

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED DECEMBER 13, 1993

\$100,000,000

[LOGO OF FEDERAL REALTY INVESTMENT TRUST APPEARS HERE]

8 7/8% NOTES DUE JANUARY 15, 2000

Interest on the Notes is payable on January 15 and July 15 of each year, commencing July 15, 1995. The Notes are not redeemable prior to maturity. The Notes are unsecured obligations of the Trust and will rank equally with all unsecured and unsubordinated indebtedness of the Trust. The Notes will contain certain restrictions on the Trust's ability to incur additional indebtedness. See "Description of Notes--Covenants."

The Notes will be represented by a single Global Security (as defined herein) registered in the name of The Depository Trust Company ("DTC") or its nominee. Interests in the Global Security will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. Except as described in "Description of Notes--Book-Entry System," Notes in definitive form will not be issued. The Notes will trade in DTC's Same-Day Funds Settlement System until maturity, and secondary market trading activity in the Notes will therefore settle in immediately available funds. All payments of principal and interest will be made by the Trust in immediately available funds. See "Description of Notes--Same-Day Settlement and Payment."

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

THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

	INITIAL PUBLIC OFFERING PRICE(1)	UNDERWRITING DISCOUNT(2)	PROCEEDS TO TRUST(1)(3)
Per Note.....	99.815%	0.625%	99.190%
Total.....	\$99,815,000	\$625,000	\$99,190,000

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- (1) Plus accrued interest, if any, from January 19, 1995.
 - (2) The Trust has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.
 - (3) Before deducting estimated expenses of \$225,000 payable by the Trust.

The Notes offered hereby are offered severally by the Underwriters, as specified herein, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. It is expected that delivery of the Notes will be ready in book-entry form only through the facilities of DTC in New York, New York on or about January 19, 1995, against payment therefor in immediately available funds.

GOLDMAN, SACHS & CO. J.P. MORGAN SECURITIES INC.

The date of this Prospectus Supplement is January 11, 1995.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE TRUST

Federal Realty Investment Trust (the "Trust") is an owner, operator and redeveloper of community and neighborhood shopping centers. Founded in 1962, the Trust is a self-administered real estate investment trust that manages, leases and supervises renovation of its properties. At December 31, 1994, the Trust owned 52 retail properties, primarily community and neighborhood shopping centers, one enclosed mall, and one apartment complex. The shopping center portfolio has approximately 11.1 million rentable square feet and 1,500 tenants. At September 30, 1994, the occupancy rate of the core shopping center portfolio (which excludes centers acquired in the previous twelve months and centers under redevelopment) was 94%. Including all shopping centers owned at September 30, 1994, the occupancy rate was 93%.

An important part of the Trust's strategy is to acquire older, well-located centers and to enhance their operating performance through a program of renovation, expansion, re-configuration, re-leasing and re-merchandising. The Trust has focused primarily on community and neighborhood shopping centers that are anchored by supermarkets, drug stores or high volume, value oriented retailers that provide consumer necessities. The Trust's shopping center leases typically are structured to include minimum rents and percentage rents based on tenants' sales volumes and reimbursement of operating and real estate tax expenses.

The Trust continually evaluates its properties for renovation, re-tenanting and expansion opportunities. Similarly, the Trust regularly reviews its portfolio and from time to time considers selling certain of its properties. The Trust's operating results are affected by general economic and real estate conditions, including conditions specific to the markets where the Trust's properties are located.

The Trust has benefited, and expects to benefit, from the following characteristics of its operations:

- . During 1993, 96% of the Trust's rental income was minimum rent plus expense recoveries, and therefore, was not contingent upon the sales performance of the Trust's tenants.
- . In 1993, the Trust's rental income was derived from over 1,500 tenants, with no single tenant or corporate entity accounting for more than 5% of rental income.
- . Property net operating income (rental income plus other property income, less rental expenses and real estate taxes) increased each year an average of 7% from \$48.5 million in 1989 to \$62.8 million in 1993 for properties owned during all of the periods.
- . For the years 1995-2000, scheduled lease expirations are 5.1%, 3.4%, 4.1%, 3.8%, 5.0% and 1.7% of rentable square feet.
- . The Trust's typical shopping center lease includes provisions for at least partial recapture of property operating expenses and real estate taxes. In 1993, the Trust recovered 71% of property operating expenses and 89% of real estate taxes.

The Trust, a District of Columbia business trust of unlimited duration, maintains its offices at 4800 Hampden Lane, Bethesda, Maryland 20814 (telephone 301/652-3360).

RECENT DEVELOPMENTS

ACQUISITIONS AND REDEVELOPMENT

During 1994, the Trust purchased four shopping centers and one retail building totaling 485,000 square feet. The shopping centers include Idylwood Plaza in Falls Church, Virginia, North Lake Commons in Lake Zurich, Illinois, Garden Market Shopping Center in Western Springs, Illinois and Queen Anne Plaza in Norwell, Massachusetts. The average occupancy at their time of purchase was 97%. In addition, in April of 1994 the Trust purchased a 3.9 acre parcel of land containing an Acme supermarket which adjoins its Bala Cynwyd Shopping Center in Bala Cynwyd, Pennsylvania. These properties were acquired for a total cash investment of approximately \$49.5 million.

During the first nine months of 1994 the Trust spent \$27.5 million in improvements to its properties. These improvements included \$9.7 million for the retreating and redevelopment of Congressional Plaza in Rockville, Maryland, \$3.8 million to complete the redevelopment of Ellisburg Circle Shopping Center in Cherry Hill, New Jersey, and \$1.7 million to begin the redevelopment and retreating of Gaithersburg Square Shopping Center in Gaithersburg, Maryland.

The Trust intends to continue its acquisition and redevelopment activities in 1995. Acquisitions are targeted for the Trust's core major metropolitan markets of New York/New Jersey, Philadelphia and Baltimore/Washington, D.C. as well as the Chicago, Illinois and Boston, Massachusetts markets. In addition, the Trust is targeting for acquisition retail buildings in densely developed urban and suburban areas and is also pursuing site acquisitions in its core markets to permit the Trust to develop new shopping centers.

Planned redevelopment and re-merchandising activities in 1995 include the first phase of redevelopment of Brick Plaza in Brick, New Jersey, as well as the completion of the Gaithersburg Square and Congressional Plaza renovations begun in 1994. Capital improvements planned for the Trust's properties in 1995 are budgeted at \$43.3 million.

FINANCINGS

The Trust has funded its acquisitions, redevelopment projects and major debt repayment requirements through a variety of equity and debt issues. In April 1994 the Trust raised net proceeds of \$61.3 million from a public offering of 2.5 million shares. In a concurrent offering of 840,000 shares to an institutional investor, the Trust raised net proceeds of \$21.7 million. In January 1994 the Trust placed a \$22.5 million one year mortgage on Northeast Plaza in Atlanta, Georgia. This mortgage, which had been extended to January 1996, will be prepaid with a portion of the proceeds of this offering.

In October 1994, the Trust modified its unsecured medium-term revolving credit facilities with four banks, increasing the Trust's availability of funds from \$85.0 million to \$130.0 million. The Trust had \$54.7 million drawn under these facilities at December 31, 1994. The facilities have covenants requiring a minimum shareholders' equity and a maximum ratio of debt to net worth.

In April 1994, \$39.8 million of the Trust's 5 1/4% convertible subordinated debentures due 2002 were redeemed at a price equal to 120% of their principal amount or \$47.8 million. Only \$289,000 of this issue remains outstanding.

USE OF PROCEEDS

The net proceeds to the Trust from the sale of the Notes offered hereby, are estimated to be \$98,965,000. The Trust intends to use the majority of the proceeds to repay debt, principally the Trust's revolving credit facilities and a \$22.5 million mortgage scheduled to mature in 1996. The remaining net proceeds are expected to be used for property acquisitions and improvements.

CAPITALIZATION

The following table sets forth the capitalization of the Trust as of September 30, 1994, and as adjusted to give effect to the sale of the Notes offered hereby and application of a portion of the proceeds therefrom.

	SEPTEMBER 30, 1994	

	AS	
	HISTORICAL ADJUSTED	

	(IN THOUSANDS)	
Debt:		
Mortgages payable.....	\$103,028	\$ 80,528
Obligations under capital leases.....	136,580	136,580
5 1/4% Convertible Subordi- nated Debentures.....	75,289	75,289
8 7/8% Notes due January 15, 2000.....	--	100,000
Other notes payable.....	34,053	6,053
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Total debt.....	348,950	398,450
Shareholders' equity:		
Common shares of beneficial interest, no par value.....	495,914	495,914
Accumulated distributions in excess of Trust net income.	(138,278)	(138,278)
Other.....	(7,659)	(7,659)
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Total shareholders' equi- ty.....	349,977	349,977
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Total capitalization....	\$698,927	\$748,427
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SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth selected consolidated financial data for the Trust and should be read in conjunction with the Consolidated Financial Statements and Notes incorporated by reference herein.

	YEAR ENDED DECEMBER 31,					NINE MONTHS ENDED SEPTEMBER 30,	
	1989	1990	1991	1992	1993	1993	1994
(IN THOUSANDS, EXCEPT RATIO INFORMATION AND PER SHARE DATA)							
OPERATING DATA							
Revenues							
Rental income.....	\$ 72,771	\$ 80,698	\$ 88,350	\$ 89,971	\$105,948	\$ 77,185	\$ 94,168
Interest.....	6,588	6,545	4,675	5,514	3,894	2,858	3,046
Other property income.....	3,493	3,706	4,627	4,712	5,495	3,943	4,068
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	82,852	90,949	97,652	100,197	115,337	83,986	101,282
Expenses							
Interest.....	33,129	34,709	38,147	35,201	31,550	23,474	23,533
Depreciation and amortization.....	16,174	19,091	21,922	23,033	25,375	18,643	21,736
Property expenses.....	24,817	26,751	29,254	29,795	36,843	26,999	36,057
General and administrative.....	3,569	5,005	3,364	4,744	4,675	3,286	5,206
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	77,689	85,556	92,687	92,773	98,443	72,402	86,532
Income before investors' share of operations, gain on sale of real estate and extraordinary item.....							
	5,163	5,393	4,965	7,424	16,894	11,584	14,750
Investors' share of operations.....							
	(381)	(499)	(641)	(437)	(780)	(673)	(495)
Income before gain on sale of real estate and extraordinary item.....							
	4,782	4,894	4,324	6,987	16,114	10,911	14,255
Gain on sale of real estate.....							
	7,215	947	61	2,501	--	--	--
Income before extraordinary item.....							
	11,997	5,841	4,385	9,488	16,114	10,911	14,255
Extraordinary item.....							
	--	--	415	(58)	2,016	(1,027)	--
Net income.....							
	\$ 11,997	\$ 5,841	\$ 4,800	\$ 9,430	\$ 18,130	\$ 9,884	\$ 14,255
Net cash provided by operating activities(1)..							
	\$ 18,696	\$ 23,484	\$ 26,111	\$ 28,236	\$ 35,183	\$ 23,469	\$ 30,563
Weighted average outstanding shares.....							
	14,672	16,695	17,304	22,767	27,009	26,713	30,368
Distributions made.....							
	\$ 19,174	\$ 23,688	\$ 25,426	\$ 33,319	\$ 40,611	\$ 29,782	\$ 34,171
Distributions made per share.....							
	1.36	1.42	1.49	1.525	1.545	1.155	1.17
OTHER DATA							
Funds from operations(2).....							
	\$ 20,956	\$ 23,985	\$ 26,246	\$ 30,020	\$ 41,489	\$ 29,554	\$ 35,991
Ratio of earnings to fixed charges(3)(4)....							
	1.14x	1.13x	1.11x	1.20x	1.50x	1.46x	1.58x
Ratio of funds from operations to fixed charges(2)(4).....							
	1.59x	1.63x	1.66x	1.84x	2.29x	2.24x	2.47x
BALANCE SHEET DATA							
Real estate assets, at cost.....							
	\$514,552	\$555,879	\$566,056	\$598,867	\$758,088	\$698,911	\$822,549
Total assets.....							
	565,779	553,396	566,062	603,811	690,943	635,875	734,401
Mortgages payable.....							
	76,081	75,271	99,466	120,075	81,237	109,352	103,028
Capital lease obligations.....							
	128,535	128,016	126,393	125,619	137,308	124,963	136,580
Notes payable.....							
	29,357	31,222	11,665	6,117	30,519	38,221	34,053
Senior notes.....							
	50,000	50,000	50,000	50,000	--	--	--
Convertible subordinated debentures.....							
	105,630	104,576	92,003	46,218	115,167	43,847	75,289
Total liabilities.....							
	419,665	424,050	414,582	380,933	406,744	355,269	384,424
Shareholders' equity....							
	146,114	129,346	151,480	222,878	284,199	280,606	349,977

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- (1) Determined in accordance with Financial Accounting Standards Board Statement No. 95.
- (2) Defined as income before depreciation and amortization and extraordinary items less gain on sale of real estate. Funds from operations differs from net cash provided by operating activities primarily because funds from operations does not include changes in operating assets and liabilities. Funds from operations is a supplemental measure of performance that does not replace net income as a measure of performance or net cash provided by operating activities as a measure of liquidity. See "Management's Discussion" for additional discussion.
- (3) For purposes of computing this ratio, earnings consist of income before gain on sale of real estate and extraordinary item plus fixed charges.
- (4) Fixed charges consist of interest on borrowed funds (including capitalized interest), amortization of debt discount and expenses and the portion of rent expense representing an interest factor.

MANAGEMENT'S DISCUSSION

RESULTS OF OPERATIONS--NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

Funds from operations is defined as income before depreciation and amortization and extraordinary items less gains on sale of real estate. Management believes that funds from operations is an appropriate supplemental measure of the Trust's operating performance because it believes that reductions for depreciation and amortization charges are usually not meaningful in evaluating income-producing real estate, which have historically been appreciating assets. The Trust acquires, evaluates and sells income-producing properties based upon operating income without taking into account property depreciation and amortization charges and utilizes funds from operations, together with other factors, in setting shareholder distribution levels. Gains on sale of real estate and extraordinary items are also excluded from this supplemental measure of performance because such amounts are not part of the ongoing operations of the Trust's portfolio. 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.

Funds from operations increased 22% to \$36.0 million in the first nine months of 1994 from \$29.6 million in the first nine months of 1993. If funds from operations is adjusted to remove the effect of a nonrecurring write off of a mortgage note receivable, funds from operations increased 24% to \$36.7 million from \$29.6 million.

The Trust's shopping center leases generally provide for minimum rents, with periodic increases. Most shopping center tenants pay a majority of on-site operating expenses. Many leases also contain a percentage rent clause which calls for additional rents based on tenant sales, so that at a given sales volume, if prices increase, so does rental income. These features in the Trust leases reduce the Trust's exposure to higher costs caused by inflation, although inflation has not been significant in recent years.

During the first nine months of 1994, rental income, which consists of minimum rent, percentage rent and cost recoveries, increased 22% to \$94.2 million from 1993's \$77.2 million. If rental income is adjusted to remove the effect of properties purchased in 1993 and 1994, rental income increased 7.0%, despite a \$700,000 reduction in rental income at Congressional Plaza, whose occupancy was reduced during its redevelopment. The components of rental income with the greatest change are minimum rent and common area maintenance recovery (CAM recovery). Minimum rent increased 20% from the first nine months of 1993 to the comparable period of 1994; removing the effect of properties purchased in 1993 and 1994, the increase was 4%. CAM recovery on the portfolio, adjusted to remove the effect of properties purchased in 1993 and 1994, increased \$2.8 million due to the corresponding increase in CAM expenses such as snow removal, landscaping and security costs.

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, increased from \$3.9 million for the first nine months of 1993 to \$4.1 million for the first nine months of 1994.

Rental expenses increased from \$19.4 million for the first nine months of 1993 to \$27.2 million for the first nine months of 1994. If rental expenses are adjusted to remove the effect of properties purchased in 1993 and 1994, rental expenses increased 14% or \$2.5 million, primarily because of an increase in snow removal due to the heavy snows of 1994 and because of increased security costs. Real estate taxes have increased primarily because of the 1993 and 1994 acquisitions. Depreciation and amortization charges increased because of the new acquisitions, but also because of depreciation on recent tenant work and property improvements.

While interest expense remained relatively constant at \$23.5 million in both periods, the components have changed. Decreases in interest expense, resulting from the repayment of several

mortgages and the senior notes in 1993 and the redemption on April 30, 1994 of the 5 1/4% convertible subordinated debentures due 2002 were offset by increases in interest expense because of the issuance of the 5 1/4% convertible subordinated debentures due 2003, the interest portion of the capital lease payment on Bethesda Row, and interest on increased usage of the revolving credit facilities.

Administrative expenses are increasing as the Trust grows and as it seeks new acquisition and development opportunities. A major component of the increase in 1994 over 1993 is an increase in costs connected with the review and analysis of properties which were not acquired. During the third quarter of 1994 the Trust wrote down a mortgage note receivable and accrued interest on the note, totalling \$758,000. The mortgage note was issued in 1982 in connection with the sale by the Trust of a shopping center in Delaware. Although the Trust will continue to pursue payment of the mortgage note, due to the current cash flow of the collateral property, collectibility is not certain.

Income before extraordinary item increased from \$10.9 million during the first nine months of 1993 to \$14.3 million during the comparable period of 1994 because of the contribution of 1993 and 1994 acquisitions and because of growth in the core portfolio.

During the first nine months of 1993 the Trust incurred losses on the early extinguishment of debt of \$1.0 million due to the prepayment of two mortgages and the redemption of its 8 3/4% convertible subordinated debentures and senior notes.

As a result of the foregoing items, primarily the increases in property income, net income rose from \$9.9 million in the first nine months of 1993 to \$14.3 million in the first nine months of 1994.

LIQUIDITY AND CAPITAL RESOURCES

The Trust 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 1994, the Trust spent approximately \$49.5 million in cash to acquire five retail properties with an aggregate of 485,000 square feet. Through September 30, 1994, the Trust also spent \$27.5 million on improvements to its properties. In November 1994, the Trust exercised an option to purchase the ground underlying the Northeast Shopping Center in Philadelphia, Pennsylvania for \$4.1 million.

In April 1994, \$39.8 million of the Trust's 5 1/4% convertible subordinated debentures due 2002 were redeemed at a price equal to 120% of their principal amount or \$47.8 million.

These expenditures were funded by sales of equity and additional borrowings. In April 1994 the Trust raised net proceeds of \$61.3 million from a public offering of 2.5 million shares. In a concurrent offering of 840,000 shares to an institutional investor, the Trust raised net proceeds of \$21.7 million. In January 1994 the Trust placed a \$22.5 million one year mortgage on Northeast Plaza in Atlanta, Georgia. This mortgage, which had been extended to January 1996, will be prepaid with a portion of the proceeds of this offering.

In October 1994, the Trust modified its unsecured medium-term revolving credit facilities with four banks, increasing the total availability to \$130.0 million. The facilities have covenants requiring a minimum shareholders' equity and a maximum ratio of debt to net worth, and are used to fund acquisitions and other cash requirements until conditions are favorable for issuing equity or long-term debt. At December 31, 1994, there was \$54.7 million outstanding on these facilities.

PROPERTIES

At September 30, 1994, the Trust owned or had leasehold interests in 50 neighborhood and community shopping centers, one enclosed mall (Willow Lawn) and one apartment complex. The following table sets forth information concerning the Trust's properties as of September 30, 1994.

	YEAR ACQUIRED	RENTABLE SQUARE FEET	ACQUISITION COST	TOTAL COST	PERCENT LEASED AT SEPTEMBER 30, 1994	PRINCIPAL TENANTS
SHOPPING CENTERS						
Allwood Clifton, N.J.(1)	1988	52,000	\$ 3,920,000	\$ 4,147,000	100%	Grand Union
Andorra Philadelphia, Pa.	1988	252,000	14,778,000	16,202,000	93	Clover Andorra Theater Acme Markets
Bala Cynwyd Bala Cynwyd, Pa.	1993	228,000	18,115,000	18,577,000	89	Lord & Taylor Acme Markets
Barracks Road Charlottesville, Va.	1985	450,000	20,822,000	30,462,000	98	Rose's Safeway Superfresh
Bethesda Row Bethesda, Md.(1)(5)	1993	223,000	18,823,000	19,295,000	94	Giant Food Giant Pharmacy
Blue Star Watchung, N.J.(1)	1988	398,000	29,922,000	30,844,000	99	Caldor Shop Rite Toys R Us
Brainerd Village Chattanooga, Tn.	1987	216,000	9,926,000	12,269,000	69	Office Depot 50 Off Petstuff
Brick Plaza Brick Township, N.J.(1)	1989	314,000	24,715,000	29,869,000	75	A&P Supermarkets Steinbach's H.L. Green
Brunswick North Brunswick, N.J.(1)	1988	261,000	12,456,000	12,978,000	100	Caldor Grand Union Schwartz Furniture
Clifton Clifton, N.J.(1)	1988	80,000	3,646,000	3,772,000	100	Acme Markets Channel Home
Congressional Plaza Rockville, Md.(2)	1965	274,000	10,217,000	22,599,000	72	Fresh Fields Tower Records Container Store
Crossroads Highland Park, Il.	1993	197,000	16,246,000	16,810,000	85	Gold Standard Liquors TJ Maxx
Dedham Plaza Dedham, Ma.	1993	255,000	25,287,000	25,556,000	99	Ames Workout Plus
Eastgate Chapel Hill, N.C.	1986	159,000	7,383,000	11,528,000	98	Southern Season Food Lion
Ellisburg Circle Cherry Hill, N.J.	1992	255,000	15,337,000	24,177,000	95	Shop Rite Bed, Bath & Beyond
Falls Plaza Falls Church, Va.	1967	67,000	1,265,000	2,463,000	100	Giant Food CVS Pharmacy
Feasterville Feasterville, Pa.(1)	1980	98,000	1,600,000	3,826,000	96	Genuardi Markets Eric Theater Office Max
Federal Plaza Rockville, Md.	1989	243,000	28,111,000	59,133,000	98	Bed, Bath & Beyond CompUSA T.J. Maxx
Flourtown Flourtown, Pa.	1980	106,000	2,153,000	3,105,000	90	Channel Home Genuardi Markets
Gaithersburg Square Gaithersburg, Md.	1993	162,000	12,972,000	14,849,000	81	CVS Pharmacy Fresh Fields
Garden Market Western Springs, Il.	1994	126,000	7,506,000	7,506,000	93	Dominick's
Governor Plaza Glen Burnie, Md.	1985	269,000	6,973,000	16,845,000	100	Office Depot Frank's Nursery Syms
Hamilton Hamilton, N.J.(1)	1988	180,000	5,405,000	6,730,000	91	Steven's Furniture Shop Rite A.C.Moore
Huntington Huntington, N.Y.(1)	1988	275,000	16,008,000	19,186,000	97	Service Merchandise Bed, Bath & Beyond Toys R Us
Idylwood Plaza Falls Church, Va.	1994	73,000	14,334,000	14,402,000	100	Annie Sez Fresh Fields
Lancaster	1980	106,000	2,103,000	4,570,000	92	Giant Eagle

Lancaster, Pa.(1)
Langhorne Square
Levittown, Pa.

1985

189,000

3,694,000

11,880,000

98

A.C. Moore
Marshalls
Luxury Linens

S-8

	YEAR ACQUIRED	RENTABLE SQUARE FEET	ACQUISITION COST	TOTAL COST	PERCENT LEASED AT SEPTEMBER 30, 1994	PRINCIPAL TENANTS
Laurel Centre Laurel, Md.	1986	379,000	\$ 29,983,000	\$ 40,799,000	92%	Giant Food Marshalls Toys R Us
Lawrence Park Broomall, Pa.(1)	1980	334,000	7,160,000	12,167,000	99	Best Products Acme Markets Rickel Home Center
Loehmann's Plaza Fairfax, Va.(3)	1983	245,000	16,333,000	20,633,000	98	Holiday Spa Linens N Things Scan Furniture
Mid-Pike Plaza Rockville, Md.(1)	1982	301,000	10,335,000	15,265,000	99	Syms Toys R Us G Street Fabrics
North City Plaza New Castle, Pa.(4)	1987	111,000	2,500,000	3,009,000	92	Kmart
Northeast Philadelphia, Pa.	1983	303,000	11,748,000	19,114,000	97	Burlington Coat Factory Marshalls
Northeast Plaza Atlanta, Ga.	1986	446,000	33,166,000	38,340,000	88	Levitz Furniture Sportstown Publix
North Lake Commons Lake Zurich, Il	1994	121,000	10,871,000	11,133,000	97	Dominick's
Old Keene Mill Springfield, Va.	1976	92,000	1,636,000	3,498,000	95	Fresh Fields Sassafras
Pan Am Fairfax, Va.	1993	218,000	21,623,000	23,242,000	96	Micro Center Safeway MJ Designs
Perring Plaza Baltimore, Md.	1985	413,000	9,261,000	23,470,000	96	Metro Foods Home Depot Burlington Coat Factory
Quince Orchard Plaza Gaithersburg, Md.	1993	241,000	11,146,000	12,653,000	98	Circuit City MJ Design U.S. Dept. of Energy
Roseville Roseville, Mi.	1973	140,000	2,126,000	4,159,000	100	F&M Distributors Handy Andy
Rutgers Franklin, N.J.(1)	1988	217,000	14,429,000	14,754,000	99	Foodtown Kmart
Shillington Shillington, Pa.(1)	1980	74,000	1,387,000	2,907,000	77	Rite Aid Stacey's Buffet
Town & Country Plaza Hammond, La.(5)	1990	214,000	4,766,000	5,337,000	90	Winn-Dixie Weiner's Department Store
Town & Country Springfield, Il.	1973	236,000	3,387,000	8,249,000	100	Burlington Coat Factory National Supermarkets
Troy Parsippany-Troy, N.J.(1)	1980	205,000	5,193,000	10,085,000	97	Kmart Pathmark CompUSA
Tyson's Station Falls Church, Va.	1978	50,000	841,000	3,097,000	94	Sassafras Linens N Things
Westfalls Falls Church, Va.	1972	60,000	1,073,000	3,113,000	100	Staples
Wildwood Bethesda, Md.	1969	84,000	10,196,000	14,944,000	97	Sutton Place Gourmet CVS Pharmacy
Williamsburg Williamsburg, Va.	1986	239,000	9,918,000	11,928,000	92	Rose's Peebles Food Lion
Willow Grove Willow Grove, Pa.	1984	220,000	8,243,000	23,441,000	93	Toys R Us Marshalls Office Max
The Shops at Willow Lawn Richmond, Va.(5)	1983	451,000	10,915,000	47,671,000	89	Leggett Stores J.C. Penney The Limited
Total or Average		10,902,000 =====	\$571,953,000 =====	\$816,588,000 =====	93% ===	
APARTMENT COMPLEX Rollingwood Apartments Silver Spring, Md.	1971	282 units	\$ 2,798,000	\$ 5,961,000	98%	

(1) The Trust has a leasehold interest in this center.

- (2) The Trust owns a 49% equity interest in this center.
- (3) The Trust owns a 1% general partnership interest and manages the partnership.
- (4) The Trust owns an 88% general partnership interest in this center.
- (5) The Trust owns this center subject to a ground lease.

DESCRIPTION OF NOTES

The following description of the particular terms of the Notes offered hereby (referred to in the accompanying Prospectus as the "Debt Securities") supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of Debt Securities set forth in the Prospectus, to which description reference is hereby made. The following statements relating to the Notes and the Senior Indenture are summaries of provisions contained therein and do not purport to be complete. Such statements are qualified by reference to the provisions of the Notes and the Senior Indenture, including the definitions therein of certain terms. The Senior Indenture is an exhibit to the registration statement of which the Prospectus accompanying this Prospectus Supplement is a part. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Prospectus.

GENERAL

The 8 7/8% Notes due January 15, 2000 (the "Notes") will be limited to \$100,000,000 aggregate principal amount and will mature on January 15, 2000. The Notes will not be redeemable prior to maturity. The Notes will be unsecured and unsubordinated obligations of the Trust and will rank equally with other unsecured and unsubordinated indebtedness of the Trust.

The Notes will only be issued in fully registered book-entry form without coupons in denominations of \$1,000 and integral multiples thereof, except under the limited circumstances described below under "--Book-Entry System."

INTEREST

The Notes will bear interest at the rate set forth on the cover page of this Prospectus Supplement from January 19, 1995, or the most recent Interest Payment Date (as defined below) to which interest has been paid or provided for, payable semi-annually on January 15 and July 15 of each year, beginning July 15, 1995 (each, an "Interest Payment Date"), to the person in whose name a Note (or any predecessor Note) is registered at the close of business on the January 1 or July 1, as the case may be, next preceding such Interest Payment Date.

COVENANTS

Limitations on Incurrence of Debt. The Notes will provide that the Trust will not, and will not permit any Subsidiary to, incur any Debt (as defined below) if, immediately after giving effect to the incurrence of such Debt and the application of the proceeds thereof, the aggregate principal amount of all outstanding Debt of the Trust and its Subsidiaries on a consolidated basis determined in accordance with generally accepted accounting principles is greater than 65% of the sum of (without duplication) (i) the Trust's Total Assets as of the end of the calendar quarter covered in the Trust's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the Securities and Exchange Commission (or, if such filing is not permitted under the Securities Exchange Act of 1934, with the Trustee) prior to the incurrence of such additional Debt and (ii) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by the Trust or any Subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt.

In addition to the foregoing limitation on the incurrence of Debt, the Notes will provide that the Trust will not, and will not permit any Subsidiary to, incur any Debt secured by any mortgage, lien,

charge, pledge, encumbrance or security interest of any kind upon any of the property of the Trust or any Subsidiary if, immediately after giving effect to the incurrence of such Debt and the application of the proceeds thereof, the aggregate principal amount of all outstanding Debt of the Trust and its Subsidiaries on a consolidated basis which is secured by any mortgage, lien, charge, pledge, encumbrance or security interest on property of the Trust or any Subsidiary is greater than 40% of the Trust's Total Assets; provided that for purposes of this limitation, the amount of obligations under capital leases shown as a liability on the Trust's consolidated balance sheet shall be deducted from Debt and from Total Assets.

In addition to the foregoing limitations on the incurrence of Debt, the Notes will provide that the Trust will not and will not permit any Subsidiary to, incur any Senior Debt if the ratio of Consolidated Income Available for Senior Debt Service (as defined below) to the Annual Senior Debt Service Charge (as defined below) for the four consecutive fiscal quarters most recently ended prior to the date on which such Senior Debt is to be incurred shall have been less than 1.5, on an unaudited pro forma basis after giving effect thereto and to the application of the proceeds therefrom, and calculated on the assumption that (i) such Senior Debt and any other Senior Debt incurred by the Trust and its Subsidiaries since the first day of such four-quarter period and the application of the proceeds therefrom, including to refinance other Senior Debt, had occurred at the beginning of such period; (ii) the repayment or retirement of any other Senior Debt by the Trust and its Subsidiaries since the first day of such four-quarter period had been incurred, repaid or retired at the beginning of such period (except that, in making such computation, the amount of Senior Debt under any revolving credit facility shall be computed based upon the average daily balance of such Senior Debt during such period); (iii) in the case of Acquired Debt (as defined below) or Senior Debt incurred in connection with any acquisition since the first day of such four-quarter period, the related acquisition had occurred as of the first day of such period with the appropriate adjustments with respect to such acquisition being included in such unaudited pro forma calculation; and (iv) in the case of any acquisition or disposition by the Trust or its Subsidiaries of any asset or group of assets since the first day of such four-quarter period, whether by merger, stock purchase or sale, or asset purchase or sale, such acquisition or disposition or any related repayment of Senior Debt had occurred as of the first day of such period with the appropriate adjustments with respect to such acquisition or disposition being included in such unaudited pro forma calculation.

Furthermore, the Notes also will provide that the Trust will not, and will not permit any Subsidiary to, incur any Debt if the ratio of Consolidated Income Available for Debt Service (as defined below) to the Annual Debt Service Charge (as defined below) for the four consecutive fiscal quarters most recently ended prior to the date on which such additional Debt is to be incurred shall have been less than 1.3, on an unaudited pro forma basis after giving effect thereto and to the application of the proceeds therefrom, and calculated on the assumption that (i) such Debt and any other Debt incurred by the Trust and its Subsidiaries since the first day of such four-quarter period and the application of the proceeds therefrom, including to refinance other Debt, had occurred at the beginning of such period; (ii) the repayment or retirement of any other Debt by the Trust and its Subsidiaries since the first day of such four-quarter period had been incurred, repaid or retired at the beginning of such period (except that, in making such computation, the amount of Debt under any revolving credit facility shall be computed based upon the average daily balance of such Debt during such period); (iii) in the case of Acquired Debt or Debt incurred in connection with any acquisition since the first day of such four-quarter period, the related acquisition had occurred as of the first day of such period with the appropriate adjustments with respect to such acquisition being included in such unaudited pro forma calculation; and (iv) in the case of any acquisition or disposition by the Trust or its Subsidiaries of any asset or group of assets since the first day of such four-quarter period, whether by merger, stock purchase or sale, or asset purchase or sale, such acquisition or disposition or any related repayment of Debt had occurred as of the first day of such period with the appropriate adjustments with respect to such acquisition or disposition being included in such unaudited pro forma calculation.

As used herein,

"Acquired Debt" means Debt (or Senior Debt, as the case may be) of a Person (i) existing at the time such Person becomes a Subsidiary or (ii) assumed in connection with the acquisition of assets from such Person, in each case, other than Debt (or Senior Debt, as the case may be) incurred in connection with, or in contemplation of, such Person becoming a Subsidiary or such acquisition. Acquired Debt shall be deemed to be incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Subsidiary.

"Annual Debt Service Charge" as of any date means the maximum amount which is payable in any period for interest on, and original issue discount of, Debt of the Trust and its Subsidiaries and the amount of dividends which are payable in respect of any Disqualified Stock (as defined below).

"Annual Senior Debt Service Charge" as of any date means the maximum amount which is payable in any period for interest on, and original issue discount of, Senior Debt of the Trust and its Subsidiaries.

"Capital Stock" means, with respect to any Person, any capital stock (including preferred stock), shares, interests, participations or other ownership interests (however designated) of such Person and any rights (other than debt securities convertible into or exchangeable for corporate stock), warrants or options to purchase any thereof.

"Consolidated Income Available for Debt Service" and "Consolidated Income Available for Senior Debt Service" for any period means Funds from Operations (as defined below) of the Trust and its Subsidiaries plus amounts which have been deducted for interest on Debt of the Trust and its Subsidiaries.

"Debt" means any indebtedness of the Trust, or any Subsidiary, whether or not contingent, in respect of (without duplication) (i) borrowed money or evidenced by bonds, notes, debentures or similar instruments, (ii) indebtedness secured by any mortgage, pledge, lien, charge, encumbrance or any security interest existing on property owned by the Trust or any Subsidiary, (iii) the reimbursement obligations, contingent or otherwise, in connection with any letters of credit actually issued or amounts representing the balance deferred and unpaid of the purchase price of any property or services, except any such balance that constitutes an accrued expense or trade payable, or all conditional sale obligations or obligations under any title retention agreement, (iv) the principal amount of all obligations of the Trust or any Subsidiary with respect to redemption, repayment or other repurchase of any Disqualified Stock or (v) any lease of property by the Trust or any Subsidiary as lessee which is reflected on the Trust's consolidated balance sheet as a capitalized lease in accordance with generally accepted accounting principles to the extent, in the case of items of indebtedness under (i) through (iii) above, that any such items (other than letters of credit) would appear as a liability on the Trust's consolidated balance sheet in accordance with generally accepted accounting principles, and also includes, to the extent not otherwise included, any obligation of the Trust or any Subsidiary to be liable for, or to pay, as obligor, guarantor or otherwise (other than for purposes of collection in the ordinary course of business or for the purposes of guaranteeing the payment of all amounts due and owing pursuant to leases to which the Trust is a party and has assigned its interest, provided that such assignee of the Trust is not in default of any amounts due and owing under such leases), Debt of another Person (other than the Trust or any Subsidiary) (it being understood that Debt shall be deemed to be incurred by the Trust or any Subsidiary whenever the Trust or such Subsidiary shall create, assume, guarantee or otherwise become liable in respect thereof).

"Disqualified Stock" means, with respect to any Person, any Capital Stock of such Person which by the terms of such Capital Stock (or by the terms of any security into which it is convertible or for

which it is exchangeable or exercisable), upon the happening of any event or otherwise (i) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, (ii) is convertible into or exchangeable or exercisable for Debt or Disqualified Stock or (iii) is redeemable at the option of the holder thereof, in whole or in part, in each case on or prior to the Stated Maturity of the Notes.

"Funds from Operations" for any period means income before depreciation and amortization and extraordinary items less gain on sale of real estate.

"Senior Debt" means Debt other than subordinated Debt and payments under Disqualified Stock of the Trust.

"Total Assets" as of any date means the sum of (i) the Trust's Undepreciated Real Estate Assets and (ii) all other assets of the Trust determined in accordance with generally accepted accounting principles (but excluding goodwill).

"Undepreciated Real Estate Assets" as of any date means the cost (original cost plus capital improvements) of real estate assets of the Trust and its Subsidiaries on such date, before depreciation and amortization determined on a consolidated basis in accordance with generally accepted accounting principles.

See "Description of Debt Securities--Certain Covenants" in the Prospectus for a description of additional covenants applicable to the Trust.

DEFEASANCE

The provisions of Article 14 of the Senior Indenture relating to defeasance and covenant defeasance, which are described in the accompanying Prospectus, will apply to the Notes.

BOOK-ENTRY SYSTEM

The Notes will be represented by a single global security (the "Global Security") and registered in the name of DTC or its nominee. Upon the issuance of the Global Security, DTC or its nominee will credit, on its book-entry registration and transfer system, the respective principal amounts of the Notes represented by the Global Security to the accounts designated by the Underwriters. Ownership of beneficial interests in the Global Security will be limited to institutions that have accounts with DTC or its nominee ("Participants") and to persons that may hold interests through Participants. Ownership of beneficial interests in the Global Security will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by such Participants. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and laws may impair the ability to transfer beneficial interests in the Global Security.

Notwithstanding any provision of the Senior Indenture or the Notes, the Global Security may not be exchanged in whole or in part for Notes registered, and no transfer of the Global Security in whole or in part may be registered, in the name of any Person other than DTC or any nominee of DTC unless (i) DTC has notified the Trust that it is unwilling or unable to continue as depositary for the Global Security or has ceased to be qualified to act as such as required by the Senior Indenture or (ii) there shall have occurred and be continuing an Event of Default with respect to the Notes. All Notes issued in exchange for the Global Security or any portion thereof will be registered in such names as DTC may direct.

As long as DTC or its nominee is the registered holder and owner of the Global Security, DTC or such nominee, as the case may be, will be considered the sole owner and holder of the Notes for all purposes of such Notes and for all purposes under the Senior Indenture. Except in the limited circumstances referred to above, owners of beneficial interests in the Global Security will not be entitled to have the Notes registered in their names, will not receive or be entitled to receive physical delivery

of certificated Notes in definitive form and will not be considered to be the owners or holders of any Notes under the Senior Indenture or the Notes. Payment of principal of, and interest and premium, if any, on the Notes will be made to DTC or its nominee, as the case may be, as the registered owner or holder of the Global Security.

Payments, transfers, exchanges and other matters relating to beneficial interests in the Global Security may be subject to various policies and procedures adopted by DTC from time to time. Neither the Trust nor the Trustee will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Security for any Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for any other aspect of the relationship between DTC and its Participants or the relationship between such Participants and the owners of beneficial interests in the Global Security owning through such Participants.

The following is based on information furnished by DTC:

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its Participants deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers (including the Underwriters), banks, trust companies, clearing corporations, and certain other organizations ("Direct Participants"). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly. The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

SAME-DAY SETTLEMENT AND PAYMENT

Settlement for the Notes will be made by the Underwriters in immediately available funds. All payments of principal and interest will be made by the Trust in immediately available funds, so long as DTC continues to make its Same-Day Funds Settlement System available to the Trust.

Secondary trading in long-term notes and debentures of corporate issuers is generally settled in clearinghouse or next-day funds. In contrast, the Notes will trade in DTC's Same-Day Funds Settlement System, and secondary market trading activity in the Notes will therefore be required by DTC to settle in immediately available funds. No assurance can be given as to the effect, if any, of settlement in immediately available funds on trading activity in the Notes.

UNDERWRITING

Subject to the terms and conditions set forth in the Underwriting Agreement, the Trust has agreed to sell to each of the Underwriters named below, and each of the Underwriters has severally agreed to purchase, the principal amount of the Notes set forth opposite its name below:

UNDERWRITER -----	PRINCIPAL AMOUNT OF NOTES -----
Goldman, Sachs & Co.	\$ 50,000,000
J.P. Morgan Securities Inc.	50,000,000
Total.....	\$100,000,000 =====

Under the terms and conditions of the Underwriting Agreement, the Underwriters are committed to take and pay for all of the Notes, if any are taken.

The Underwriters propose to offer the Notes in part directly to the public at the initial public offering price set forth on the cover page of this Prospectus Supplement and in part to certain securities dealers at such price less a concession of .375% of the principal amount of the Notes. The Underwriters may allow, and such dealers may reallow, a concession not to exceed .25% of the principal amount of the Notes to certain brokers and dealers. After the Notes are released for sale to the public, the offering price and other selling terms may from time to time be varied by the Underwriters.

The Notes are a new issue of securities with no established trading market. The Trust has been advised by the Underwriters that the Underwriters intend to make a market in the Notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes.

The Trust has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

[LOGO OF FEDERAL REALTY INVESTMENT TRUST APPEARS HERE]
\$300,000,000

DEBT SECURITIES, PREFERRED SHARES AND COMMON SHARES

Federal Realty Investment Trust (the "Trust") may from time to time offer in one or more series (i) its unsecured debt securities (the "Debt Securities"), (ii) its preferred shares (the "Preferred Shares"), and (iii) its common shares, no par value (the "Common Shares"), with an aggregate public offering price of up to \$300,000,000 (or its equivalent based on the exchange rate at the time of sale) in amounts, at prices and on terms to be determined at the time of offering. The Debt Securities, Preferred Shares, and Common Shares (collectively, the "Securities") may be offered, separately or together, in separate series in amounts, at prices and on terms to be set forth in a supplement to this Prospectus (a "Prospectus Supplement").

The Debt Securities will be direct unsecured obligations of the Trust and may be either senior Debt Securities ("Senior Securities") or subordinated Debt Securities ("Subordinated Securities"). The Senior Securities will rank equally with all other unsecured and unsubordinated indebtedness of the Trust. The Subordinated Securities will be subordinated to all existing and future Senior Debt of the Trust, as defined. See "Description of Debt Securities."

The specific terms of the Securities in respect of which this Prospectus is being delivered will be set forth in the applicable Prospectus Supplement and will include, where applicable: (i) in the case of Debt Securities, the specific title, aggregate principal amount, currency, form (which may be registered or bearer, or certificated or global), authorized denominations, maturity, rate (or manner of calculation thereof) and time of payment of interest, terms for redemption at the option of the Trust or repayment at the option of the Holder, terms for sinking fund payments, terms for conversion into Preferred Shares or Common Shares, covenants and any initial public offering price; (ii) in the case of Preferred Shares, the specific title and stated value, any dividend, liquidation, redemption, conversion, voting and other rights, and any initial public offering price; and (iii) in the case of Common Shares, any initial public offering price. In addition, such specific terms may include limitations on direct or beneficial ownership and restrictions on transfer of the Securities, in each case as may be appropriate to preserve the status of the Trust as a real estate investment trust ("REIT") for federal income tax purposes.

The applicable Prospectus Supplement will also contain information, where applicable, about certain United States federal income tax considerations relating to, and any listing on a securities exchange of, the Securities covered by such Prospectus Supplement.

The Securities may be offered directly, through agents designated from time to time by the Trust, or to or through underwriters or dealers. If any agents or underwriters are involved in the sale of any of the Securities, their names, and any applicable purchase price, fee, commission or discount arrangement between or among them, will be set forth, or will be calculable from the information set forth, in the applicable Prospectus Supplement. See "Plan of Distribution." No Securities may be sold without delivery of the applicable Prospectus Supplement describing the method and terms of the offering of such series of Securities.

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

THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

The date of this Prospectus is December 13, 1993.

AVAILABLE INFORMATION

The Trust is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, in accordance therewith, files reports and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information can be inspected and copied at the Public Reference Section maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549; Chicago Regional Office, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661; and New York Regional Office, 7 World Trade Center, New York, New York 10048. Such reports, proxy statements and other information concerning the Trust can also be inspected at the office of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The Trust will provide without charge to each person to whom a copy of this Prospectus is delivered, upon their written or oral request, a copy of any or all of the documents incorporated herein by reference (other than exhibits to such documents). Written requests for such copies should be addressed to Kathy Klein, Director-Corporate Communications, Federal Realty Investment Trust, 4800 Hampden Lane, Bethesda, Maryland 20814 (telephone 301/652-3360).

The Trust has filed with the Commission a registration statement on Form S-3 (the "Registration Statement") under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the Securities offered hereby. For further information with respect to the Trust and the Securities offered hereby, reference is made to the Registration Statement and exhibits thereto. Statements contained in this Prospectus as to the contents of any contract or other documents are not necessarily complete, and in each instance, reference is made to the copy of such contract or documents filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Trust with the Commission are incorporated in this Prospectus by reference and are made a part hereof:

1. The Trust's Annual Report on Form 10-K for the fiscal year ended December 31, 1992.
2. The Trust's Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30, and September 30, 1993.
3. The Trust's Current Report on Form 8-K dated September 24, 1993.

Each document filed subsequent to the date of this Prospectus pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act and prior to termination of the offering of all Securities to which this Prospectus relates shall be deemed to be incorporated by reference in this Prospectus and shall be part hereof from the date of filing of such document.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement herein, in any accompanying Prospectus Supplement relating to a specific offering of Securities or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference herein, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus or any accompanying Prospectus Supplement. Subject to the foregoing, all information appearing in this Prospectus and each accompanying Prospectus Supplement is qualified in its entirety by the information appearing in the documents incorporated by reference.

THE TRUST

Federal Realty Investment Trust (the "Trust") is an owner, operator and redeveloper of community and neighborhood shopping centers. Founded in 1962, the Trust is a self-administered real estate investment trust ("REIT") that manages, leases and supervises renovation of its properties. At December 13, 1993, the Trust owned 45 community and neighborhood shopping centers, one enclosed mall, and one apartment complex. The shopping center portfolio has approximately 10.1 million rentable square feet and 1,400 tenants. At September 30, 1993, the occupancy rate of the shopping centers, excluding centers acquired or sold in the previous twelve months, was 95.5%.

The Trust's properties are located in eleven states with approximately 77% of the Trust's rental income for the nine months ended September 30, 1993 generated by the properties located in three major metropolitan areas: New York/New Jersey, Philadelphia and Baltimore/Washington, D.C. The Trust's strategy is to acquire centers located in well-established, densely populated communities with attractive retailing demographics and limited opportunities for new competing developments. The typical Trust property is located on a major traffic artery, with good visibility and access.

The Trust's strategy is to acquire older, well-located centers and to enhance their operating performance through a program of renovation, expansion, re-configuration, re-leasing and re-merchandising. The Trust has focused primarily on community and neighborhood shopping centers that are anchored by supermarkets, drug stores or high volume, value oriented retailers that provide consumer necessities. The Trust's shopping center leases typically are structured to include minimum rents and percentage rents based on tenants' sales volumes and reimbursement of operating and real estate tax expenses.

The Trust continually evaluates its properties for renovation, re-tenanting and expansion opportunities. Similarly, the Trust regularly reviews its portfolio and from time to time considers selling certain of its properties. The Trust's operating results are affected by general economic and real estate conditions, including conditions specific to the markets where the Trust's properties are located.

The Trust's management believes that now is an opportune time to expand the Trust's portfolio of properties. Management's belief is based on several factors, including tight real estate credit conditions and years of excess in real estate construction and financing. In its view, many property owners are in the market to sell properties, often as a result of the owners' financial distress or pressure from their real estate lenders. Consequently, in 1992 and to-date in 1993 the Trust raised \$164.7 million of equity, issued \$75 million of convertible subordinated debt, prepaid \$89.1 million of higher coupon debt and established \$70 million of unsecured bank credit facilities in order to position itself to acquire additional properties. Thus far in 1993, the Trust has acquired five shopping centers containing 1.1 million square feet for \$77.1 million.

The Trust continues to seek to acquire community and neighborhood shopping centers similar to those in its portfolio. The Trust is currently negotiating the purchase of several shopping centers. While there can be no assurance, the Trust anticipates that it will acquire additional shopping centers in the next six months.

In June 1993, Standard & Poor's raised the ratings on the Trust's convertible subordinated debentures from BBB- to BBB reflecting the Trust's significantly improved capital structure and the continued strong performance of its shopping center portfolio. Ratings were withdrawn on the Trust's senior notes due to their redemption in May 1993, but the implied senior rating was raised to BBB+. In September 1993, Moody's Investors Service also upgraded the rating of the Trust's convertible subordinated debt to Baa2 from Ba1.

The Trust has made 124 consecutive quarterly distributions and has increased its distribution rate for each of the last 26 years. The Trust believes this is the longest record of annual distribution increases in the REIT industry. The current annual indicated distribution rate is \$1.56 per share.

The Trust, a District of Columbia business trust of unlimited duration, maintains its offices at 4800 Hampden Lane, Bethesda, Maryland 20814 (telephone 301/652-3360).

USE OF PROCEEDS

Unless otherwise specified in the applicable Prospectus Supplement for any offering of Securities, the Trust intends to use the majority of the net proceeds from the sale of Securities offered by the Trust to repay debt (including repayments of amounts drawn on lines of credit for property acquisitions), make improvements to properties, acquire additional properties and for working capital.

RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets forth the Trust's consolidated ratios of earnings to fixed charges for the periods shown:

YEARS ENDED DECEMBER 31,					NINE MONTHS ENDED SEPTEMBER 30,	
1988	1989	1990	1991	1992	1992	1993
1.20X	1.14X	1.13X	1.11X	1.20X	1.19X	1.46X

The ratios of earnings to fixed charges were computed by dividing earnings by fixed charges. For this purpose, earnings consist of income before gain on sale of real estate and extraordinary items and fixed charges. Fixed charges consist of interest expense (including interest costs capitalized) and the portion of rent expense representing an interest factor. To date, the Trust has not issued any Preferred Shares; therefore, the ratios of earnings to combined fixed charges and preferred share dividends are unchanged from the ratios presented in this section.

DESCRIPTION OF DEBT SECURITIES

GENERAL

The Senior Securities are to be issued under an indenture to be dated as of December 1, 1993, as supplemented from time to time (the "Senior Indenture"), between the Trust and Signet Trust Company, Trustee, and the Subordinated Securities are to be issued under an indenture dated as of December 1, 1993, as supplemented from time to time (the "Subordinated Indenture"), between the Trust and First Union National Bank of North Carolina, Trustee. The term "Trustee" as used herein shall refer to either Signet Trust Company or First Union National Bank of North Carolina as appropriate for Senior Securities or Subordinated Securities. The forms of the Senior Indenture and the Subordinated Indenture (being sometimes referred to herein collectively as the "Indentures" and individually as an "Indenture") are filed as exhibits to the registration statement. The Indentures are subject to and governed by the Trust Indenture Act of 1939, as amended (the "TIA"). The statements made under this heading relating to the Debt Securities and the Indentures are summaries of the provisions thereof and do not purport to be complete and are qualified in their entirety by reference to the Indentures and such Debt Securities. Parenthetical references below are to the Indentures and capitalized terms used but not defined herein shall have the respective meanings set forth in the Indentures.

TERMS

The Debt Securities will be direct, unsecured obligations of the Trust. The indebtedness represented by the Senior Securities will rank equally with all other unsecured and unsubordinated indebtedness of the Trust. The indebtedness represented by the Subordinated Securities will be subordinated in right of payment to the prior payment in full of the Senior Debt of the Trust as described under "Subordination."

Each Indenture provides that the Debt Securities may be issued without limit as to aggregate principal amount, in one or more series, in each case as established from time to time in or pursuant to authority granted by a resolution of the Board of Trustees of the Trust or as established in one or more indentures

supplemental to such Indenture. All Debt Securities of one series need not be issued at the same time and, unless otherwise provided, a series may be reopened, without the consent of the Holders of the Debt Securities of such series, for issuances of additional Debt Securities of such series (Section 301 of each Indenture).

Each Indenture provides that there may be more than one Trustee thereunder, each with respect to one or more series of Debt Securities. Any Trustee under either Indenture may resign or be removed with respect to one or more series of Debt Securities, and a successor Trustee may be appointed to act with respect to such series (Section 608 of each Indenture). In the event that two or more persons are acting as Trustee with respect to different series of Debt Securities, each such Trustee shall be a Trustee of a trust under the applicable Indenture separate and apart from the trust administered by any other Trustee (Section 609 of each Indenture), and, except as otherwise indicated herein, any action described herein to be taken by each Trustee may be taken by each such Trustee with respect to, and only with respect to, the one or more series of Debt Securities for which it is Trustee under the applicable Indenture.

Reference is made to the Prospectus Supplement relating to the series of Debt Securities being offered for the specific terms thereof, including:

(1) the title of such Debt Securities and whether such Debt Securities are Senior Securities or Subordinated Securities;

(2) the aggregate principal amount of such Debt Securities and any limit on such aggregate principal amount;

(3) the percentage of the principal amount at which such Debt Securities will be issued and, if other than the principal amount thereof, the portion of the principal amount thereof payable upon declaration of acceleration of the maturity thereof, or (if applicable) the portion of the principal amount of such Debt Securities that is convertible into Common Shares or Preferred Shares, or the method by which any such portion shall be determined;

(4) if convertible, in connection with the preservation of the Trust's status as a REIT, any applicable limitations on the ownership or transferability of the Common Shares or Preferred Shares into which such Debt Securities are convertible;

(5) the date or dates, or the method for determining such date or dates, on which the principal of such Debt Securities will be payable;

(6) the rate or rates (which may be fixed or variable), or the method by which such rate or rates shall be determined, at which such Debt Securities will bear interest, if any;

(7) the date or dates, or the method for determining such date or dates, from which any such interest will accrue, the Interest Payment Dates on which any such interest will be payable, the Regular Record Dates for such Interest Payment Dates, or the method by which such Dates shall be determined, the Persons to whom such interest shall be payable, and the basis upon which interest shall be calculated if other than that of a 360-day year of twelve 30-day months;

(8) the place or places where the principal of (and premium, if any) and interest, if any, on such Debt Securities will be payable, where such Debt Securities may be surrendered for conversion or registration of transfer or exchange and where notices or demands to or upon the Trust in respect of such Debt Securities and the applicable Indenture may be served;

(9) the period or periods within which, the price or prices at which and the other terms and conditions upon which such Debt Securities may be redeemed, as a whole or in part, at the option of the Trust, if the Trust is to have such an option;

(10) the obligation, if any, of the Trust to redeem, repay or purchase such Debt Securities pursuant to any sinking fund or analogous provision or at the option of a Holder thereof, and the period or periods within which, the price or prices at which and the other terms and conditions upon which such Debt Securities will be redeemed, repaid or purchased, as a whole or in part, pursuant to such obligation;

(11) if other than U.S. dollars, the currency or currencies in which such Debt Securities are denominated and payable, which may be a foreign currency or units of two or more foreign currencies or a composite currency or currencies, and the terms and conditions relating thereto;

(12) whether the amount of payments of principal of (and premium, if any) or interest, if any, on such Debt Securities may be determined with reference to an index, formula or other method (which index, formula or method may, but need not be, based on a currency, currencies, currency unit or units or composite currency or currencies) and the manner in which such amounts shall be determined;

(13) any additions to, modifications of or deletions from the terms of such Debt Securities with respect to the Events of Default or covenants set forth in the applicable Indenture;

(14) whether such Debt Securities will be issued in certificated or book-entry form;

(15) whether such Debt Securities will be in registered or bearer form and, if in registered form, the denominations thereof if other than \$1,000 and any integral multiple thereof and, if in bearer form, the denominations thereof and terms and conditions relating thereto;

(16) the applicability, if any, of the defeasance and covenant defeasance provisions of Article XIV of the applicable Indenture;

(17) the terms, if any, upon which such Debt Securities may be convertible into Common Shares or Preferred Shares of the Trust and the terms and conditions upon which such conversion will be effected, including, without limitation, the initial conversion price or rate and the conversion period;

(18) whether and under what circumstances the Trust will pay Additional Amounts as contemplated in the applicable Indenture on such Debt Securities in respect of any tax, assessment or governmental charge and, if so, whether the Trust will have the option to redeem such Debt Securities in lieu of making such payment; and

(19) any other terms of such Debt Securities not inconsistent with the provisions of the applicable Indenture (Section 301 of each Indenture).

The Debt Securities may provide for less than the entire principal amount thereof to be payable upon declaration of acceleration of the maturity thereof ("Original Issue Discount Securities") (Section 502 of each Indenture). Special U.S. federal income tax, accounting and other considerations applicable to Original Issue Discount Securities will be described in the applicable Prospectus Supplement.

Except as may be set forth in any Prospectus Supplement, the Debt Securities will not contain any provisions that would limit the ability of the Trust to incur indebtedness or that would afford Holders of Debt Securities protection in the event of a highly leveraged or similar transaction involving the Trust or in the event of a change of control. Restrictions on ownership and transfers of the Trust's Common Shares and Preferred Shares are designed to preserve its status as a REIT and, therefore, may act to prevent or hinder a change of control. See "Description of Common Shares" and "Description of Preferred Shares." Reference is made to the applicable Prospectus Supplement for information with respect to any deletions from, modifications of, or additions to, the Events of Default or covenants of the Trust that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

DENOMINATIONS, INTEREST, REGISTRATION AND TRANSFER

Unless otherwise described in the applicable Prospectus Supplement, the Debt Securities of any series will be issuable in denominations of \$1,000 and integral multiples thereof (Section 302 of each Indenture).

Unless otherwise specified in the applicable Prospectus Supplement, the principal of (and applicable premium, if any) and interest on any series of Debt Securities will be payable at the corporate trust office of the Trustee, initially located at Signet Trust Company, 7 St. Paul Street, 2nd Floor, Baltimore, Maryland 21202 in the case of the Senior Securities and First Union National Bank of North Carolina, 230 S. Tryon Street, 8th Floor, Charlotte, North Carolina 28288 in the case of the Subordinated Securities, provided that,

at the option of the Trust, payment of interest may be made by check mailed to the address of the Person entitled thereto as it appears in the Security Register or by wire transfer of funds to such Person at an account maintained within the United States (Sections 301, 305, 306, 307, and 1002 of each Indenture).

Any interest not punctually paid or duly provided for on any Interest Payment Date with respect to a Debt Security ("Defaulted Interest") will forthwith cease to be payable to the Holder on the applicable Regular Record Date and may either be paid to the Person in whose name such Debt Security is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by the applicable Trustee, notice whereof shall be given to each Holder of such Debt Security not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner, all as more completely described in the applicable Indenture (Section 307 of each Indenture).

Subject to certain limitations imposed upon Debt Securities issued in book-entry form, the Debt Securities of any series will be exchangeable for other Debt Securities of the same series and of a like aggregate principal amount and tenor of different authorized denominations upon surrender of such Debt Securities at the corporate trust office of the applicable Trustee referred to above. In addition, subject to certain limitations imposed upon Debt Securities issued in book-entry form, the Debt Securities of any series may be surrendered for conversion or registration of transfer thereof at the corporate trust office of the applicable Trustee referred to above. Every Debt Security surrendered for conversion, registration of transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer. No service charge will be made for any registration of transfer or exchange of any Debt Securities, but the Trust may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith (Section 305 of each Indenture). If the applicable Prospectus Supplement refers to any transfer agent (in addition to the applicable Trustee) initially designated by the Trust with respect to any series of Debt Securities, the Trust may at any time rescind the designation of any such transfer agent or approve a change in the location through which any such transfer agent acts, except that the Trust will be required to maintain a transfer agent in each Place of Payment for such series. The Trust may at any time designate additional transfer agents with respect to any series of Debt Securities (Section 1002 of each Indenture).

Neither the Trust nor either Trustee shall be required to (i) issue, register the transfer of or exchange Debt Securities of any series during a period beginning at the opening of business 15 days before any selection of Debt Securities of that series to be redeemed and ending at the close of business on the day of mailing of the relevant notice of redemption; (ii) register the transfer of or exchange any Debt Security, or portion thereof, called for redemption, except the unredeemed portion of any Debt Security being redeemed in part; or (iii) issue, register the transfer of or exchange any Debt Security that has been surrendered for repayment at the option of the Holder, except the portion, if any, of such Debt Security not to be so repaid (Section 305 of each Indenture).

MERGER, CONSOLIDATION OR SALE

The Trust may consolidate with, or sell, lease or convey all or substantially all of its assets to, or merge with or into, any other corporation or trust or entity provided that (a) either the Trust shall be the continuing corporation, or the successor corporation (if other than the Trust) formed by or resulting from any such consolidation or merger or which shall have received the transfer of such assets shall expressly assume payment of the principal of (and premium, if any) and interest on all of the Debt Securities and the due and punctual performance and observance of all of the covenants and conditions contained in each Indenture; (b) immediately after giving effect to such transaction and treating any indebtedness that becomes an obligation of the Trust or any Subsidiary as a result thereof as having been incurred by the Trust or such Subsidiary at the time of such transaction, no Event of Default under the Indenture, and no event which, after notice or the lapse of time, or both, would become such an Event of Default, shall have occurred and be continuing; and (c) an officers' certificate and legal opinion covering such conditions shall be delivered to each Trustee (Sections 801 and 803 of each Indenture).

CERTAIN COVENANTS

Existence. Except as permitted under "Merger, Consolidation or Sale," the Trust will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises; provided, however, that the Trust shall not be required to preserve any right or franchise if it determines that the preservation thereof is no longer desirable in the conduct of its business (Section 1004 of each Indenture).

Maintenance of Properties. The Trust will cause all of its material properties used or useful in the conduct of its business or the business of any Subsidiary to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Trust may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times (Section 1005 of each Indenture).

Insurance. The Trust will, and will cause each of its Subsidiaries to, keep all of its insurable properties insured against loss or damage at least equal to their then full insurable value with insurers of recognized responsibility and having a rating of at least A-:XII in Best's Key Rating Guide (Section 1006 of each Indenture).

Payment of Taxes and Other Claims. The Trust will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (i) all taxes, assessments and governmental charges levied or imposed upon it or any Subsidiary or upon the income, profits or property of the Trust or any Subsidiary, and (ii) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon the property of the Trust or any Subsidiary; provided, however, that the Trust shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith (Section 1007 of each Indenture).

Provision of Financial Information. Whether or not the Trust is subject to Section 13 or 15(d) of the Exchange Act, the Trust will within 15 days of each of the respective dates by which the Trust would have been required to file annual reports, quarterly reports and other documents with the Commission if the Trust were so subject (i) transmit by mail to all Holders of Debt Securities, as their names and addresses appear in the Security Register, without cost to such Holders copies of the annual reports, quarterly reports and other documents that the Trust would have been required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act if the Trust were subject to such Sections, (ii) file with the applicable Trustee copies of the annual reports, quarterly reports and other documents that the Trust would have been required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act if the Trust were subject to such Sections and (iii) promptly upon written request and payment of the reasonable cost of duplication and delivery, supply copies of such documents to any prospective Holder (Section 1008 of each Indenture).

Additional Covenants. Any additional covenants of the Trust with respect to any series of Debt Securities will be set forth in the Prospectus Supplement relating thereto.

EVENTS OF DEFAULT, NOTICE AND WAIVER

Each Indenture provides that the following events are "Events of Default" with respect to any series of Debt Securities issued thereunder: (a) default for 30 days in the payment of any installment of interest on any Debt Security of such series; (b) default in the payment of the principal of (or premium, if any, on) any Debt Security of such series at its Maturity; (c) default in making any sinking fund payment as required for any Debt Security of such series; (d) default in the performance or breach of any other covenant or warranty of the Trust contained in the Indenture (other than a covenant added to the Indenture solely for the benefit of a series of Debt Securities issued thereunder other than such series), continued for 60 days after written notice as provided in the applicable Indenture; (e) a default under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Trust (including obligations under leases required to be

capitalized on the balance sheet of the lessee under generally accepted accounting principles but not including any indebtedness or obligations for which recourse is limited to property purchased) in an aggregate principal amount in excess of \$5,000,000 or under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Trust (including such leases but not including such indebtedness or obligations for which recourse is limited to property purchased) in an aggregate principal amount in excess of \$5,000,000 by the Trust, whether such indebtedness now exists or shall hereafter be created which default shall have resulted in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable or such obligations being accelerated, without such acceleration having been rescinded or annulled; (f) certain events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee of the Trust or any Significant Subsidiary or either of its properties; and (g) any other Event of Default provided with respect to a particular series of Debt Securities (Section 501 of each Indenture). The term "Significant Subsidiary" means each significant subsidiary (as defined in Regulation S-X promulgated under the Securities Act) of the Trust.

If an Event of Default under either Indenture with respect to Debt Securities of any series at the time Outstanding occurs and is continuing, then in every such case the applicable Trustee or the Holders of not less than 25% in principal amount of the Outstanding Debt Securities of that series may declare the principal amount (or, if the Debt Securities of that series are Original Issue Discount Securities or Indexed Securities, such portion of the principal amount as may be specified in the terms thereof) of all the Debt Securities of that series to be due and payable immediately by written notice thereof to the Trust (and to the applicable Trustee if given by the Holders). However, at any time after such a declaration of acceleration with respect to Debt Securities of such series (or of all Debt Securities then Outstanding under either Indenture, as the case may be) has been made, but before a judgment or decree for payment of the money due has been obtained by the applicable Trustee, the Holders of not less than a majority in principal amount of Outstanding Debt Securities of such series (or of all Debt Securities then Outstanding under the applicable Indenture, as the case may be) may rescind and annul such declaration and its consequences if (a) the Trust shall have deposited with the applicable Trustee all required payments of the principal of (and premium, if any) and interest on the Debt Securities of such series (or of all Debt Securities then Outstanding under the applicable Indenture, as the case may be), plus certain fees, expenses, disbursements and advances of the applicable Trustee and (b) all Events of Default, other than the non-payment of accelerated principal (or specified portion thereof), with respect to Debt Securities of such series (or of all Debt Securities then Outstanding under the applicable Indenture, as the case may be) have been cured or waived as provided in each Indenture (Section 502 of each Indenture). Each Indenture also provides that the Holders of not less than a majority in principal amount of the Outstanding Debt Securities of any series (or of all Debt Securities then Outstanding under the applicable Indenture, as the case may be) may waive any past default with respect to such series and its consequences, except a default (x) in the payment of the principal of (or premium, if any) or interest on any Debt Security of such series or (y) in respect of a covenant or provision contained in the applicable Indenture that cannot be modified or amended without the consent of the Holder of each Outstanding Debt Security affected thereby (Section 513 of each Indenture).

Each Trustee is required to give notice to the Holders of Debt Securities within 90 days of a default under the applicable Indenture unless such default shall have been cured or waived; provided, however, that such Trustee may withhold notice to the Holders of any series of Debt Securities of any default with respect to such series (except a default in the payment of the principal of (or premium, if any) or interest on any Debt Security of such series or in the payment of any sinking fund installment in respect of any Debt Security of such series) if the Responsible Officers of such Trustee consider such withholding to be in the interest of such Holders (Section 601 of each Indenture).

Each Indenture provides that no Holders of Debt Securities of any series may institute any proceedings, judicial or otherwise, with respect to such Indenture or for any remedy thereunder, except in the case of failure of the applicable Trustee, for 60 days, to act after it has received a written request to institute

proceedings in respect of an Event of Default from the Holders of not less than 25% in principal amount of the Outstanding Debt Securities of such series, as well as an offer of indemnity reasonably satisfactory to it (Section 507 of each Indenture). This provision will not prevent, however, any Holder of Debt Securities from instituting suit for the enforcement of payment of the principal of (and premium, if any) and interest on such Debt Securities at the respective due dates thereof (Section 508 of each Indenture).

Subject to provisions in each Indenture relating to its duties in case of default, neither Trustee is under an obligation to exercise any of its rights or powers under such Indenture at the request or direction of any Holders of any series of Debt Securities then Outstanding under such Indenture, unless such Holders shall have offered to the Trustee thereunder reasonable security or indemnity (Section 602 of each Indenture). The Holders of not less than a majority in principal amount of the Outstanding Debt Securities of any series (or of all Debt Securities then Outstanding under each Indenture, as the case may be) shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the applicable Trustee, or of exercising any trust or power conferred upon such Trustee. However, each Trustee may refuse to follow any direction which is in conflict with any law or the applicable Indenture, which may involve such Trustee in personal liability or which may be unduly prejudicial to the Holders of Debt Securities of such series not joining therein (Section 512 of each Indenture).

Within 120 days after the close of each fiscal year, the Trust must deliver to each Trustee a certificate, signed by one of several specified officers, stating whether or not such officer has knowledge of any default under the applicable Indenture and, if so, specifying each such default and the nature and status thereof (Section 1009 of each Indenture).

MODIFICATION OF THE INDENTURES

Modifications and amendments of either Indenture may be made only with the consent of the Holders of not less than a majority in principal amount of all Outstanding Debt Securities issued under such Indenture which are affected by such modification or amendment; provided, however, that no such modification or amendment may, without the consent of the Holder of each such Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest (or premium, if any) on, any such Debt Security; (b) reduce the principal amount of, or the rate or amount of interest on, or any premium payable on redemption of, any such Debt Security, or reduce the amount of principal of an Original Issue Discount Security that would be due and payable upon declaration of acceleration of the maturity thereof or would be provable in bankruptcy, or adversely affect any right of repayment of the Holder of any such Debt Security; (c) change the Place of Payment, or the coin or currency, for payment of principal of, premium, if any, or interest on any such Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any such Debt Security; (e) reduce the above-stated percentage of Outstanding Debt Securities of any series necessary to modify or amend the applicable Indenture, to waive compliance with certain provisions thereof or certain defaults and consequences thereunder or to reduce the quorum or voting requirements set forth in the applicable Indenture; or (f) modify any of the foregoing provisions or any of the provisions relating to the waiver of certain past defaults or certain covenants, except to increase the required percentage to effect such action or to provide that certain other provisions may not be modified or waived without the consent of the Holder of such Debt Security (Section 902 of each Indenture).

The Holders of not less than a majority in principal amount of Outstanding Debt Securities issued under either Indenture have the right to waive compliance by the Trust with certain covenants in such Indenture (Section 1011 of each Indenture).

Modifications and amendments of either Indenture may be made by the Trust and the respective Trustee thereunder without the consent of any Holder of Debt Securities for any of the following purposes: (i) to evidence the succession of another Person to the Trust as obligor under such Indenture; (ii) to add to the covenants of the Trust for the benefit of the Holders of all or any series of Debt Securities or to surrender any right or power conferred upon the Trust in such Indenture; (iii) to add Events of Default for the benefit

of the Holders of all or any series of Securities; (iv) to add or change any provisions of either Indenture to facilitate the issuance of, or to liberalize certain terms of, Debt Securities in bearer form, or to permit or facilitate the issuance of Debt Securities in uncertificated form, provided that such action shall not adversely affect the interests of the Holders of the Debt Securities of any series in any material respect; (v) to change or eliminate any provisions of either Indenture, provided that any such change or elimination shall become effective only when there are no Debt Securities Outstanding of any series created prior thereto which are entitled to the benefit of such provision; (vi) to secure the Debt Securities; (vii) to establish the form or terms of Debt Securities of any series, including the provisions and procedures, if applicable, for the conversion of such Debt Securities into Common Shares or Preferred Shares of the Trust; (viii) to provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trusts under either Indenture by more than one Trustee; (ix) to cure any ambiguity, defect or inconsistency in either Indenture, provided that such action shall not adversely affect the interests of Holders of Debt Securities of any series issued under such Indenture; or (x) to supplement any of the provisions of either Indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of such Debt Securities, provided that such action shall not adversely affect the interests of the Holders of the Debt Securities of any series (Section 901 of each Indenture).

Each Indenture provides that in determining whether the Holders of the requisite principal amount of Outstanding Debt Securities of a series have given any request, demand, authorization, direction, notice, consent or waiver thereunder or whether a quorum is present at a meeting of Holders of Debt Securities, (i) the principal amount of an Original Issue Discount Security that shall be deemed to be outstanding shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon declaration of acceleration of the maturity thereof, (ii) the principal amount of a Debt Security denominated in a Foreign Currency that shall be deemed outstanding shall be the U.S. dollar equivalent, determined on the issue date for such Debt Security, of the principal amount (or, in the case of an Original Issue Discount Security, the U.S. dollar equivalent on the issue date of such Debt Security of the amount determined as provided in (i) above), (iii) the principal amount of an Indexed Security that shall be deemed outstanding shall be the principal face amount of such Indexed Security at original issuance, unless otherwise provided with respect to such Indexed Security pursuant to Section 301 of each Indenture, and (iv) Debt Securities owned by the Trust or any other obligor upon the Debt Securities or any Affiliate of the Trust or of such other obligor shall be disregarded (Section 101 of each Indenture).

Each Indenture contains provisions for convening meetings of the Holders of Debt Securities of a series (Section 1501 of each Indenture). A meeting may be called at any time by the applicable Trustee, and also, upon request, by the Trust or the Holders of at least 10% in principal amount of the Outstanding Debt Securities of such series, in any such case upon notice given as provided in the Indenture (Section 1502 of each Indenture). Except for any consent that must be given by the Holder of each Debt Security affected by certain modifications and amendments of either Indenture, any resolution presented at a meeting or adjourned meeting duly reconvened at which a quorum is present may be adopted by the affirmative vote of the Holders of a majority in principal amount of the Outstanding Debt Securities of that series; provided, however, that, except as referred to above, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Debt Securities of a series may be adopted at a meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of the Holders of such specified percentage in principal amount of the Outstanding Debt Securities of that series. Any resolution passed or decision taken at any meeting of Holders of Debt Securities of any series duly held in accordance with either Indenture will be binding on all Holders of Debt Securities of that series. The quorum at any meeting called to adopt a resolution, and at any reconvened meeting, will be Persons holding or representing a majority in principal amount of the Outstanding Debt Securities of a series; provided, however, that if any action is to be taken at such meeting with respect to a consent or waiver which may be given by the Holders of not less than a specified percentage in principal amount of the Outstanding Debt Securities of a series, the Persons holding or representing such specified percentage in

principal amount of the Outstanding Debt Securities of such series will constitute a quorum (Section 1504 of each Indenture).

Notwithstanding the foregoing provisions, if any action is to be taken at a meeting of Holders of Debt Securities of any series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that either Indenture expressly provides may be made, given or taken by the Holders of a specified percentage in principal amount of all Outstanding Debt Securities affected thereby, or of the Holders of such series and one or more additional series: (i) there shall be no minimum quorum requirement for such meeting and (ii) the principal amount of the Outstanding Debt Securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action shall be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under such Indenture (Section 1504 of each Indenture).

SUBORDINATION

Upon any distribution to creditors of the Trust in a liquidation, dissolution or reorganization, the payment of the principal of and interest on the Subordinated Securities will be subordinated to the extent provided in the Subordinated Indenture in right of payment to the prior payment in full of all Senior Debt (Sections 1601 and 1602 of the Subordinated Indenture), but the obligation of the Trust to make payment of the principal and interest on the Subordinated Securities will not otherwise be affected (Section 1608 of the Subordinated Indenture). No payment of principal or interest may be made on the Subordinated Securities at any time if a default on Senior Debt exists that permits the holders of such Senior Debt to accelerate its maturity and the default is the subject of judicial proceedings or the Trust receives notice of the default (Section 1603 of the Subordinated Indenture). After all Senior Debt is paid in full and until the Subordinated Securities are paid in full, holders will be subrogated to the rights of holders of Senior Debt to the extent that distributions otherwise payable to holders have been applied to the payment of Senior Debt (Section 1607 of the Subordinated Indenture). By reason of such subordination, in the event of a distribution of assets upon insolvency, certain general creditors of the Trust may recover more, ratably, than holders of the Subordinated Securities.

Senior Debt is defined in the Subordinated Indenture as the principal of and interest on, or substantially similar payments to be made by the Trust in respect of, the following, whether outstanding at the date of execution of the Subordinated Indenture or thereafter incurred, created or assumed: (a) indebtedness of the Trust for money borrowed or represented by purchase-money obligations, (b) indebtedness of the Trust evidenced by notes, debentures, or bonds, or other securities issued under the provisions of an indenture, fiscal agency agreement or other instrument, (c) obligations of the Trust as lessee under leases of property either made as part of any sale and leaseback transaction to which the Trust is a party or otherwise, (d) indebtedness of partnerships and joint ventures which is included in the consolidated financial statements of the Trust, (e) indebtedness, obligations and liabilities of others in respect of which the Trust is liable contingently or otherwise to pay or advance money or property or as guarantor, endorser or otherwise or which the Trust has agreed to purchase or otherwise acquire, and (f) any binding commitment of the Trust to fund any real estate investment or to fund any investment in any entity making such real estate investment, in each case other than (1) any such indebtedness, obligation or liability referred to in clauses (a) through (f) above as to which, in the instrument creating or evidencing the same pursuant to which the same is outstanding, it is provided that such indebtedness, obligation or liability is not superior in right of payment to the Subordinated Securities or ranks pari passu with the Subordinated Securities, (2) any such indebtedness, obligation or liability which is subordinated to indebtedness of the Trust to substantially the same extent as or to a greater extent than the Subordinated Securities are subordinated, and (3) the Subordinated Securities (Section 101 of the Subordinated Indenture). At September 30, 1993, Senior Debt aggregated approximately \$300 million. There are no restrictions in the Subordinated Indenture upon the creation of additional Senior Debt.

DISCHARGE, DEFEASANCE AND COVENANT DEFEASANCE

Under each Indenture, the Trust may discharge certain obligations to Holders of any series of Debt Securities issued thereunder that have not already been delivered to the applicable Trustee for cancellation

and that either have become due and payable or will become due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the applicable Trustee, in trust, funds in such currency or currencies, currency unit or units or composite currency or currencies in which such Debt Securities are payable in an amount sufficient to pay the entire indebtedness on such Debt Securities in respect of principal (and premium, if any) and interest to the date of such deposit (if such Debt Securities have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be (Section 401 of each Indenture).

Each Indenture provides that, if the provisions of Article Fourteen thereof are made applicable to the Debt Securities of or within any series pursuant to Section 301 of such Indenture, the Trust may elect either (a) to defease and be discharged from any and all obligations with respect to such Debt Securities (except for the obligation to pay Additional Amounts, if any, upon the occurrence of certain events of tax, assessment or governmental charge with respect to payments on such Debt Securities and the obligations to register the transfer or exchange of such Debt Securities, to replace temporary or mutilated, destroyed, lost or stolen Debt Securities, to maintain an office or agency in respect of such Debt Securities and to hold moneys for payment in trust) ("defeasance") (Section 1402 of each Indenture) or (b) to be released from its obligations with respect to such Debt Securities under Sections 1004 to 1008, inclusive, of each Indenture (being the restrictions described under "Certain Covenants") or, if provided pursuant to Section 301 of each Indenture, its obligations with respect to any other covenant, and any omission to comply with such obligations shall not constitute a default or an Event of Default with respect to such Debt Securities ("covenant defeasance") (Section 1403 of each Indenture), in either case upon the irrevocable deposit by the Trust with the applicable Trustee, in trust, of an amount, in such currency or currencies, currency unit or units or composite currency or currencies in which such Debt Securities are payable at Stated Maturity, or Government Obligations (as defined below), or both, applicable to such Debt Securities which through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay the principal of (and premium, if any) and interest on such Debt Securities, and any mandatory sinking fund or analogous payments thereon, on the scheduled due dates therefor (Section 1404 of each Indenture).

Such a trust may only be established if, among other things, the Trust has delivered to the applicable Trustee an Opinion of Counsel (as specified in each Indenture) to the effect that the Holders of such Debt Securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred, and such Opinion of Counsel, in the case of defeasance, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the Indenture (Section 1404 of each Indenture).

"Government Obligations" means securities which are (i) direct obligations of the United States of America or the government which issued the Foreign Currency in which the Debt Securities of a particular series are payable, for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America or such government which issued the Foreign Currency in which the Debt Securities of such series are payable, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America or such other government, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such depository receipt (Section 101 of each Indenture).

Unless otherwise provided in the applicable Prospectus Supplement, if after the Trust has deposited funds and/or Government Obligations to effect defeasance or covenant defeasance with respect to Debt Securities of any series, (a) the Holder of a Debt Security of such series is entitled to, and does, elect pursuant to Section 301 of either Indenture or the terms of such Debt Security to receive payment in a currency, currency unit or composite currency other than that in which such deposit has been made in respect of such Debt Security, or (b) a Conversion Event (as defined below) occurs in respect of the currency, currency unit or composite currency in which such deposit has been made, the indebtedness represented by such Debt Security shall be deemed to have been, and will be, fully discharged and satisfied through the payment of the principal of (and premium, if any) and interest on such Debt Security as they become due out of the proceeds yielded by converting the amount so deposited in respect of such Debt Security into the currency, currency unit or composite currency in which such Debt Security becomes payable as a result of such election or such cessation of usage based on the applicable market exchange rate (Section 1405 of each Indenture). "Conversion Event" means the cessation of use of (i) a currency, currency unit or composite currency both by the government of the country which issued such currency and for the settlement of transactions by a central bank or other public institutions of or within the international banking community, (ii) the ECU both within the European Monetary System and for the settlement of transactions by public institutions of or within the European Communities or (iii) any currency unit or composite currency other than the ECU for the purposes for which it was established. Unless otherwise provided in the applicable Prospectus Supplement, all payments of principal of (and premium, if any) and interest on any Debt Security that is payable in a Foreign Currency that ceases to be used by its government of issuance shall be made in U.S. dollars (Section 101 of each Indenture).

In the event the Trust effects covenant defeasance with respect to any Debt Securities and such Debt Securities are declared due and payable because of the occurrence of any Event of Default other than the Event of Default described in clause (d) under "Events of Default, Notice and Waiver" with respect to Sections 1004 to 1008, inclusive, of each Indenture (which Sections would no longer be applicable to such Debt Securities) or described in clause (g) under "Events of Default, Notice and Waiver" with respect to any other covenant as to which there has been covenant defeasance, the amount in such currency, currency unit or composite currency in which such Debt Securities are payable, and Government Obligations on deposit with the applicable Trustee, will be sufficient to pay amounts due on such Debt Securities at the time of their Stated Maturity but may not be sufficient to pay amounts due on such Debt Securities at the time of the acceleration resulting from such Event of Default. However, the Trust would remain liable to make payment of such amounts due at the time of acceleration.

The applicable Prospectus Supplement may further describe the provisions, if any, permitting such defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the Debt Securities of or within a particular series.

CONVERSION RIGHTS

The terms and conditions, if any, upon which the Debt Securities are convertible into Common Shares or Preferred Shares will be set forth in the applicable Prospectus Supplement relating thereto. Such terms will include whether such Debt Securities are convertible into Common Shares or Preferred Shares, the conversion price (or manner of calculation thereof), the conversion period, provisions as to whether conversion will be at the option of the Holders or the Trust, the events requiring an adjustment of the conversion price and provisions affecting conversion in the event of the redemption of such Debt Securities.

GLOBAL SECURITIES

The Debt Securities of a series may be issued in whole or in part in the form of one or more global securities (the "Global Securities") that will be deposited with, or on behalf of, a depository (the "Depository") identified in the applicable Prospectus Supplement relating to such series. Global Securities

may be issued in either registered or bearer form and in either temporary or permanent form. The specific terms of the depositary arrangement with respect to a series of Debt Securities will be described in the applicable Prospectus Supplement relating to such series.

DESCRIPTION OF PREFERRED SHARES

GENERAL

The Trust is authorized to issue an unlimited number of preferred shares (the "Preferred Shares") of which no Preferred Shares were outstanding at December 13, 1993.

The following description of the Preferred Shares sets forth certain general terms and provisions of the Preferred Shares to which any Prospectus Supplement may relate. The statements below describing the Preferred Shares are in all respects subject to and qualified in their entirety by reference to the applicable provisions of the Trust's Third Amended and Restated Declaration of Trust (the "Declaration of Trust") and Bylaws and applicable statement of designations (the "Statement of Designations").

TERMS

Subject to the limitations prescribed by Declaration of Trust, the Board of Trustees is authorized to fix the number of shares constituting each series of Preferred Shares and the designations and powers, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof, including such provisions as may be desired concerning voting, redemption, dividends, dissolution or the distribution of assets, conversion or exchange, and such other subjects or matters as may be fixed by resolution of the Board of Trustees. The Preferred Shares will, when issued, be fully paid and nonassessable by the Trust (except as described under "Shareholder Liability" below) and will have no preemptive rights.

Reference is made to the Prospectus Supplement relating to the Preferred Shares offered thereby for specific terms, including:

- (1) The title and stated value of such Preferred Shares;
- (2) The number of such Preferred Shares offered, the liquidation preference per share and the offering price of such Preferred Shares;
- (3) The dividend rate(s), period(s) and/or payment date(s) or method(s) of calculation thereof applicable to such Preferred Shares;
- (4) The date from which dividends on such Preferred Shares shall accumulate, if applicable;
- (5) The procedures for any auction and remarketing, if any, for such Preferred Shares;
- (6) The provision for a sinking fund, if any, for such Preferred Shares;
- (7) The provision for redemption, if applicable, of such Preferred Shares;
- (8) Any listing of such Preferred Shares on any securities exchange;
- (9) The terms and conditions, if applicable, upon which such Preferred Shares will be convertible into Common Shares of the Trust, including the conversion price (or manner of calculation thereof);
- (10) Any other specific terms, preferences, rights, limitations or restrictions of such Preferred Shares;
- (11) A discussion of federal income tax considerations applicable to such Preferred Shares;
- (12) The relative ranking and preferences of such Preferred Shares as to dividend rights and rights upon liquidation, dissolution or winding up of the affairs of the Trust;
- (13) Any limitations on issuance of any series of Preferred Shares ranking senior to or on a parity with such series of Preferred Shares as to dividend rights and rights upon liquidation, dissolution or winding up of the affairs of the Trust; and
- (14) Any limitations on direct or beneficial ownership and restrictions on transfer, in each case as may be appropriate to preserve the status of

RANK

Unless otherwise specified in the Prospectus Supplement, the Preferred Shares will, with respect to dividend rights and rights upon liquidation, dissolution or winding up of the Trust, rank (i) senior to all classes or series of Common Shares or other capital shares of the Trust, and to all equity securities ranking junior to such Preferred Shares; (ii) on a parity with all equity securities issued by the Trust the terms of which specifically provide that such equity securities rank on a parity with the Preferred Shares; and (iii) junior to all equity securities issued by the Trust the terms of which specifically provide that such equity securities rank senior to the Preferred Shares. The term "equity securities" does not include convertible debt securities.

DIVIDENDS

Holders of the Preferred Shares of each series will be entitled to receive, when, as and if declared by the Board of Trustees of the Trust, out of assets of the Trust legally available for payment, cash dividends at such rates and on such dates as will be set forth in the applicable Prospectus Supplement. Each such dividend shall be payable to holders of record as they appear on the share transfer books of the Trust on such record dates as shall be fixed by the Board of Trustees of the Trust.

Dividends on any series of the Preferred Shares may be cumulative or non-cumulative, as provided in the applicable Prospectus Supplement. Dividends, if cumulative, will be cumulative from and after the date set forth in the applicable Prospectus Supplement. If the Board of Trustees of the Trust fails to declare a dividend payable on a dividend payment date on any series of the Preferred Shares for which dividends are noncumulative, then the holders of such series of the Preferred Shares will have no right to receive a dividend in respect of the dividend period ending on such dividend payment date, and the Trust will have no obligation to pay the dividend accrued for such period, whether or not dividends on such series are declared payable on any future dividend payment date.

If Preferred Shares of any series are outstanding, no dividends will be declared or paid or set apart for payment on the Preferred Shares of the Trust of any other series ranking, as to dividends, on a parity with or junior to the Preferred Shares of such series for any period unless (i) if such series of Preferred Shares has a cumulative dividend, full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Preferred Shares of such series for all past dividend periods and the then current dividend period or (ii) if such series of Preferred Shares does not have a cumulative dividend, full dividends for the then current dividend period have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Preferred Shares of such series. When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon Preferred Shares of any series and the shares of any other series of Preferred Shares ranking on a parity as to dividends with the Preferred Shares of such series, all dividends declared upon Preferred Shares of such series and any other series of Preferred Shares ranking on a parity as to dividends with such Preferred Shares shall be declared pro rata so that the amount of dividends declared per Preferred Share of such series and such other series of Preferred Shares shall in all cases bear to each other the same ratio that accrued dividends per share on the Preferred Shares of such series (which shall not include any accumulation in respect of unpaid dividends for prior dividend periods if such Preferred Shares do not have a cumulative dividend) and such other series of Preferred Shares bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on Preferred Shares of such series which may be in arrears.

Except as provided in the immediately preceding paragraph, unless (i) if such series of Preferred Shares has a cumulative dividend, full cumulative dividends on the Preferred Shares of such series have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods and the then current dividend period and (ii) if such series of

Preferred Shares does not have a cumulative dividend, full dividends on the Preferred Shares of such series have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for the then current dividend period, no dividends (other than in Common Shares or other capital shares ranking junior to the Preferred Shares of such series as to dividends and upon liquidation) shall be declared or paid or set aside for payment or other distribution shall be declared or made upon the Common Shares, or any other capital shares of the Trust ranking junior to or on a parity with the Preferred Shares of such series as to dividends or upon liquidation, nor shall any Common Shares, or any other capital shares of the Trust ranking junior to or on a parity with the Preferred Shares of such series as to dividends or upon liquidation be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by the Trust (except by conversion into or exchange for other capital shares of the Trust ranking junior to the Preferred Shares of such series as to dividends and upon liquidation).

Any dividend payment made on shares of a series of Preferred Shares shall first be credited against the earliest accrued but unpaid dividend due with respect to shares of such series which remains payable.

REDEMPTION

If so provided in the applicable Prospectus Supplement, the Preferred Shares will be subject to mandatory redemption or redemption at the option of the Trust, as a whole or in part, in each case upon the terms, at the times and at the redemption prices set forth in such Prospectus Supplement.

The Prospectus Supplement relating to a series of Preferred Shares that is subject to mandatory redemption will specify the number of such Preferred Shares that shall be redeemed by the Trust in each year commencing after a date to be specified, at a redemption price per share to be specified, together with an amount equal to all accrued and unpaid dividends thereon (which shall not, if such Preferred Shares do not have a cumulative dividend, include any accumulation in respect of unpaid dividends for prior dividend periods) to the date of redemption. The redemption price may be payable in cash or other property, as specified in the applicable Prospectus Supplement. If the redemption price for Preferred Shares of any series is payable only from the net proceeds of the issuance of capital shares of the Trust, the terms of such Preferred Shares may provide that, if no such capital shares shall have been issued or to the extent the net proceeds from any issuance are insufficient to pay in full the aggregate redemption price then due, such Preferred Shares shall automatically and mandatorily be converted into the applicable capital shares of the Trust pursuant to conversion provisions specified in the applicable Prospectus Supplement.

Notwithstanding the foregoing, unless (i) if such series of Preferred Shares has a cumulative dividend, full cumulative dividends on all shares of any series of Preferred Shares shall have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods and the then current dividend period and (ii) if such series of Preferred Shares does not have a cumulative dividend, full dividends on the Preferred Shares of any series have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for the then current dividend period, no shares of any series of Preferred Shares shall be redeemed unless all outstanding Preferred Shares of such series are simultaneously redeemed; provided, however, that the foregoing shall not prevent the purchase or acquisition of Preferred Shares of such series to preserve the REIT status of the Trust or pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Preferred Shares of such series, and, unless (i) if such series of Preferred Shares has a cumulative dividend, full cumulative dividends on all outstanding shares of any series of Preferred Shares have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods and the then current dividend period and (ii) if such series of Preferred Shares does not have a cumulative dividend, full dividends on the Preferred Shares of any series have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for the then current dividend period, the Trust shall not purchase or otherwise acquire directly or indirectly any Preferred Shares of such series (except by conversion

into or exchange for capital shares of the Trust ranking junior to the Preferred Shares of such series as to dividends and upon liquidation); provided, however, that the foregoing shall not prevent the purchase or acquisition of Preferred Shares of such series to preserve the REIT status of the Trust or pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Preferred Shares of such series.

If fewer than all of the outstanding shares of Preferred Shares of any series are to be redeemed, the number of shares to be redeemed will be determined by the Trust and such shares may be redeemed pro rata from the holders of record of such shares in proportion to the number of such shares held by such holders (with adjustments to avoid redemption of fractional shares) or by lot in a manner determined by the Trust.

Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of record of Preferred Shares of any series to be redeemed at the address shown on the share transfer books of the Trust. Each notice shall state: (i) the redemption date; (ii) the number of shares and series of the Preferred Shares to be redeemed; (iii) the redemption price; (iv) the place or places where certificates for such Preferred Shares are to be surrendered for payment of the redemption price; (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vi) the date upon which the holder's conversion rights, if any, as to such shares shall terminate. If fewer than all the Preferred Shares of any series are to be redeemed, the notice mailed to each such holder thereof shall also specify the number of Preferred Shares to be redeemed from each such holder. If notice of redemption of any Preferred Shares has been given and if the funds necessary for such redemption have been set aside by the Trust in trust for the benefit of the holders of any Preferred Shares so called for redemption, then from and after the redemption date dividends will cease to accrue on such Preferred Shares, and all rights of the holders of such shares will terminate, except the right to receive the redemption price.

LIQUIDATION PREFERENCE

Upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Trust, then, before any distribution or payment shall be made to the holders of any Common Shares, excess shares or any other class or series of capital shares of the Trust ranking junior to the Preferred Shares in the distribution of assets upon any liquidation, dissolution or winding up of the Trust, the holders of each series of Preferred Shares shall be entitled to receive out of assets of the Trust legally available for distribution to shareholders liquidating distributions in the amount of the liquidation preference per share (set forth in the applicable Prospectus Supplement), plus an amount equal to all dividends accrued and unpaid thereon (which shall not include any accumulation in respect of unpaid dividends for prior dividend periods if such Preferred Shares do not have a cumulative dividend). After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Preferred Shares will have no right or claim to any of the remaining assets of the Trust. In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, the available assets of the Trust are insufficient to pay the amount of the liquidating distributions on all outstanding Preferred Shares and the corresponding amounts payable on all shares of other classes or series of capital shares of the Trust ranking on a parity with the Preferred Shares in the distribution of assets, then the holders of the Preferred Shares and all other such classes or series of capital shares shall share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

If liquidating distributions shall have been made in full to all holders of Preferred Shares, the remaining assets of the Trust shall be distributed among the holders of any other classes or series of capital shares ranking junior to the Preferred Shares upon liquidation, dissolution or winding up, according to their respective rights and preferences and in each case according to their respective number of shares. For such purposes, the consolidation or merger of the Trust with or into any other corporation, trust or entity, or the sale, lease or conveyance of all or substantially all of the property or business of the Trust, shall not be deemed to constitute a liquidation, dissolution or winding up of the Trust.

VOTING RIGHTS

Holders of the Preferred Shares will not have any voting rights, except as set forth below or as otherwise from time to time required by law or as indicated in the applicable Prospectus Supplement.

Whenever dividends on any Preferred Shares shall be in arrears for six consecutive quarterly periods, the holders of such Preferred Shares (voting separately as a class with all other series of Preferred Shares upon which like voting rights have been conferred and are exercisable) will be entitled to vote for the election of two additional Trustees of the Trust at the next annual meeting of shareholders and at each subsequent meeting until (i) if such series of Preferred Shares has a cumulative dividend, all dividends accumulated on such shares of Preferred Shares for the past dividend periods and the then current dividend period shall have been fully paid or declared and a sum sufficient for the payment thereof set aside for payment or (ii) if such series of Preferred Shares does not have a cumulative dividend, four consecutive quarterly dividends shall have been fully paid or declared and a sum sufficient for the payment thereof set aside for payment. In such case, the entire Board of Trustees of the Trust will be increased by two Trustees.

Unless provided otherwise for any series of Preferred Shares, so long as any Preferred Shares remain outstanding, the Trust will not, without the affirmative vote or consent of the holders of at least two-thirds of the shares of each series of Preferred Shares outstanding at the time, given in person or by proxy, either in writing or at a meeting (such series voting separately as a class), (i) authorize or create, or increase the authorized or issued amount of, any class or series of capital shares ranking prior to such series of Preferred Shares with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up or reclassify any authorized capital shares of the Trust into any such shares, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such shares; or (ii) amend, alter or repeal the provisions of the Trust's Declaration of Trust or the Statement of Designations for such series of Preferred Shares, whether by merger, consolidation or otherwise (an "Event"), so as to materially and adversely affect any right, preference, privilege or voting power of such series of Preferred Shares or the holders thereof; provided, however, with respect to the occurrence of any of the Events set forth in (ii) above, so long as the Preferred Shares remain outstanding with the terms thereof materially unchanged, taking into account that upon the occurrence of an Event, the Trust may not be the surviving entity, the occurrence of any such Event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting power of holders of Preferred Shares and provided further that (x) any increase in the amount of the authorized Preferred Shares or the creation or issuance of any other series of Preferred Shares, or (y) any increase in the amount of authorized shares of such series or any other series of Preferred Shares, in each case ranking on a parity with or junior to the Preferred Shares of such series with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of such series of Preferred Shares shall have been redeemed or called for redemption and sufficient funds shall have been deposited in trust to effect such redemption.

CONVERSION RIGHTS

The terms and conditions, if any, upon which any series of Preferred Shares are convertible into Common Shares will be set forth in the applicable Prospectus Supplement relating thereto. Such terms will include the number of Common Shares into which the Preferred Shares are convertible, the conversion price (or manner of calculation thereof), the conversion period, provisions as to whether conversion will be at the option of the holders of the Preferred Shares or the Trust, the events requiring an adjustment of the conversion price and provisions affecting conversion in the event of the redemption of such series of Preferred Shares.

SHAREHOLDER LIABILITY

As discussed below under "Description of Common Shares--Shareholder Liability," the Declaration of Trust provides that no shareholder, including holders of Preferred Shares, shall be personally liable for the

acts and obligations of the Trust and that the funds and property of the Trust shall be solely liable for such acts or obligations. The Declaration of Trust provides that, to the extent practicable, each written instrument creating an obligation of the Trust shall contain a provision to that effect. The Declaration of Trust also provides that the Trust shall indemnify and hold harmless shareholders against all claims and liabilities and related reasonable expenses to which they may become subject by reason of their being or having been shareholders. In some jurisdictions, however, with respect to tort and contract claims where shareholder liability is not so negated, claims for taxes and certain statutory liability, shareholders may be personally liable to the extent that such claims are not satisfied by the Trust. The Trust carries public liability insurance that the Trustees consider adequate. Thus, any risk of personal liability to shareholders is limited to situations in which the Trust's assets plus its insurance coverage would be insufficient to satisfy the claims against the Trust and its shareholders.

RESTRICTIONS ON OWNERSHIP

As discussed below under "Description of Common Shares--REIT Qualification," for the Trust to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), not more than 50% in value of its outstanding capital shares may be owned, directly or constructively, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year. To assist the Trust in meeting this requirement, the Trust may take certain other actions to limit the beneficial ownership, directly or indirectly, by a single person of more than 9.8% of the Trust's outstanding equity securities, including any Preferred Shares of the Trust. Therefore, the Statement of Designations for each series of Preferred Shares will contain certain provisions restricting the ownership and transfer of the Preferred Shares. The applicable Prospectus Supplement will specify any additional ownership limitation relating to a series of Preferred Shares.

DESCRIPTION OF COMMON SHARES

GENERAL

The Common Shares are issued pursuant to the Declaration of Trust. The Common Shares (no par or stated value) are equal with respect to distribution and liquidation rights, are not convertible, have no preemptive rights to subscribe for additional Common Shares, are nonassessable (except as described under "Shareholder Liability" below) and are transferable in the same manner as shares of a corporation. Each shareholder is entitled to one vote in person or by proxy for each Common Share registered in his name and has the right to vote on the election or removal of Trustees, amendments to the Declaration of Trust, proposals to terminate, reorganize, merge or consolidate the Trust or to sell or dispose of substantially all of the Trust's property and with respect to certain business combinations. The Trust will have perpetual existence unless and until dissolved and terminated. Except with respect to the foregoing matters, no action taken by the shareholders at any meeting shall in any way bind the Trustees. The Common Shares offered by the Trust will be, when issued, fully paid and nonassessable (except as described under "Shareholder Liability" below).

Without shareholder approval, the Trust may issue an unlimited number of securities, warrants, rights, or other options to purchase Common Shares and other securities convertible into Common Shares.

Several provisions in the Declaration of Trust may have the effect of deterring a take-over of the Trust. These provisions (i) establish the percentage of outstanding Common Shares required to approve certain matters, including removal of a Trustee, amendment of any section of the Declaration of Trust that provides for a shareholder vote, the reorganization, merger, consolidation, sale or termination of the Trust and a sale of substantially all of the assets of the Trust, at 80% unless the matter to be acted upon is approved or recommended by the Board of Trustees in which event the percentage is 66 2/3%; (ii) restrict ownership of the Trust's outstanding capital shares by a single person to 9.8% of such capital shares unless otherwise approved by the Board of Trustees to assist in protecting and preserving the qualification of the Trust as a real estate

investment trust under the Code; and (iii) include a "fair price" provision that would deter a "two-stage" take-over transaction by requiring an 80% vote of outstanding Common Shares for certain defined "business combinations" with shareholders owning more than 9.8% of Common Shares or their affiliates if the transaction is neither approved by the Board of Trustees nor meets certain price and procedural conditions.

In addition, the Declaration of Trust includes provisions for (i) the classification of Trustees into three classes serving three year staggered terms and (ii) the authorization of Trustees to issue an unlimited number of Common Shares and to issue additional classes of equity securities in unlimited numbers with such rights, qualifications, limitations or restrictions as are stated in the Board of Trustees' resolution establishing such class of securities.

In 1989 the Trustees adopted a Shareholder Rights Plan (the "Plan"). Under the Plan, one right was issued for each outstanding Common Share and a right will be attached to each Share issued in the future. The rights authorize the holders to purchase Common Shares at a price below market upon the occurrence of certain events, including, unless approved by the Board of Trustees, acquisition by a person or group of certain levels of beneficial ownership of the Trust or a tender offer. The rights are redeemable by the Trust for \$.01 and expire in 1999.

REIT QUALIFICATION

The Trust operates in a manner intended to qualify for treatment as a real estate investment trust ("REIT") under Sections 856 to 860 of the Code. In general, a REIT that distributes to its shareholders at least 95% of its taxable income (other than net capital gain) for a taxable year and that meets certain other conditions will not be taxed on income (including net capital gain) distributed for that year. If the Trust fails to qualify as a REIT in any taxable year, it will be taxed as a corporation for that year on all its income, regardless of whether that income is distributed to shareholders, and its shareholders will be separately taxed on the amount of any such distributions. Under such circumstances, the Trust also will be disqualified from being treated as a REIT for the ensuing four taxable years. Failure to qualify as a REIT could result in the Trust incurring indebtedness and perhaps liquidating investments in order to pay its taxes.

Among the requirements which must be met in order for the Trust to qualify as a REIT is that not more than 50% in value of the outstanding capital shares, including in some circumstances capital shares into which outstanding securities (including the Securities) might be converted, may be owned actually or constructively by five or fewer individuals or certain other entities at any time during the last half of the Trust's taxable year. To assist the Trust in meeting this requirement, the Trust (a) by lot or other equitable means, may prevent the transfer of and/or may call for redemption a number of capital shares sufficient for the continued qualification of the Trust as a REIT and (b) may refuse to register the transfer of capital shares and may take certain other actions to limit the beneficial ownership, directly or indirectly, by a single person of more than 9.8% of the Trust's outstanding equity securities. Capital shares reserved for issuance upon conversion of any class of then outstanding convertible securities of the Trust may be considered outstanding capital shares for purposes of this provision if the effect thereof would be to cause a single person to own or to be deemed to own more than 9.8% of the Trust's outstanding capital shares. Without shareholder approval, the Trust may issue an unlimited number of securities, warrants, rights or other options to purchase Common Shares and other securities convertible into Common Shares.

SHAREHOLDER LIABILITY

The Declaration of Trust provides that no shareholder shall be personally liable in connection with the Trust's property or the affairs of the Trust. The Declaration of Trust further provides that the Trust shall indemnify and hold harmless shareholders against all claims and liabilities and related reasonable expenses to which they may become subject by reason of their being or having been shareholders. In addition, the Trust is required to, and as a matter of practice does, insert a clause in its contracts that provides that shareholders shall not be personally liable thereunder. However, in respect to tort claims and contract claims

where shareholder liability is not so negated, claims for taxes and certain statutory liability, the shareholders may, in some jurisdictions, be personally liable to the extent that such claims are not satisfied by the Trust. The Trust carries public liability insurance that the Trustees consider adequate. Thus, any risk of personal liability to shareholders is limited to situations in which the Trust's assets plus its insurance coverage would be insufficient to satisfy the claims against the Trust and its shareholders.

REGISTRAR AND TRANSFER AGENT

The Registrar and Transfer Agent for the Common Shares is American Stock Transfer & Trust Company, New York, New York.

PLAN OF DISTRIBUTION

The Trust may sell Securities to or through underwriters, and also may sell Securities directly to other purchasers or through agents.

The distribution of the Securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

In connection with the sale of Securities, underwriters may receive compensation from the Trust or from purchasers of Securities, for whom they may act as agents, in the form of discounts, concessions, or commissions. Underwriters may sell Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions, or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Underwriters, dealers, and agents that participate in the distribution of Securities may be deemed to be underwriters, and any discounts or commissions they receive from the Trust, and any profit on the resale of Securities they realize may be deemed to be underwriting discounts and commissions, under the Securities Act. Any such underwriter or agent will be identified, and any such compensation received from the Trust will be described, in the Prospectus Supplement.

Unless otherwise specified in the related Prospectus Supplement, each series of Securities will be a new issue with no established trading market, other than the Common Shares which are listed on the New York Stock Exchange. Any Common Shares sold pursuant to a Prospectus Supplement will be listed on such exchange, subject to official notice of issuance. The Trust may elect to list any series of Debt Securities or Preferred Shares on an exchange, but is not obligated to do so. It is possible that one or more underwriters may make a market in a series of Securities, but will not be obligated to do so and may discontinue any market making at any time without notice. Therefore, no assurance can be given as to the liquidity of the trading market for the Securities.

Under agreements the Trust may enter into, underwriters, dealers, and agents who participate in the distribution of Securities may be entitled to indemnification by the Trust against certain liabilities, including liabilities under the Securities Act.

Underwriters, dealers and agents may engage in transactions with, or perform services for, or be customers of, the Trust in the ordinary course of business.

If so indicated in the Prospectus Supplement, the Trust will authorize underwriters or other persons acting as the Trust's agents to solicit offers by certain institutions to purchase Securities from the Trust pursuant to contracts providing for payment and delivery on a future date. Institutions with which such contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all cases such institutions must be approved by the Trust. The obligations of any purchaser under any such contract will be subject to

the condition that the purchase of the Securities shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject. The underwriters and such other agents will not have any responsibility in respect of the validity or performance of such contracts.

LEGAL OPINIONS

The legality of the Securities offered hereby is being passed upon for the Trust by Kirkpatrick & Lockhart, 1800 M Street, N.W., Washington, D.C. 20036. Certain REIT tax matters relating to the Trust are being passed upon by Goodwin, Procter & Hoar, Exchange Place, Boston, Massachusetts 02109. Brown & Wood, One World Trade Center, New York, New York 10048-0557 will act as counsel to any underwriters, dealers or agents.

EXPERTS

The Consolidated Financial Statements and Schedules of the Trust as of December 31, 1992 and 1991 and for each of the years in the three year period ended December 31, 1992 incorporated herein by reference have been incorporated herein in reliance on the reports dated February 18, 1993, of Grant Thornton, independent certified public accountants, also incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing. The statement of revenue and certain expenses of Crossroads Shopping Center, included in the Trust's Current Report on Form 8-K, dated September 24, 1993, incorporated by reference herein, has been incorporated herein in reliance on the report dated August 27, 1993, of Coopers & Lybrand, independent certified public accountants, also incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing. The historical summaries of gross income and direct operating expenses of certain properties included in the Trust's Current Report on Form 8-K, dated September 24, 1993, incorporated by reference herein, have been incorporated herein in reliance on the reports dated September 9, 1993, of Stoy, Malone & Company, P.C., independent certified public accountants, also incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.