Governance Guidelines

Corporate Governance Guidelines
Federal Realty Investment Trust

Introduction:

The Board of Trustees ("Board") has been elected by the shareholders of Federal Realty Investment Trust ("Trust") to provide effective oversight of the affairs of the Trust for the benefit of those shareholders. The primary responsibilities of the Board are: (a) overseeing the management of the Trust, including, without limitation, evaluating the performance of the Chief Executive Officer of the Trust ("CEO"); (b) reviewing succession planning and setting appropriate compensation for the CEO and other members of the Trust's senior management; (c) reviewing and approving the Trust's business plan and corporate strategy; and (d) adopting and evaluating policies of corporate conduct and governance.

The following Corporate Governance Guidelines of Federal Realty Investment Trust ("Governance Guidelines") have been recommended by the Board's Nominating and Corporate Governance Committee ("Nominating Committee") and adopted by the Board to assist the Board in carrying out its responsibilities. These Governance Guidelines are in addition to and are not intended to change or interpret any federal or state laws or regulations or the provisions of the Trust's Declaration of Trust or Bylaws. These Governance Guidelines are subject to modification by the Board from time to time on recommendation of the Nominating Committee.

1. Board Structure:

(a) Size:

The Declaration of Trust, as amended, and Bylaws of the Trust provide that the Board will have not less than five (5) or more than ten (10) trustees. The Board believes that the Board should be of sufficient size to include a wide range of substantive expertise that is critical to the operation of the Trust's business but should not be so large as to impede the efficient oversight of the Trust's business. The actual number of trustees serving on the Board will be fixed from time to time by the Board on recommendation of the Nominating Committee.

(b) Independence:

At no time shall there be more than one trustee that is not independent except during a period of no more than ninety (90) days following changed circumstances. An independent trustee is one who: (i) satisfies the definitions for independence as established from time to time in the Securities Exchange Act of 1934 ("Exchange Act"), the New York Stock Exchange's Listed Company Manual ("NYSE Manual") and other laws, rules and regulations applicable to the Trust; and (ii) does not otherwise have any other material relationship with the Trust which, in the opinion of the Board, would adversely affect that person's ability to exercise his or her independent judgment as a trustee.

The Board believes that a relationship between the Trust and an entity in which a trustee is an officer or director or has an ownership interest is not sufficient to disqualify a trustee from being considered independent. The materiality of the relationship and the trustee's own ability to exercise his or her independent judgment should be evaluated. The Board believes that a trustee's affiliation, whether as an officer, director or owner, with an entity with which the Trust does business that accounts for no more than five percent (5%) of the Trust's aggregate gross revenues or no more than ten percent (10%) of the gross revenues of such other company is an immaterial relationship and as such, does not in and of itself disqualify the trustee that has such relationship from being considered independent for purposes of his or her service on the Board and its committees.

Trustees who may be considered independent for most purposes may not be considered independent for all purposes. Accordingly, a separate independence determination should be made with respect to service on the Board as well as service on any of the Board's committees. The Board should make an independence determination for each trustee: (a) on an annual basis with respect to service on the Board and service on any of the Board's committees; and (b) as to any matter presented to the Board where one or more trustees has an interest in the matter.

(c) Trustee Resignation/Retirement Age/Term Limits:

An offer of resignation should be submitted to the Board by: (i) trustees who reach the age of 72; (ii) employees of the Trust who serve on the Board once they are no longer an employee of the Trust; (iii) the CEO who serves on the Board at such time as such person ceases to serve as CEO; and (iv) trustees who change jobs or job responsibilities from those held when they were elected to the Board. All offers of resignation will be reviewed by the Nominating Committee which will make a recommendation to the Board as to whether to accept such resignation offer or request that such person continue to serve on the Board.

The Board believes that consistent quality in the trustees of the Trust can be achieved effectively without term limits. The strengths and weaknesses of the Board as a whole and each trustee individually will be reviewed regularly through the Nominating Committee's process of recommending new trustees for appointment to the Board and incumbent trustees for reelection.

(d) Service on other Boards:

The Board believes that service by a trustee or a member of the Trust's management on boards of other companies can be advantageous provided that such service does not interfere with such person's ability to perform his or her obligations as a trustee of the Trust or as a member of the Trust's management. As a result, before a trustee or a member of the Trust's management accepts appointment to serve on the board of another entity, the Nominating Committee should be advised and make a determination that such service (including service on any committees of the other entity's board) would not adversely affect the trustee's service as a member of the Board or any of the Board's committees or performance as part of the Trust's management.

(e) Trustee Appointments:

The Nominating Committee is responsible for identifying and recommending to the Board individuals to serve as trustees, including recommendations for incumbent trustees to stand for reelection. Prior to making recommendations for an individual to serve as a trustee, whether as a new trustee or as an incumbent standing for reelection, the Nominating Committee should discuss the qualifications of the individuals being considered with, and should consider the views of, the other trustees and the CEO.

The Nominating Committee should endeavor to identify individuals to serve on the Board who have expertise that is useful to the Trust and complementary to the background, skills and experience of other Board members. Each individual serving on the Board should have the highest personal and professional ethics, integrity and values, have the ability to exercise sound business judgment and be willing to devote the time necessary to carry out his or her responsibilities as a trustee.

(f) Trustee Evaluation:

The Nominating Committee should conduct reviews of all Board members annually and take the results of those reviews into account when making recommendations to the Board as to Board membership.

(g) Trustee Compensation/Share Ownership:

Each trustee shall be entitled to receive compensation for his or her service on the Board and its committees and attendance at meetings of the Board and its committees. In addition, each trustee shall be entitled to reimbursement of reasonable out-of-pocket expenses incurred in attending meetings of the Board and its committees and in performing his/her duties as a member of the Board and its committees. No trustee shall receive from the Trust any compensation other than his or her fees for serving on the Board and its committees and reimbursement of expenses. Compensation for service on the Board and the Board’s committees should generally be competitive with compensation paid to directors/trustees of other similarly sized, publicly traded real estate companies and may be in the form of cash and/or equity of the Trust. The Nominating Committee, after consultation with the Chairman and the CEO, is responsible for making recommendations to the full Board with respect to trustee compensation, including, without limitation, the amount and form of payment.

Within sixty (60) months after becoming a trustee of the Trust, each such trustee shall be required to own common shares of or other equity interests in the Trust having a market value, calculated as of December 31 of the prior calendar year, of no less than five (5) times the amount of the cash portion of the annual retainer paid to each trustee. For purposes of this calculation, each trustee shall be entitled to include the value of all vested and unvested options (determined as market price less strike price).

2. Board Responsibilities:

(a) Selection of CEO:

The chairman of the Board’s Compensation Committee should recommend to the Board an appropriate process for identifying a new CEO. The process for selecting a new CEO should not be a fixed procedure but must be tailored to accommodate the best interests of the Trust in light of the circumstances at the time the new CEO is to be selected.

(b) CEO Performance Evaluation:

The Board’s Compensation Committee should periodically review the performance of the CEO and set performance goals for the CEO on an annual basis. The CEO evaluation should be performed in the course of the Compensation Committee’s approving the CEO’s aggregate compensation package. Evaluation of the CEO should be a subjective process based on both qualitative and quantitative factors, including, without limitation, the performance of the Trust, accomplishment of strategic objectives and positioning of the Trust for the future.

(c) Succession Planning:

The CEO is responsible for planning for a potential successor CEO as well as successors for other key management positions within the Trust. The CEO should periodically report to the Nominating Committee, and the Nominating Committee should periodically report to the Board, on that succession planning, including recommendations as to a successor in the event of an unexpected disability or other emergency situation.

(d) Compensation of Officers:

The Board's Compensation Committee is responsible for establishing the compensation for the Trust's senior vice presidents and above and certain other benefit programs for all employees of the Trust, subject to shareholder approval to the extent required by law or by the Trust's Declaration of Trust and Bylaws.

(e) Strategic Planning:

Management shall periodically discuss with the Board the Trust's strategic plan. The Board also expects management to report to the Board on a quarterly basis on the Trust's activities to implement the strategic plan.

3. Meetings of the Board of Trustees:

(a) Chairman of the Board:

The Chairman of the Board ("Chairman") may be an officer of the Trust or an outside trustee and may or may not be the same individual as the CEO. The Chairman should preside at all meetings of the Board and, if the Chairman is not an officer of the Trust, at all executive sessions of the Board except for executive sessions to discuss CEO compensation which should be chaired by the chairman of the Compensation Committee. If the Chairman is an officer of the Trust, all other executive sessions of the Board should be chaired by the chairman of the Nominating Committee. For purposes of these Governance Guidelines, an "executive session" of the Board shall mean a meeting at which only non-management trustees are present and may also include meetings at which only trustees who are independent are present.

The Board believes that it is appropriate to identify a "lead" trustee at any time that the positions of Chairman and CEO are held by the same individual.

(b) Board Meetings:

The Board should meet at least quarterly and otherwise as reasonably necessary as determined by the Chairman. The non-management or independent trustees should meet in executive session at least two (2) times per year and otherwise as deemed necessary by a majority of the non-management or independent trustees.

(c) Attendance:

It is the responsibility of individual trustees to make themselves available to attend the annual meeting of shareholders, all scheduled and special Board meetings and their respective committee meetings on a consistent basis. The Trust's executive officers are expected to attend each Board meeting and those committee meetings where their attendance is appropriate, required or requested by the committee members. Other members of the Trust's management should attend Board meetings as necessary in light of the matters being considered by the Board or if requested by any member of the Board. The Board may also request that attorneys, accountants, investment bankers or other professional advisors attend Board meetings if the Board determines that the advice of such advisors is necessary in light of the matters to be considered.

(d) Agendas and Presentations:

The Chairman and the CEO, in consultation with the Trust's executive officers, should establish the agenda for each Board meeting. Other Board members may, and are encouraged to, suggest items to be included on the agenda.

(e) Information/Access to Management and Advisors:

Information regarding the items to be covered at each meeting should be prepared by the Trust's management and should be delivered to the Trustees sufficiently far in advance of each meeting to permit appropriate review. Each trustee is expected to review the materials provided so that he or she is prepared to discuss the items being considered at the meeting.

Each trustee may consult with any manager or employee of the Trust or any outside consultant at any time and is encouraged to discuss with management in advance of meetings any questions he or she may have with respect to materials provided or matters to be considered. The Board, as well as each committee of the Board, shall have the right to retain, at the Trust's expense, such outside legal, accounting and other advisors as the Chairman, the applicable committee chairman or a majority of the Board or members of the applicable committee deem appropriate.

(f) Board Review:

At least annually, the Board should conduct a self-evaluation to review its own effectiveness including its committee structure. In addition, the Board, through the Nominating Committee, should periodically review these Governance Guidelines. All trustees are free to make suggestions on improving the Board's practices at any time and are encouraged to do so.

4. Committees of the Board:

(a) Number and Types of Committees:

The current standing committees of the Board are the Audit Committee, the Compensation Committee and the Nominating Committee. The Audit Committee is primarily responsible for selecting and overseeing the work of our independent registered public accounting firm, overseeing our financial reporting and our internal systems of accounting and controls. The Compensation Committee is primarily responsible for reviewing and recommending compensation for our senior vice presidents and above and implementing and administering the Trust's incentive-compensation, equity-based plans and other benefit programs. The Nominating and Corporate Governance Committee is primarily responsible for recommending individuals to stand for election to the Board, making recommendations regarding committee memberships and overseeing our corporate governance policies and procedures. The Board is free to create additional committees as it may deem necessary in accordance with the Trust's Bylaws.

(b) Assignment and Rotation of Committee Members:

The Nominating Committee, after consultation with the CEO, should recommend committee assignments to the full Board. In making its recommendations, the

Nominating Committee should take into consideration the need for continuity, subject matter expertise and applicable Internal Revenue Service, Securities and Exchange Commission ("SEC") and New York Stock Exchange ("NYSE") requirements. Committee assignments should be rotated periodically as and when the Nominating Committee, after consultation with the CEO, deems appropriate. The recommendations of the Nominating Committee should be made within the following guidelines:

(i) all trustees assigned to the Audit Committee should possess the requisite financial knowledge and accounting or related financial management experience to fulfill their duties and the Nominating Committee should endeavor to identify at least one member of the Audit Committee that qualifies as an "audit committee financial expert" as such term is defined in the Exchange Act, the NYSE Manual and other laws, rules and regulations applicable to the Trust and the Audit Committee;

(ii) no trustee shall be appointed to serve on the Audit Committee if he or she also serves on the audit committee of two or more other public companies unless the Board has determined that such simultaneous service would not impair the ability of such trustee to serve on the Trust's Audit Committee;

(iii) all trustees assigned to the Audit Committee, the Compensation Committee and the Nominating Committee should be "independent" as such term is defined from time to time for service on the applicable committee in the Exchange Act, the NYSE Manual, these Governance Guidelines and other laws, rules and regulations applicable to the Trust and the applicable committee; and

(iv) no trustee should serve as chairman of more than one committee at any given time unless the Nominating Committee has determined that such service would not impair the trustee's ability to effectively serve as chairman of both committees.

(c) Frequency of Committee Meetings:

The Trust's executive officers will recommend a yearly committee meeting schedule for all standing committees, but it is the responsibility of the respective committee chairmen, in consultation with committee members and the Trust's executive officers, to determine the frequency and length of committee meetings.

(d) Committee Agendas:

Committee chairmen, in consultation with the appropriate executive officers of the Trust and committee members, should determine committee agendas.

(e) Committee Reports:

Committee chairmen should be given the opportunity to report on committee activities, either verbally or in writing, at each Board meeting.

(f) Subcommittees:

Each committee shall have the authority to delegate its responsibilities to a subcommittee as the applicable committee deems appropriate from time to time provided that such delegation is not prohibited under the Exchange Act, the NYSE Manual or any other laws or regulations applicable to the Trust or the applicable committee.

5. Other Board Practices/Policies:

(a) Conflicts of Interest:

All trustees, and all entities in which a trustee is an officer or director or has an ownership interest, are expected to deal with the Trust on an arms length basis. No trustee should use his or her position as a trustee to influence management to enter into any transaction or affiliation with an entity in which a trustee is an officer or director or has an ownership interest. All transactions between the Trust and a “Trustee Affiliated Entity” (hereinafter defined) should be approved in advance by the Audit Committee and promptly disclosed to the entire Board. In the event approval of the Board or any committee of the Board is required for the Trust to enter into any transaction with a trustee or a Trustee Affiliated Entity, the interested trustee should excuse himself or herself from and should not participate in such vote or any related discussion except to the extent requested by the other trustees. For purposes of these Governance Guidelines, a “Trustee Affiliated Entity” means an entity in which a trustee is an officer or director or has an ownership interest and either: (a) the Trust has received from such entity in the past fiscal year or is expected to receive from such entity in the current fiscal year payments which account for more than five percent (5%) of the Trust’s aggregate gross revenues; or (b) the Trust made to such entity in the past fiscal year or is expected to make to such entity in the current fiscal year payments that account for more than ten percent (10%) of the gross revenues of such other entity.

(b) Trustee Orientation and Education:

The Trust’s Secretary should develop an orientation program for new trustees which should include, at a minimum, information about the Trust’s business and operations, general information about the Board and its committees, discussions with the Chairman, the CEO and the Trust’s executive officers and a review of an individual’s duties and responsibilities as a trustee. The Trust should provide trustees with the opportunity to participate, at the Trust’s expense, in continuing education programs that are relevant to their service on the Board.

(c) Interaction with Investors and other Constituencies:

It is the responsibility of the Trust’s management to speak for the Trust. Individual Board members may, from time to time, meet or otherwise communicate with investors, the press and other outside constituencies that are involved with the Trust. In those instances, it is expected that the trustee will do so only with the knowledge and prior consent of senior management and, absent unusual circumstances, only at the request of senior management.

(d) Officer Ownership of Trust Shares:

Within sixty (60) months after becoming an executive vice president or above of the Trust, each such senior officer shall be required to own common shares of or other equity interests in the Trust having a market value, calculated as of December 31 of the prior calendar year, of no less than a specified multiple of the sum of such senior officer’s annual base salary and cash bonus for the preceding calendar year. For purposes of this calculation, each senior officer shall be entitled to include the value of unvested restricted and performance shares and the value of all vested and unvested options (determined as market price less strike price). The applicable multiples of base salary and cash bonus required to be held are as follows:

Chief Executive Officer	3 times
Chief Financial Officer	2½ times
Chief Operating Officer	2½ times
Executive Vice President-General Counsel and Secretary	2½ times
Other Executive Vice Presidents	2 times

To ensure progress towards satisfying the foregoing equity ownership requirement, each senior officer shall endeavor to own at least twenty percent (20%) of the required amount within the first twelve (12) months after becoming a senior officer and an additional twenty percent (20%) within each twelve (12) months thereafter until the full required ownership limit is attained no later than the sixtieth (60^{th}) month after becoming a senior officer.

6. <u>Disclosure of Guidelines:</u>

These Corporate Governance Guidelines will be made available on the Trust's website at www.federalrealty.com.

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