

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549  
Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended: March 31, 1999

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Commission File No. 17533  
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FEDERAL REALTY INVESTMENT TRUST  
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(Exact name of registrant as specified in its charter)

District of Columbia

52-0782497

-----  
(State or other jurisdiction of  
incorporation or organization)

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

1626 East Jefferson Street, Rockville, Maryland 20852-4041

-----  
(Address of principal executive offices) (Zip Code)

(301) 998-8100

-----  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  . No  .  
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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class

Outstanding at April 23, 1999

-----  
Common Shares of Beneficial Interest

-----  
40,260,090

This report, including exhibits, contains 47 pages.

FEDERAL REALTY INVESTMENT TRUST

S.E.C. FORM 10-Q

March 31, 1999

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FEDERAL REALTY INVESTMENT TRUST

S.E.C. FORM 10-Q

March 31, 1999

PART I. FINANCIAL INFORMATION

The following financial information is submitted in response to the requirements of Form 10-Q and does not purport to be financial statements prepared in accordance with generally accepted accounting principles since they do not include all disclosures which might be associated with such statements. In the opinion of management, such information includes all adjustments, consisting only of normal recurring accruals, necessary to a fair statement of the results for the interim periods presented.

The balance sheet as of December 31, 1998 was audited by Grant Thornton LLP, independent public accountants, who expressed an unqualified opinion on it in their report dated February 8, 1999. All other financial information presented is unaudited but has been reviewed as of March 31, 1999 and for each of the three month periods ended March 31, 1999 and 1998 by Grant Thornton LLP whose report thereon appears on Page 4. All adjustments and disclosures proposed by them have been reflected in the data presented.

Accountants' Review Report  
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Trustees and Shareholders  
Federal Realty Investment Trust

We have reviewed the accompanying consolidated balance sheet of Federal Realty Investment Trust as of March 31, 1999 and the related consolidated statements of operations, shareholders' equity and cash flows for the three month periods ended March 31, 1999 and 1998. These financial statements are the responsibility of the Trust's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical review procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet as of December 31, 1998 and the related consolidated statements of operations, shareholders' equity and cash flows for the year then ended (not presented herein); and in our report dated February 8, 1999, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1998 is stated fairly, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Grant Thornton LLP

Washington, D.C.  
April 27, 1999

## Federal Realty Investment Trust

CONSOLIDATED BALANCE SHEETS  
(see accountants' review report)

	March 31, 1999 (unaudited)	December 31, 1998
ASSETS	----- (in thousands)	
Investments		
Real estate, at cost	\$1,676,270	\$1,642,136
Less accumulated depreciation and amortization	(297,221)	(286,053)
	-----	-----
Mortgage notes receivable	1,379,049	1,356,083
	55,551	51,154
	-----	-----
	1,434,600	1,407,237
Other Assets		
Cash	12,547	17,230
Accounts and notes receivable	17,492	17,873
Prepaid expenses and other assets, principally property taxes and lease commissions	35,202	38,502
Debt issue costs	3,255	3,475
	-----	-----
	\$1,503,096	\$1,484,317
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Obligations under capital leases	\$122,311	\$122,401
Mortgages payable	50,951	51,079
Notes payable	291,875	263,159
Accounts payable and accrued expenses	26,610	34,073
Dividends payable	18,999	18,972
Security deposits	5,182	5,214
Prepaid rents	4,799	3,641
Senior notes	335,000	335,000
5 1/4% Convertible subordinated debentures	75,289	75,289
Investors' interest in consolidated assets	46,788	45,542
Commitments and contingencies		
Shareholders' equity		
7.95% Series A Cumulative Redeemable Preferred Shares, liquidation preference \$25 per share, 4,000,000 shares issued in 1997	100,000	100,000
Common shares of beneficial interest, no par or stated value, unlimited authorization, issued 40,227,691 and 40,139,675 shares, respectively	709,742	707,724
Accumulated dividends in excess of Trust net income	(261,317)	(255,211)
	-----	-----
	548,425	552,513
Less 58,419 and 59,425 common shares in treasury - at cost, respectively, deferred compensation and subscriptions receivable	(23,133)	(22,566)
	-----	-----
	525,292	529,947
	-----	-----
	\$1,503,096	\$1,484,317
	=====	=====

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF OPERATIONS  
 (see accountants' review report)  
 (unaudited)

	Three months ended March 31,	
	1999	1998
	-----	-----
(In thousands, except per share data)		
Revenue		
Rental income	\$59,433	\$52,481
Other property income	2,272	2,102
Interest income	1,878	1,594
	-----	-----
	63,583	56,177
Expenses		
Rental	13,648	11,922
Real estate taxes	6,012	5,472
Interest	15,133	12,693
Administrative	2,254	1,841
Depreciation and amortization	12,281	10,769
	-----	-----
	49,328	42,697
Operating income before investors' share of operations	14,255	13,480
Investors' share of operations	(701)	(786)
	-----	-----
Net Income	\$13,554	\$12,694
Dividends on preferred stock	(1,988)	(1,988)
	-----	-----
Net income available for common shareholders	\$11,566	\$10,706
	=====	=====
Earnings per common share, basic	\$0.29	\$0.27
	=====	=====
Weighted average number of common shares, basic	39,435	38,949
	=====	=====
Earnings per common share, diluted	\$0.29	\$0.27
	=====	=====
Weighted average number of common shares, diluted	40,545	39,870
	=====	=====

The accompanying notes are an integral part of these statements.

## Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
(see accountants' review report)  
(unaudited)

(In thousands, except per share amounts)	1999		Three months ended March 31, 1998	
	Shares	Amount	Shares	Amount
Common Shares of Beneficial Interest				
Balance, beginning of period	40,139,675	\$707,724	39,200,201	\$684,823
Exercise of stock options	-	-	95,365	2,051
Shares issued under dividend reinvestment plan	37,362	873	39,803	1,003
Performance and Restricted Shares granted, net of retirements	50,654	1,145	514,055	13,369
Balance, end of period	<u>40,227,691</u>	<u>\$709,742</u>	<u>39,849,424</u>	<u>\$701,246</u>

Common Shares of Beneficial Interest in Treasury, Deferred Compensation and Subscriptions Receivable				
Balance, beginning of period	(979,446)	(\$22,566)	(457,111)	(\$8,304)
Amortization of deferred compensation	24,833	470	36,937	679
Performance and Restricted Shares granted, net of retirements	(45,654)	(1,039)	(539,055)	(13,830)
Purchase of shares under share purchase plan	-	-	6,250	94
Reissuance of treasury shares	-	-	25,000	462
Decrease (increase) in stock option loans, net	88	2	(65,069)	(1,408)
Balance, end of period	<u>(1,000,179)</u>	<u>(\$23,133)</u>	<u>(993,048)</u>	<u>(\$22,307)</u>

Accumulated Dividends in Excess of Trust Net Income			
Balance, beginning of period		\$255,211	(\$222,709)
Net income		(13,554)	12,694
Dividends declared to shareholders		19,660	(19,111)
Balance, end of period		<u>\$261,317</u>	<u>(\$229,126)</u>

The accompanying notes are an integral part of these statements.

## Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (see accountants' review report)  
 (unaudited)

	Three months ended March 31, 1999	1998
	-----	-----
	(In thousands)	
<b>OPERATING ACTIVITIES</b>		
Net income	\$13,554	\$12,694
Items not requiring cash outlays		
Depreciation and amortization	12,281	10,769
Other, net	497	191
Changes in assets and liabilities		
Decrease in accounts and notes receivable	381	1,400
Decrease (Increase) in prepaid expenses and other assets before depreciation and amortization	2,325	(3,653)
Increase (decrease) in operating accounts payable, security deposits and prepaid rent	(1,016)	5,037
Decrease in accrued expenses	(5,719)	(5,126)
	-----	-----
Net cash provided by operating activities	22,303	21,312
<b>INVESTING ACTIVITIES</b>		
Acquisition of real estate	(15,260)	(13,592)
Capital expenditures	(16,366)	(15,251)
Issuance of mortgage notes receivable, net	(4,397)	(2,543)
	-----	-----
Net cash used in investing activities	(36,023)	(31,386)
<b>FINANCING ACTIVITIES</b>		
Borrowing (repayment) of short-term debt, net	28,852	(51,790)
Issuance of senior notes, net of costs	-	79,540
Issuance of common shares	343	1,093
Payments on mortgages, capital leases, and notes payable	(354)	(701)
Dividends paid	(18,995)	(18,383)
Decrease in minority interest	(809)	(838)
	-----	-----
Net cash provided by financing activities	9,037	8,921
	-----	-----
Decrease in cash	(4,683)	(1,153)
Cash at beginning of period	17,230	17,043
	-----	-----
Cash at end of period	\$12,547	\$15,890
	=====	=====

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 1999  
 (see accountants' review report)  
 (unaudited)

NOTE A - ACCOUNTING POLICIES AND OTHER DATA

Reference should be made to the notes to financial statements included in the Annual Report to shareholders for the year ended December 31, 1998 which contain the Trust's accounting policies and other data.

The following table sets forth the reconciliation between basic and diluted EPS:

Numerator	Three months ending	
	1999	March 31, 1998
Net income available for common shareholders-basic	\$11,566	\$10,706
Income attributable to operating partnership units	264	207
Net income available for common shareholders-diluted	----- \$11,830 =====	----- \$10,913 =====
Denominator		
Denominator for basic EPS-weighted average shares	39,435	38,949
Effect of dilutive securities		
Stock options and awards	230	440
Operating partnership units	880	481
Denominator for diluted EPS	----- 40,545 =====	----- 39,870 =====

NOTE B - REAL ESTATE ASSETS AND ENCUMBRANCES

Real estate acquisitions during the first quarter of 1999 were as follows (in thousands, except for square footage):

Property	Total Cost	Cash Portion	Leasable Sq. Footage
Galaxy Bldg, Hollywood, CA (1)	\$16,940	\$15,260	120,000

(1) The Trust acquired a 90% economic interest in the Galaxy Building.

In addition, the Trust invested \$4.4 million in mortgage notes receivable with an average weighted interest rate of 10% during the first quarter of 1999.

NOTE C - NOTES PAYABLE

At March 31, 1999 there was \$163.0 million borrowed under the Trust's syndicated credit facility, which also represents the maximum drawn during the quarter. The weighted average interest rate on borrowings for the three months ended March 31, 1999 was 5.8%. The facility requires fees and has various covenants including the maintenance of a minimum shareholders' equity and a maximum ratio of debt to net worth.

NOTE D - REORGANIZATION EXPENSES

At September 30, 1998 the Trust recorded a \$4.7 million charge related to a comprehensive restructuring program, the implementation of which was begun during the fourth quarter of 1998. As of March 31, 1999 cash payments of \$2.3 million had been made against the reserve with most of the remaining cash expected to be paid during the remainder of 1999.

NOTE E - SHAREHOLDERS' EQUITY

On February 22, 1999, options for 705,000 shares at a price of \$21 1/16 per share, fair value at the date of award, were awarded to officers and certain employees. The options vest evenly over three years.

NOTE F - INTEREST EXPENSE

The Trust incurred interest expense totaling \$16.3 million during the first three months of 1999 and \$14.0 million during the first three months of 1998, of which \$1.2 million and \$1.3 million, respectively, was capitalized in connection with development projects. Interest paid was \$18.8 million in the first three months of 1999 and \$16.1 million in the first three months of 1998.

NOTE G - COMMITMENTS AND CONTINGENCIES

The Trust is involved in various lawsuits and environmental matters arising in the normal course of business. Management believes that such matters will not have a material effect on the financial condition or results of operations of the Trust.

Pursuant to the provisions of the partnership agreement, in the event of the exercise of put options by another partner, the Trust would be required to purchase an 18.75% interest of Congressional Plaza at its then fair market value. On January 1, 1999 the Loehmann's Plaza Limited Partnership Agreement was amended to extend the partnership to December 31, 2000 and to delete the put and call options.

Under the terms of certain other partnerships, if certain leasing and revenue levels are obtained for the properties owned by the partnerships, the limited partners may require the Trust to purchase their partnership interests at a formula price based upon net

operating income. The purchase price may be paid in cash or common stock of the Trust at the election of the limited partners. If the limited partners do not redeem their interest, the Trust may choose to purchase the limited partnership interests upon the same terms. Under the terms of other partnerships, the partners may exchange their 879,541 operating units into cash or the same number of common shares of the Trust, at the option of the Trust.

The Trust has reviewed the software and hardware systems used internally to operate its business, in order to assess their ability to handle the "Year 2000 Issue" which generally refers to the inability of systems hardware and software to correctly identify two-digit references to specific calendar years, beginning with 2000. The Year 2000 Issue can affect the Trust directly by impairing its internal data-based operations or processing and indirectly by impairing its suppliers' and tenants' data-based operations or processing. The Trust has identified and evaluated the Year 2000 compliance of its internal systems; the Trust believes that the remediation of all accounting systems and other systems of high priority is complete. The Trust is endeavoring to remediate the remaining internal systems.

The Trust is currently requesting information from its major banks, tenants, suppliers and manufacturers of computerized components of its real estate properties to determine their Year 2000 compliance. Based on costs spent to date and projections of future costs, costs of addressing and solving potential internal problems are not expected to have a material adverse impact on the Trust's financial condition.

NOTE H - COMPONENTS OF RENTAL INCOME

The components of rental income for the periods ended March 31 are as follows (in thousands):

	1999	1998
	----	----
Retail properties		
Minimum rents	\$48,134	\$42,244
Cost reimbursements	9,199	7,993
Percentage rents	1,426	1,605
Apartments	674	639
	-----	-----
	\$59,433	\$52,481
	=====	=====

NOTE I - SEGMENT INFORMATION

During the fourth quarter of 1998 the Trust completed a comprehensive restructuring program, which, among other things, divided its portfolio of properties into three geographic operating regions: Northeast, Mid-Atlantic and West. In 1999 there was a minor reorganization of the regions which moved the Illinois and Michigan properties to the Northeast region from the Western region.

A summary of the Trust's operations by geographic region is presented below (in thousands):

Three months ended March 31, 1999	North East	Mid Atlantic	West	Other	Total
Rental income	\$ 24,858	\$ 27,462	\$ 7,113		\$ 59,433
Other income	1,169	811	292		2,272
Rental expense	(5,813)	(5,934)	(1,901)		(13,648)
Real estate tax	(3,087)	(2,169)	(756)		(6,012)
Net operating income	17,127	20,170	4,748		42,045
Interest income				1,878	1,878
Interest expense				(15,133)	(15,133)
Administrative expense				(2,254)	(2,254)
Depreciation and amortization	(5,438)	(5,694)	(918)	(231)	(12,281)
Income before investors' share of operations	\$ 11,689	\$ 14,476	\$ 3,830	(15,740)	\$ 14,255
Capital expenditures	\$ 2,095	\$ 7,437	\$ 25,020		\$ 34,552
Real estate assets	\$686,177	\$684,154	\$ 305,939		\$1,676,270

Three months ended March 31, 1998	North East	Mid Atlantic	West	Other	Total
Rental income	\$ 22,160	\$ 25,139	\$ 5,182		\$ 52,481
Other income	1,140	748	214		2,102
Rental expense	(5,194)	(5,501)	(1,227)		(11,922)
Real estate tax	(3,023)	(1,935)	(514)		(5,472)
Net operating income	15,083	18,451	3,655		37,189
Interest income				1,594	1,594
Interest expense				(12,693)	(12,693)
Administrative expense				(1,841)	(1,841)
Depreciation and amortization	(4,659)	(5,433)	(437)	(240)	(10,769)
Income before investors' share of operations	\$ 10,424	\$ 13,018	\$ 3,218	(13,180)	\$ 13,480
Capital expenditures	\$ 5,775	\$ 6,598	\$ 17,196		\$ 29,569
Real estate assets	\$635,599	\$624,028	\$ 221,759		\$1,481,386

There are no transactions between geographic areas.

FEDERAL REALTY INVESTMENT TRUST

FORM 10-Q

March 31, 1999

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements and Notes thereto. Certain statements made in this report contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Trust to be materially different from the results of operations or plans expressed or implied by such forward-looking statements. Such factors include, among others, general economic and business conditions which will affect credit-worthiness of tenants, financing availability and cost, retailing trends and rental rates; risks of real estate development and acquisitions; governmental and environmental regulations; and competition with other real estate companies and technology. Portions of this discussion include certain forward-looking statements about the Trust's and management's intentions and expectations. Although these intentions and expectations are based upon reasonable assumptions, many factors, such as general economic conditions, local and national real estate conditions, increases in interest rates and operating costs, may cause actual results to differ materially from current expectations.

LIQUIDITY AND CAPITAL RESOURCES

Federal Realty meets its liquidity requirements through net cash provided by operating activities, along with traditional debt and equity funding alternatives available to it. A significant portion of cash provided by operating activities is distributed to common and preferred shareholders in the form of dividends. Accordingly, capital outlays for property acquisitions, major renovation and development projects and balloon debt repayments require debt or equity funding.

Net cash provided by operating activities was \$22.3 million in the first quarter of 1999 and \$21.3 million in the first quarter of 1998 of which \$19.0 million and \$18.4 million, respectively, was distributed to shareholders. Contributions from newly acquired properties and from retented and redeveloped properties, as more fully described below, were the primary sources of these increases.

Net cash used in investing activities was \$36.0 million during the first quarter of 1999 and \$31.4 million during the first quarter of 1998. The Trust purchased real estate totaling \$16.9 million in the first quarter of 1999 and \$13.6 million in the first quarter of

1998, requiring cash outlays of \$15.3 million and \$13.6 million, respectively. During these two periods, the Trust expended an additional \$16.4 million and \$15.3 million, respectively, in capital improvements to its properties. The Trust invested \$4.4 million during the first quarter of 1999 and \$2.5 million during the first quarter of 1998 in mortgage notes receivable with an average weighted interest rate of 10%.

Real estate acquisitions during the first quarter of 1999 were as follows (in thousands, except for square footage):

Property	Total Cost	Cash Portion	Leasable Sq. Footage
Galaxy Bldg, Hollywood, CA (1)	\$16,940	\$15,260	120,000

(1)The Trust acquired a 90% economic interest in the Galaxy Building.

Approximately \$9.7 million was invested during the first quarter of 1999 in predevelopment and development projects in Bethesda, Maryland; Los Gatos, California; San Antonio, Texas; and Arlington, Virginia. Furthermore, the Trust is devoting considerable time and internal resources to identify additional development opportunities.

Net cash provided by financing activities, before dividend payments, was \$28.0 million in the first quarter of 1999 and \$27.3 million in the first quarter of 1998. The Trust utilized its unsecured line of credit to fund acquisitions and capital expenditures in 1999. At March 31, 1999 there was \$163.0 million borrowed under this syndicated credit facility, which also represents the maximum drawn during the quarter. The weighted average interest rate on borrowings for the three months ended March 31, 1999 was 5.8%. The facility requires fees and has various covenants including the maintenance of a minimum shareholders' equity and a maximum ratio of debt to net worth.

Capital requirements for the remainder of 1999 will depend on acquisition opportunities, new development efforts, improvements and redevelopments on existing properties, and tenant work and allowances. Initial funding for such projects is expected to be provided under the line of credit facility.

The Trust will need additional capital in order to fund acquisitions, expansions, developments and refinancings. Sources of this funding may be additional debt, additional equity, proceeds from the sale of properties and the issuance of operating partnership units. The timing and choice of capital sources will depend on the cost and availability of that capital, among other things. The Trust believes, based on past experience, that access to the capital needed to execute its business plan will be available to it.

## CONTINGENCIES

The Trust is involved in various lawsuits and environmental matters arising in the normal course of business. Management believes that such matters will not have a material effect on the financial condition or results of operations of the Trust.

Pursuant to the provisions of the partnership agreement, in the event of the exercise of put options by another partner, the Trust would be required to purchase an 18.75% interest of Congressional Plaza at its then fair market value. On January 1, 1999 the Loehmann's Plaza Limited Partnership Agreement was amended to extend the partnership to December 31, 2000 and to delete the put and call options.

Under the terms of certain other partnerships, if certain leasing and revenue levels are obtained for the properties owned by the partnerships, the limited partners may require the Trust to purchase their partnership interests at a formula price based upon net operating income. The purchase price may be paid in cash or common stock of the Trust at the election of the limited partners. If the limited partners do not redeem their interest, the Trust may choose to purchase the limited partnership interests upon the same terms. Under the terms of other partnerships, the partners may exchange their 879,541 operating units into cash or the same number of common shares of the Trust, at the option of the Trust.

The Trust has reviewed the software and hardware systems used internally to operate its business, in order to assess their ability to handle the "Year 2000 Issue" which generally refers to the inability of systems hardware and software to correctly identify two-digit references to specific calendar years, beginning with 2000. The Year 2000 Issue can affect the Trust directly by impairing its internal data-based operations or processing and indirectly by impairing its suppliers' and tenants' data-based operations or processing. The Trust has identified and evaluated the Year 2000 compliance of its internal systems; the Trust believes that the remediation of all accounting systems and other systems of high priority is complete. The Trust is endeavoring to remediate the remaining internal systems.

The Trust is currently requesting information from its major banks, tenants, suppliers and manufacturers of computerized components of its real estate properties to determine their Year 2000 compliance. Based on costs spent to date and projections of future costs, costs of addressing and solving potential internal problems are not expected to have a material adverse impact on the Trust's financial condition.

## RESULTS OF OPERATIONS - THREE MONTHS ENDED MARCH 31, 1999 AND 1998

Net income and funds from operations have been affected by the Trust's recent acquisition, redevelopment and financing activities.

The Trust has historically reported its funds from operations in addition to its net income and net cash provided by operating activities. Funds from operations is a supplemental measure of real estate companies' operating performance. The National Association of Real Estate Investment Trusts ("NAREIT") defines funds from operations as follows: income available for common shareholders before depreciation and amortization of real estate assets and before extraordinary items and significant non-recurring events less gains on sale of real estate. Funds from operations does not replace net income as a measure of performance or net cash provided by operating activities as a measure of liquidity. Rather, funds from operations has been adopted by real estate investment trusts to provide a consistent measure of operating performance in the industry.

The reconciliation of net income to funds from operations for the three months ended March 31 is as follows:

	1999	1998
	-----	-----
	(in thousands)	
Net income available for common shareholders	\$11,566	\$10,706
Depreciation and amortization of real estate assets	11,128	9,738
Amortization of initial direct costs of leases	718	593
Income attributable to operating partnership units	264	207
Funds from operations for common shareholders	----- \$23,676 =====	----- \$21,244 =====

#### Consolidated Results

- - - - -

Rental income, which consists of minimum rent, percentage rent and cost recoveries, increased 13% from \$52.5 million in the first quarter of 1998 to \$59.4 million in the first quarter of 1999. If properties acquired in 1999 and 1998 are excluded, rental income increased 7%, due primarily to the favorable impact of redeveloped and retenanted centers.

Other property income includes items such as utility reimbursements, telephone income, merchant association dues, late fees and temporary tenant income. Other property income increased 8% from \$2.1 million in 1998 to \$2.3 million in 1999 due primarily to an increase in temporary tenant income, an area identified by the Trust as one with additional growth opportunity.

Rental expenses increased 14% from \$11.9 million in the first quarter of 1998 to \$13.6 million in the first quarter of 1999. If rental expenses are adjusted for properties acquired in 1999 and 1998, rental expenses increased 9% from \$11.9 million in 1998 to \$13.0 million in 1999, primarily due to increased snow removal costs in 1999.

Real estate taxes increased 10% from the first quarter of 1998 to \$6.0 million in the first quarter of 1999. If real estate taxes are adjusted for properties acquired in 1999 and 1998, real estate taxes increased 5% due primarily to increased taxes on recently redeveloped properties.

Depreciation and amortization expenses increased 14% from the first quarter of 1998 to \$12.3 million in the first quarter of 1999 reflecting the impact of property acquisitions and recent tenant work and property improvements.

During the first quarter of 1999 the Trust incurred interest expense of \$16.3 million, of which \$1.2 million was capitalized, as compared to 1998's \$14.0 million of which \$1.3 million was capitalized. The increase in interest expense reflects the additional debt issued to fund the Trust's acquisition and capital improvement programs. The ratio of earnings to combined fixed charges and preferred dividends was 1.53x and 1.58x for the first quarter of 1999 and 1998, respectively. The ratio of earnings to fixed charges was 1.7x and 1.8x during the first quarter of 1999 and 1998, respectively. The ratio of funds from operations to combined fixed charges and preferred dividends was 2.0x for the first quarter of 1999 and 2.1x for the first quarter of 1998.

Administrative expenses in the first quarter of 1999 reflect the adoption of the Emerging Issues Task Force ("EITF") Issue 97-11, which required the expensing of internal costs of acquisition activities beginning in late March 1998. Prior to this date, such costs were capitalized as a component of the basis of the acquired asset. The increase in administrative expenses from \$1.8 million in the first quarter of 1998 to \$2.3 million in the first quarter of 1999 is primarily due to the adoption of this EITF and to the filling of certain executive positions which were vacant during the first quarter of 1998.

As a result of the foregoing items, net income increased from \$12.7 million during the first quarter of 1998 to \$13.6 million during the first quarter of 1999 and net income available for common shareholders increased from \$10.7 million to \$11.6 million.

The Trust expects growth in net income and funds from operations during the remainder of 1999 both from contributions of its recent acquisitions and from contributions of its core portfolio, primarily the properties undergoing redevelopment and retenanting. However, growth of net income from the core portfolio is, in part, dependent on controlling expenses, some of which are beyond the complete control of the Trust, such as snow removal and trends in the retailing environment. The Trust currently expects that demand for its retail space should remain at levels similar to those in 1998. A weakening of the retail environment could, however, adversely impact the Trust by increasing vacancies and decreasing rents. In past weak retail and real estate environments, the Trust has been able to replace weak and bankrupt tenants with stronger tenants; management believes that due

to the quality of the Trust's properties there will continue to be demand for its space. Growth in net income is also dependent on interest rates and controlling administrative costs. If interest rates increase, net income and funds from operations, as well as the ultimate cost of the Trust's development projects will be negatively impacted due to the variable interest rates on the Trust's revolving credit facilities. The Trust is aggressively managing its administrative expenses through its reorganization efforts.

Segment Results

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During the fourth quarter of 1998 the Trust completed a comprehensive restructuring program, which, among other things, divided its portfolio of properties into three geographic operating regions: Northeast, Mid-Atlantic and West. In 1999 there was a minor reorganization of the regions which moved the Illinois and Michigan properties to the Northeast region from the Western region.

Historical operating results for the three regions are as follows (in thousands):

	For the three months ended March 31,	
	1999	1998
- - - - -		
Rental income		
Northeast	\$24,858	\$22,160
Mid-Atlantic	27,462	25,139
West	7,113	5,182
	-----	-----
Total	\$59,433	\$52,481
	=====	=====
Net operating income		
Northeast	\$17,127	\$15,083
Mid-Atlantic	20,170	18,451
West	4,748	3,655
	-----	-----
	\$42,045	\$37,189
	=====	=====

The Northeast

The Northeast region is comprised of fifty-three assets, extending from suburban Philadelphia north through New York and its suburbs into New England and west to Illinois and Michigan.

When comparing the first quarter of 1999 with 1998, rental income increased 12% from \$22.2 million in 1998 to \$24.9 million in 1999. Excluding properties acquired since January 1, 1998, rental income increased 9%, primarily due to increases at recently redeveloped and retented shopping centers, such as Brick, Finley, Gratiot, Feasterville, and Wynnewood.

Net operating income increased 14% from \$15.1 million in 1998 to \$17.1 million in 1999. Excluding properties acquired since January 1, 1998, net operating income increased 10%, primarily due to increases at the recently redeveloped and retented shopping

centers.

The Mid-Atlantic  
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The Mid-Atlantic region is comprised of thirty-two assets, located from Baltimore south to metropolitan Washington, D.C. and further south through Virginia, Georgia, and Florida.

When comparing the first quarter of 1999 with 1998, rental income increased 9% from \$25.1 million in 1998 to \$27.5 million in 1999. Excluding properties acquired since January 1, 1998, rental income increased 4.5%, due in part to new anchor leases at several centers.

When comparing the first quarter of 1999 with 1998, net operating income increased 9% from \$18.5 million in 1998 to \$20.2 million in 1999. Excluding properties acquired since January 1, 1998, net operating income increased 4.6%.

The West  
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The Western region is comprised of thirty-seven assets, located from Texas to the West Coast.

When comparing the first quarter of 1999 with 1998, rental income increased 37% from \$5.2 million in 1998 to \$7.1 million in 1999. Excluding properties acquired since January 1, 1998, rental income increased 13%, primarily due to increases from recently redeveloped properties in the Los Angeles, California area.

When comparing the first quarter of 1999 with 1998, net operating income increased 30% from \$3.7 million in 1998 to \$4.7 million in 1999. Excluding properties acquired since January 1, 1998, net operating income increased 6%, primarily due to increases from the recently redeveloped properties in the Los Angeles area.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

- (A) Exhibits pp. 22-47
- (10) (i) Severance Agreement between Federal Realty Investment Trust and Donald C. Wood, dated February 22, 1999.
  - (ii) Executive Agreement between Federal Realty Investment Trust and Donald C. Wood, dated February 22, 1999.
- (27) Financial Data Schedules Edgar filing only

(B) Reports on Form 8-K

A Form 8-K, dated December 31, 1998, was filed on February 11, 1999 in response to Item 5.

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

FEDERAL REALTY INVESTMENT TRUST  
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(Registrant)

April 28, 1999 Steven J. Guttman  
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Steven J. Guttman, President  
(Chief Executive Officer)

April 28, 1999 Cecily A. Ward  
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Cecily A. Ward, Controller  
(Principal Accounting Officer)

SEVERANCE AGREEMENT  
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THIS SEVERANCE AGREEMENT ("Severance Agreement"), made and entered into as of this 22nd day of February, 1999 by and between FEDERAL REALTY INVESTMENT TRUST, an unincorporated business trust organized under the laws of the District of Columbia ("Employer"), and Donald C. Wood ("Employee").

WHEREAS, Employer recently hired Employee to serve as its Senior Vice President - Chief Financial Officer; and

WHEREAS, Employee and Employer have agreed upon the terms of a severance package as set forth in this Severance Agreement; and

NOW THEREFORE, in consideration of the foregoing, of the mutual promises herein contained and of other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Termination Without Cause. In the event that Employee's employment  
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with Employer is terminated under any of the circumstances in Sections 1(a) or 1(b), Employee will be deemed to have been Terminated Without Cause and shall receive payments and benefits as described in this Section 1; provided, however, in the event Employee's employment with Employer is terminated pursuant to Section 1(b)(iii), Employee shall receive such payments and benefits as are set forth in his Executive Agreement with Employer dated of even date herewith ("Executive Agreement") in lieu of the payments and benefits under this Section 1:

- (a) by Employer other than with Cause (as "Cause" is defined in Section 3, hereof);
- (b) by Employee within six (6) months following the occurrence of one or more of the following events:
  - (i) the nature of Employee's duties or the scope of Employee's responsibilities as of the date first written above are materially modified by Employer without Employee's written consent where such material modification constitutes a demotion of Employee; provided, however, that a change in the position(s) to whom Employee reports shall not by itself constitute a material modification of Employee's responsibilities;

- (ii) Employer changes the location of its principal office to outside a fifty (50) mile radius of Washington, D.C.;
  - (iii) the occurrence of a Change in Control as defined in Section 1 of Employee's Executive Agreement;
  - (iv) Employer's setting of Employee's base salary for any year at an amount which is less than ninety percent (90%) of the greater of (x) Employee's base salary for 1998, or (y) Employee's highest base salary during the three (3) then most recent calendar years (including the year of termination), regardless of whether such salary reduction occurs in one year or over the course of years; or
  - (v) this Severance Agreement is not expressly assumed by any successor (directly or indirectly, whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Employer in a situation other than a Change in Control.
- (c) Decision by Employer to Terminate Without Cause. Employer's -----  
 decision to terminate Employee's employment Without Cause shall be made by the Board of Trustees.
- (d) Severance Payment Upon Termination Without Cause. In the event -----  
 of Termination Without Cause, Employee will receive as severance pay an amount in cash equal to eighteen (18) months' salary. (That number of months for which such a payment is due is hereinafter referred to as the "Severance Term".) For the purpose of calculating amounts payable pursuant to this Section 1(d), "salary" shall be an amount equal to (i) the greater of (x) Employee's highest annual base salary paid during the previous three (3) years or (y) Employee's annual base salary in the year of termination, plus (ii) the greatest annual aggregate amount of any cash or stock bonus, paid to Employee in respect of any of the three (3) fiscal years immediately preceding such termination (it being understood and agreed that such amount shall not include compensation paid pursuant to performance share awards), or if no such bonus has been paid to Employee during such time, fifty percent (50%) of his annual base salary in effect on the day prior to Employee's Termination Without Cause. Payment also will be made for vacation time that has accrued, but is unused as

of the date of termination. No payments will be made for any partial year of service.

- (e) Benefits. In the event of Termination Without Cause, Employee -----  
shall receive "Full Benefits" for nine (9) months. Employer shall have satisfied its obligation to provide Full Benefits to Employee if it (i) pays premiums due in connection with COBRA continuation coverage to continue Employee's medical and dental insurance coverage at not less than the levels of coverage immediately prior to termination of Employee's employment; (ii) maintains at not less than his highest levels of coverage prior to Termination Without Cause individual life insurance policies and accidental death and dismemberment policies for the benefit of Employee and pays the annual premiums associated therewith; (iii) maintains, at Employer's expense, the split dollar individual life insurance policy (or policies) for the benefit of Employee in accordance with the agreement with respect to such policy (or policies) entered into by Employee and Employer (the "Split Dollar Life Insurance Agreement"); (iv) to the extent that Employer maintained a long-term disability policy that provided coverage to Employee in excess of the coverage provided under the Trust's group long-term disability policy, maintains at not less than his highest levels of coverage prior to Termination Without Cause an individual long-term disability policy for the benefit of Employee and pays the annual premiums associated therewith; and (v) converts its group long-term disability policy to an individual policy for the benefit of Employee and pays the annual premiums associated with Employee's continued participation thereunder for a period of one (1) year following Termination Without Cause. Notwithstanding the foregoing, Employee shall be required to pay the premiums and any other costs of such Full Benefits in the same dollar amount that he was required to pay for such costs immediately prior to Termination Without Cause.
- (f) Stock Options. Notwithstanding any agreement to the contrary -----  
other than the Executive Agreement and its application to the Termination Without Cause described in Section 1(b)(iii), in the event of any other Termination Without Cause, the vesting of options to purchase shares of Employer's common stock granted to Employee and outstanding as of the date of Employee's termination and scheduled to vest during the Severance Term shall be accelerated such that all such options will be vested as of the date of Employee's termination

of employment with Employer. The terms of the stock option agreements shall determine the period during which any vested options may be exercisable.

(g) Outplacement Services. In the event of Termination Without

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Cause, Employer shall make available at Employer's expense to Employee at Employee's option the services of an employment search/outplacement agency selected by Employer for a period not to exceed six (6) months during the Severance Term.

(h) Provision of Telephone/Secretary. In the event of Termination

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Without Cause, Employer shall provide Employee for a period not to exceed six (6) months from Employee's date of termination with a telephone number assigned to Employee at Employer's offices, telephone mail and a secretary to answer the telephone. Such benefits shall not include an office or physical access to Employer's offices and will cease upon commencement by Employee of employment with another employer.

(i) Notice. If Employee terminates his employment pursuant to Section

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1(b) hereof and (i) Employee is not an executive officer of Employer, Employee shall give sixty (60) days' written notice to Employer of such termination, or (ii) if Employee is an executive officer of Employer, Employee shall give ninety (90) days' written notice to Employer of such termination.

2. Voluntary Resignation of Employee. If Employee is not an executive

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officer of Employer, Employee shall give sixty (60) days' written notice to Employer of Employee's resignation from employment in all capacities with Employer; if Employee is an executive officer of Employer, Employee shall give ninety (90) days' written notice to Employer of Employee's resignation from employment in all capacities with Employer.

3. Severance Benefits Upon Termination With Cause. Employee shall be

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deemed to have been terminated with Cause in the event that the employment of Employee is terminated for any of the following reasons:

- (a) failure (other than failure due to disability) to substantially perform his duties with Employer or an affiliate thereof; which failure remains uncured after written notice thereof and the expiration of a reasonable period of time thereafter in which Employee is diligently pursuing cure ("Failure to Perform");

- (b) willful conduct which is demonstrably and materially injurious to Employer or an affiliate thereof, monetarily or otherwise;
- (c) breach of fiduciary duty involving personal profit; or
- (d) willful violation in the course of performing his duties for Employer of any law, rule or regulation (other than traffic violations or misdemeanor offenses). No act or failure to act shall be considered willful unless done or omitted to be done in bad faith and without reasonable belief that the action or omission was in the best interest of Employer.
- (e) Decision by Employer to Terminate With Cause. The decision to  
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terminate the employment of Employee with Cause shall be made by the Board of Trustees.
- (f) Severance Payment Upon Termination with Cause. In the event of  
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termination for Failure to Perform pursuant to Section 3(a), or termination for cause pursuant to Section 3(b), (c) or (d) above, the terms of the stock option agreements between Employer and Employee thereunder will determine the terms of the vesting of options and the exercisability of vested options.
- (i) For Cause Termination for Failure to Perform. In the event  
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that Employee's employment is terminated with Cause pursuant to Section 3(a) above, Employee shall receive as severance pay an amount in cash equal to one (1) month's salary for every year of service to the Trust in excess of five (5) years of service; such severance payment shall not exceed six (6) months' pay. The number of months for which such a payment is due shall determine the length of the for cause term ("For Cause Term"). For the purposes of this Section 3(f)(i) only, "salary" shall mean Employee's then current annual base salary and shall not include any bonus or other compensation. Payment shall also be made for accrued, but unused, vacation time. Employee shall also receive Full Benefits (as defined above) for the For Cause Term. In the event that, following Employee's termination for Failure to Perform, Employee becomes employed by or affiliated with, as a partner, consultant, contractor or otherwise, any entity which is substantially engaged in the business of property

investment or management ("Competitor"), all payments specified in this Section 3(f)(i) shall cease upon the date Employee commences such employment or affiliation; provided, however, Employee shall continue to receive medical and dental care benefits from Employer until (i) Employee is eligible to receive medical and dental care benefits from the Competitor, or (ii) the date of expiration of Employee's For Cause Term, whichever comes first.

- (ii) Other Cause Termination. In the event that Employee's -----  
employment is terminated with Cause pursuant to Section 3(b), (c) or (d), Employee shall receive all base salary due and payable as of the date of Employee's termination of employment. No payment shall be made for bonus or other compensation. Payment also will be made for accrued, but unused, vacation time.

4. Severance Benefits Upon Termination Upon Disability. Employer may -----

terminate Employee upon thirty (30) days' prior written notice if (i) Employee's Disability has disabled Employee from rendering service to Employer for at least a six (6) month consecutive period during the term of his employment, (ii) Employee's "Disability" is within the meaning of such defined term in Employer's group long-term disability policy, and (iii) Employee is covered under such policy. In the event of Employee's Termination Upon Disability, Employee shall be entitled to receive as severance pay each month for the year immediately following the date of termination an amount in cash equal to the difference, if any, between (i) the sum of (y) the amount of payments Employee receives or will receive during that month pursuant to the disability insurance policies maintained by Employer for Employee's benefit and (z) the adjustment described in the next sentence and (ii) Employee's base monthly salary on the date of termination due to Disability. The adjustment referred to in clause (z) of the preceding sentence is the amount by which any tax-exempt payments referred to in clause (y) would need to be increased if such payments were subject to tax in order to make the after-tax proceeds of such payments equal to the actual amount of such tax-exempt payments.

- (a) Benefits. Employee shall receive Full Benefits (as defined above) for -----  
one (1) year following termination due to Disability (subject to the provisions of the Split Dollar Life Insurance Agreement).

(b) Stock Options. In the event that Employee's employment is terminated  
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 due to Disability, the terms of the stock option agreements between Employer and Employee shall determine the vesting of any options held by Employee as of the date of termination due to Disability and the exercise period for any vested option.

5. Severance Benefits Upon Termination Upon Death. If Employee dies,  
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 Employee's estate shall be entitled to receive an amount in cash equal to his then-current base salary through the last day of the month in which Employee's death occurs plus any bonus previously awarded but unpaid and any accrued vacation pay through the last day of the month in which Employee's death occurs. The terms of the stock option agreements between Employer and Employee shall determine the vesting of any options held by Employee as of the date of his death and the exercise period for any vested option.

6. Confidentiality - Employer's Obligations. Unless Employee and Employer  
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 mutually agree on appropriate language for such purposes, in the event that Employee's employment is Terminated Without Cause or With Cause pursuant to Section 3(a) above, or Employee voluntarily resigns, Employer, except to the extent required by law, will not make or publish, without the express prior written consent of Employee, any written or oral statement concerning Employee's work related performance or the reasons or basis for the severing of Employee's employment relationship with Employer; provided, however, that the foregoing restriction is not applicable to information which was or became generally available to the public other than as a result of a disclosure by Employer.

7. Confidentiality - Employee's Obligations. Employee acknowledges and  
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 reaffirms that Employee will comply with the terms of the confidentiality letter executed by Employee upon commencement of Employee's employment with Employer. A copy of the confidentiality letter is attached as Exhibit A.

8. Payments. Severance payments payable to Employee pursuant to the terms  
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 of this Severance Agreement may be made either as a lump sum payment or pro rata on a monthly basis, at Employee's option.

9. Tax Withholding. Employer may withhold from any benefits payable under  
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 this Severance Agreement, and pay over to the appropriate authority, all federal, state, county, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

## 10. Arbitration.

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- (a) Any controversy, claim or dispute arising out of or relating to this Severance Agreement or the breach thereof shall be settled by arbitration in accordance with the then existing Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The parties irrevocably consent to the jurisdiction of the federal and state courts located in Maryland for this purpose. Each such arbitration proceeding shall be located in Maryland.
  - (b) The arbitrator(s) may, in the course of the proceedings, order any provisional remedy or conservatory measure (including, without limitation, attachment, preliminary injunction or the deposit of specified security) that the arbitrator(s) consider to be necessary, just and equitable. The failure of a party to comply with such an interim order may, after due notice and opportunity to cure with such noncompliance, be treated by the arbitrator(s) as a default, and some or all of the claims or defenses of the defaulting party may be stricken and partial or final award entered against such party, or the arbitrator(s) may impose such lesser sanctions as the arbitrator(s) may deem appropriate. A request for interim or provisional relief by a party to a court shall not be deemed incompatible with the agreement to arbitrate or a waiver of that agreement.
  - (c) The parties acknowledge that any remedy at law for breach of this Severance Agreement may be inadequate, and that, in the event of a breach by Employee of Section 7, any remedy at law would be inadequate in that such breach would cause irreparable competitive harm to Employer. Consequently, in addition to any other relief that may be available, the arbitrator(s) also may order permanent injunctive relief, including, without limitation, specific performance, without the necessity of the prevailing party proving actual damages and without regard to the adequacy of any remedy at law.
  - (d) In the event that Employee is the prevailing party in such arbitration, then Employee shall be entitled to reimbursement by Employer for all reasonable legal and other professional fees and expenses incurred by him in such arbitration or in enforcing the award, including reasonable attorney's fees.

- (e) The parties agree that the results of any such arbitration proceeding shall be conclusive and binding upon them.

11. Continued Employment. This Severance Agreement shall not confer upon  
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the Employee any right with respect to continuance of employment by Employer.

12. Mitigation. Employee shall not be required to mitigate the amount of  
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any payment, benefit or other Trust obligation provided for in this Severance Agreement by seeking other employment or otherwise and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to Employee in any subsequent employment.

13. Restrictions on Competition; Solicitation; Hiring.  
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(a) During the term of his employment by or with Employer, and for one (1) year from the date of the termination of Employee's employment with Employer pursuant to Section 1(a) or 1(b) hereof, or for two (2) years from the date of the termination of Employee's employment with Employer other than pursuant to Section 1(a) or 1(b) hereof (the "Post Termination Period"), Employee shall not, without the prior written consent of Employer, for himself or on behalf of or in conjunction with any other person, persons, company, firm, partnership, corporation, business, group or other entity (each, a "Person"), work on or participate in the acquisition, leasing, financing, pre-development or development of any project or property which was considered by Employer or its affiliates for acquisition, leasing, financing, pre-development or development within one year prior to the date of termination of Employee's employment.

(b) During the term of his employment by or with Employer, and thereafter during the Post Termination Period, Employee shall not, for any reason whatsoever, directly or indirectly, for himself or on behalf of or in conjunction with any other Person:

(i) so that Employer may maintain an uninterrupted workforce, solicit and/or hire any Person who is at the time of termination of employment, or has been within six (6) months prior to the time of termination of Employee's employment, an employee of Employer or its affiliates, for the purpose or

with the intent of enticing such employee away from or out of the employ of Employer or its affiliates, provided that Employee shall be permitted to call upon and hire any member of the Employee's immediate family;

- (ii) in order to protect the confidential information and proprietary rights of Employer, solicit, induce or attempt to induce any Person who or that is, at the time of termination of Employee's employment, or has been within six (6) months prior to the time of termination of Employee's employment, an actual customer, client, business partner, property owner, developer or tenant or a prospective customer, client, business partner, property owner, developer or tenant (i.e., a customer, client,

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 business partner, property owner, developer or tenant who is party to a written proposal or letter of intent with Employer, in each case written less than six (6) months prior to termination of Employee's employment) of Employer, for the purpose or with the intent of (A) inducing or attempting to induce such Person to cease doing business with Employer or its affiliates, (B) enticing or attempting to entice such Person to do business with Employee or any affiliate of Employee, or (C) in any way interfering with the relationship between such Person and Employer or its affiliates; or

- (iii) solicit, induce or attempt to induce any Person who is or that is, at the time of termination of Employee's employment, or has been within six (6) months prior to the time of termination of Employee's employment, a tenant, supplier, licensee or consultant of, or provider of goods or services to Employer or its affiliates, for the purpose or with the intent of (A) inducing or attempting to induce such Person to cease doing business with Employer or its affiliates or (B) in any way interfering with the relationship between such Person and Employer or its affiliates.

- (c) The above notwithstanding, the restrictions contained in subsections (a) and (b) above shall not apply to Employee in the Post-Termination Period in the event that Employee has ceased to be employed by Employer under circumstances which entitle Employee to payments and benefits under his Executive Agreement.

- (d) Because of the difficulty of measuring economic losses to Employer as a result of a breach of the foregoing covenants, and because of the immediate and irreparable damage that could be caused to Employer for which it would have no other adequate remedy, Employee agrees that the foregoing covenants, in addition to and not in limitation of any other rights, remedies or damages available to Employer at law, in equity or under this Agreement, may be enforced by Employer in the event of the breach or threatened breach by Employee, by injunctions and/or restraining orders. If Employer is involved in court or other legal proceedings to enforce the covenants contained in this Section 13, then in the event Employer prevails in such proceedings, Employee shall be liable for the payment of reasonable attorneys' fees, costs and ancillary expenses incurred by Employer in enforcing its rights hereunder.
- (e) It is agreed by the parties that the covenants contained in this Section 13 impose a fair and reasonable restraint on Employee in light of the activities and business of Employer on the date of the execution of this Agreement and the current plans of Employer; but it is also the intent of Employer and Employee that such covenants be construed and enforced in accordance with the changing activities, business and locations of Employer and its affiliates throughout the term of these covenants.
- (f) It is further agreed by the parties hereto that, in the event that Employee shall cease to be employed hereunder, and enters into a business or pursues other activities that, at such time, are not in competition with Employer or its affiliates or with any business or activity which Employer or its affiliates contemplated pursuing, as of the date of termination of Employee's employment, within the twelve (12) months from such date of termination, or similar activities or business in locations the operation of which, under such circumstances, does not violate this Section 13 or any of Employee's obligations under this Section 13, Employee shall not be chargeable with a violation of this Section 13 if Employer or its affiliates subsequently enter the same (or a similar) competitive business, course of activities or location, as applicable.
- (g) The covenants in this Section 13 are severable and separate, and the unenforceability of any specific covenant shall not affect the provisions of any other covenant. Moreover, in the event any court

of competent jurisdiction shall determine that the scope, time or territorial restrictions set forth herein are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent that such court deems reasonable, and the Agreement shall thereby be reformed to reflect the same.

- (h) All of the covenants in this Section 13 shall be construed as an agreement independent of any other provision in this Agreement, and the existence of any claim or cause of action of Employee against Employer whether predicated on this Agreement or otherwise shall not constitute a defense to the enforcement by Employer of such covenants. It is specifically agreed that the Post Termination Period, during which the agreements and covenants of Employee made in this Section 13 shall be effective, shall be computed by excluding from such computation any time during which Employee is in violation of any provision of this Section 13.
- (i) Notwithstanding any of the foregoing, if any applicable law, judicial ruling or order shall reduce the time period during which Employee shall be prohibited from engaging in any competitive activity described in Section 13 hereof, the period of time for which Employee shall be prohibited pursuant to Section 13 hereof shall be the maximum time permitted by law.

14. No Assignment. Neither this Severance Agreement nor any right,  
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remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by either Employer or Employee without the prior written consent of the other party.

15. Amendment. This Severance Agreement may be terminated, amended,  
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modified or supplemented only by a written instrument executed by Employee and Employer.

16. Waiver. Either party hereto may by written notice to the other: (i)  
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extend the time for performance of any of the obligations or other actions of the other party under this Severance Agreement; (ii) waive compliance with any of the conditions or covenants of the other party contained in this Severance Agreement; (iii) waive or modify performance of any of the obligations of the other party under this Severance Agreement. Except as provided in the preceding sentence, no action taken pursuant to this Severance Agreement shall be deemed to constitute a waiver by the party taking such action of compliance with any representations, warranties, covenants or agreements contained herein. The waiver by any party hereto of a breach of any provision of this Severance

Agreement shall not operate or be construed as a waiver of any preceding or succeeding breach. No failure by either party to exercise any right or privilege hereunder shall be deemed a waiver of such party's rights to exercise the same any subsequent time or times hereunder.

17. Severability. In case any one or more of the provisions of this

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Severance Agreement shall, for any reason, be held or found by determination of the arbitrator(s) pursuant to an arbitration held in accordance with Section 10 above to be invalid, illegal or unenforceable in any respect (i) such invalidity, illegality or unenforceability shall not affect any other provisions of this Severance Agreement, (ii) this Severance Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. Failure to insist upon strict compliance with any provision of this Severance Agreement shall not be deemed a waiver of such provision or of any other provision of this Severance Agreement.

18. Governing Law. This Severance Agreement has been executed and

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delivered in the State of Maryland and its validity, interpretation, performance and enforcement shall be governed by the laws of said State; provided, however, that any arbitration under Section 10 hereof shall be conducted in accordance with the Federal Arbitration Act as then in force.

19. No Attachment. Except as required by law, no right to receive

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payments under this Severance Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge, or hypothecation or the execution, attachment, levy, or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void and of no effect.

20. Source of Payments. All payments provided under this Severance

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Agreement shall be paid in cash from the general funds of Employer, and no special or separate fund shall be established and no other segregation of assets shall be made to assure payment.

21. Exculpatory Clause. Neither Employer's shareholders nor the Trustees,

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officers, employees or agents of Employer shall be liable under this Severance Agreement, and the Employee shall look solely to Employer's estate for the payment of any claim under or for performance of this Severance Agreement. Employer is organized pursuant to a Third Amended and Restated Declaration of Trust dated as of May 24, 1984.

22. Headings. The section and other headings contained in this Severance

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Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Severance Agreement.

23. Notices. Any notice required or permitted to be given under this

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Severance Agreement shall be in writing and shall be deemed to have been given when delivered in person or when deposited in the U.S. mail, registered or certified, postage prepaid, and mailed to Employee's addresses set forth herein and the business address of Employer, unless a party changes its address for receiving notices by giving notice in accordance with this Section, in which case, to the address specified in such notice.

24. Counterparts. This Severance Agreement may be executed in multiple

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counterparts with the same effect as if each of the signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

IN WITNESS WHEREOF, the parties have executed and delivered this Severance Agreement to be effective as of the day and year indicated above.

/s/ Donald C. Wood

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Employee's Signature

Employee's Permanent Address:

55 Warwick Stone Way  
Great Falls, Virginia 22066

FEDERAL REALTY INVESTMENT TRUST

By: /s/ Walter F. Loeb

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Name: Walter F. Loeb

Title: Chairman, Compensation Committee

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Address: 1626 East Jefferson Street  
Rockville, MD 20852-4041

EXECUTIVE AGREEMENT

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THIS AGREEMENT (the "Executive Agreement"), made and entered into as of this 22nd day of February, 1999 between FEDERAL REALTY INVESTMENT TRUST, an unincorporated business trust organized under the laws of the District of Columbia ("Trust"), and Donald C. Wood ("Executive").

RECITALS

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WHEREAS, the Trust recently hired Executive to serve as its Senior Vice President - Chief Financial Officer and desires assurance that Executive will continue his services to the Trust;

WHEREAS, Executive is willing to serve the Trust, but desires assurance that in the event of any Change in Control of the Trust he will continue to have the responsibilities and privileges he is now being given;

WHEREAS, the Board of Trustees of the Trust ("Board of Trustees") has determined that the best interests of the Trust would be served by providing Executive with certain protections and benefits following any Change in Control of the Trust;

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises herein contained and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, hereto, intended to be legally bound, agree as follows:

PROVISIONS

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1. Change in Control. No benefits shall be payable under this Executive

Agreement unless there shall have occurred a Change in Control of the Trust, as defined below. For purposes of this Executive Agreement a "Change in Control" of the Trust shall mean any of the following events:

(a) An acquisition in one or more transactions (other than directly from the Trust or pursuant to options granted by the Trust) of any voting securities of the Trust (the "Voting Securities") by any "Person" (as the term is used for purposes of Section 13(d) or 14(d) of the Securities Act of 1934, as amended (the "Exchange Act")) immediately after which such Person has "Beneficial Ownership" (within the meaning of

Rule 13d-3 promulgated under the Exchange Act) of 20% or more of the combined voting power of the Trust's then outstanding Voting Securities; provided, however, in determining whether a Change in Control has occurred, Voting Securities which are acquired in a "Non-Control Acquisition" (as hereinafter defined) shall not constitute an acquisition which would cause a Change in Control. A "Non-Control Acquisition" shall mean an acquisition by (i) an employee benefit plan (or a trust forming a part thereof) maintained by (x) the Trust or (y) any corporation or other Person of which a majority of its voting power or its equity securities or equity interest is owned directly or indirectly by the Trust (a "Subsidiary"), (ii) the Trust or any Subsidiary, or (iii) any Person in connection with a "Non-Control Transaction" (as hereinafter defined);

(b) The individuals who, as of the date of this Executive Agreement, are members of the Board of Trustees (the "Incumbent Trustees"), cease for any reason to constitute at least two-thirds of the Board; provided, however, that if the election, or nomination for election by the Trust's shareholders, of any new member was approved by a vote of at least two-thirds of the Incumbent Trustees, such new member shall, for purposes of this Executive Agreement, be considered as a member of the Incumbent Trustees; provided, further, however, that no individual shall be considered a member of the Incumbent Trustees if such individual initially assumed office as a result of either an actual or threatened "Election Contest" (as described in Rule 14a-11 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Trustees (a "Proxy Contest") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; or

(c) Approval by shareholders of the Trust of

(i) A merger, consolidation or reorganization involving the Trust, unless:

(A) the shareholders of the Trust, immediately before such merger, consolidation or reorganization, own, directly or indirectly immediately following such merger, consolidation or reorganization, at least a majority of the combined voting power of the outstanding voting securities of the Person resulting from such merger or consolidation or reorganization (the "Surviving Person") in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation or reorganization,

- (B) the individuals who were members of the Incumbent Trustees immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization constitute at least two-thirds of the members of the board of directors of the Surviving Person,
  - (C) no Person (other than the Trust or any Subsidiary, any employee benefit plan (or any trust forming a part thereof) maintained by the Trust, or any Subsidiary, or any Person which, immediately prior to such merger, consolidation or reorganization had Beneficial Ownership of 20% or more of the then outstanding Voting Securities) has Beneficial Ownership of 20% or more of the combined voting power of the Surviving Person's then outstanding voting securities, and
  - (D) a transaction described in clauses (A) through (C) shall herein be referred to as a "Non-Control Transaction;"
- (ii) A complete liquidation or dissolution of the Trust; or
  - (iii) An agreement for the sale or other disposition of all or substantially all of the assets of the Trust to any Person (other than a transfer to a Subsidiary).

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (i) solely because any Person (the "Subject Person") acquired Beneficial Ownership of more than the permitted amount of the outstanding Voting Securities as a result of the acquisition of Voting Securities by the Trust which, by reducing the number of Voting Securities outstanding, increases the proportional number of Voting Securities Beneficially Owned by the Subject Person; provided, however, that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Voting Securities by the Trust, and after such share acquisition by the Trust, the Subject Person becomes the Beneficial Owner of any additional Voting Securities which increases the percentage of the then outstanding Voting Securities Beneficially Owned by the Subject Person, then a Change in Control shall occur; or (ii) if the Trust (1) establishes a wholly-owned subsidiary ("Holding Company"), (2) causes the Holding Company to establish a wholly-owned subsidiary ("Merger Sub"), and (3) merges with Merger Sub, with the Trust as the surviving entity (such transactions collectively are referred as the "Reorganization"). Immediately following the completion of the

Reorganization, all references to the Voting Securities shall be deemed to refer to the voting securities of the Holding Company.

(d) Notwithstanding anything contained in this Executive Agreement to the contrary, if Executive's employment is terminated while this Executive Agreement is in effect and Executive reasonably demonstrates that such termination (i) was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control and who effectuates a Change in Control (a "Third Party") or (ii) otherwise occurred in connection with, or in anticipation of, a Change in Control which actually occurs, then for all purposes of this Executive Agreement, the date of a Change in Control with respect to Executive shall mean the date immediately prior to the date of such termination of Executive's employment.

2. Termination of Employment Following Change in Control. If a Change in  
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Control of the Trust occurs, Executive shall be entitled to the benefits provided in Section 3 upon the subsequent termination of Executive's employment with the Trust for any reason, either voluntarily or involuntarily, within six (6) months of such Change of Control, unless such termination is because of Executive's death, Disability or retirement. The term "Disability" shall have the meaning assigned to it in the Trust's group long-term disability policy. The term "Retirement" shall mean termination of employment in accordance with (i) a qualified employee pension or profit-sharing plan maintained by the Trust, or (ii) the Trust's retirement policy in effect immediately prior to the Change in Control. For purposes of this Executive Agreement, Executive's employment shall be terminated by written notice delivered by either the Trust or Executive to the other party. The date of Executive's termination of employment shall be the earlier of the date of Executive's or the Trust's written notice terminating Executive's employment with the Trust, unless such notice shall specify an effective date of termination occurring later than the date of such notice, in which event such specified effective date shall govern ("Termination Date").

3. Payment of Benefits upon Termination. If, after a Change in Control  
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has occurred, Executive's employment with the Trust is terminated for any reason other than for his death, Disability or Retirement, then the Trust shall pay to Executive and provide Executive, his beneficiaries and estate, the following:

(a) The Trust shall pay to Executive a single cash payment equal to two hundred percent (200%) of the sum of his annual basic salary in effect on the day prior to the Change in Control plus a bonus equal to the greatest annual aggregate amount of any cash or stock bonuses paid to Executive in respect of any of the three (3) fiscal years immediately preceding such Termination Date (it being understood and agreed that such amount shall not include compensation paid pursuant to performance share awards), or if

no such bonus has been paid to Executive during such time, fifty percent (50%) of his annual basic salary in effect on the day prior to the Change in Control. If Executive's employment is terminated by Executive by a written notice which specifies a Termination Date at least five (5) business days later than the date of such notice, the payment shall be made on the Termination Date. If Executive gives less than five (5) business days notice, then such payment shall be made within five (5) business days of the date of such notice;

(b) The Trust shall for a period of two (2) years following the Termination Date (i) maintain, at the Trust's expense, at not less than Executive's highest levels of coverage during the last twelve (12) months prior to the Change in Control, medical and dental insurance coverage by paying premiums due in connection with COBRA continuation coverage or converting its group medical and dental insurance policy to an individual policy for the benefit of Executive and paying the annual premiums associated with Executive's continued participation thereunder; (ii) maintain, at the Trust's expense, at not less than his highest levels of coverage during the last twelve (12) months prior to the Change in Control, individual life insurance policies and accidental death and dismemberment policies for the benefit of Executive and pay the annual premiums associated therewith; and (iii) to the extent that the Trust maintains a long-term disability policy (or policies) that provided coverage to Executive in excess of the coverage provided under the Trust's group long-term disability policy, maintain at not less than his highest levels of coverage during the last twelve (12) months prior to the Change in Control an individual long-term disability policy for the benefit of Executive and pay the annual premiums associated therewith. The Trust shall maintain, at the Trust's expense, the split dollar individual life insurance policy (or policies) for the benefit of Executive in accordance with the agreement with respect to such policy (or policies) entered into by Executive and the Trust. The Trust also shall convert its group long-term disability policy to an individual policy for the benefit of Executive and pay the annual premiums associated with Executive's continued participation thereunder for a period of one (1) year following the Termination Date. Notwithstanding the foregoing, Executive shall be required to pay the premiums and any other costs of such benefits in the same dollar amount that he was required to pay such costs immediately prior to the Termination Date. If the Trust is unable to provide any of the foregoing benefits directly for any reason, the Trust shall arrange to provide Executive with benefits substantially similar to those which Executive is entitled to receive under the preceding sentences;

(c) The Trust, to the extent legally permissible, shall continue to provide to Executive all other principal executive officer perquisites, allowances, accommodations of employment, and benefits on the same terms and conditions as such are from time to time made available generally to the other principal executive officers of the Trust but in no event less than the highest level of the perquisites, allowances, accommodations of employment and benefits that were available to Executive during the

last twelve (12) months of his employment prior to the Change in Control for a period of two (2) years following the Termination Date;

(d) For the purposes of this Section (3), Executive's right to receive executive officer perquisites, allowances and accommodations of employment is intended to include (i) Executive's right to have the Trust provide Executive for a period not to exceed six (6) months from Executive's Termination Date with a telephone number assigned to Executive at the Trust's offices, telephone mail and a secretary to answer the telephone; provided, however, such benefits described in this Subsection 3(d)(i) shall not include an office in, or physical access to, the Trust's offices and will cease upon the commencement by Executive of employment with another employer, and (ii) Executive's right to have the Trust make available at the Trust's expense to Executive at Executive's option the services of an employment search/outplacement agency selected by Executive for a period not to exceed six (6) months.

4. Acceleration of Options. Upon the occurrence of a Change in Control,  
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all restrictions on the receipt of any option to acquire or grant of Voting Securities to Executive shall lapse and such option shall become immediately and fully exercisable for the shorter of one (1) year or the term of the Option. Notwithstanding any applicable restrictions or any agreement to the contrary, Executive may exercise any options to acquire Voting Securities as of the Change in Control by delivery to the Trust of a written notice dated on or prior to the expiration of the stated term of the option.

5. Redemption.  
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(a) Except as provided in paragraph (b) below, the Trust shall within five (5) business days of receipt of written notice from Executive given at any time after the occurrence of a Change in Control but prior to the latest stated expiration date of any option held by Executive on the date of the Change in Control, redeem any Voting Securities held by Executive (whether acquired by exercise of any such option or grant or otherwise), at a price equal to the average closing price of Voting Securities as quoted on the New York Stock Exchange, or if such Voting Securities are not listed thereon, then the average of the closing "bid" and "ask" prices per share in the over-the-counter securities market for the fifteen (15) trading days prior to the date of such notice;

(b) If, during the fifteen (15) day trading period, Voting Securities are not listed, quoted or reported on any publicly traded securities market for at least two-thirds (2/3) of the days included in such period, then the redemption price shall be determined as follows: (i) Executive shall designate in a written notice to the Trust an appraiser to appraise the value of the Voting Securities to be redeemed; (ii) within ten (10) business days of receipt of such notice the Trust shall designate an appraiser to

appraise the value of the Voting Securities to be redeemed; (iii) such designated appraisers shall together designate, within ten (10) business days of the date the appraiser is designated by the Trust, a third appraiser to appraise the value of such Voting Securities; (iv) each appraiser shall value such Voting Securities within twenty (20) business days of the designation of the third appraiser using generally accepted appraisal methods for valuing such securities based upon the value of all of the Trust's assets less all of its liabilities without giving effect for any costs of liquidation or distress sale, if otherwise applicable; and (v) the average of the three (3) values determined by the three (3) appraisers shall constitute the price at which the Trust must redeem the Voting Securities covered by Executive's written notice within five (5) business days of the completion of this appraisal process. All costs and expenses associated with any appraisal prepared pursuant to this paragraph (b) shall be borne entirely by the Trust.

6. Excise Tax Payments.  
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(a) In the event that any payment or benefit (within the meaning of Section 280G(b)(2) of the Code) that are provided for hereunder (other than the payment provided for in this Section 6(a)) to be paid to or for the benefit of Executive (including, without limitation, the payments or benefits provided for under any provision of this Executive Agreement) or payments or benefits under any other plan, agreements or arrangement between Executive and the Trust (a "Payment" or "Payments"), be determined or alleged to be subject to an excise or similar purpose tax pursuant to Section 4999 of the Code or any successor or other comparable federal, state, or local tax laws or any interest or penalties incurred by Executive with respect to such excise or similar purpose tax (such excise tax, together with any such interest and penalties, hereinafter collectively referred to as the "Excise Tax") the Trust shall pay to Executive such additional compensation as is necessary (after taking into account all federal, state and local taxes) (including any interest and penalties imposed with respect to such taxes), including any income or Excise Tax, payable by Executive as a result of the receipt of such additional compensation) (a "Gross-Up Payment") to place Executive in the same after-tax position (including federal, state and local taxes) he would have been in had no such Excise Tax been paid or incurred.

(b) All mathematical determinations, and all determinations as to whether any of the Total Payments are "parachute payments" (within the meaning of Section 280G of the Code), that are required to be made under this Section 6, including determinations as to whether a Gross-Up Payment is required, and the amount of such Gross-Up Payment, shall be made by an independent accounting firm selected by the Executive from among the six (6) largest accounting firms in the United States (the "Accounting Firm"), which shall provide its determination (the "Determination"), together with detailed supporting calculations regarding the amount of any Gross-Up

Payment and any other relevant matter, both to the Trust and the Executive by no later than ten (10) days following the Termination Date, if applicable, or such earlier time as is requested by the Trust or the Executive (if the Executive reasonably believes that any of the Payments may be subject to the Excise Tax). If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive and the Trust with a written statement that such Accounting Firm has concluded that no Excise Tax is payable (including the reasons therefor) and that the Executive has substantial authority not to report any Excise Tax on his federal income tax return. If a Gross-Up Payment is determined to be payable, it shall be paid to the Executive within twenty (20) days after the Determination (and all accompanying calculations and other material supporting the Determination) is delivered to the Trust by the Accounting Firm. The cost of obtaining the Determination shall be borne by the Trust, any determination by the Accounting Firm shall be binding upon the Trust and the Executive, absent manifest error. Without limiting the obligation of the Trust hereunder, Executive agrees, in the event that the Trust makes a Gross-Up Payment to cover any Excise Tax, to negotiate with the Trust in good faith with respect to procedures reasonably requested by the Trust which would afford the Trust the ability to contest the imposition of such Excise Tax; provided, however, that Executive will not be required to afford the Trust any right to contest the applicability of any such Excise Tax to the extent that Executive reasonably determines (based upon the opinion of the Accounting Firm) that such contest is inconsistent with the overall tax interest of Executive.

(c) As a result of the uncertainty in the application of Sections 4999 and 280G of the Code, it is possible that a Gross-Up Payment (or a portion thereof) will be paid which should not have been paid (an "Excess Payment") or a Gross-Up Payment (or a portion thereof) which should have been paid will not have been paid (an "Underpayment"). An Underpayment shall be deemed to have occurred (i) upon notice (formal or informal) to Executive from any governmental taxing authority that Executive's tax liability (whether in respect of Executive's current taxable year or in respect of any prior taxable year) may be increased by reason of the imposition of the Excise Tax on a Payment or Payments with respect to which the Trust has failed to make a sufficient Gross-Up Payment, (ii) upon determination by a court, (iii) by reason of determination by the Trust (which shall include the position taken by the Trust, together with its consolidated group, on its federal income tax return) or (iv) upon the resolution of the Dispute to Executive's satisfaction. If an Underpayment occurs, Executive shall promptly notify the Trust and the Trust shall promptly, but in any event, at least five (5) days prior to the date on which the applicable governmental taxing authority has requested payment, pay to Executive an additional Gross-Up Payment equal to the amount of the Underpayment plus any interest and penalties (other than interest and penalties imposed by reason of Executive's failure to file a timely tax return or pay taxes

shown due on Executive's return where such failure is not due to the Trust's actions or omissions) imposed on the Underpayment. An Excess Payment shall be deemed to have occurred upon a "Final Determination" (as hereinafter defined) that the Excise Tax shall not be imposed upon a Payment or Payments (or a portion thereof) with respect to which Executive had previously received a Gross-Up Payment. A "Final Determination" shall be deemed to have occurred when Executive has received from the applicable governmental taxing authority a refund of taxes or other reduction in Executive's tax liability by reason of the Excess Payment and upon either (x) the date a determination is made by, or an agreement is entered into with, the applicable governmental taxing authority which finally and conclusively binds Executive and such taxing authority, or in the event that a claim is brought before a court of competent jurisdiction, the date upon which a final determination has been made by such court and either all appeals have been taken and finally resolved or the time for all appeals has expired or (y) the statute of limitations with respect to Executive's applicable tax return has expired. If an Excess Payment is determined to have been made, the amount of the Excess Payment shall be treated as a loan by the Trust to Executive and Executive shall pay to the Trust on demand (but not less than ten (10) days after the determination of such Excess Payment and written notice has been delivered to Executive) the amount of the Excess Payment plus interest at an annual rate equal to the Applicable Federal Rate provided for in Section 1274(d) of the Code from the date the Gross-Up Payment (to which the Excess Payment relates) was paid to Executive until date of repayment of the Excess Payment to the Trust.

(d) Notwithstanding anything contained in this Executive Agreement to the contrary, in the event that, according to the Final Determination, an Excise Tax will be imposed on any Payment or Payments, the Trust shall pay to the applicable governmental taxing authorities as Excise Tax withholding, the amount of the Excise Tax that the Trust has actually withheld from the Payment or Payments.

7. Mitigation. Executive shall not be required to mitigate the amount of  
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any payment, benefit, or other Trust obligation provided for in this Agreement by seeking other employment or otherwise and no such payment, benefit or other Trust obligation shall be offset or reduced by the amount of any compensation or benefits provided to Executive in any subsequent employment.

8. General Provisions  
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(a) Severability. In case any one or more of the provisions of this  
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Executive Agreement shall, for any reason, be held or found by final judgment of a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect (i) such invalidity, illegality or unenforceability shall not affect any other provisions of this Executive Agreement, (ii) this Executive Agreement shall be construed as if such invalid,

illegal or unenforceable provision had never been contained herein, and (iii) if the effect of a holding or finding that any such provision is either invalid, illegal or unenforceable is to modify to Executive's detriment, reduce or eliminate any compensation, reimbursement, payment, allowance or other benefit to Executive intended by the Trust and Executive in entering into this Executive Agreement, the Trust shall promptly negotiate and enter into an agreement with Executive containing alternative provisions (reasonably acceptable to Executive), that will restore to Executive (to the extent legally permissible) substantially the same economic, substantive and income tax benefits Executive would have enjoyed had any such provision of this Executive Agreement been upheld as legal, valid and enforceable. Failure to insist upon strict compliance with any provision of this Executive Agreement shall not be deemed a waiver of such provision or of any other provision of this Executive Agreement.

(b) No Set-Off. After a Change in Control, the Trust shall have no

right of set-off, reduction or counterclaim in respect of any debt or other obligation of Executive to the Trust against any payment, benefit or other Trust obligation to Executive provided for in this Executive Agreement or pursuant to any other plan, agreement or policy.

(c) Modification and Waiver. No provision of this Executive Agreement

may be amended, modified or waived unless such amendment, modification or waiver shall be agreed to in writing and signed by Executive and by a person duly authorized by the Board of Trustees.

(d) No Assignment of Compensation. No right to or interest in any

compensation or reimbursement payable hereunder shall be assignable or divisible by Executive; provided, however, that this provision shall not preclude Executive from designating one or more beneficiaries to receive any amount that may be payable after his death and shall not preclude his executor or administrator from assigning any right hereunder to the person or persons entitled thereto.

(e) No Attachments. Except as required by law, no right to receive

payments under this Executive Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge or hypothecation, or to execution, attachment, levy or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to affect any such action shall be null, void and of no effect.

(f) Headings. The headings of Sections and Subsections hereof are

included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Executive Agreement.

(g) Governing Law. This Executive Agreement has been executed and

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delivered in the State of Maryland shall be construed in accordance with and governed for all purposes by the laws of the State of Maryland.

(h) No Assignment of Agreement. This Executive Agreement may not be

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assigned, partitioned, subdivided, pledged, or hypothecated in whole or in part without the express prior written consent of Executive and the Trust. This Executive Agreement shall not be terminated either by the voluntary or involuntary dissolution or the winding up of the affairs of the Trust, or by any merger or consolidation wherein the Trust is not the surviving entity, or by any transfer of all or substantially all of the Trust's assets on a consolidated basis. In the event of any such merger, consolidation or transfer of assets, the provisions of this Executive Agreement shall be binding upon and shall inure to the benefit of the surviving entity or to the entity to which such assets shall be transferred.

(i) Interest on Amounts Payable. After a Change of Control, if any

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amounts which are required or determined to be paid or payable or reimbursed or reimbursable to Executive under this Executive Agreement (or under any other plan, agreement, policy or arrangement with the Trust) are not so paid promptly at the times provided herein or therein, such amounts shall accrue interest, compounded daily at the annual percentage rate which is three percentage points (3%) above the interest rate which is announced by The Riggs National Bank (Washington, D.C.) from time to time as its prime lending rate, from the date such amounts were required or determined to have been paid or payable or reimbursed or reimbursable to Executive until such amounts and any interest accrued thereon are finally and fully paid; provided, however, that in no event shall the amount of interest contracted for, charged or received hereunder exceed the maximum non-usurious amount of interest allowed by applicable law.

(j) Confidentiality of Employment Relationship. The Trust, except to

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the extent required by law, will not make or publish, without the express prior written consent of Executive, any written or oral statement concerning the terms of Executive's employment relationship with the Trust and will not, if for any reason he severs his employment with the Trust, make or publish any written or oral statement concerning Executive including, without limitation, his work-related performance or the reasons or basis for Executive severing his employment relationship with the Trust; provided, however, that the foregoing restriction is not applicable to information concerning the Executive's employment relationship with the Trust which was or became generally available to the public other than as a result of a disclosure by the Trust.

(k) Notices. Any notice required or permitted to be given under this

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Executive Agreement shall be in writing and shall be deemed to have been given when delivered in person or when deposited in the U.S. mail, registered or certified, postage

prepaid, and mailed to the respective addresses set forth herein, unless a party changes its address for receiving notices by giving notice in accordance with this Subsection, in which case, to the address specified in such notice.

(l) Disputes; Payment of Attorneys' Fees. At any time after a Change  
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of Control, all costs and expenses (including legal, accounting and other advisory fees and expenses of investigation) incurred by Executive in connection with (a) any dispute as to the validity, interpretation or application of any term or condition of this Executive Agreement, (b) the determination in any tax year of the tax consequences to Executive of any amounts payable (or reimbursable) under this Executive Agreement, or (c) the preparation of responses to an Internal Revenue Service audit of, and other defense of, Executive's personal income tax return for any year which is the subject of any such audit or an adverse determination, administrative proceeding or civil litigation arising therefrom that is occasioned by or related to an audit of the Internal Revenue Service of the Trust's income tax returns are, upon written demand by Executive, to be paid by the Trust (and Executive shall be entitled, upon application to any court of competent jurisdiction, to the entry of a mandatory injunction, without the necessity of posting any bond with respect thereto, compelling the Trust) promptly on a current basis (either directly or by reimbursing Executive). Under no circumstances shall Executive be obligated to pay or reimburse the Trust for any attorneys' fees, costs or expenses incurred by the Trust.

(m) Federal Income Tax Withholding. The Trust may withhold from any  
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benefits payable under this Executive Agreement all federal, state, city or other taxes (other than any excise tax imposed under Section 4999 of the Code or any similar tax to which the indemnity provisions of Section 6 of this Executive Agreement apply) as shall be required pursuant to any law or governmental regulation or ruling.

(n) Continued Employment. This Executive Agreement shall not confer  
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upon the Executive any right with respect to continuance of employment by the Trust.

(o) Source of Payments. All payments provided under this Executive  
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Agreement shall be paid in cash from the general funds of the Trust, and no special or separate fund shall be established and no other segregation of assets shall be made to assure payment.

(p) Exculpatory Clause. Neither the Trust's shareholders nor the  
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Trustees, officers, employees or agents of the Trust shall be liable under this Executive Agreement, and the Executive shall look solely to the Trust's estate for the payment of any claim under or for performance of this Executive Agreement. The Trust is organized pursuant to a Third Executive Declaration of Trust dated as of May 24, 1984.

(q) Counterparts. This Executive Agreement may be executed in

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multiple counterparts with the same effect as if each of the signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

IN WITNESS WHEREOF, the parties have executed and delivered this Executive Agreement as of the day and year indicated above.

/s/ Donald C. Wood

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(Executive's Signature)

Executive's Permanent Address:

55 Warwick Stone Way  
Great Falls, Virginia 22066

FEDERAL REALTY INVESTMENT TRUST

By: /s/ Walter F. Loeb

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Name: Walter F. Loeb

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Title: Chairman, Compensation Committee

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Address: 1626 East Jefferson Street  
Rockville, MD 20852-4041



