trust are located at 4800 Hampden Lane, Suite 500, Bethesda, Maryland 20814 and the telephone number at these offices is (301) 652-3360.

Additional information about the Trust may be obtained in the manner described below under "Information About the Trust."

#### AMENDED AND RESTATED 1983 STOCK OPTION PLAN OF FEDERAL REALTY INVESTMENT TRUST

The 1983 Plan provides for the grant of stock options to certain trustees ("Trustees"), key employees and officers of the Trust, key employees and officers of the Trust's investment advisors and administrators, and key employees and officers of the Trust's property managers and leasing agents. The 1983 Plan was amended and restated on March 27, 1987 by the Trust's Board of Trustees in order to comply with the Tax Reform Act of 1986. The 1983 Plan, as amended and restated, is

described in this Prospectus.

Options to purchase no more than 400,000 Shares could be granted under the 1983 Plan. The Shares to be issued or delivered under the 1983 Plan are authorized and unissued Shares, or issued Shares that have been reacquired by the Trust and held in its treasury. However, the 1983 Plan provides that no options may be granted under the 1983 Plan after March 28, 1993.

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One purpose of the 1983 Plan was to further the growth, development and financial success of the Trust by providing incentives to Trustees, and certain key employees and officers who have been given responsibility for the management or administration of the Trust's business affairs, by assisting them to become shareholders of the Trust and thus to benefit directly from its growth, development and success. Another purpose was to enable the Trust and certain of its affiliates to obtain and retain the services of the type of professional, technical and managerial employees considered essential to the long-range success of the Trust by providing and offering them an opportunity to become Trust shareholders.

#### TYPE OF OPTION

The 1983 Plan provides for the grant of both incentive stock options ("Incentive Stock Options") meeting the requirements of Section 422 of the Code, and options that do not meet these requirements ("Non-Qualified Options"). See "Certain Federal Income Tax Consequences." Incentive Stock Options may only have been granted to key employees of the Trust who did not own more than 10 percent of the voting power of the Trust. Non-employee Trustees were not able to receive Incentive Stock Options.

#### ADMINISTRATION

The 1983 Plan is administered by a stock option committee composed of at least three Trustees ("1983 Plan Committee"). The members of the 1983 Plan Committee are appointed by the Trust's Board of Trustees.

As Trustees, members of the 1983 Plan Committee may be removed (i) with or without cause, at any meeting of shareholders called for that purpose, either by (a) the affirmative vote of not less than two-thirds of the outstanding Shares (if such removal is approved or recommended by a vote of not less than two-thirds of the Trustees) or (b) the affirmative vote of not less than 80 percent of the outstanding Shares (if such removal is not approved or recommended by a vote of at least two-thirds of the Trustees) or (ii) with cause, by the vote of all of the other Trustees.

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The 1983 Plan Committee has complete discretion to determine the various Trustees, key employees and officers eligible for options under the 1983 Plan, and the terms of each award. The terms and conditions of each award (including the option exercise price, vesting schedule and other terms regarding the number of Shares that may be purchased, and the manner of payment for Shares purchased) are contained in a separate option agreement with each recipient. The 1983 Plan Committee may also accelerate the time at which an option or any portion thereof may be exercised.

#### EXERCISE PRICE

The purchase price of the Shares subject to each option granted under the 1983 Plan was determined by the 1983 Plan Committee, and must have been at least 100 percent of the fair market value on the date that the option was granted. As the Shares are listed on the NYSE, fair market value is determined by reference to the closing sales price.

#### PAYMENT OF EXERCISE PRICE

The exercise price of an option may be paid by the holder in cash. With respect to Incentive Stock Options only, the exercise price may also be paid in Shares valued at fair market value, or by a promissory note payable to the Trust containing such terms and conditions as may be prescribed by

the 1983 Plan Committee. Generally, the 1983 Plan Committee has permitted exercising holders to pay the exercise price with recourse notes secured by all of the Shares issuable on exercise of the option. The loans have had a term of five years, with interest payable quarterly and principal payable in full at the end of the loan term. The per annum interest rate has been set at the lesser of (i) the Trust's then borrowing rate or (ii) the Trust's then annual dividend rate on the Shares acquired pursuant to the option divided by the purchase price of such Shares. Non-employee Trustees are not eligible to receive loans.

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#### EXERCISABILITY; TRANSFERABILITY; TERMINATION; EXERCISE FOLLOWING DEATH OR OTHER TERMINATION OF EMPLOYMENT

Options are not exercisable during the first year following the date of grant. However, the 1983 Plan Committee has the ability to modify any option to provide that it is exercisable during such period. Options are exercisable in whole or in part.

All options granted under the 1983 Plan are non-transferable. During an option recipient's lifetime, only the option recipient may exercise options granted under the 1983 Plan. Thereafter, the personal representative of the option recipient, or other person authorized by the option recipient's will or by the law of descent and distribution, may exercise the options granted under the 1983 Plan.

All options under the 1983 Plan expire after ten years from the date of grant. However, Incentive Stock Options issued under the 1983 Plan expire upon the earlier of: (i) in the case of an option recipient who is "disabled" as defined in Section 105(d)(4) of the Code, one year from the option recipient's termination of employment for any reason other than death; (ii) three months after the option recipient's termination of employment for any reason other than death; and (iii) one year after the option recipient's death.

The 1983 Plan Committee may provide in a recipient's option agreement that the option terminates immediately upon termination of employment.

The 1983 Plan Committee may also provide in a recipient's option agreement that an option cannot be exercised after the merger or consolidation of the Trust into another corporation, the exchange of all or substantially all of the assets of the Trust for the securities of another corporation, the acquisition by another corporation of 80 percent or more of the Trust's then outstanding Shares or the liquidation or dissolution of the Trust. If the agreement so provides, then the 1983 Plan Committee may also provide that the stock option shall be exercisable for some period of time prior to such event.

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#### AMENDMENT OF THE 1983 PLAN

The 1983 Plan can be amended, in whole or in part, or otherwise modified, suspended or terminated by the Trust's Board of Trustees. However, without the approval of the Trust's shareholders given within 12 months before or after the action by the Trust's Board of Trustees or the 1983 Plan Committee, no action of the Trust's Board of Trustees or the 1983 Plan Committee may (i) increase the number of Shares that may be issuable on exercise of options, (ii) reduce the minimum exercise price requirement for options, or (iii) extend the termination date of the 1983 Plan.

#### ANTIDILUTION PROVISIONS

The number of Shares authorized to be issued under the 1983 Plan and subject to outstanding options (and the purchase or exercise price thereof) shall be adjusted by the 1983 Plan Committee to prevent dilution or enlargement of rights in the event of any reorganization, merger, consolidation, recapitalization, reclassification, stock split-up, stock

dividend or combination of Shares.

#### OTHER

The 1983 Plan is not subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and is not qualified within the meaning of Section 401(a) of the Code.

#### 1985 NON-QUALIFIED STOCK OPTION PLAN OF FEDERAL REALTY INVESTMENT TRUST

The 1985 Plan provides for the grant of stock options to certain key employees and officers of the Trust's investment advisors and administrators, and certain key employees and officers of property managers and leasing agents for the Trust.

Options to purchase no more than 100,000 Shares could be granted under the 1985 Plan. The Shares to be issued or delivered under the 1985 Plan are authorized and unissued Shares, or issued Shares that have been reacquired

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by the Trust and held in its treasury. However, the 1985 Plan provided that no options may be granted under the 1985 Plan after March 28, 1993. The 1985 Plan was terminated by the Trust's Board of Trustees on March 23, 1989.

The purpose of the 1985 Plan was to further the growth, development and financial success of the Trust by enabling certain of the Trust's affiliates to obtain and retain the services of the type of professional, technical and managerial employees considered essential to the long-range success of the Trust by providing and offering such employees an opportunity to become Trust shareholders.

#### TYPE OF OPTION

The 1985 Plan only provides for the grant of Non-Qualified Options. See "Certain Federal Income Tax Consequences."

#### ADMINISTRATION

The 1985 Plan is administered by a stock option committee composed of at least three Trustees ("1985 Plan Committee"). The members of the 1985 Plan Committee are appointed by the Trust's Board of Trustees.

As Trustees, members of the 1985 Plan Committee may be removed (i) with or without cause, at any meeting of shareholders called for that purpose, either by (a) the affirmative vote of not less than two-thirds of the outstanding Shares (if such removal is approved or recommended by a vote of not less than two-thirds of the Trustees) or (b) the affirmative vote of not less than 80 percent of the outstanding Shares (if such removal is not approved or recommended by a vote of at least two-thirds of the Trustees) or (ii) with cause, by the vote of all of the other Trustees.

The 1985 Plan Committee has complete discretion to determine the various key employees and officers eligible for options under the 1985 Plan, and the terms of each award. The terms and conditions of each award (including the option exercise price, vesting schedule and other terms regarding the number of Shares that may be purchased, and the manner of payment for Shares purchased) are contained in a separate option agreement

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with each recipient. The 1985 Plan Committee may also accelerate the time at which an option or any portion thereof may be exercised.

#### EXERCISE PRICE

The purchase price of the Shares subject to each option granted under the 1985 Plan was determined by the 1985 Plan Committee, and must have been at least 100 percent of the fair market value on the date that the option was granted. As the Shares are listed on the NYSE, fair market value is determined by reference to the closing sales price.

#### PAYMENT OF EXERCISE PRICE

The exercise price of an option may be paid by the holder in cash, in Shares valued at fair market value, or by a promissory note payable to the Trust containing such terms and conditions as may be prescribed by the 1985 Plan Committee. Generally, the 1985 Plan Committee has permitted exercising holders to pay the exercise price with recourse notes secured by all of the Shares issuable on exercise of the option. The loans have had a term of five years, with interest payable quarterly and principal payable in full at the end of the loan term. The per annum interest rate has been set at the lesser of (i) the Trust's then borrowing rate or (ii) the Trust's then annual dividend rate on the Shares acquired pursuant to the option divided by the purchase price of such Shares.

#### EXERCISABILITY; TRANSFERABILITY; TERMINATION; EXERCISE FOLLOWING DEATH OR OTHER TERMINATION OF EMPLOYMENT

Options are not exercisable during the first year following the date of grant. However, the 1985 Plan Committee has the ability to modify any option to provide that it is exercisable during such period. Options are exercisable in whole or in part.

All options granted under the 1985 Plan are non-transferable. During an option recipient's lifetime, only the option recipient may exercise options granted under the 1985 Plan. Thereafter, the personal representative of the option recipient, or other person authorized by the

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option recipient's will or by the law of descent and distribution, may exercise the options granted under the 1985 Plan.

All options under the 1985 Plan expire after ten years from the date of grant. In addition, options issued under the 1985 Plan expire upon the earlier of: (i) in the case of an option recipient who is "disabled" as defined in Section 105(d)(4) of the Internal Revenue Code of 1954, as amended, one year from the option recipient's termination of employment for any reason other than death; (ii) three months after the option recipient's termination of employment for any reason other than death; and (iii) one year after the option recipient's death.

The 1985 Plan Committee may provide in a recipient's option agreement that the option terminates immediately upon termination of employment.

The 1985 Plan Committee may also provide in a recipient's option agreement that an option cannot be exercised after the merger or consolidation of the Trust into another corporation, the exchange of all or substantially all of the assets of the Trust for the securities of another corporation, the acquisition by another corporation of 80 percent or more of the Trust's then outstanding Shares or the liquidation or dissolution of the Trust. If the agreement so provides, then the 1985 Plan Committee may also provide that the stock option shall be exercisable for some period of time prior to such event.

#### AMENDMENT OF THE 1985 PLAN

The 1985 Plan could have been amended, in whole or in part, or otherwise modified, suspended or terminated by the Trust's Board of Trustees. The Trust's Board of Trustees terminated the 1985 Plan on March 23, 1989.

#### ANTIDILUTION PROVISIONS

The number of Shares authorized to be issued under the 1985 Plan and subject to outstanding options (and the purchase or exercise price thereof) shall be adjusted by the 1985 Plan Committee to prevent dilution or

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enlargement of rights in the event of any reorganization, merger, consolidation, recapitalization, reclassification, stock split-up, stock dividend or combination of Shares.

#### OTHER

The 1985 Plan is not subject to ERISA, and is not qualified within the meaning of Section 401(a) of the Code.

## CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a brief summary of the principal federal income tax consequences of awards under the 1983 and 1985 Plans based upon current federal income tax laws. This summary assumes that all persons who currently hold options granted under one of the Plans, or who hold Shares issued pursuant to an option granted under one of the Plans and covered by this Prospectus, are currently Trustees, officers or employees of the Trust. The summary is not intended to be exhaustive and, among other things, does not describe state, local or foreign tax consequences.

An optionee will not recognize taxable income upon the grant or exercise of an Incentive Stock Option. However, some optionees may be subject to the "alternative minimum tax," and the amount by which the fair market value of the Shares on the date of exercise exceeds the exercise price for the Shares generally will be added to such optionee's income for purposes of calculating his or her alternative minimum taxable income. If an optionee disposes of Shares acquired through the exercise of an Incentive Stock Option within one year of receipt (and within two years after the date of grant of the option), the difference between the exercise price and the fair market value will be taxable ordinary income to the optionee. If the optionee satisfies the holding requirements of Incentive Stock Options, he or she will be taxed only when the Shares are sold, and such tax will be at the capital gains rate.

The Trust will not receive any tax deduction on the exercise of an Incentive Stock Option or, if the holding requirements are met, on the sale of the underlying Shares. If there is a disqualifying disposition (i.e.,

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one of the holding requirements is not met), the optionee will be treated as receiving compensation subject to ordinary income tax in the year of the disqualifying disposition and the Trust will be entitled to a deduction for compensation expense in an amount equal to the amount included in income by the optionee. The tax will generally be imposed on the difference between the fair market value of the Shares at the time of exercise and the exercise price. Any appreciation in value after the time of exercise will be taxed as capital gain and will not result in any deduction by the Trust.

If Non-Qualified Options are granted to an optionee, there are no federal income tax consequences at the time of grant. Upon exercise of the option, the optionee must pay tax on ordinary income equal to the difference between the exercise price and the fair market value of the Shares on the date of exercise. The Trust will receive a commensurate tax deduction at the time of exercise. Any appreciation in value after the time of exercise will be taxed as capital gain and will not result in any deduction by the Trust.

Options granted to non-employee Trustees will receive the same federal income tax treatment as other Non-Qualified Options.

## RESTRICTIONS ON RESALE OF THE SHARES

The provisions of the 1983 Plan and 1985 Plan do not impose restrictions upon participants on the resale of Shares acquired upon the exercise of options. However, the federal securities laws may impose certain restrictions on a participant's ability to resell these Shares.

### SECTION 16(b)

Under Section 16(b) of the 1934 Act, an executive officer or Trustee of the Trust will be liable to the Trust for any "short-swing profit" he or she realizes from either (i) a purchase of Shares followed by the sale of Shares within less than six months, or (ii) a sale of Shares followed by the purchase of Shares within less than six months. The motive or intent of the officer or Trustee are irrelevant, and no proof of abuse of inside information is required. Further, the Shares sold need not be the same

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Shares purchased within a period of six months. Consequently, an executive officer or a Trustee will generally not be able to sell any of his or her Shares during the period of six months after any date on which he or she has

purchased Shares.

Under Rule 16b-6(b), the exercise of an option is not considered a purchase so long as the option is in-the-money at the time of exercise.

An executive officer may also exercise an Incentive Stock Option granted under the 1983 Plan or a Non-Qualified Option granted under the 1985 Plan, and pay the applicable exercise price by surrendering previously owned Shares. The surrender of previously owned Shares to the Trust as payment of the exercise price for an option will not be treated as a sale of the previously owned Shares.

Section 16(b) of the 1934 Act is quite complex. Executive officers and Trustees may, accordingly, wish to consult with a securities attorney as to the potential impact of Section 16(b) with respect to awards made under the 1983 Plan and 1985 Plan, and with respect to their reporting responsibilities under Section 16(a) of the 1934 Act.

#### INFORMATION ABOUT THE TRUST

The Trust is subject to the informational requirements of the 1934 Act and, accordingly, files annual and quarterly reports and other information with the Commission. Pursuant to the requirements of the Securities Act of 1933 ("1933 Act"), the Trust has also filed a Registration Statement on Form S-8 with the Commission with respect to the offering of its Shares under the 1983 Plan and 1985 Plan.

The following documents, which the Trust has filed with the Commission, are incorporated by reference in this Prospectus:

(a) The Trust's Annual Report on Form 10-K for the year ended December 31, 1993, and the audited financial statements for the Trust included therein.

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(b) The Trust's Quarterly Report on Form 10-Q for the three months ended March 31, 1994.

(c) The Trust's Quarterly Report on Form 10-Q for the three months ended June 30, 1994.

(d) All other reports filed by the Trust pursuant to Section 13(a) or 15(d) of the 1934 Act since the end of the quarter covered by the Quarterly Report on Form 10-Q referred to in (c) above.

(e) The description of the Trust's Shares contained in the Registration Statement on Form 8-A (Registration No. 1-7533), filed with the Commission on December 7, 1984, as amended on December 13, 1984.

All documents subsequently filed by the Trust with the Commission pursuant to Sections 12, 13(a), 13(c), 14 and 15(d) of the 1934 Act after the date of this Prospectus will also be deemed to be incorporated by reference into this Prospectus. Each document incorporated into this Prospectus by reference shall be deemed to be a part of this Prospectus from the date of the filing of such document with the Commission until the information therein is superseded or updated by any subsequently filed document that is incorporated by reference into this Prospectus.

The Trust will furnish without charge to each person to whom this Prospectus is delivered, upon written or oral request of such person, a copy of any of the documents that have been incorporated herein by reference. Requests should be directed to the office of Mary Jane Morrow, Senior Vice President, Finance and Treasurer, Federal Realty Investment Trust, 4800 Hampden Lane, Suite 500, Bethesda, Maryland 20814. The telephone number is (301) 652-3360.

#### SELLING SHAREHOLDERS

The Shares offered hereby, or which may be offered hereby, are offered for the account of 40 optionees under the Plans. These 40 potential Selling

Shareholders include several "affiliates" of the Trust, as defined in Commission Rule 405, promulgated under the 1933 Act, and at least one individual that holds "restricted securities" as defined in Commission Rule 144(a)(3), promulgated under the 1933 Act. The following optionees under the Plans are affiliates of the Trust:

Name/Title	Shares Owned as of July 31, 1994 (1)	Shares Subject to Options Under the Plans 1983	Shares Subject to Plans 1985	Shares Acquired Through Option Exercise (2) 1983	Shares Acquired Through Option Exercise (2) 1985
Steven J. Guttman President/CEO of the Trust	512,103	17,500	-	29,402	-
Ronald D. Kaplan Vice President, Capital Markets	71,187	31,162	-	8,838	-
Catherine R. Mack Vice President, General Counsel	61,440	14,000	-	6,000	-
Mary Jane Morrow Senior Vice President, Finance & Treasurer	89,414	9,122	-	4,878	-
Hal S. Vasvari Executive Vice President, Management	97,626	5,122	8,000	4,878	6,741

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Name/Title	Shares Owned as of July 31, 1994 (1)	Shares Subject to Options Under the Plans 1983	Shares Subject to Plans 1985	Shares Acquired Through Option Exercise (2) 1983	Shares Acquired Through Option Exercise (2) 1985
Cecily A. Ward Vice President, Controller	28,275	13,500	-	-	-
Robert S. Wennett Senior Vice President, Acquisitions	83,333	244	-	14,756	-
A. Cornet de Ways Ruart Trustee	23,826	3,000	-	6,500	-
Dennis Berman Trustee	450,574 (3)	7,500	-	-	-
Arnold M. Kronstadt Trustee	36,041	15,000	-	-	-
Samuel J. Gorlitz Trustee	139,811	12,000	-	-	-
Walter F. Loeb	9,274	2,500	-	-	-



Trustee

Donald H. Misner Trustee	25,891	15,000	-	-	-
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- (1) Includes Shares beneficially owned as of July 13, 1994, and Shares that may be acquired within 60 days of July 31, 1994.
- (2) Includes only Shares offered pursuant to this Prospectus.
- (3) Includes 200,000 Shares for which Mr. Berman has voting rights pursuant to a Voting Trust Agreement.

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The following non-affiliates may offer restricted securities through the use of this Prospectus:

Name/Title	Shares Owned as of July 31, 1994 (1) (2)	Shares Subject to Options Under the Plans		Shares Acquired Through Option Exercise	
		1983	1985	1983	1985
Sharon Burillo/Property Manager	1,608	750	750	-	-
Jeanne Connor/Vice President- Leasing	55,177	10,000	7,000	-	3,000

Henry Cox/Leasing Agent	11,833	6,500	-	-	-
Gareth Evans/Assistant General Counsel	17,015	12,500	-	-	-
Nathan Fishkin/Vice President-Special Projects	57,392	10,000	5,000	-	2,000
Joseph Flood/Leasing Agent	6,487	1,500	1,500	-	-
Margaret Fowler/Director Human Resources	7,108	1,750		2,000	-
Curtis Furgason/Vice President-Property Management	16,228	8,250	1,500	-	-

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Name/Title	Shares Owned as of July 31, 1994 (1) (2)	Shares Subject to Options Under the Plans		Shares Acquired Through Option Exercise	
		1983	1985	1983	1985
Charles Garner/Director-Acquisitions	11,437	1,500	-	6,000	-
Jack Heinemann/Vice President-Development	28,504	10,000	2,000	-	-
Nancy Herman/Environmental Attorney	3,699	2,000	-	-	-
Jesse Herron/Senior Property Manager	5,749	750	750	-	2,250
James Holsopple/Property Manager	1,410	750	-	-	-
Kathy Klein/Vice President-Corporate Communications	13,862	7,000	-	-	-
Burneil Lindquist/Development Project Manager	1,927	1,000	750	-	-
Kristine Lopes/Leasing Agent	5,423	2,000	1,500	-	-
Paul Mackie/Director Tenant Coordination	13,033	7,000	1,500	-	-
Nan Padgett/Property Controller	18,070	6,500	4,000	-	-
Carol Patterson/Assistant to the President	12,853	8,500	-	-	-

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Name/Title	Shares Owned as of July 31, 1994 (1) (2)	Shares Subject to Options Under the Plans		Shares Acquired Through Option Exercise	
		1983	1985	1983	1985
Debra Rademacher/Accounting Manager	6,241	3,500	-	-	-

Vickie Ralls/Office Manager	3,513	1,000	-	1,000	-
Margaret Small/Paralegal	3,834	1,000	2,500	-	-
Kristine Warner/Coordinator Corporate-Communications	4,475	2,250	-	-	-
Helene Watterson/Paralegal	5,755	2,000	2,250	-	-
Nancy Wight/Director Property Administration	4,240	2,500	-	-	-
William C. Yowell, Jr./Former Trustee	20,671	-	-	13,000	-

(1) Includes Shares beneficially owned as of July 31, 1994, and Shares that may be acquired within 60 days of July 31, 1994.

(2) Includes Shares held under the Trust's 401(k) plan as of March 31, 1994, as more current information is not available at this time.

In addition, certain unnamed non-affiliates who hold less than 1,000 Shares issued under options granted under the 1983 Plan may reoffer restricted Shares through the use of this Prospectus.

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#### PLAN OF DISTRIBUTION

It is expected that the Selling Shareholders will sell their respective Shares pursuant to this Prospectus from time to time. Sales will be made at prices obtainable at the time of sale. The Selling Shareholders may place sell orders with brokers of their choice, and usual and customary brokerage fees may be paid by the Selling Shareholders in connection with such sales. Whether such sales will be made and the timing and amount of any sale is discretionary with each Selling Shareholder.

The Company has agreed to supply the Selling Shareholders with reasonable quantities of Prospectuses and the Selling Shareholders shall in all cases be responsible for complying with the prospectus delivery requirements of section 5(b)(2) of the 1933 Act with respect to sales of Shares made by them.

#### USE OF PROCEEDS

The Trust will not receive any of the proceeds from the sale of the Shares offered under this Prospectus by the Selling Shareholders. The Trust will, however, receive the exercise price of any options exercised under the 1983 and 1985 Plans, which it will use for working capital.

#### EXPERTS

The consolidated financial statements and schedules included in the Trust's Annual Report on Form 10-K for the Fiscal Year ended December 31, 1993 incorporated by reference in this Prospectus have been so incorporated in reliance on the reports dated February 14, 1994, of Grant Thornton, independent accountants, and upon the authority of said firm as experts in auditing and accounting.

#### INDEMNIFICATION

The Trust's Third Amended and Restated Declaration of Trust provides in substance that no Trustee or officer of the Trust is personally liable to the Trust or to any other person with respect to the Trust, except for his

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or her own bad faith, willful misconduct, gross negligence or reckless disregard of duties, or failure to act in good faith in the reasonable belief that his or her action was in the best interests of the Trust. The Trust indemnifies and holds harmless each Trustee and officer against all

claims, liabilities and expenses in connection with the defense or disposition of any lawsuit threatened or brought by reason of his or her office, except as to any matter for which he or she is personally liable as stated above.

The indemnification described in the preceding paragraph may include indemnification against liabilities arising under the 1933 Act. Insofar as indemnification for liabilities arising under the 1933 Act may be permitted to Trustees, officers, or persons controlling the Trust pursuant to the foregoing provisions, the Trust has been informed that in the opinion of the Commission such indemnification is against public policy as expressed in the 1933 Act and is therefore unenforceable.

AMENDED AND RESTATED  
1983 STOCK OPTION PLAN  
OF  
FEDERAL REALTY INVESTMENT TRUST

Federal Realty Investment Trust, an unincorporated business trust organized under the laws of the District of Columbia, hereby adopts this Amended and Restated 1983 Stock Option Plan of Federal Realty Investment Trust. The purposes of this Plan are as follows:

(1) To further the growth, development and financial success of the Trust by providing incentives to Trustees and to certain key Employees and Officers who have been or will be given responsibility for the management or administration of the Trust's business affairs, by assisting them to become shareholders of the Trust and thus to benefit directly from its growth, development and financial success.

(2) To enable the Trust and Affiliates to obtain and retain the services of the type of professional, technical and managerial employees considered essential to the long range success of the Trust by providing and offering them an opportunity to become shareholders of the Trust.

(3) To allow eligible employees of the Trust to become shareholders of the Trust upon the exercise of options that are intended to qualify as "incentive stock options" under Section 422A of the Internal Revenue Code of 1986, as amended.

DC-154541.2

ARTICLE I

DEFINITIONS

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Section 1.1 - General

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Whenever the following terms are used in this Plan they shall have the respective meanings specified below unless the context clearly indicates to the contrary.

Section 1.2 - Trustees

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"Trustees" shall mean the trustees of the Trust.

Section 1.3 - Code

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"Code" shall mean the Internal Revenue Code of 1986, as amended.

Section 1.4 - Committee

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"Committee" shall mean the Stock Option Committee appointed by the Trustees as provided in Section 6.1.

Section 1.5 - Trust

-----

"Trust" shall mean Federal Realty Investment Trust.

Section 1.6 - Affiliate  
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"Affiliate" shall mean (a) any entity which, pursuant to an advisory agreement with the Trust, serves as the investment advisor and administrator of the day-to-day investment operations of the Trust and may perform such other duties as the Trustees may from time to time determine, and (b) any entity which, pursuant to a property management agreement with the Trust, renders property management and leasing services to the Trust in connection with the Trust's real estate properties.

Section 1.7 - Subsidiary, Parent  
-----

"Subsidiary" shall have the meaning ascribed to the term "subsidiary corporation" in Section 425(f) of the Code; "Parent" shall have the meaning ascribed to the term "parent corporation" in Section 425(e) of the Code.

Section 1.8 - Employee  
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"Employee" shall mean any employee of the Trust or an Affiliate, whether or not such employee was so employed at the time this Plan was adopted.

Section 1.9 - Incentive Option, Non-Qualified Option, Option  
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(a) "Incentive Option" shall mean an option to purchase Shares granted under the Plan which is intended to qualify as an "incentive stock option" under Section 422A of the Code.

(b) "Non-Qualified Option" shall mean an option to purchase Shares granted under the Plan which is not intended to qualify as a "qualified

stock option" under Section 422 of the Code or an "incentive stock option" under Section 422A of the Code.

(c) "Option" shall refer collectively to both a NonQualified Option and an Incentive Option.

Section 1.10 - Optionee  
-----

"Optionee" shall mean a Trustee, Employee or Officer to whom an Option is granted under the Plan.

Section 1.11 - Plan  
-----

"Plan" shall mean the Amended and Restated 1983 Stock Option Plan of Federal Realty Investment Trust as set forth herein as the same may be amended from time to time.

Section 1.12 - Secretary  
-----

"Secretary" shall mean the Secretary of the Trust.

Section 1.13 - Termination of Employment  
-----

"Termination of Employment" shall mean the earlier to occur of (a) the date on which the employee-employer relationship between the Employee and

either the Trust or an Affiliate is terminated for any reason, including, but not by way of limitation, a termination by resignation, discharge, death or retirement, but excluding terminations where there is a simultaneous reemployment of the Employee by the Trust or an Affiliate, (b) with respect to an employee of an Affiliate, the date on which the advisory or management agreement between the Trust and an Affiliate is terminated, unless such employee is simultaneously employed by the Trust or another Affiliate or (c)

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with respect to a Trustee, the date after which such trustee will no longer serve as a Trustee. The Committee, in its absolute discretion, shall determine the effect of all other matters and questions relating to Termination of Employment, including, but not by way of limitation, the question of whether a leave of absence constitutes a Termination of Employment, provided, however, that a leave of absence shall constitute a Termination of Employment if, and to the extent that, such leave of absence interrupts employment for the purposes of Section 422A(a)(2) of the Code, and the then applicable regulations and rulings under said Section.

Section 1.14 - Shares  
-----

"Shares" shall mean shares of beneficial interest (no par value) of the Trust.

Section 1.15 - Officer  
-----

"Officer" shall mean an officer of the Trust or an Affiliate.

Section 1.16 - Pronouns  
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The masculine pronoun shall include the feminine and neuter and the singular shall include the plural, where the context so indicates.

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ARTICLE II

SHARES SUBJECT TO PLAN  
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Section 2.1 - Shares Subject to Plan  
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The maximum number of Shares which may be issued upon exercise of Options shall not exceed 400,000. All of such Shares may be issued upon exercise of Incentive Options.

Section 2.2 - Limitation on Incentive Option Grants  
-----

Subject to the overall limitations of Section 2.1, the aggregate fair market value (determined as of the time the Option is granted) of the Shares for which any key Employee of the Trust may be granted Incentive Options exercisable for the first time in any calendar year (under the Plan and all other incentive stock option plans of the Trust or any Subsidiary or Parent thereof) shall not exceed \$100,000.

Section 2.3 - Unexercised Options  
-----

If any Option expires or is canceled without having been fully exercised, the number of Shares subject to such Option but as to which such Option was not exercised prior to its expiration or cancellation may again be the subject of Options granted hereunder, subject to the limitations of Sections 2.1 and 2.2.

Section 2.4 - Changes in Trust's Shares  
-----

In the event that the outstanding Shares are hereafter changed into or exchanged for a different number or kind of shares or other securities of

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the Trust or of another entity by reason of reorganization, merger, consolidation, recapitalization, reclassification, stock split-up, stock dividend or combination of shares, appropriate adjustments shall be made by the Committee in the number and kind of shares for which Options may be granted, including adjustments of the limitations in Sections 2.1 and 2.2 on the maximum number and kind of shares which may be issued on exercise of Options.

ARTICLE III

GRANTING OF OPTIONS  
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Section 3.1 - Eligibility  
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Any Trustee, any key Employee or any Officer shall be eligible to be granted Non-Qualified Options, but Incentive Options shall be granted only to key Employees of the Trust who at the time the Incentive Option is granted do not own (within the meaning of Section 425(d) of the Code) more than 10 percent of the total combined voting power of all classes of stock of the Trust or any Subsidiary or Parent thereof.

Section 3.2 - Limitation on Grant of Options  
-----

No Option shall be granted after March 28, 1993.

Section 3.3 - Granting of Options  
-----

(a) The Committee shall from time to time, in its absolute discretion:

(i) Determine which Employees are key Employees and select from among the Trustees, Officers and key Employees (including those to

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whom Options have been previously granted under the Plan) such of them as in its opinion should be granted Options; and

(ii) Determine the number of Shares to be subject to such Options; and

(iii) Determine the terms and conditions of such Options, including whether such Options shall be Incentive Options, consistent with the Plan.

(b) Upon the selection of an Optionee, and determination of the terms of the Option to be granted, the Committee shall instruct the Secretary to issue such Option and may impose such conditions on the grant of such Option as it deems appropriate. Without limiting the generality of the preceding sentence, the Committee may, in its discretion and on such terms as it deems appropriate, require as a condition on the grant of a Non-Qualified Option that the Optionee surrender for cancellation some or all of the unexercised non-qualified options which had been previously granted to the Optionee. A Non-Qualified Option the grant of which is



conditioned upon such surrender may have an option price lower (or higher) than the option price of the surrendered non-qualified option, may cover the same (or a lesser or greater) number of Shares as the surrendered non-qualified option, may contain such other terms as the Committee deems appropriate and shall be exercisable in accordance with its terms, without regard to the number of Shares, price, option period or any other term or condition of the surrendered non-qualified option.

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#### ARTICLE IV

##### TERMS OF OPTIONS

###### Section 4.1 - Option Agreement

Each Option shall be evidenced by a written "Stock Option Agreement", which shall be executed by the Optionee and an authorized Officer of the Trust or a Trustee and which shall contain such terms and conditions as the Committee shall determine, consistent with the Plan. Stock Option Agreements evidencing Incentive Options shall contain such terms and conditions as may be necessary to qualify such Incentive Options as "incentive stock options" under Section 422A of the Code, including, without limitation, the restrictions on transfer of Incentive Options set out in Section 422A(b) (5) of the Code.

###### Section 4.2 - Option Price

(a) The purchase price of the Shares subject to each Option shall be set by the Committee; provided, however, that the purchase price per Share shall be not less than 100% of the fair market value per such Share on the date such Option is granted.

(b) For the purpose of Section 4.2(a), the fair market value of a Share on the date the Option is granted shall be:

(i) the closing price of a Share on the principal exchange on which Shares are then trading, if any, on such date, or, if Shares were not traded on such date, then on the next preceding trading day during which a sale occurred;

(ii) if the Shares are not traded on an exchange but quoted on NASDAQ or a successor quotation system, the mean between the closing

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representative bid and asked prices for the Shares on such date as reported by NASDAQ or such successor quotation system;

(iii) if the Shares are not publicly traded on an exchange and not quoted on NASDAQ or a successor quotation system, the mean between the closing bid and asked prices for the Shares on such date as determined in good faith by the Committee; or

(iv) if the Shares are not publicly traded, the fair market value established by the Committee acting in good faith.

###### Section 4.3 Commencement of Exercisability

(a) No Option may be exercised in whole or in part during the first year after such Option is granted; provided, however, that the Committee may, in its sole discretion, unilaterally modify any or all Stock Option Agreements to allow any or all Options subject thereto to be exercised within the first year after such Options are granted.

(b) Subject to the provisions of Sections 4.3(a), 4.3(c) and 7.3, Options shall become exercisable at such times and in such installments (which may be cumulative) as the Committee shall provide in each individual Stock Option Agreement; provided, however, that by a resolution adopted after an Option is granted, the Committee may, on such terms and conditions as it may determine to be appropriate and subject to Sections 4.3(a), 4.3(c) and 7.3, accelerate the time at which such Option or any portion thereof may be exercised.

(c) No portion of an Option which is unexercisable at Termination of Employment shall thereafter become exercisable.

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#### Section 4.4 - Expiration of Options -----

(a) No Option may be exercised to any extent by any person after the expiration of ten years from the date the Option was granted.

(b) In addition to the requirement stated in Section 4.4(a), no Incentive Option may be exercised to any extent by any person after the first to occur of the following events:

(i) In the case of an Optionee who is disabled (within the meaning of Section 105(d)(4) of the Code), the expiration of one year from the date of the Optionee's Termination of Employment for any reason other than such Optionee's death, unless the Optionee dies within said one-year period;

(ii) Except in the case of any Optionee who is disabled (within the meaning of Section 105(d)(4) of the Code), the expiration of three months from the date of the Optionee's Termination of Employment for any reason other than such Optionee's death, unless the Optionee dies within said three-month period; or

(iii) The expiration of one year from the date of the Optionee's death.

(c) Subject to the provisions of Sections 4.4(a) and (b), the Committee shall specify, in the terms of each Stock Option Agreement, when the Option subject thereto expires and becomes unexercisable; and (without limiting the generality of the foregoing) the Committee may provide therein that said Options expire immediately upon a Termination of Employment.

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#### Section 4.5 - Adjustments in Outstanding Options -----

In the event that the outstanding Shares subject to Options are hereafter changed into or exchanged for a different number or kind of shares or other securities of the Trust or of another entity, by reason of reorganization, merger, consolidation, recapitalization, reclassification, stock split-up, stock dividend or combination of shares, the Committee shall make an appropriate and equitable adjustment in the number and kind of

shares as to which all outstanding Options, or portions thereof then unexercised, shall be exercisable, to the end that after such event the Optionee's proportionate interest shall be maintained as before the occurrence of such event. Such adjustment in an outstanding Option shall be made without change in the total price applicable to the Option or the unexercised portion of the Option (except for any change in the aggregate price resulting from rounding-off of share quantities or prices) and with any necessary corresponding adjustment in option price per share; provided, however, that each such adjustment with respect to an Incentive Option shall be made in such manner as not to constitute a "modification" within the meaning of Section 425(h)(3) of the Code. Any adjustment made by the Committee pursuant to this Section 4.5 shall be final and binding upon all Optionees, the Trust and all other interested persons.

Section 4.6 - Merger, Consolidation, Exchange, Acquisition,  
----- Liquidation or Dissolution  
-----

In its absolute discretion, and on such terms and conditions as it deems appropriate, the Committee may provide by the terms of any Stock Option Agreement that the Option subject thereto cannot be exercised after the merger or consolidation of the Trust into another corporation, the exchange of all or substantially all of the assets of the Trust for the securities of another corporation, the acquisition by another corporation of 80 percent or more of the Trust's then outstanding Shares, or the liquidation or dissolution of the Trust; and if the Committee so provides, it may, in its absolute discretion and on such terms and conditions as it

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deems appropriate, also provide either by the terms of such Stock Option Agreements or by a resolution adopted prior to the occurrence of such merger, consolidation, exchange, acquisition, liquidation or dissolution, that, for some period of time prior to such event, such Option shall be exercisable as to all Shares covered thereby, notwithstanding anything to the contrary in Sections 4.3(a) and (b) and/or any installment provisions of such Stock Option Agreement.

ARTICLE V

EXERCISE OF OPTIONS  
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Section 5.1 - Person Eligible to Exercise  
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During the lifetime of the Optionee, only he may exercise an Option granted to him, or any portion thereof. After the death of the Optionee, any exercisable portion of an Option may, prior to the time when such portion becomes unexercisable under Section 4.4, be exercised by his personal representative or by any person empowered to do so under the deceased Optionee's will or under the then applicable laws of descent and distribution.

Section 5.2 - Partial Exercise  
-----

At any time and from time to time prior to the time when any Option or exercisable portion thereof becomes unexercisable under Section 4.4 such Option or portion thereof may be exercised in whole or in part; provided however, that the Trust shall not be required to issue fractional Shares and the Committee may, by the terms of the Stock Option Agreement, require any partial exercise to be with respect to a specified minimum number of Shares.

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Section 5.3 - Manner of Exercise  
-----

An Option, or any exercisable portion thereof, may be exercised solely

by delivery to the Secretary or his office of all of the following prior to the time when such Option or such portion becomes unexercisable under Section 4.4:

(a) Notice in writing signed by the Optionee or other person then entitled to exercise such Option or portion thereof, stating that such Option or portion thereof is exercised, such notice complying with all applicable rules established by the Committee; and

(b) (i) Full payment (in cash or by check) for the Shares with respect to which such Option or portion is thereby exercised; or

(ii) For Incentive Options only, shares of any class of the Trust's stock owned by the Optionee duly endorsed for transfer to the Trust with a fair market value (determinable in the same manner as set forth under Section 4.2(b)) on the date of delivery equal to the aggregate purchase price of the Shares with respect to which such Incentive Option or portion thereof is thereby exercised; or

(iii) For Incentive Options only, and to the extent permitted by applicable law, a promissory note payable to the order of the Trust executed by the Optionee and containing such other terms and conditions as shall be prescribed in the Stock Option Agreement from the Committee; or

(iv) For Incentive Options only, any combination of the consideration provided in the foregoing subsections (i), (ii) and (iii); and

(c) Such representations and documents as the Committee, in its absolute discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act of 1933, as

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amended, and any other federal or state securities laws or regulations. The Committee may, in its absolute discretion, also take whatever additional actions it deems appropriate to effect such compliance, including, without limitation, placing legends on Share certificates and issuing stop-transfer orders to transfer agents and registrars; and

(d) In the event that the Option or portion thereof shall be exercised pursuant to Section 5.1 by any person or persons other than the Optionee, appropriate proof of the right of such person or persons to exercise the Option or portion thereof.

#### Section 5.4 - Conditions to Issuance of Stock Certificates

-----

The Shares issuable and deliverable upon the exercise of an Option, or any portion thereof, may be either previously unissued Shares or issued Shares which have then been reacquired by the Trust. The Trust shall not be required to issue or deliver any certificate or certificates for Shares purchased upon the exercise of any Option or portion thereof prior to fulfillment of all of the following conditions:

(a) The admission of such Shares to listing on all stock exchanges on which such class of stock is then listed; and

(b) The completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body which the Committee shall, in its absolute discretion, deem necessary or advisable; and

(c) The obtaining of any approval or other clearance from any state or federal governmental agency which the Committee shall, in its absolute discretion, determine to be necessary or advisable; and

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(d) The lapse of such reasonable period of time following the exercise of the Option as the Committee may establish from time to time for reasons of administrative convenience.

Section 5.5 - Rights as Shareholders  
-----

The holders of Options shall not be, nor have any of the rights or privileges of, shareholders of the Trust in respect of any Shares purchasable upon the exercise of any part of an Option until such Option is exercised and Shares have been issued by the Trust to such holders.

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ARTICLE VI

ADMINISTRATION  
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Section 6.1 - Stock Option Committee  
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The Stock Option Committee shall consist of at least three Trustees, appointed by and holding office during the pleasure of the Trustees. Appointment of Committee members shall be effective upon filing of written acceptance of appointment with the Trustees. Committee members may resign at any time by delivering written notice to the Trustees. Vacancies in the Committee shall be filled by the Trustees.

Section 6.2 - Duties and Powers of Committee  
-----

It shall be the duty of the Committee to conduct the general administration of the Plan in accordance with its provisions. The Committee shall have the power to interpret the Plan, the Options and the Stock Option Agreements and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. Any such interpretations and rules with respect to Incentive Options shall be consistent with the basic purpose of the Plan to grant "incentive stock options" within the meaning of Section 422A of the Code. In their absolute discretion, the Trustees may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan.

Section 6.3 - Committee Action  
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Committee action shall be unanimous and may be taken either by vote at

a meeting or by a memorandum or other written instrument signed by all of

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the members of the Committee; provided, however, that if one member of the Committee disagrees with the recommended action of the other two members of the Committee, the Committee shall refer the matter to the Board of Trustees for action by a vote of the majority of the Trustees.

Section 6.4 - Professional Assistance; Good Faith Actions  
-----

All expenses and liabilities incurred by the Committee in connection with the administration of the Plan shall be borne by the Trust. The Committee may, with the approval of the Trustees, employ attorneys, consultants, accountants, appraisers, brokers or other persons. The Committee, the Trust, the Trust's officers and the Trustees shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon all Optionees, the Trust and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Options, and all members of the Committee shall be fully indemnified by the Trust in respect to any such action, determination or interpretation.

ARTICLE VII

MISCELLANEOUS PROVISIONS  
-----

Section 7.1 - Options Not Transferable  
-----

No Option or interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Optionee or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means, whether such disposition be voluntary or involuntary or by operation of law, by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof

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shall be null and void and of no effect; provided, however, that nothing in this Section 7.1 shall prevent transfers by will or by the applicable laws of descent and distribution.

Section 7.2 - Amendment, Suspension, or Termination of the Plan  
-----

The Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Trustees. However, without approval of the Trust's shareholders given within 12 months before or after the action by the Trustees or the Committee, no action of the Committee or Trustees may, except as provided in Section 2.4, increase the limits imposed in Section 2.1 on the maximum number of Shares which may be issued on exercise of Options, reduce the minimum option price requirement in Section 4.2(a) or extend the limit imposed in Section 3.2 on the period during which Options may be granted. Neither the amendment, suspension nor termination of the Plan shall, without the consent of the holder of the Option, alter or impair any rights or obligations under any Option theretofore granted. No Option may be granted during any period of suspension nor after termination of the Plan.

Section 7.3 - Approval of Plan by Shareholders  
-----

This Plan will be submitted for the approval of the Trust's shareholders within 12 months after the date of the Trustee's initial adoption of the Plan. Options may be granted prior to such shareholder approval; provided, however, that such Options shall not be exercisable prior to the time when the Plan is approved by the shareholders; and provided, further, that if such approval has not been obtained at the end of

said 12-month period, all Options previously granted under the Plan shall thereupon be canceled and become null and void.

Section 7.4 - Effect of Plan Upon Other Options and Compensation  
----- Plans  
-----

The adoption of this Plan shall not affect the rights of any Trustee or Officer or Employee of the Trust with respect to any option granted under the Trust's 1977 Stock Option Plan nor shall it affect any other compensation or incentive plans in effect for the Trust or an Affiliate. Nothing in this Plan shall be construed to limit the right of the Trust or an Affiliate (a) to establish any other forms of incentives or compensation for Employees, or (b) to grant or assume options otherwise than under this Plan in connection with any proper corporate purpose, including but not by way of limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, firm or association.

Section 7.5 - Titles  
-----

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan.

I hereby certify that the foregoing Plan was duly adopted by the Trustees of Federal Realty Investment Trust on March 28, 1983.

Executed on this 27th day of March, 1987.

Catherine R. Mack  
-----  
Secretary

I hereby certify that the foregoing Plan was duly approved by the shareholders of Federal Realty Investment Trust on May 12, 1983.

Executed on this 27th day of March, 1987.

Catherine R. Mack  
-----  
Secretary





1985 NON-QUALIFIED STOCK OPTION PLAN  
OF  
FEDERAL REALTY INVESTMENT TRUST

Federal Realty Investment Trust, an unincorporated business trust organized under the laws of the District of Columbia, hereby adopts this 1985 Non-Qualified Stock Option Plan of Federal Realty Investment Trust. The purposes of this Plan are as follows:

To further the growth, development and financial success of the Trust by enabling Affiliates of the Trust to obtain and retain the services of the type of professional, technical and managerial employees considered essential to the long range success of the Trust by providing and offering them an opportunity to become shareholders of the Trust upon the exercise of non-qualified options.

ARTICLE I

DEFINITIONS

-----

Section 1.1 - General

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Whenever the following terms are used in this Plan they shall have the respective meanings specified below unless the context clearly indicates to the contrary.

DC-154531.2

Section 1.2 - Trustees

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"Trustees" shall mean the trustees of the Trust.

Section 1.3 - Code

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"Code" shall mean the Internal Revenue Code of 1954, as amended.

Section 1.4 - Committee

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"Committee" shall mean the Stock Option Committee appointed by the Trustees as provided in Section 6.1.

Section 1.5 - Trust

-----

"Trust" shall mean Federal Realty Investment Trust.

Section 1.6 - Affiliate

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"Affiliate" shall mean (a) any entity which, pursuant to an advisory agreement with the Trust, serves as the investment advisor and administrator of the day-to-day investment operations of the Trust and may perform such other duties as the Trustees may from time to time determine, and (b) any entity which, pursuant to a management agreement with the trust, renders property management and/or leasing services to the Trust in connection with the Trust's real estate properties.

Section 1.7 - Subsidiary, Parent  
-----

"Subsidiary" shall have the meaning ascribed to the term "Subsidiary Corporation" in Section 425(f) of the Code; "Parent" shall have the meaning ascribed to the term "Parent Corporation" in Section 425(e) of the Code.

Section 1.8 - Employee  
-----

"Employee" shall mean any employee of an Affiliate, whether such employee was so employed at the time this Plan was adopted.

Section 1.9 - Non-Qualified Option  
-----

"Option" shall mean a non-qualified option to purchase Shares granted under the Plan. No Option granted is intended to qualify as a "qualified stock option" under Section 422 of the Code or an "incentive stock option" under Section 422A of the Code.

Section 1.10 - Optionee  
-----

"Optionee" shall mean an Employee or Officer to whom an Option is granted under the Plan.

Section 1.11 - Plan  
-----

"Plan" shall mean the 1985 Non-Qualified Stock Option Plan of Federal Realty Investment Trust as set forth herein as the same may be amended from time to time.

Section 1.12 - Pronouns  
-----

The masculine pronoun shall include the feminine and neuter and the singular shall include the plural, where the context so indicates.

Section 1.13 - Secretary  
-----

"Secretary" shall mean the Secretary of the Trust.

Section 1.14 - Termination of Employment  
-----

"Termination of Employment" shall mean the earlier to occur of (a) the date on which the employee-employer relationship between the Employee and an Affiliate is terminated for any reason, including, but not by way of limitation, a termination by resignation, discharge, death or retirement, but excluding terminations where there is a simultaneous reemployment of the Employee by the Trust or an Affiliate, or (b) the date on which the advisory or management agreement between the Trust and an Affiliate is terminated, unless such employee is simultaneously employed by the Trust. The Committee, in its absolute discretion, shall determine the effect of all other matters and questions relating to Termination of Employment, including, but not by way of limitation, the question of whether a leave of absence constitutes a Termination of Employment.

Section 1.15 - Shares

-----  
"Shares" shall mean common shares of beneficial interest (no par value) of the Trust.

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Section 1.16 - Officer  
-----

"Officer" shall mean an officer of an Affiliate.

ARTICLE II  
SHARES SUBJECT TO PLAN  
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Section 2.1 - Shares Subject to Plan  
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The maximum number of Shares which may be issued upon exercise of Options shall not exceed 100,000.

Section 2.2 - Limitation on Option Grants  
-----

Subject to the overall limitations of Section 2.1, the aggregate fair market value (determined as of the time the Option is granted) of the Shares for which any Employee may be granted Options in any calendar year (under the Plan and all other stock option plans of the Trust or any Subsidiary or Parent thereof) shall not exceed \$100,000.

Section 2.3 - Unexercised Options  
-----

If any Option expires or is canceled without having been fully exercised, the number of Shares subject to such Option but as to which such Option was not exercised prior to its expiration or cancellation may again be the subject of Options granted hereunder, subject to the limitations of Section 2.1.

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Section 2.4 - Changes in Trust's Shares  
-----

In the event that the outstanding Shares are hereafter changed into or exchanged for a different number or kind of shares or other securities of the Trust or of another entity, by reason of reorganization, merger, consolidation, recapitalization, reclassification, stock split-up, stock dividend or combination of shares, appropriate adjustments shall be made by the Committee in the number of shares for which Options may be granted, including adjustments of the limitations in Section 2.1 on the maximum number and kind of shares which may be issued on exercise of Options.

ARTICLE III  
GRANTING OF OPTIONS  
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Section 3.1 - Eligibility  
-----

Any Employee or Officer shall be eligible to be granted Options, but Options shall be granted only to Employees who at the time the Option is

granted do not own (within the meaning of Section 425(d) of the Code) more than 10 percent of the total combined voting power of all classes of stock of the Trust or any Subsidiary or Parent thereof.

Section 3.2 - Limitation on Grant of Options  
-----

No Option shall be granted after March 28, 1993.

Section 3.3 - Granting of Options  
-----

(a) The Committee shall from time to time, in its absolute discretion:

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(i) Select from among the Officers and Employees (including those to whom Options have been previously granted under the Plan) such of them as in its opinion should be granted Options; and

(ii) Determine the number of Shares to be subject to such Options;  
and

(iii) Determine the terms and conditions of such Options consistent with the Plan.

(b) Upon the selection of an Optionee, and determination of the terms of the Option to be granted, the Committee shall instruct the Secretary to issue such Option and may impose such conditions on the grant of such Option as it deems appropriate. Without limiting the generality of the preceding sentence, the Committee may, in its discretion and on such terms as it deems appropriate, require as a condition on the grant of an Option that the Optionee surrender for cancellation some or all of the unexercised Options which had been previously granted to the Optionee under the Plan. An Option the grant of which is conditioned upon such surrender may have an option price lower (or higher) than the option price of the surrendered Option, may cover the same (or a lesser or greater) number of Shares as the surrendered Option, may contain such other terms as the Committee deems appropriate and shall be exercisable in accordance with its terms, without regard to the number of Shares, price, option period or any other term or condition of the surrendered Option.

ARTICLE IV

TERMS OF OPTIONS  
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Section 4.1 - Option Agreement  
-----

Each Option shall be evidenced by a written Stock Option Agreement, which shall be executed by the Optionee and an authorized Officer of the

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Trust or a Trustee and which shall contain such terms and conditions as the Committee shall determine, consistent with the Plan.

Section 4.2 - Option Price  
-----

(a) The purchase price of the Shares subject to each Option shall be set by the Committee; provided, however, that the purchase price per Share shall be not less than 100% of the fair market value per such Share on the date such Option is granted.

(b) For the purpose of Section 4.2(a), the fair market value of a Share on the date the Option is granted shall be: (i) the closing price of a Share on the principal exchange on which Shares are then trading, if any, on such date, or, if Shares were not traded on such date, then on the next preceding trading day during which a sale occurred; or (ii) if the Shares are not traded on an exchange but quoted on NASDAQ or a successor quotation system, the mean between the closing representative bid and asked prices for the Shares on such date as reported by NASDAQ or such successor quotation

system; or (iii) if the Shares are not publicly traded on an exchange and not quoted on NASDAQ or a successor quotation system, the mean between the closing bid and asked prices for the Shares on such date as determined in good faith by the Committee; or (iv) if the Shares are not publicly traded, the fair market value established by the Committee acting in good faith.

Section 4.3 - Commencement of Exercisability  
-----

(a) No Option may be exercised in whole or in part during the first year after such Option is granted; provided, however, that the Committee may, in its sole discretion, unilaterally modify any or all Stock Option Agreements to allow any or all Options subject thereto to be exercised within the first year after such Options are granted.

(b) Subject to the provisions of Sections 4.3(a), 4.3(c) and 7.3, Options shall become exercisable at such times and in such installments (which may be cumulative) as the Committee shall provide in each individual

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Stock Option Agreement; provided, however, that by a resolution adopted after an Option is granted, the Committee may, on such terms and conditions as it may determine to be appropriate and subject to Sections 4.3(a), 4.3(c) and 7.3, accelerate the time at which such Option or any portion thereof may be exercised.

(c) No portion of an Option which is unexercisable at Termination of Employment shall thereafter become exercisable.

Section 4.4 - Expiration of Options  
-----

(a) No Option may be exercised to any extent by any person after the expiration of ten years from the date the Option was granted.

(b) In addition to the requirement stated in Section 4.4(a), no Option may be exercised to any extent by any person after the first to occur of the following events:

(i) In the case of an Optionee who is disabled (within the meaning of Section 105(d)(4) of the Code), the expiration of one-year from the date of the Optionee's Termination of Employment for any reason other than such Optionee's death, unless the Optionee dies within said one-year period; or

(ii) Except in the case of any Optionee who is disabled (within the meaning of Section 105(d)(4) of the Code), the expiration of three months from the date of the Optionee's Termination of Employment for any reason other than such Optionee's death, unless the Optionee dies within said three-month period; or

(iii) The expiration of one year from the date of the Optionee's death.

(c) Subject to the provisions of Sections 4.4(a) and 4.4(b), the Committee shall specify, in the terms of each Stock Option Agreement, when the Option subject thereto expires and becomes unexercisable; and (without

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limiting the generality of the foregoing) the Committee may provide therein that said Options expire immediately upon a Termination of Employment.

Section 4.5 - Adjustments in Outstanding Options  
-----

In the event that the outstanding Shares subject to Options are hereafter changed into or exchanged for a different number or kind of shares or other securities of the Trust or of another entity, by reason of reorganization, merger, consolidation, recapitalization, reclassification, stock split-up, stock dividend or combination of shares, the Committee shall make an appropriate and equitable adjustment in the number and kind of shares as to which all outstanding Options, or portions thereof then unexercised, shall be exercisable, to the end that after such event the

Optionee's proportionate interest shall be maintained as before the occurrence of such event. Such adjustment in an outstanding Option shall be made without change in the total price applicable to the Option or the unexercised portion of the Option (except for any change in the aggregate price resulting from rounding-off of share quantities or prices) and with any necessary corresponding adjustment in option price per share. Any adjustment made by the Committee pursuant to this Section 4.5 shall be final and binding upon all Optionees, the Trust and all other interested persons.

Section 4.6 - Merger, Consolidation, Exchange, Acquisition,  
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Liquidation or Dissolution  
-----

In its absolute discretion, and on such terms and conditions as it deems appropriate, the Committee may provide by the terms of any Stock Option Agreement that the Option subject thereto cannot be exercised after the merger or consolidation of the Trust into another corporation, the exchange of all or substantially all of the assets of the Trust for the securities of another corporation, the acquisition by another corporation of 80 percent or more of the Trust's then outstanding Shares or the liquidation or dissolution of the Trust; and if the Committee so provides, it may, in its absolute discretion and on such terms and conditions as it deems

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appropriate, also provide either by the terms of such Stock Option Agreements or by a resolution adopted prior to the occurrence of such merger, consolidation, exchange, acquisition, liquidation or dissolution, that, for some period of time prior to such event, such Option shall be exercisable as to all Shares covered thereby, notwithstanding anything to the contrary in Section 4.3(a), Section 4.3(b) and/or any installment provisions of such Stock Option Agreement.

ARTICLE V

EXERCISE OF OPTIONS  
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Section 5.1 - Person Eligible to Exercise  
-----

During the lifetime of the Optionee, only he may exercise an Option granted to him, or any portion thereof. After the death of the Optionee, any exercisable portion of an Option may, prior to the time when such portion becomes unexercisable under Section 4.4, be exercised by his personal representative or by any person empowered to do so under the deceased Optionee's will or under the then applicable laws of descent and distribution.

Section 5.2 - Partial Exercise  
-----

At any time and from time to time prior to the time when any Option or exercisable portion thereof becomes unexercisable under Section 4.4 such Option or portion thereof may be exercised in whole or in part; provided however, that the Trust shall not be required to issue fractional Shares and the Committee may, by the terms of the Stock Option Agreement require any partial exercise to be with respect to a specified minimum number of Shares.

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Section 5.3 - Manner of Exercise  
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An Option, or any exercisable portion thereof, may be exercised solely by delivery to the Secretary or his office of all of the following prior to the time when such Option or such portion becomes unexercisable under Section 4.4:

(a) Notice in writing signed by the Optionee or other person then entitled to exercise such Option or portion thereof, stating that such Option or portion thereof is exercised, such notice complying with all applicable rules established by the Committee; and

(b) (i) Full payment (in cash or by check) for the Shares with respect to which such Option or portion is thereby exercised; or

(ii) Shares of any class of the Trust's stock owned by the Optionee duly endorsed for transfer to the Trust with a fair market value (determinable in the same manner as set forth under Section 4.2 (b)) on the date of delivery equal to the aggregate purchase price of the Shares with respect to which such Option or portion thereof is thereby exercised; or

(iii) To the extent permitted by applicable law, a promissory note payable to the order of the Trust executed by the Optionee and containing such other terms and conditions as shall be prescribed in the Stock Option Agreement from the Committee; or

(iv) Any combination of the consideration provided in the foregoing subsections (i), (ii) and (iii); and

(c) Such representations and documents as the Committee, in its absolute discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act of 1933, as amended, and any other federal or state securities laws or regulations. The Committee may, in its absolute discretion, also take whatever

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additional actions it deems appropriate to effect such compliance, including, without limitation, placing legends on Share certificates and issuing stop-transfer orders to transfer agents and registrars; and

(d) In the event that the Option or portion thereof shall be exercised pursuant to Section 5.1 by any person or persons other than the Optionee, appropriate proof of the right of such person or persons to exercise the Option or portion thereof.

#### Section 5.4 - Conditions to Issuance of Stock Certificates

-----

The Shares issuable and deliverable upon the exercise of an Option, or any portion thereof, may be either previously unissued Shares or issued Shares which have then been reacquired by the Trust. The Trust shall not be required to issue or deliver any certificate or certificates for Shares purchased upon the exercise of any Option or portion thereof prior to fulfillment of all of the following conditions:

(a) The admission of such Shares to listing on all stock exchanges on which such class of stock is then listed; and

(b) The completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body which the Committee shall, in its absolute discretion, deem necessary or advisable; and

(c) The obtaining of any approval or other clearance from any state or federal governmental agency which the Committee shall, in its absolute discretion, determine to be necessary or advisable; and

(d) The lapse of such reasonable period of time following the exercise of the Option as the Committee may establish from time to time for reasons of administrative convenience.

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#### Section 5.5 - Rights as Shareholders

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The holders of Options shall not be, nor have any of the rights or privileges of, shareholders of the Trust in respect of any Shares purchasable upon the exercise of any part of an Option until such Shares have been issued by the Trust to such holders.

ARTICLE VI

ADMINISTRATION  
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Section 6.1 - Stock Option Committee  
-----

The Stock Option Committee shall consist of at least three Trustees, appointed by and holding office during the pleasure of the Trustees. Committee members may resign at any time by delivering written notice to the Trustees. Vacancies in the Committee shall be filled by the Trustees.

Section 6.2 - Duties and Powers of Committee  
-----

It shall be the duty of the Committee to conduct the general administration of the Plan in accordance with its provisions. The Committee shall have the power to interpret the Plan, the Options, and the Stock Option Agreements and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. Any such interpretations and rules with respect to Options shall be consistent with the basic purpose of the Plan to grant non-qualified stock options. In its absolute discretion, the Trustees may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan.

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Section 6.3 - Committee Action  
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Committee action shall be unanimous and may be taken either by vote at a meeting or by a memorandum or other written instrument signed by all of the members of the Committee; provided, however, that if one member of the Committee disagrees with the recommended action of the other two members of the Committee, the Committee shall refer the matter to the Board of Trustees for action by a vote of the majority of the Trustees.

Section 6.4 - Professional Assistance; Good Faith Actions  
-----

All expenses and liabilities incurred by the Committee in connection with the administration of the Plan shall be borne by the Trust. The Committee may, with the approval of the Trustees, employ attorneys, consultants, accountants, appraisers, brokers or other persons. The Committee, the Trust and its officers and Trustees shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding on all Optionees, the Trust and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Options, and all members of the Committee shall be fully indemnified by the Trust in respect to any such action, determination or interpretation.

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ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.1 - Options Not Transferable

No Option or interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Optionee or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means, whether such disposition be voluntary or involuntary or by operation of law, by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that nothing in this Section 7.1 shall prevent transfers by will or by the applicable laws of descent and distribution.

Section 7.2 - Amendment, Suspension, or Termination of the Plan

The Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Trustees. Neither the amendment, suspension nor termination of the Plan shall, without the consent of the holder of the Option, alter or impair any rights or obligations under any Option theretofore granted. No Option may be granted during any period of suspension nor after termination of the Plan.

Section 7.3 - Effect of Plan Upon Other Options and

Compensation Plans

The adoption of this Plan shall not affect any other compensation or incentive plans in effect for the Trust or an Affiliate. Nothing in this Plan shall be construed to limit the right of the Trust or an Affiliate (a)

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to establish any other forms of incentives or compensation for employees, or (b) to grant or assume options otherwise than under this Plan in connection with any proper corporate purpose, including but not by way of limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, firm or association.

Section 7.4 - Titles

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan.

I hereby certify that the foregoing Plan was duly adopted by the Trustees of Federal Realty Investment Trust on September 3, 1985.

Executed on this 2nd day of December 1985.

Catherine R. Mack

Secretary

[Corporate Seal]



August 17, 1994

Federal Realty Investment Trust  
4800 Hampden Lane  
Bethesda, Maryland 20814

Ladies and Gentlemen:

You have requested our opinion as counsel to Federal Realty Investment Trust, a business trust organized under the laws of the District of Columbia with its headquarters located in Bethesda, Maryland ("Trust"), relating to the issuance of 406,643 common shares of beneficial interest of the Trust ("Shares") pursuant to awards to be made under the Amended and Restated 1983 Stock Option Plan of Federal Realty Investment Trust ("1983 Plan") and the 1985 Non-Qualified Stock Option Plan of the Trust, as amended ("1985 Plan," and, together with the 1983 Plan, the "Plans").

We have participated in the preparation of the Registration Statement on Form S-8 ("Registration Statement") relating to the Plans and, in connection therewith, have examined and relied upon the originals or copies of such records, agreements, documents and other instruments, including the Third Amended and Restated Declaration of Trust of the Trust ("Declaration of

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Federal Realty Investment Trust  
August 17, 1994  
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Trust"), the Bylaws of the Trust, the minutes of the meetings of the Trustees to date relating to the authorization and issuance of the Shares, and other certificates of officers and representatives of the Trust and have made such inquiries of such officers and representatives as we have deemed relevant and necessary as the basis for the opinion hereinafter set forth. In such examination, we have assumed, without independent verification, the genuineness of all signatures (whether original or photostatic), the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, and the conformity to authentic original documents of all documents submitted to us as certified or photostatic copies. We have assumed, without independent verification, the accuracy of the relevant facts stated therein.

As to any other facts material to the opinion expressed herein that were not independently established or verified, we have relied upon statements and representations of officers and employees of the Trust.

We express no opinion as to the laws of the United States of America, other than the federal securities laws, and we express no opinion as to the laws of any other jurisdiction other than the laws of the District of Columbia.

Based upon the foregoing and subject to the qualifications set forth below, we are of the opinion that, on the basis of such examination, the Trust has been duly organized and is validly existing under the laws of the District of Columbia as a voluntary business association of the type commonly known as a business trust and that the Trust has authority to issue an unlimited number of Shares, each without par value. It also is our

opinion that the Shares referred to in the Registration Statement, when issued and distributed as contemplated in the Registration Statement, will be legally issued, fully paid and non-assessable and, except as hereinafter set forth, no personal liability will attach to the ownership of such Shares.

Federal Realty Investment Trust

August 17, 1994

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The Declaration of Trust provides that the holders of the Shares shall not be subject to any liability for the acts or obligations of the Trust and that the funds and property of the Trust shall be solely liable for such acts or obligations. The Declaration of Trust requires that, as far as practicable, each written instrument creating an obligation of the Trust shall contain a provision to such effect. We are of the opinion that no personal liability will attach to the holders of the Shares in most jurisdictions for claims under any written instrument containing such a provision, where adequate notice is given of such provision. However, with respect to tort claims and contract claims where shareholder liability is not so negated, claims for taxes and certain statutory liabilities, a shareholder may, in some jurisdictions, be held liable to the extent that claims are not satisfied by the Trust out of its assets or insurance.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement.

The foregoing opinion is being furnished to, and is solely for the benefit of, the addressee named above and except with our prior consent, is not to be used, circulated, quoted, published or otherwise referred to or disseminated for any other purpose or relied upon by any person or entity other than said addressee.

Very truly yours,

KIRKPATRICK & LOCKHART

By: /s/ Cary J. Meer

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Cary J. Meer

GRANT THORNTON

Consent of Independent Accountants  
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We have issued our reports dated February 14, 1994 accompanying the consolidated financial statements and schedules of Federal Realty Investment Trust appearing in the 1993 Annual Report of the Trust to its shareholders and accompanying the schedules, included in the Annual Report on Form 10K for the year ended December 31, 1993, which are incorporated by reference in this Registration Statement. We consent to the incorporation by reference in the Registration Statement of the aforementioned reports, and to the use of our name as it appears under the caption "Experts."

Washington, D.C.  
August 17, 1994

/s/ Grant Thornton