

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Form 10-Q

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

For the Quarter Ended: June 30, 1995

-----  
Commission File No. 1-7533  
-----

FEDERAL REALTY INVESTMENT TRUST  
-----

(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.)

4800 Hampden Lane, Suite 500, Bethesda, Maryland 20814  
-----

(Address of principal executive offices)

(Zip Code)

(301) 652-3360

(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

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 August 4, 1995
-----	-----
Common Shares of Beneficial Interest	31,759,946

This report, including exhibits, contains 22 pages.

FEDERAL REALTY INVESTMENT TRUST

S.E.C. FORM 10-Q

June 30, 1995

I N D E X

PART I. FINANCIAL INFORMATION	PAGE NO.
Accountants' Report	4
Consolidated Balance Sheets June 30, 1995 (unaudited) and December 31, 1994 (audited)	5
Consolidated Statements of Operations (unaudited) Six months ended June 30, 1995 and 1994	6
Consolidated Statements of Operations (unaudited) Three months ended June 30, 1995 and 1994	7
Consolidated Statements of Shareholders' Equity (unaudited) Six months ended June 30, 1995 and 1994	8
Consolidated Statements of Cash Flows (unaudited) Six months ended June 30, 1995 and 1994	9
Notes to Financial Statements	10-14
Management's Discussion and Analysis of Financial Condition and Results of Operations	15-20
PART II. OTHER INFORMATION	21

FEDERAL REALTY INVESTMENT TRUST

S.E.C. FORM 10-Q

June 30, 1995

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, 1994 was audited by Grant Thornton LLP, independent public accountants, who expressed an unqualified opinion on it in their report dated February 10, 1995. All other financial information presented is unaudited but has been reviewed as of June 30, 1995 and for each of the six months ended June 30, 1995 and 1994 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  
-----

Trustees and Shareholders

Federal Realty Investment Trust

We have reviewed the accompanying consolidated balance sheet of Federal Realty Investment Trust as of June 30, 1995 and the related consolidated statements of operations, shareholders' equity and cash flows for the six month periods ended June 30, 1995 and 1994 and the consolidated statements of operations for the three-month periods ended June 30, 1995 and 1994. 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, 1994 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 10, 1995, 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, 1994 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.  
August 8, 1995

Federal Realty Investment Trust  
CONSOLIDATED BALANCE SHEETS  
(see accountants' review report)

ASSETS	June 30, 1995 ----- (unaudited)	December 31, 1994 ----- (in thousands)
Investments		
Real estate, at cost	\$927,504	\$852,722
Less accumulated depreciation and amortization	(175,674)	(160,636)
	-----	-----
	751,830	692,086
Mortgage notes receivable	13,180	13,178
	-----	-----
	765,010	705,264
Other Assets		
Cash	8,558	3,995
Investments	3,504	3,588
Notes receivable - officers	2,925	2,778
Accounts receivable	12,305	16,023
Prepaid expenses and other assets, principally property taxes, insurance, and lease commissions	19,008	19,158
Debt issue costs (net of accumulated amortization of \$3,554,000 and \$3,206,000, respectively)	3,822	2,931
	-----	-----
	\$815,132	\$753,737
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Obligations under capital leases	\$132,391	\$132,924
Mortgages payable	79,783	102,781
Notes payable	26,754	61,883
Accrued expenses	16,519	10,675
Accounts payable	6,142	6,566
Dividends payable	12,527	12,486
Security deposits	2,921	2,687
Prepaid rents	1,012	1,017
Senior notes	125,000	-
Convertible subordinated debentures	75,289	75,289
Investors' interest in consolidated assets	2,114	2,274
Commitments and contingencies	-	-

Shareholders' equity		
Common shares of beneficial interest, no par or stated value, unlimited authorization, issued 31,773,932 and 31,669,434 shares, respectively	499,104	496,958
Accumulated dividends in excess of Trust net income	(157,762)	(144,553)
Allowance for unrealized loss on marketable securities	(11)	(53)
	-----	-----
	341,331	352,352
Less 60,200 common shares in treasury - at cost, deferred compensation and subscriptions receivable	(6,651)	(7,197)
	-----	-----
	334,680	345,155
	-----	-----
	\$815,132	\$753,737
	=====	=====

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust

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

Six months ended June 30,  
1995                      1994  
-----                      -----

(In thousands, except per share data)

Revenue		
Rental income	\$68,647	\$61,930
Interest	1,893	2,037
Other income	3,376	2,519
	-----	-----
	73,916	66,486
Expenses		
Rental	16,219	17,936
Real estate taxes	6,985	5,620
Interest	18,716	15,815
Administrative	2,817	3,184
Depreciation and amortization	16,988	14,166
	-----	-----
	61,725	56,721
Operating income before investors' share of operations and loss on real estate to be sold	12,191	9,765
Investors' share of operations	170	(476)
	-----	-----
Income before loss on real estate to be sold	12,361	9,289
Loss on real estate to be sold	(535)	-
	-----	-----
Net Income	\$11,826	\$9,289
	=====	=====
Weighted Average Number of Common Shares	31,691	29,760
	=====	=====
Earnings per share		
Income before loss on real estate to be sold	\$0.39	\$0.31
Loss on real estate to be sold	(0.02)	-
	-----	-----
	\$0.37	\$0.31
	=====	=====

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 June 30,

	1995	1994
	----	----
(In thousands, except per share data)		
Revenue		
Rental income	\$34,240	\$30,449
Interest	887	1,168
Other income	1,862	1,177
	-----	-----
	36,989	32,794
Expenses		
Rental	8,264	7,824
Real estate taxes	3,588	2,761
Interest	9,559	7,637
Administrative	1,390	1,803
Depreciation and amortization	8,619	7,269
	-----	-----
	31,420	27,294
Operating income before investors' share of operations and loss on real estate to be sold	5,569	5,500
Investors' share of operations	169	(294)
	-----	-----
Income before loss on real estate to be sold	5,738	5,206
Loss on real estate to be sold	(535)	-
	-----	-----
Net Income	\$5,203	\$5,206
	=====	=====
Weighted Average Number of Common Shares	31,723	31,351
	=====	=====
Earnings per share		
Income before loss on real estate to be sold	\$0.18	\$0.17
Loss on real estate to be sold	(0.02)	-
	-----	-----
	\$0.16	\$0.17
	=====	=====

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust

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

	Six months ended June 30,			
	1995		1994	
	Shares	Amount	Shares	Amount
(In thousands, except per share amounts)				
Common Shares of Beneficial Interest				
Balance, beginning of period	31,669,434	\$496,958	28,077,999	\$408,005
Exercise of stock options	7,744	122	18,716	406
Shares issued under dividend reinvestment plan	96,754	2,024	73,520	1,864
Conversion of 5 1/4% subordinated debentures, net			1,729	64
Shares purchased under share purchase plan	-	-	40,000	1,000
Net proceeds of public offering and private placement			3,340,000	82,963
	-----	-----	-----	-----
Balance, end of period	31,773,932	\$499,104	31,551,964	\$494,302
	=====	=====	=====	=====
Common Shares of Beneficial Interest in Treasury, Deferred Compensation and Subscriptions Receivable				
Balance, beginning of period	(434,700)	(\$7,197)	(422,575)	(\$6,619)
Amortization of deferred compensation	32,875	546	27,875	422
Subscription of shares under share purchase plan	-	-	(40,000)	(1,000)
	-----	-----	-----	-----
Balance, end of period	(401,825)	(\$6,651)	(434,700)	(\$7,197)
	=====	=====	=====	=====
Allowance for Unrealized Loss on Marketable Securities				
Balance, beginning of period		(\$53)		(\$364)
Unrealized (loss ) recovery		42		(122)
		-----		-----
Balance, end of period		(\$11)		(\$486)
		=====		=====

Accumulated Dividends in Excess of Trust Net Income		
Balance, beginning of period	(\$144,553)	(\$116,823)
Net income	11,826	9,289
Dividends declared to shareholders	(25,035)	(23,244)
	-----	-----
Balance, end of period	(\$157,762)	(\$130,778)
	=====	=====

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust

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

(In thousands)	Six months ended June 30,	
	1995	1994
	-----	-----
OPERATING ACTIVITIES		
Net income	\$11,826	\$9,289
Adjustments to reconcile net income to net cash provided by operations		
Depreciation and amortization	16,988	14,166
Rent abatements in lieu of leasehold improvements, net of tenant improvements retired	(918)	(122)
Imputed interest and amortization of debt cost	356	297
Amortization of deferred compensation and forgiveness of officers' notes	265	300
Loss on real estate to be sold	535	
Changes in assets and liabilities		
Decrease in accounts receivable	3,718	400
Increase in prepaid expenses and other assets before depreciation and amortization	(1,569)	(631)
(Decrease) increase in operating accounts payable, security deposits and prepaid rent	1,108	(822)
Increase (decrease) in accrued expenses, net of the premium put on the 5 1/4% convertible subordinated debentures	6,179	(2,014)
	-----	-----
Net cash provided by operating activities	38,488	20,863
INVESTING ACTIVITIES		
Acquisition of real estate	(56,759)	(26,334)
Capital expenditures	(17,820)	(17,132)
Net increase in notes receivable	(168)	(4,566)
Net decrease in temporary investments	142	190
	-----	-----
Net cash used in investing activities	(74,605)	(47,842)
FINANCING ACTIVITIES		
Regular payments on mortgages, capital leases, and notes payable	(1,087)	(1,018)
(Balloon payments) issuance of mortgages and notes payable	(23,601)	22,500
Net change in lines of credit	(35,380)	(6,913)
Issuance of senior notes, net of costs	123,761	-
Redemption of 5 1/4% convertible subordinated debentures including premium put	-	(47,790)
Dividends paid	(23,625)	(20,574)
Issuance of shares of beneficial interest	772	83,577
Increase in minority interest	(160)	24
	-----	-----
Net cash provided by (used in) financing activities	40,680	29,806
	-----	-----
Increase (decrease) in cash	4,563	2,827
Cash at beginning of period	3,995	9,635
	-----	-----
Cash at end of period	\$8,558	\$12,462
	=====	=====

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 1995  
(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, 1994 which contain the Trust's accounting policies and other data.

NOTE B - DIVIDENDS PAYABLE

On May 11, 1995 the Trustees declared a cash dividend of \$.395 per share, payable July 14, 1995 to shareholders of record June 27, 1995.

NOTE C - REAL ESTATE

On February 16, 1995 the Trust purchased a 6,800 square foot retail building in Greenwich, Connecticut for \$2.0 million in cash. On April 5, 1995 the Trust purchased a 125,800 square foot portfolio of seven retail buildings in the West Hartford, Connecticut area for \$15.3 million in cash. On April 12, 1995 the Trust purchased a 35,500 square foot retail building in Greenwich, Connecticut for cash of \$12.9 million. On June 15, 1995 the Trust purchased a 10,000 square foot retail building in Westport, Connecticut for \$5.7 million in cash. In connection with these purchases, brokerage commissions of \$548,000 were incurred to a company that is fifty percent owned by a brother of the Trust's president. These commissions were paid pursuant to a brokerage contract on terms comparable to terms contained in contracts which the Trust has with brokers providing similar services in other geographic areas.

On April 27, 1995 the Trust purchased the 302,000 square foot Finley Square Shopping Center in Downers Grove, Illinois for cash of \$18.8 million. On June 12, 1995 the Trust purchased a 12,400 square foot building contiguous to its Bethesda Row property for \$2.0 million in cash.

During the second quarter of 1995, the Trust recognized a \$535,000 impairment in the value of North City Plaza in New Castle, Pennsylvania, thereby valuing the center at its fair value less estimated costs to sell, pending its disposal. On August 1, 1995 the center was sold for \$1.8 million.

NOTE D - Senior Notes

On January 19, 1995 the Trust issued \$100.0 million of 8 7/8% Notes, due January 15, 2000. The notes, which were issued at a price of 99.815%, pay interest semiannually on January 15 and July 15 and are not redeemable prior to maturity. After deducting the underwriting discount and other costs, the Trust netted approximately \$98.9 million.

In order to protect itself against the risk that the general level of interest rates for such securities would rise before the senior notes were priced, in December 1994, the Trust entered into two interest rate hedge agreements on a total principal amount of \$75.0 million. The cost of the agreements, which terminated on January 20, 1995, was \$21,000, which is being amortized into interest expense over the life of the notes.

In January 1995 the Trust executed a five year interest rate swap on \$25.0 million, whereby the Trust swapped fixed interest payment obligations of 8.136% for a floating rate interest payment of three month LIBOR. The floating rate during the first quarter of 1995 was 6.1875%. In May 1995 the swap was terminated and the Trust sold the swap for \$1.5 million, which is being amortized as a deduction to interest expense over the remaining term.

On April 21, 1995 the Trust issued \$25 million of senior notes. The

notes, which are due April 21, 2002 and bear interest at 8%, payable semiannually, were issued at a price of 99.683%. The proceeds of \$24.9 million were used to repay amounts which had been borrowed on the revolving credit facilities during April 1995 to fund acquisitions and property renovations.

#### NOTE E - MORTGAGES PAYABLE

In January, 1995 the Trust repaid the \$22.5 million mortgage on Northeast Plaza in Atlanta, Georgia with proceeds from the senior note offering.

#### NOTE F - NOTES PAYABLE

The Trust has \$130 million of unsecured medium term revolving credit facilities with four banks. The facilities, which bear interest at LIBOR plus 85 to 100 basis points, require fees and have covenants requiring a minimum shareholders' equity and a maximum ratio of debt to net worth. The maximum drawn under these facilities during the first six months of 1995 was \$66.8 million which was repaid in January from the proceeds of the senior notes issuance. The weighted average interest rate on borrowings for the six months ended June 30, 1995 was 7.1%. At June 30, 1995 there was \$19.4 million drawn under these facilities.

In January 1995 the Trust paid a \$1.1 million note that had been issued in connection with the purchase of Queen Anne Plaza in December 1994. In connection with the buyout of a tenant at Queen Anne Plaza in January 1995, the Trust issued a noninterest bearing note payable of \$2.2 million, due in annual installments of \$200,000 for 11 years. Using an

interest rate of 8 7/8%, the note has been recorded at its discounted value of \$1.7 million.

#### NOTE H - SHAREHOLDERS' EQUITY

During the first six months of 1995, 7,744 shares were issued at prices ranging from \$15.00 per share to \$20.50 per share as the result of the exercise of stock options. The Trust accepted a note from one of its officers of \$5,002 in connection with the issuance of certain of these shares.

On February 15, 1995, 719,000 stock options at \$20.75 per share were granted to employees of the Trust. On May 10, 1995, the eight trustees of the Trust other than the president were each awarded options to purchase 2,500 shares at \$22 per share.

#### NOTE I - INTEREST EXPENSE

The Trust incurred interest expense totaling \$19.1 million during the first six months of 1995 and \$15.9 million during the first six months of 1994, of which \$390,000 and \$76,000, respectively, were capitalized. Interest paid was \$13.0 million in the first six months of 1995 and \$24.8 million in the first six months of 1994.

#### NOTE J - COMMITMENTS AND CONTINGENCIES

The State of New Jersey Division of Taxation has assessed the Trust \$364,000 in taxes, penalty and interest for the years 1985 through 1990, since the State has disallowed the dividends paid deduction in computing New Jersey taxable income. The Trust is protesting this assessment since the Trust believes that it is entitled to the deduction. At this time, the outcome of this matter is unknown; however in a case involving another real estate investment trust, the New Jersey tax court ruled that the dividends paid deduction was allowable and this decision was upheld by the Appellate Court.

Included in the Trust's investments is \$2.9 million of Olympia & York Senior First Mortgage Notes. The Olympia & York notes were written down in 1992 to management's best estimate of their net realizable value.



As previously reported, certain of the Trust's shopping centers have some environmental contamination. The North Carolina Department of the Environment, Health and Natural Resources ("DEHNR") issued a Notice of Violation ("NOV") against a former drycleaner tenant at Eastgate Shopping Center in Chapel Hill, North Carolina concerning a spill at the shopping center. As owner of the shopping center, the Trust was named in and received a copy of the NOV. Estimates to remediate the spill range from \$300,000 to \$500,000. The Trust has entered into an agreement with two previous owners of the shopping center to share the costs to assess and remediate. In 1993 the Trust recorded a liability of \$120,000 as its estimated share of the clean up costs.

In 1992 contaminants at levels in excess of New Jersey cleanup standards were identified at a shopping center in New Jersey. The Trust

has retained an environmental consultant to investigate the contamination. The Trust is also evaluating whether it has insurance coverage for this matter. At this time, the Trust is unable to determine what the range of remediation costs might be. The Trust has also identified chlorinated solvent contamination at another property. The contamination appears to be linked to the current and/or previous dry cleaner. The Trust intends to look to the responsible parties for any remediation effort. Evaluation of this situation is preliminary and it is impossible to estimate the range of remediation costs, if any.

The Trust reserved \$2.25 million at closing in 1993 for environmental issues principally associated with Gaithersburg Square Shopping Center. Pursuant to an indemnity agreement entered into with the seller at closing, the Trust agreed to take certain actions with respect to identified chlorinated solvent contamination. The seller indemnified the Trust for certain third party claims and government requirements related to contamination at adjacent properties.

At June 30, 1995 in connection with certain redevelopment projects and tenant fitouts, the Trust is contractually obligated on contracts of approximately \$4.7 million. At June 30, 1995 the Trust is also contractually obligated under leases with tenants to provide approximately \$8.5 million for improvements.

NOTE K - COMPONENTS OF RENTAL INCOME

The components of rental income for the six months ended June 30 are as follows:

	1995	1994
	(in thousands)	
Retail Properties		
Minimum rent	\$53,847	\$47,173
Cost reimbursements	10,946	10,944
Percentage rents	2,630	2,649
Apartments	1,224	1,164
	-----	-----
	\$68,647	\$61,930
	=====	=====

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

LIQUIDITY AND CAPITAL RESOURCES

Federal Realty meets its liquidity requirements through net cash provided by operating activities, long term borrowing through debt offerings and mortgages, medium and short term borrowing under revolving credit facilities, and equity offerings. Because all or a significant portion of the Trust's net cash provided by operating activities is distributed to shareholders, capital outlays for property acquisitions, renovation projects and debt repayments require funding from borrowing or equity offerings.

During the first six months of 1995 the Trust purchased \$35.9 million of street retail properties, i.e. retail buildings in densely developed urban and suburban areas. In addition, during April 1995 the Trust purchased the 302,000 square foot Finley Square Shopping Center in Downers Grove, Illinois for \$18.8 million. In June 1995 the Trust purchased a newly constructed 12,400 square foot building, contiguous to its Bethesda Row property, for \$2.0 million in cash. During the first six months of 1995 the Trust spent \$17.8 million on tenant work and improvements to its properties; these improvements included: (1) \$2.4 million on Congressional Plaza whose redevelopment is in the final phases; (2) \$1.7 million to buy out a below market lease at Queen Anne Plaza; (3) \$3.6 million on Gaithersburg Square which is currently being expanded, redeveloped and retenanted; and (4) \$1.4 million on the renovation of Brick Plaza.

On January 19, 1995 the Trust issued \$100.0 million of 8 7/8% Notes, due January 15, 2000, netting proceeds of approximately \$98.9 million. The proceeds from this issuance were used to repay a \$22.5 million mortgage, to repay \$66.8 million which was outstanding on its revolving credit facilities and to partially fund the first quarter property acquisitions and improvements.

On April 21, 1995 the Trust issued \$25 million of senior notes due 2002, the proceeds of which were used to repay amounts which had been borrowed on the revolving credit facilities during April to fund acquisitions and property renovations.

The Trust has available \$130.0 million of unsecured medium-term revolving credit facilities with four banks. The facilities, which require fees and have covenants requiring a minimum shareholders' equity and a maximum ratio of debt to net worth, are used to fund acquisitions and other cash requirements until conditions are favorable for issuing equity or long term debt. At June 30, 1995 there was \$19.4 million drawn under these facilities. The maximum amount borrowed under these facilities during the first six months of 1995 was \$66.8 million. Amounts advanced under these facilities bear interest at LIBOR plus 85 - 100 basis

points; the weighted average interest rate on borrowings during the first six months of 1995 was 7.1%.

The Trust is committed under leases for approximately \$8.5 million in tenant work. In addition the Trust has budgeted approximately \$25 million for the remainder of 1995 for improvements to its properties, including the renovations of Brick Plaza, Gaithersburg Square and the completion of the renovation of Congressional Plaza. Furthermore, the Trust is actively seeking to acquire shopping centers in its core major metropolitan markets and to acquire retail buildings in densely developed urban and suburban areas. The Trust is also continuing to study site acquisitions in its core markets to permit the Trust to develop shopping centers. These expenditures will be funded with the revolving credit facilities pending their permanent financing with either equity or debt.

On August 1, 1995 the Trust sold North City Plaza in New Castle,

Pennsylvania for \$1.8 million. The Trust recorded a loss of \$535,000 during the second quarter to adjust the carrying value of North City to its fair value or sales price less costs to sell.

The Trust believes that the amounts available under its revolving credit facilities provide it with the liquidity needed for its short term renovation and acquisition plans. The Trust believes that the unencumbered value of its properties and its access to the capital markets, as demonstrated by its past success in raising capital, give it the ability to raise the capital, both debt and equity, needed to fund its long term capital and debt repayment needs.

#### CONTINGENCIES

The State of New Jersey Division of Taxation has assessed the Trust \$364,000 in taxes, penalty and interest for the years 1985 through 1990, since the State has disallowed the dividends paid deduction in computing New Jersey taxable income. The Trust is protesting this assessment since the Trust believes that it is entitled to the deduction. At this time, the outcome of this matter is unknown; however in a case involving another real estate investment trust, the New Jersey tax court ruled that the dividends paid deduction was allowable and this decision was upheld by the Appellate Court.

Included in the Trust's investments is \$2.9 million of Olympia & York Senior First Mortgage Notes. The Olympia & York notes were written down during 1992 to management's best estimate of their net realizable value. Interest income on these notes is not being recorded as revenue, but is being treated as a reduction of principal.

As previously reported, certain of the Trust's shopping centers have some environmental contamination. The North Carolina Department of the Environment, Health and Natural Resources ("DEHNR") issued a Notice of Violation ("NOV") against a drycleaner tenant at Eastgate Shopping Center in Chapel Hill, North Carolina concerning a spill at the shopping center. As owner of the shopping center, the Trust was named in and received a copy of the NOV. Estimates to remediate the spill range from \$300,000 to \$500,000. The Trust has entered into an agreement with two previous

owners of the shopping center to share the costs to assess and remediate. In 1993 the Trust recorded a liability of \$120,000 as its estimated share of the clean up costs.

In 1992 contaminants at levels in excess of New Jersey cleanup standards were identified at a shopping center in New Jersey. The Trust has retained an environmental consultant to investigate the contamination. The Trust is also evaluating whether it has insurance coverage for this matter. At this time, the Trust is unable to determine what the range of remediation costs might be. The Trust had also previously identified chlorinated solvent contamination at another property. The contamination appears to be linked to the current and/or previous dry cleaner. The Trust intends to look to the responsible parties for any remediation effort. Evaluation of this situation is preliminary and it is impossible to estimate the range of remediation costs, if any.

The Trust reserved \$2.25 million at closing in 1993 for environmental issues principally associated with Gaithersburg Square Shopping Center. Pursuant to an indemnity agreement entered into with the seller at closing, the Trust agreed to take certain actions with respect to identified chlorinated solvent contamination. The seller indemnified the Trust against certain third party claims and government requirements related to contamination at adjacent properties.

#### RESULTS OF OPERATIONS - SIX MONTHS ENDED JUNE 30, 1995 AND 1994

The Trust has historically reported its funds from operations in addition to its net income. Funds from operations is a supplemental measure of real estate companies' operating performance which excludes historical cost depreciation, since real estate values have historically

risen and fallen with market conditions rather than over time. Funds from operations was defined as income before depreciation and amortization and extraordinary items less gains on sale of real estate. The National Association of Real Estate Investment Trusts ("NAREIT") has recently issued a white paper, which has amended the definition as follows: income before depreciation and amortization of real estate assets and before extraordinary items and significant non-recurring events less gains on sale of real estate. The Trust intends to comply with this new definition and has consequently restated funds from operations for prior periods. 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 to provide a consistent measure of operating performance in the industry.

The reconciliation of net income to funds from operations for the six months ended June 30 is as follows:

	1995	1994
	(in thousands)	
Net income	\$11,826	\$ 9,289
Plus: depreciation and amortization of real estate assets	15,028	12,622
amortization of initial direct costs of leases	1,218	1,185
loss on sale and nonrecurring items	535	--
	-----	-----
Funds from operations	\$28,607	\$23,096
	=====	=====

Funds from operations increased 24% to \$28.6 million in the first six months of 1995 from \$23.1 million in the first six months of 1994.

Rental income, which consists of minimum rent, percentage rent and cost recoveries, increased 11% from \$61.9 million in the first six months of 1994 to \$68.6 million in the first six months of 1995. If rental income is adjusted to remove the effect of properties purchased in 1994 and 1995, it increased 5%. Forty percent of the increase is from Congressional Plaza, which was renovated and retenanted in 1994. Ellisburg Circle, whose redevelopment was completed in 1994, contributed an additional 14% of the increase.

Minimum rent increased 14% from \$48.3 million in the first six months of 1994 to \$55.1 million in the first six months of 1995. If properties purchased in 1994 and 1995 are excluded, minimum rent increased \$3.6 million or 7.5%. A major component of this increase is contributions from recently renovated centers and from the retenanting of some anchor spaces. Cost recoveries, if adjusted to remove the effect of 1995 and 1994 acquisitions, are down slightly, primarily due to the decrease in snow removal expense in 1995 as compared to 1994.

Other income which includes items which tend to fluctuate from period to period, such as utility reimbursements, telephone income, merchant association dues, lease termination fees, late fees and temporary tenant income, has increased from \$2.5 million in 1994 to \$3.4 million in 1995 due principally to a commission on telephone services and to lease termination fees.

Rental expenses have decreased from \$17.9 million in the first six months of 1994 to \$16.2 million in the first six months of 1995, despite the acquisition of new properties in 1994 and 1995. The major decrease is in snow removal expense, but there was also a significant decrease in bad debt and related expenses. Real estate tax expense has increased because of the new properties and because of increased assessments at several centers.

Interest expense has increased from \$15.8 million during the first six months of 1994 to \$18.7 million during the comparable period of 1995. Interest expense on the senior notes issued January and April 1995

exceeds the interest saved due to the redemption in April 1994 of most of

the convertible subordinated debentures due 2002. The ratio of earnings to fixed charges was 1.61x in 1995 and 1.56x in 1994. The ratio of funds from operations to fixed charges was 2.43x in 1995 and 2.41x in 1994.

Depreciation and amortization expense has increased because of the recent acquisitions and because of depreciation on tenant work and recent property improvements.

During the second quarter of 1995 the Trust recorded a \$535,000 loss, resulting from the write down of North City Plaza to its fair value less costs to sell, since it was being prepared for sale.

As a result of the foregoing items, primarily the increases in minimum rent and other income and the decreases in rental expense, net income rose from \$9.3 million in the first six months of 1994 to \$11.8 million in the first six months of 1995.

#### RESULTS OF OPERATIONS - THREE MONTHS ENDED JUNE 30, 1995 AND 1994

Funds from operations for the quarter ended June 30, 1995 increased 14% to \$14.0 million as compared to \$12.3 million in the second quarter of 1994.

Rental income, which consists of minimum rent, percentage rent and cost recoveries, increased 12% from \$30.4 million in the second quarter of 1994 to \$34.2 million in the second quarter of 1995. If rental income is adjusted to remove the effect of properties purchased in 1994 and 1995, it increased 5%. Thirty-six percent of this increase is from Congressional Plaza, which was renovated and retenanted in 1994. Ellisburg Circle, whose redevelopment was completed in 1994, contributed an additional 14% of the increase.

Minimum rent increased 14% from \$24.5 million in the second quarter of 1994 to \$27.9 million in the second quarter of 1995. If properties purchased in 1994 and 1995 are excluded, minimum rent increased 6.5%. A major component of this increase is contributions from recently renovated centers and from the retenancing of some spaces. Cost recoveries in the second quarter of 1995 have increased over the second quarter 1994 recoveries due to the 1994 and 1995 property acquisitions.

Other income has increased from \$1.2 million in the second quarter of 1994 to \$1.9 million in the second quarter of 1995. The largest component of the increase was due to lease termination fees.

Rental expenses have increased from the second quarter of 1994 to the second quarter of 1995 because of the 1994 and 1995 acquisitions. Real estate tax expense has increased because of the new acquisitions and because of increased assessments at several centers.

Interest expense has increased from \$7.6 million in the second quarter of 1994 to \$9.6 million during the comparable period of 1995, due to interest on the \$125 million of senior notes issued in 1995.

General and administrative expenses are down in the second quarter of 1995 as compared to the same quarter of 1994, primarily because of a decrease in costs related to unsuccessful acquisitions.

Depreciation and amortization expense has increased from the second quarter of 1994 to the second quarter of 1995 because of the recent acquisitions and because of depreciation on tenant work and recent property improvements.

During the second quarter of 1995 the Trust recorded a \$535,000 loss, resulting from the write down of North City Plaza to its fair value less costs to sell, since it was being prepared for sale.

Net income for the second quarter of 1995 was \$5.2 million, the same as the second quarter of 1994, as a result of the foregoing items.

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Shareholders

At the 1995 Annual Meeting of Shareholders on May 10, 1995, the Shareholders elected three Trustees to serve for the ensuing three years. Holders of 25.4 million shares voted for each of the three Trustees and holders of approximately 209,000 shares voted against each of the three Trustees.

- A. Exhibits  
(27) Financial Data Schedule.....Edgar filing only
- B. Reports on Form 8-K  
A Form 8-K, dated May 25, 1995, was filed in response to Item 7.(c).

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

-----  
(Registrant)

Date: August 11, 1995	Steven J. Guttman
-----	-----
	Steven J. Guttman, President (Chief Executive Officer)
Date: August 11, 1995	Cecily A. Ward
-----	-----
	Cecily A. Ward (Principal Accounting Officer)

<ARTICLE> 5

<LEGEND>

This schedule contains summary financial information extracted from the Consolidated Balance Sheet of Federal Realty Investment Trust as of June 30, 1995 and the related consolidated statement of operations for the six months ended June 30, 1995 and is qualified in its entirety by reference to such financial statements.

</LEGEND>

<MULTIPLIER> 1,000

<PERIOD-TYPE>	6-MOS	
<FISCAL-YEAR-END>		DEC-31-1995
<PERIOD-END>		JUN-30-1995
<CASH>		\$8,558
<SECURITIES>		3,504
<RECEIVABLES>		15,230
<ALLOWANCES>		0
<INVENTORY>		0
<CURRENT-ASSETS>		0<F1>
<PP&E>		927,504
<DEPRECIATION>		(175,674)
<TOTAL-ASSETS>		815,132
<CURRENT-LIABILITIES>		0
<BONDS>		439,217
<COMMON>		499,104
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<OTHER-SE>		(164,424)
<TOTAL-LIABILITY-AND-EQUITY>		815,132
<SALES>		0
<TOTAL-REVENUES>		72,023
<CGS>		0
<TOTAL-COSTS>		23,204
<OTHER-EXPENSES>		0
<LOSS-PROVISION>		0
<INTEREST-EXPENSE>		18,716
<INCOME-PRETAX>		11,826
<INCOME-TAX>		0
<INCOME-CONTINUING>		0
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		11,826
<EPS-PRIMARY>		.37
<EPS-DILUTED>		0
<FN>		

<F1>Current assets and current liabilities are not listed since Federal Realty does not prepare a classified balance sheet.

</FN>