

UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
 THE SECURITIES EXCHANGE ACT OF 1934
 FORM 10-K

For Fiscal Year Ended: December 31, 1994 Commission File No.17533

FEDERAL REALTY INVESTMENT TRUST

(Exact name of registrant as specified in its charter)

District of Columbia 52-0782497

(State or other jurisdiction of (I.R.S. Employer
 incorporation or organization) identification No.)

4800 Hampden Lane, Suite 500, Bethesda, Maryland 20814

(Address of principal executive offices) (Zip Code)

(301) 652-3360

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Shares of Beneficial Interest	New York Stock Exchange
Common Stock Purchase Rights	New York Stock Exchange
Preferred Shares of Beneficial Interest*	
8 7/8% Senior Notes	
Subordinated Debt Securities *	

* None issued, registered pursuant to a shelf registration

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

[x]

At March 9, 1995, the aggregate market value of Common Shares of Beneficial Interest of Federal Realty Investment Trust held by nonaffiliates was \$665 million based upon the closing price of such Shares on the New York Stock Exchange.

Indicate the number of shares outstanding of each of the issuer's classes of common stock.

Class	Outstanding at March 9, 1995
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Common Shares of Beneficial Interest	31,660,481

DOCUMENTS INCORPORATED BY REFERENCE

PART III

Portions of the Trust's Proxy Statement in connection with its Annual Meeting to be held on May 10, 1995 (hereinafter called "1995 Proxy Statement").

The Exhibit Index for this report is found on page 24. This report, including Exhibits, contains 148 pages.

PART I & II

Item 1. Business

Federal Realty Investment Trust is an owner, operator and redeveloper of community and neighborhood shopping centers. The Trust is a self-administered real estate investment trust, founded in 1962, that manages, leases and supervises renovation of its properties. The Trust consolidates the financial statements of one wholly owned subsidiary, nine partnerships, and a joint venture. At December 31, 1994 the Trust owned 53 retail properties, primarily community and neighborhood centers, and one apartment complex. The Trust's properties are located primarily on the east coast between the New York metropolitan area and Richmond, Virginia.

The Trust operates in a manner intended to enable it to qualify as a real estate investment trust (REIT) under Sections 856-860 of the Internal Revenue Code. Under those sections, a REIT which distributes at least 95% of its real estate investment trust taxable income to its shareholders each year and which meets certain other conditions will not be taxed on that portion of its taxable income which is distributed to its shareholders. The Trust intends to continue to qualify and to distribute substantially all of its taxable income to its shareholders. Therefore, no provision for Federal income taxes is required.

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.

properties as of January 1990 to 54 properties as of December 31, 1994. During this five year period the Trust acquired 13 shopping centers and one retail building, containing approximately 2.5 million square feet, at a cost of \$191.5 million and sold three shopping centers containing 460,000 square feet. Three of these acquisitions were in the Chicago, Illinois area and two were in the Boston, Massachusetts area, both of which are new markets for the Trust. During this same period the Trust spent over \$150 million to renovate, expand and improve its properties. One of the shopping centers acquired during the last five years was acquired by means of capital and ground leases, while the remainder were acquired primarily with cash. This growth was financed through borrowing and equity offerings, since each year the Trust has distributed all or the majority of its cash provided by operating activities to its shareholders.

At December 31, 1994, the Trust's 53 retail properties contain approximately 11.2 million net rentable square feet, with approximately 1,500 tenants who provide a wide range of retail products and services. These tenants range from sole proprietorships to national retailers. Fifteen of the shopping centers are located in the Maryland and Virginia suburbs of Washington, D.C., eleven are in Pennsylvania, nine are in New Jersey, three are in Virginia, two are in the Baltimore, Maryland suburbs, four are in Illinois, two are in Massachusetts, and there is one in each of the following, North Carolina, Michigan, Georgia, New York, Tennessee, and Louisiana. In addition, the Trust owns one retail building in Westport, Connecticut and one 282 unit apartment development located in Silver Spring, Maryland. No single property or tenant accounted for more than 10% or 5%, respectively, of the Trust's revenues.

An important part of the Trust's investment strategy has been and will continue to be to acquire older, well-located shopping centers in its core major metropolitan markets of New York/New Jersey, Philadelphia and Baltimore/Washington, D.C. as well as its newer Chicago and Boston markets and to enhance their revenue potential through a program of renovation, re-leasing and re-merchandising. In addition the Trust is planning to acquire retail buildings in densely developed urban and suburban areas (main street retail), in order to capitalize on the demand by retailers for space in these areas. In December 1994 the Trust formed Street Retail, Inc., a wholly owned subsidiary organized as a Maryland corporation, to own and operate these types of properties. The Trust is also looking for sites in its core markets, which are suitable for the development of new shopping centers. During the years ended December 31, 1994, 1993, and 1992, shopping centers have contributed 95%, 94% and 92%, respectively, of the Trust's total revenue.

The Trust is currently limited to investing east of the Mississippi River; to change this limitation requires Trustee approval. Investments are not required to be based on specific allocation by type of property. The extent to which the Trust may mortgage or otherwise finance investments varies with the investment involved and the economic climate.

The success of the Trust depends upon, among other factors, the trends of the economy, including interest rates, construction costs, retailing trends, income tax laws, increases or decreases in operating expenses and, governmental regulations, population trends, zoning laws, legislation and the ability of the Trust to keep its properties leased at profitable levels. The Trust competes for tenants with other real estate owners and the Trust's properties account for only a small fraction of the shopping centers available for lease. The Trust competes for investment

opportunities and mortgage financing with individuals, partnerships, corporations, financial institutions, life insurance companies, pension funds and trust funds. The Trust regularly reviews its portfolio and from time to time considers the sale of certain of its properties.

Investments in real property create a potential for environmental liability on the part of the current and previous owners of, or any mortgage lender on, such real property. If hazardous substances are discovered on or emanating from any properties, the owner or operator of the property may be held liable for costs and liabilities relating to such hazardous substances. The Trust's current policy is to obtain an environmental study on each property it seeks to acquire. On recent acquisitions, any substances identified prior to closing which present an immediate environmental hazard have been or are in the process of remediation. Costs related to the abatement of asbestos which increase the value of Trust properties are capitalized. Other costs are expensed. In 1994 approximately \$1.4 million, of which \$1.0 million was capitalized abatement costs, was spent on environmental matters. The Trust has budgeted approximately \$1.5 million for 1995 for environmental matters, a majority of which is projected for asbestos abatement. (See Note 6 of Notes to Consolidated Financial Statements.)

Current Developments

During 1994, the Trust purchased four shopping centers totaling 469,000 square feet. The shopping centers are 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. In addition, in April 1994 the Trust purchased a 3.9 acre parcel of land, underlying an Acme supermarket, which adjoins its Bala Cynwyd Shopping Center in Bala Cynwyd, Pennsylvania. In December 1994 the Trust purchased a 16,000 square foot retail building in Westport, Connecticut. These properties were acquired for a total price of \$49.4 million.

In February 1995, the Trust purchased a 6,800 square foot retail building in downtown Greenwich, Connecticut for \$2.0 million. This is the Trust's second main street retail property.

The Trust continued its strategy of renovating, expanding and reconfiguring its centers in 1994, spending approximately \$42.3 million. These improvements included \$15.5 million on the renovation and expansion of Congressional Plaza in Rockville, Maryland, \$4.1 million to complete

the redevelopment of Ellisburg Circle Shopping Center in Cherry Hill, New Jersey, and \$3.9 million to begin the redevelopment and retenanting of Gaithersburg Square Shopping Center in Gaithersburg, Maryland.

The Trust funded its 1994 acquisition, 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.

In October 1994, the Trust modified its unsecured medium-term revolving credit facilities with four banks, increasing the Trust's access to 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.

In January 1995 the Trust issued \$100.0 million of 8 7/8% Senior Notes. The senior notes, which pay interest semi-annually on January 15 and July 15, mature January 15, 2000. Proceeds from this borrowing were used to repay amounts drawn on the Trust's revolving credit facilities and to repay the \$22.5 million mortgage on Northeast Plaza.

At December 31, 1994 the Trust had 204 full-time employees.

Item 2. Properties

Shopping Centers

The following table sets forth information concerning each retail property in which the Trust owns an equity interest or has a leasehold interest as of December 31, 1994.

Except as otherwise noted, shopping centers are 100% owned in fee by the Trust.

	Year Completed	Year Acquired	Square Feet (1)	Number of Tenants	Acres	Occupancy (1) Overall/Economic	Principal Tenants
Allwood Clifton, N.J. 07013 (2)	1958	1988	52,000	9	5	100% / 100%	Grand Union Mandee Shop
Andorra Philadelphia, PA 19128 (3)	1953	1988	252,000	45	23	93% / 93%	Acme Markets Andorra Theater Clover
Bala Cynwyd Bala Cynwyd, PA 19004	1955	1993	266,000	26	22	97% / 90%	Lord & Taylor Acme Markets
Barracks Road Charlottesville, VA 22905 (3)	1958	1985	478,000	85	39	98% / 98%	Rose's Safeway

								Superfresh
Bethesda Row Bethesda, MD 20814 (2) (6)	1991	1993	225,000	66	8	93% / 91%	Giant Food Giant Pharmacy	
Blue Star Watchung, N.J. 07060 (2)	1959	1988	392,000	30	55	98% / 98%	Caldor Shop Rite Toys R Us	
Brainerd Village Chattanooga, TN 37411	1960	1987	216,000	27	20	90% / 69%	Office Town 50 Off Petstuff	
Brick Plaza Brick Township, N.J. 08723 (2)	1958	1989	314,000	31	42	86% / 65%	A&P Supermarket Steinbach's H.L.Green	
Brunswick North Brunswick, N.J. 08902 (2)	1957	1988	261,000	23	22	99% / 99%	Caldor Grand Union Schwartz Furniture	
Clifton Clifton, N.J. 07013 (2)	1959	1988	80,000	14	8	100% / 100%	Acme Markets Channel Home	
Congressional Plaza Rockville, MD 20852 (4)	1965	1965	297,000	33	22	81% / 52%	Fresh Fields Tower Records Container Store	

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Crossroads Highland Park, IL 60035	1959	1993	194,000	27	15	81% / 81%	Gold Standard Liquors TJ Maxx
Dedham Dedham, MA 02026	1959	1993	252,000	38	18	99% / 99%	Ames Workout Plus
Eastgate Chapel Hill, N.C. 27514	1963	1986	159,000	33	17	98% / 98%	Food Lion Southern Season
Ellisburg Circle Cherry Hill, N.J. 08034	1959	1992	258,000	35	27	98% / 94%	Shop Rite Bed, Bath & Beyond
Falls Plaza Falls Church, VA 22046	1962	1967	60,000	10	6	100% / 100%	Giant Food CVS Pharmacy
Feasterville Feasterville, PA 19047 (2)	1958	1980	98,000	16	12	91% / 91%	Eric Theater Genuardi Markets Office Max
Federal Plaza Rockville, MD 20852	1970	1989	243,000	40	18	97% / 96%	Bed, Bath & Beyond Comp USA T.J. Maxx
Flourtown Flourtown, PA 19031	1957	1980	97,000	18	15	98% / 88%	Channel Home Genuardi Markets
Gaithersburg Square Gaithersburg, MD 20878	1966	1993	211,000	31	17	97% / 63%	CVS Pharmacy Fresh Fields
Garden Market Western Springs, IL 60558	1958	1994	134,000	20	12	93% / 93%	Dominick's
Governor Plaza Glen Burnie, MD 21961 (3)	1963	1985	269,000	24	26	100% / 100%	Frank's Nursery Office Depot Syms
Hamilton Hamilton, N.J. 08690 (2)	1961	1988	180,000	12	18	91% / 90%	Shop Rite Steven's Furniture A.C.Moore
Huntington Huntington, N.Y. 11746 (2)	1962	1988	275,000	11	21	97% / 97%	Bed, Bath and Beyond Service Merchandise Toys R Us
Idylwood Plaza Falls Church, VA 22030	1991	1994	73,000	18	6	100% / 79%	Annie Sez Fresh Fields
Lancaster Lancaster, PA 17601 (2)	1958	1980	107,000	17	11	100% / 100%	Giant Eagle A.C.Moore
Langhorne Square Levittown, PA 19056	1966	1985	208,000	33	21	100% / 100%	Luxury Linens Marshalls

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Laurel Centre Laurel, MD 20707	1956	1986	380,000	57	26	90% / 89%	Giant Food Marshalls Toys R US
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Lawrence Park Broomall, PA 19008 (2)	1972	1980	340,000	41	28	99% / 99%	Acme Markets Best Products Rickel Home Center
Loehmann's Plaza Fairfax, VA 22042 (7)	1971	1983	245,000	47	18	97% / 97%	Holiday Spa Linens N Things
Mid-Pike Plaza Rockville, MD 20852 (2)	1963	1982	302,000	23	20	100% / 100%	Syms Toys R Us G Street Fabrics
North City Plaza New Castle, PA 16105 (5)	1972	1987	111,000	12	26	75% / 75%	K Mart
Northeast Philadelphia, PA 19114	1959	1983	303,000	41	19	97% / 97%	Burlington Coat Factory Marshalls
Northeast Plaza Atlanta, GA 30329	1952	1986	446,000	46	44	88% / 87%	Publix Levitz Furniture
North Lake Commons Lake Zurich, IL 60047	1989	1994	123,000	21	13	98% / 98%	Dominick's
Old Keene Mill Springfield, VA 22152	1968	1976	92,000	20	11	92% / 92%	Fresh Fields Sassafras
Pan Am Fairfax, VA 22031	1979	1993	218,000	28	25	96% / 96%	Micro Center Safeway MJ Designs
Perring Plaza Baltimore, MD 21134 (3)	1963	1985	413,000	16	27	96% / 96%	Home Depot Metro Foods Burlington Coat Factory
Queen Anne Plaza Norwell, MA 02061	1967	1994	149,000	10	18	100% / 100%	Caldor Star Markets
Quince Orchard Gaithersburg, MD 20877 (6)	1975	1993	241,000	31	16	100% / 97%	Circuit City M J Design U.S. Department of Energy
Roseville Roseville, MI 48066	1964	1973	143,000	3	20	100% / 100%	F & M Distributors Handy Andy
Rutgers Franklin, N.J. 08873 (2)	1973	1988	216,000	19	27	99% / 99%	Foodtown K Mart

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Shillington Shillington, PA 19607 (2)	1956	1980	74,000	19	8	81% / 78%	Stacey's Buffet Rite Aid
Ship's Building Westport, CT 66880	1900	1994	16,000	3		100% / 100%	Eddie Bauer
Town & Country Springfield, IL 62704	1968	1973	236,000	23	19	95% / 95%	Burlington Coat Factory National Super Market
Town & Country Hammond, LA 70401 (6)	1974	1990	216,000	35	26	89% / 89%	Weiner's Department Store Winn-Dixie
Troy Parsippany-Troy, N.J. 07054 (2)	1966	1980	205,000	19	19	100% / 96%	Comp USA K Mart Pathmark
Tysons Station Falls Church, VA 22043	1954	1978	50,000	15	4	100% / 100%	Linens N Things Sassafras
West Falls Falls Church, VA 22046	1960	1972	60,000	18	5	100% / 100%	Staples
Wildwood Bethesda, MD 20814	1958	1969	84,000	30	13	97% / 95%	CVS Pharmacy Sutton Place Gourmet
Williamsburg Williamsburg, VA 23187	1961	1986	240,000	34	21	93% / 91%	Food Lion Peebles Rose's
Willow Grove Shopping Center Willow Grove, PA 19090	1953	1984	219,000	30	14	93% / 93%	Marshalls Toys R Us
The Shops at Willow Lawn Richmond, VA 23230 (6)	1957	1983	490,000	103	37	91% / 89%	Leggett Stores J.C. Penney The Limited

(1) Overall occupancy is expressed as a percentage of rentable square feet and includes square feet covered by leases for stores not yet opened. Economic occupancy is expressed as a percentage of rentable square feet, but only includes leases currently generating rental income.

(2) The Trust has a leasehold interest in this property.

(3) The Trust owns a 99.9% partnership interest in this center.

(4) The Trust owns a 49% equity interest in this center.

(5) The Trust owns an 88% partnership interest in this center.

(6) The Trust owns this property subject to a ground lease.

(7) The Trust has a 1% general partnership interest and manages the partnership. A 99% interest was sold to a limited partner.

Apartments

The following table sets forth information concerning the Trust's apartment development as of December 31, 1994 which is 100% owned by the Trust in fee. This development is not subject to rent control.

Property	Year Completed	Year Acquired	Acres	1-BR	2-BR	Eff. and 3-BR	Total	Occupancy
Rollingwood Silver Spring, MD 9 three-story buildings	1960	1971	14	58	163	61	282	99%

Item 3. Legal Proceedings.

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

Market Quotations

Quarter ended -----	High ----	Low ---	Dividends Paid -----
December 31, 1994	\$23 3/4	\$19 5/8	\$.395
September 30, 1994	26 1/8	21	.39
June 30, 1994	25 7/8	23 1/2	.39
March 31, 1994	29 1/2	23	.39
December 31, 1993	\$29 7/8	\$24 1/8	\$.39
September 30, 1993	30 1/4	25 1/2	.385
June 30, 1993	28 7/8	24 3/4	.385
March 31, 1993	29	23 7/8	.385

The number of holders of record for Federal Realty's common shares of beneficial interest at December 31, 1994 was 4,549.

Dividends declared per quarter during the last two fiscal years were as follows:

Quarter Ended -----	1994 -----	1993 -----
March 31	\$.39	\$.385
June 30	.39	.385
September 30	.395	.39
December 31	.395	.39

The Trust's common shares of beneficial interest are listed on the New York Stock Exchange.

Item 6. Selected Financial Data.

 In thousands, except per share data

Year ended December 31,

Operating Data	1994	1993	1992	1991	1990
Rental Income	\$128,133	\$105,948	\$89,971	\$88,350	\$ 80,698
Income before gain on sale of real estate and extraordinary item	20,466	16,114	6,987	4,324	4,894
Gain on sale of real estate	---	---	2,501	61	947
Extraordinary item - gain (loss) on early extinguishment of debt	---	2,016	<58>	415	---
Net income	20,466	18,130	9,430	4,800	5,841
Funds from Operations	50,267	41,489	30,020	26,246	23,985
Dividends declared	48,196	42,021	36,306	25,771	24,048
Weighted average number of shares outstanding	30,679	27,009	22,767	17,304	16,695
Per share:					
Net income	.67	.67	.41	.28	.35
Dividends declared	1.57	1.55	1.53	1.50	1.44
Balance Sheet Data					
Real estate at cost	\$852,722	\$758,088	\$598,867	\$566,056	\$555,879
Total assets	753,737	690,943	603,811	566,062	553,396
Mortgage and capital lease obligations	235,705	218,545	245,694	225,859	203,287
Notes payable	61,883	30,519	6,117	11,665	31,222
Senior notes	---	---	50,000	50,000	50,000
8- 3/4% convertible subordinated debentures	---	---	2,371	4,338	4,576
5-1/4% convertible					

subordinated debentures due 2002 5-1/4% convertible	289	40,167	43,847	87,665	100,000
subordinated debentures due 2003	75,000	75,000	---	---	---
Shareholders' equity	345,155	284,199	222,878	151,480	129,346
Number of shares outstanding	31,609	28,018	24,718	19,687	16,716

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

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

renovation projects and debt repayments require funding from borrowing or equity offerings.

During the period 1992 through 1994 the Trust acquired twelve shopping centers, one retail building, the land underlying one of its existing shopping centers and a parcel of land adjoining another of its centers. In addition, several centers underwent major renovation while general improvements and tenant work were done at many of the others.

During 1994 the Trust purchased four shopping centers and one retail building, Idylwood Plaza in Falls Church, Virginia, North Lake Commons in Lake Zurich, Illinois, Garden Market Shopping Center in Western Springs, Illinois, Queen Anne Plaza in Norwell, Massachusetts and the Ship's Building in Westport, Connecticut. In addition, the Trust purchased a 3.9 acre parcel of land, on which there is an Acme supermarket, which adjoins its Bala Cynwyd Shopping Center. These properties were acquired for a total cash investment of \$49.4 million.

During 1994, \$42.3 million was expended on improvements to Trust properties. These improvements included \$15.5 million on the renovation and expansion of Congressional Plaza in Rockville, Maryland, \$4.1 million to complete the redevelopment of Ellisburg Circle Shopping Center in Cherry Hill, New Jersey, and \$3.9 million to begin the redevelopment and retenanting of Gaithersburg Square Shopping Center in Gaithersburg, Maryland.

In 1993 the Trust spent \$101.8 million to acquire six shopping centers (Gaithersburg Square and Quince Orchard Shopping Centers in Gaithersburg, Maryland, Pan Am Shopping Center in Fairfax, Virginia, Crossroads Shopping Center in Highland Park, Illinois, Bala Cynwyd Shopping Center in suburban Philadelphia, Pennsylvania, and Dedham Plaza in Dedham, Massachusetts), \$6.2 million in connection with the long term lease of Bethesda Row in Bethesda, Maryland, and \$34.3 million in improvements to its properties. In 1992 the Trust acquired the Ellisburg Circle Shopping Center in Cherry Hill, New Jersey for \$15.3 million and the land underlying Wildwood Shopping Center, which had been subject to a ground lease, for \$9.1 million. Improvements to Trust properties totalled \$15.2 million in 1992.

These acquisitions and improvements, as well as debt repayment requirements, were funded 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 common shares of beneficial interest ("shares"). In a concurrent offering of 840,000 shares to an institutional investor, the Trust raised net proceeds of \$21.7 million. In April 1993, 2.8 million shares were issued in a public offering, netting proceeds of \$72.8 million. In December 1993 another 220,000 shares were issued for \$5.4 million in a private placement in connection with the long term lease of Bethesda Row. In June 1992, 3.4 million shares were sold in a public offering, raising net proceeds of \$66.5 million.

In March 1992 the Trust exchanged \$22.6 million principal amount of its 5 1/4% convertible subordinated debentures due 2002 for 1.3 million shares. Another \$21.2 million principal amount of these debentures was retired in 1992 when they were repurchased by the Trust. The Trust purchased an additional \$3.7 million of these debentures in 1993 and in April 1994, \$39.8 million of the debentures were redeemed at a price equal to 120% of their principal amount or \$47.8 million.

The Trust called its 8 3/4% convertible subordinated debentures and its 8.65% Senior Notes for redemption in 1993. The Trust redeemed \$173,000 principal amount of the 8 3/4% debentures at a price of \$1017.50 per debenture on March 15; the balance of the debentures that had been outstanding or \$2.2 million were converted into shares. The senior notes were redeemed on May 14, at a price of \$1010 for a total redemption price of \$50.5 million.

In October 1993 the Trust issued \$75.0 million of 5 1/4% convertible subordinated debentures, realizing cash proceeds of approximately \$73.0 million. The debentures, which mature in 2003, are convertible into shares at \$36 per share.

In 1992 the Trust placed a \$30.0 million mortgage, initially bearing interest at 8 1/4%, on Federal Plaza. In November 1994 the Trust spent \$4.2 million to exercise the option to purchase the land at Northeast Shopping Center, \$3.4 million of which had been recorded as a capital lease obligation. During 1992 and 1993, respectively, \$6.3 million and \$34.9 million of mortgage obligations were prepaid. In January 1994 a \$22.5 million one year mortgage was placed on Northeast Plaza in Atlanta, Georgia. The mortgage was repaid in January 1995.

At December 31, 1994 the Trust had \$130 million of unsecured medium term revolving credit facilities with four banks. The facilities require fees and have covenants requiring a minimum shareholders' equity and a maximum ratio of debt to net worth. The Trust uses these facilities 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 drawn under these facilities, which was the maximum drawn during 1994. Borrowings under these facilities bear interest at LIBOR (London Interbank Offered Rate) plus 85 to 100 basis points; the weighted average interest rate on borrowings during 1994 was 5.6%.

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At December 1993 the Trust had \$70.0 million of unsecured medium term revolving credit facilities with three banks. The maximum drawn under these facilities in 1993 was \$64.1 million and at December 31, 1993, there was \$24.4 million outstanding. The weighted average interest rate on borrowing during 1993 was 4.2%. At December 31, 1992 the Trust had a \$20.0 million unsecured line of credit available. Interest on borrowings in 1995 are expected to be higher than in 1994 and 1993 as interest rates have risen.

The Trust has budgeted \$47.0 million for capital improvements to its properties in 1995. These improvements include: (1) \$14.5 million to complete the renovation and expansion of Congressional Plaza; (2) \$5.0 million to renovate Brick Plaza, which was deferred from 1994; and (3) \$5.2 million to complete the renovation at Gaithersburg Square.

The Trust's long term debt has varying maturity dates and in a number of instances includes balloon payments or other contractual provisions that could require significant repayments during a particular period. The next significant maturity is approximately \$41.3 million of mortgage obligations which are due in 1998.

The Trust intends to continue to acquire shopping centers 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 plans to acquire additional retail buildings in densely developed urban and suburban areas, such as the Ship's Building acquired in December 1994. In February 1995 a 6,800 square foot retail building in downtown Greenwich, Connecticut was purchased for \$2.0 million. The Trust is also continuing to study site acquisitions in its core markets to permit the Trust to develop shopping centers.

In January 1995 the Trust issued \$100 million of 8 7/8% Senior Notes, netting \$99.2 million. The notes require interest payments semi-annually on January 15 and July 15 and are due January 15, 2000. Proceeds from the notes were used, in part, to repay the \$22.5 million mortgage on Northeast Plaza and to repay amounts outstanding on the credit facilities. In order to protect itself against the risk that the general level of interest rates for such securities would rise before the senior notes were priced, in December 1994 the Trust entered into two interest rate hedge agreements on a total principal amount of \$75.0 million. The cost of the agreements, which terminated on January 20, 1995, was \$21,000 which will be amortized into interest expense over the life of the notes. In January 1995 the Trust executed an interest rate swap on \$25.0 million, whereby the Trust swapped fixed interest payment obligations of 8.136% for a floating rate interest payment of three month LIBOR. Consequently, the Trust will have a floating rate of interest on \$25.0 million of the senior notes.

The Trust believes that the combination of the remaining proceeds from the January 1995 senior note offering and the \$130 million available under its revolving credit facilities provide it with the liquidity needed

for its 1995 renovation and acquisition plans. The Trust will need to raise equity or issue additional long term debt to meet its longer term capital and debt repayment needs. The Trust believes that the unencumbered value of its properties and its access to the capital markets, as demonstrated by its past success in raising capital, give it the ability to raise the capital, both debt and equity, needed to fund these longer term needs.

Contingencies

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

Included in the Trust's investments is \$3.1 million of Olympia and York Senior First Mortgage Notes. The Olympia and York notes were written down during 1992 to management's best estimate of their net realizable value. Interest income on these notes is not being recorded as revenue, but is being treated as a reduction of principal.

As previously reported, certain of the Trust's shopping centers have some environmental contamination. The North Carolina Department of the Environment, Health and Natural Resources ("DEHNR") issued a Notice of Violation ("NOV") against a former dry cleaner tenant at Eastgate Shopping Center in Chapel Hill, North Carolina concerning a spill at the shopping center. As owner of the shopping center, the Trust was named in and

received a copy of the NOV. Estimates to remediate the spill range from \$300,000 to \$500,000. The Trust has entered into an agreement with two previous owners of the shopping center to share the costs to assess and remediate. In 1993 the Trust recorded a liability of \$120,000 as its estimated share of the clean up costs.

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

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

Results of Operations

The effect of the Trust's recent acquisition, redevelopment and financing transactions is reflected in the Trust's operations. Funds from operations, which is defined as income before depreciation and amortization and extraordinary items less gains on sale of real estate, increased 38% from \$30.0 million in 1992 to \$41.5 million in 1993 and increased 21% in 1994 to \$50.3 million. If funds from operations are adjusted to remove the effect of nonrecurring charges of \$1.1 million, funds from operations would have increased 24% in 1994 to \$51.3 million. 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. 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.

The Trust's shopping center leases generally provide for minimum rents, with periodic increases. Most shopping center tenants pay a majority of onsite 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.

Rental income, which consists of minimum rent, percentage rent, and cost recoveries, increased 17.8% from \$90.0 million in 1992 to \$105.9 million in 1993 and 20.9% in 1994 to \$128.1 million. If centers acquired and sold in 1992, 1993 and 1994 are excluded, rental income increased 8.7% from 1992 to 1993 and 6.1% from 1993 to 1994. The components of rental income with the greatest change are minimum rent and common area maintenance recovery (CAM recovery).

Minimum rents increased 17.9% from \$70.9 million in 1992 to \$83.6 million in 1993 and 19.4% in 1994 to \$99.9 million. If centers acquired and sold during these years are excluded, minimum rents increased 8.6% from 1992 to 1993. Minimum rents increased 4% from 1993 to 1994, despite

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a \$350,000 decrease in minimum rents at Congressional Plaza whose occupancy was reduced during its redevelopment in 1994.

CAM recovery on the portfolio, adjusted to remove the effect of properties purchased in 1992, 1993 and 1994, increased from \$7.6 million in 1992 to \$8.2 million in 1993 to \$11.5 million in 1994. These increases correspond to increases in CAM expenses, primarily snow removal, landscaping and security. Real estate tax recovery, after removing the effect of properties purchased during the past three years, showed a slight decline; a major component of this decline was due to lower occupancy and refunds due at Congressional Plaza, which has been under redevelopment.

Other property 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 \$4.7 million in 1992 to \$5.5 million in 1993 and to \$5.7 million in 1994. Part of the increase was due to the addition of new properties and part was due to the fluctuating nature of the income.

Rental expenses increased from \$20.9 million in 1992 to \$26.5 million in 1993 to \$35.8 million in 1994, which represents 22.1% of property income (rental income plus other income) in 1992, 23.8% in 1993 and 26.8% in 1994. The components of rental expense with the greatest percentage increase in both 1993 and 1994 are repairs and maintenance and other operating expenses and in 1994 ground rent. Snow removal expense, a component of repairs and maintenance, increased from approximately \$270,000 in 1992 to approximately \$910,000 in 1993 to over \$2.4 million in 1994, because of the new properties and because of increased expense on the core portfolio resulting from the harsh weather conditions during the past two winters. Other operating expenses have increased from 4.7% of property income in 1992 to 5.2% in 1993 to 5.8% in 1994 because of increases in bad debt, environmental, marketing and grand opening expenses. Ground rent increased \$2.1 million in 1994 over 1993 because of the acquisition of Bethesda Row on December 31, 1993, a large part of which is under ground lease. If rental expenses are adjusted to remove the effect of properties purchased and sold in 1992, 1993 and 1994, rental expenses increased from \$20.6 million in 1992 to \$24.4 million in 1993 to \$26.8 million in 1994. Real estate taxes have declined slightly as a percentage of property income, from 9.4% in 1992 to 9.3% in 1993 to 9.0% in 1994.

Depreciation and amortization charges increased because of the new acquisitions, but also because of depreciation on recent tenant work and property improvements.

Interest income and expense have been affected by the Trust's financing transactions of the past three years. Interest income was \$5.5 million in 1992 as compared to \$3.9 million in 1993 and \$3.9 million in 1994. In 1992 the Trust had higher average cash balances than in 1993 and 1994, since in 1992 the Trust did not have immediate uses for all the

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proceeds from public offerings and temporarily invested the proceeds until they were used for acquisitions, renovations and debt repayments. In 1993 and 1994, proceeds from debt and equity offerings were used almost immediately to retire debt and to fund acquisitions and renovations.

While total interest expense remained relatively constant in 1993 and 1994, 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. The ratio of earnings to fixed charges was 1.50x in 1993 and 1.61x in 1994. The ratio of funds from operations to fixed charges was 2.29x in 1993 and 2.52x in 1994.

Interest expense decreased from \$35.2 million in 1992 to \$31.6 million in 1993, reflecting the redemption in 1993 of the senior notes and 8 3/4% convertible subordinated debentures, the reduction in the 5 1/4% convertible subordinated debentures due 2002 and the prepayment of various mortgages, partially offset by the interest expense on the revolving credit facilities and interest on the 5 1/4% convertible subordinated debentures due 2003.

Administrative expenses are increasing as the Trust grows and as it seeks new acquisition and development opportunities. Administrative expenses as a percentage of property income have gone from 4.3% in 1992 to 4.2% in 1993 to 5.0% in 1994. A major component of the increase in 1994 over 1993 was an increase in costs connected with the review and analysis of potential property acquisitions which were not purchased.

Other charges consists of three nonrecurring items in 1994. During the third quarter of 1994 the Trust wrote down a mortgage note receivable and accrued interest thereon, 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 uncertain. During the fourth quarter of 1994, the Trust recognized an unrealized loss of \$449,000 on an investment in common shares of another real estate investment trust that it has held since 1989, since it appears that its decline in value is permanent. These two losses were partially offset by a \$152,000 recovery of a legal settlement paid in 1987. In 1992 other charges consisted of a \$960,000 writedown of an investment in Olympia and York notes, partially offset by the recovery of another portion of the legal settlement paid in 1987.

Income before gain on sale of real estate and extraordinary item increased from \$7.0 million in 1992 to \$16.1 million in 1993 to \$20.5 million in 1994 reflecting increased revenues from the Trust's

acquisitions, decreased interest expense resulting from its financing activities and growth in the core portfolio.

Gain on sale of real estate is dependent on the extent and timing of sales. The 1992 gain was primarily due to the sale of two shopping centers.

In 1993 the Trust had a net gain of \$2.0 million on the early extinguishment of debt, resulting from a \$3.1 million gain on the extinguishment of one mortgage, offset by losses on the redemption of the senior notes, convertible subordinated debentures and two other mortgages. In 1992 the Trust had a net loss of \$58,000 on the early extinguishment of debt, resulting from the prepayment of two mortgages and the exchange and repurchase of some of its 5 1/4% convertible subordinated debentures due 2002.

As a result of the foregoing items, net income rose from \$9.4 million in 1992 to \$18.1 million in 1993 to \$20.5 million in 1994.

Item 8. Financial Statements and Supplementary Data.

Included in Item 14.

Item 9. Disagreements on Accounting and Financial Disclosure.

None

Part III

Item 10. Directors and Executive Officers of the Registrant.

Executive Officers of the Registrant

The Executive Officers are:

Name ----	Age ---	Position with Trust -----
Steven J. Guttman	48	President and Chief Executive Officer and Trustee
Ron D. Kaplan	32	Vice President-Capital Markets
Catherine R. Mack	50	Vice President-General Counsel and Secretary
Mary Jane Morrow	42	Senior Vice President-Finance and Treasurer
Hal A. Vasvari	51	Executive Vice President and Chief Operating Officer
Cecily A. Ward	48	Vice President-Controller
Robert S. Wennett	34	Senior Vice President-Acquisitions

Steven J. Guttman has been the Trust's President and Chief Executive Officer since April 1980. Mr. Guttman has been associated with the Trust since 1972, became Chief Operating Officer in 1975 and became a Managing Trustee in 1979.

Ron D. Kaplan joined the Trust in November 1992 as Vice President-Capital Markets. Mr. Kaplan was formerly a Vice President of Salomon Brothers Inc where he was responsible for capital raising and financial advisory services for public and private real estate companies. While at Salomon Brothers, he participated in two of the Trust's debt offerings.

Catherine R. Mack came to the Trust in January 1985 as General Counsel and became a Vice President in February 1986. Before joining the Trust, Ms. Mack was an Assistant United States Attorney for the District of Columbia and, prior to that, an attorney with Fried, Frank, Harris, Shriver and Jacobson in Washington, D.C. where she represented several local real estate entities. She has practiced law since 1974.

Mary Jane Morrow joined the Trust in January 1987 as Vice President-Finance and Treasurer. Before joining Federal Realty, Ms. Morrow was a Partner with Grant Thornton LLP, the Trust's independent accountants. She was with Grant Thornton LLP for over 10 years and has extensive experience in real estate and accounting.

Hal A. Vasvari joined Federal Realty Management, Inc., the Trust's former managing agent, in August 1985 as Executive Vice President. In January 1989, Mr. Vasvari became Executive Vice President-Management of the Trust. In December 1994, Mr. Vasvari was appointed Chief Operating Officer. Prior to August 1985, he was director of leasing for Kravco Co., a developer of shopping malls and shopping centers.

Cecily A. Ward joined the Trust in April 1987 as Controller. Prior to joining the Trust, Ms. Ward, a certified public accountant, was with Grant Thornton LLP, the Trust's independent accountants.

Robert S. Wennett joined the Trust's acquisitions department in April 1986. Prior to joining the Trust, Mr. Wennett was an associate with Chemical Realty Corporation in New York where he was involved in real estate financing for corporate clients.

The schedule identifying Trustees under the caption "Election of Trustees" of the 1995 Proxy Statement is incorporated herein by reference thereto.

Item 11. Executive Compensation.

The sections entitled "Summary Compensation Table" and "Aggregated Option Exercises in 1994 and December 31, 1994 Option Values" of the 1995 Proxy Statement are incorporated herein by reference thereto.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The section entitled "Ownership of Shares by Trustees and Officers" of the 1995 Proxy Statement is incorporated herein by reference thereto.

Item 13. Certain Relationships and Related Transactions.

The section entitled "Certain Transactions" of the 1995 Proxy Statement is incorporated herein by reference thereto.

Part IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) 1. Financial Statements

Report of Independent Certified

Public Accountants	F-2
Consolidated Balance Sheets- December 31, 1994 and 1993	F-3
Consolidated Statements of Operations - years ended December 31, 1994, 1993 and 1992	F-4
Consolidated Statements of Shareholders' Equity - years ended December 31, 1994, 1993 and 1992	F-5
Consolidated Statements of Cash Flows - years ended December 31, 1994, 1993 and 1992	F-6
Notes to Consolidated Financial Statements (Including Selected Quarterly Data)	F-7 - F-18

(a) 2. Financial Statement Schedules

Schedule III - Summary of Real Estate and Accumulated Depreciation.....	F19 - F21
Schedule IV - Mortgage Loans on Real Estate	F22 - F23
Report of Independent Certified Public Accountants.....	F24

(a) 3. Exhibits

- (3) (i) The Trust's Third Amended and Restated Declaration of Trust dated May 24, 1984, filed with the Commission on July 5, 1984 as Exhibit 4 to the Trust's Registration Statement on Form S-2 (file No. 2-92057) is incorporated herein by reference thereto.
- (ii) Bylaws of the Trust, filed with the Commission as an exhibit to the Trust's Current Report on Form 8-K dated February 20, 1985, as most recently amended and filed with the Commission as an exhibit to the Trust's Current Report on Form 8-K dated November 30, 1994, is incorporated herein by reference thereto.
- (4) (i) Specimen Share of Beneficial Interest, filed with the Commission on November 23, 1982 as Exhibit 4 to the Trust's Registration Statement on Form S-2 (file No. 2-

80524), is incorporated herein by reference thereto.

(ii) Indenture dated March 15, 1985, relating to the Trust's 8 3/4 % Convertible Subordinated Debentures Due 2010, filed with the Commission on March 1, 1985 as Exhibit 4 (a) (2) to the Trust's Registration Statement on Form S-2 (File No. 2-96136) is incorporated herein by reference thereto.

(iii) Indenture dated April 1, 1986, relating to the Trust's 8.65% Senior Notes due 1996, filed with the commission on March 27, 1986 as exhibit 4 (a) 1 to the Trust's Registration Statement on Form S-3, (File No. 33-3934) is incorporated herein by reference thereto.

(iv) The 5 1/4% Convertible Subordinated Debenture due 2002 as described in Amendment No. 1 to Form S-3 (File No. 33-15264), filed with the Commission on August 4, 1987 is incorporated herein by reference thereto.

(v) Shareholder Rights Plan, dated April 13, 1989, filed with the Commission as an exhibit to the Trust's Current Report on Form 8-K, dated April 13, 1989, is incorporated herein by reference thereto.

(vi) Indenture dated December 13, 1993, related to the Trust's 8 7/8% Senior Notes, filed with the commission on December 13, 1993 as exhibit 4 (a) to the Trust's Registration Statement on Form S-3, (File No. 33-51029) is incorporated herein by reference thereto.

(9) Voting Trust Agreement.....*

(10) (i) Consultancy Agreement with Samuel J. Gorlitz, as amended, filed with the Commission as Exhibit 10 (v) to the Trust's Annual Report on Form 10-K for the year ended December 31, 1983, is incorporated herein by reference thereto.

(ii) The Trust's 1983 Stock Option Plan adopted May 12, 1983, filed with the Commission as Exhibit 10 (vi) to the Trust's Annual Report on Form 10-K for the year ended December 31, 1983, is incorporated herein by reference.

(iii) Deferred Compensation Agreement with Steven J. Guttman dated December 13, 1978, filed with the Commission as Exhibit 10 (iv) to the Trust's Annual Report on Form 10-K for the year ended December 31, 1980 is incorporated herein by reference thereto.

The following documents, filed with the Commission as portions of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1985, are incorporated herein by reference thereto.

(iv) The Trust's 1985 Non-Qualified Stock Option Plan, adopted on September 13, 1985

The following documents, filed with the Commission as portions of Exhibit 10, to the Trust's Annual Report on Form 10-K for the year

ended December 31, 1980, have been modified as noted below, and are incorporated herein by reference thereto.

(v) Consultancy Agreement with Daniel M. Lyons dated February 22, 1980, as amended (modified as of December 1, 1983, to provide for an annual cost of living increase, not to exceed 10%).

The following documents filed as portions of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1988 are incorporated herein by reference thereto:

(vi) The 1988 Share Bonus Plan.

(vii) Amendment No. 3 to Consultancy Agreement with Samuel J. Gorlitz.

The following documents filed with the Commission as portions of Item 6 to the Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 1989 are incorporated herein by reference thereto;

(viii) Executive Agreement between the Trust and Steven J. Guttman, dated April 13, 1989.

(ix) Executive Agreement between the Trust and Catherine R. Mack, dated April 13, 1989.

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(x) Executive Agreement between the Trust and Mary Jane Morrow, dated April 13, 1989.

(xi) Executive Agreement between the Trust and Hal A. Vasvari, dated April 13, 1989.

(xii) Employment Agreement between the Trust and Steven J. Guttman, dated April 13, 1989.

(xiii) Employment Agreement between the Trust and Catherine R. Mack, dated April 13, 1989.

(xiv) Employment Agreement between the Trust and Mary Jane Morrow, dated April 13, 1989.

(xv) Employment Agreement between the Trust and Hal A. Vasvari, dated April 13, 1989.

(xvi) Executive Agreement between the Trust and Robert S. Wennett, dated April 13, 1989, modified January 1, 1990, filed with the Commission as a portion of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1989 is incorporated herein by reference thereto.

(xvii) The 1991 Share Purchase Plan, dated January 31, 1991, filed with the Commission as a portion of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1990 is incorporated herein by reference thereto.

(xviii) Employment Agreement between the Trust and Robert S. Wennett, dated January 1, 1992, filed with the

Commission as an exhibit to the Trust's Annual Report on Form 10-K for the year ended December 31, 1991 is incorporated herein by reference thereto.

(xix) Amendment No. 4 to Consultancy Agreement with Samuel J. Gorlitz, filed with the Commission as an exhibit to the Trust's Annual Report on Form 10-K for the year ended December 31, 1992 is incorporated herein by reference thereto.

(xx) Employment and Relocation Agreement between the Trust and Ron D. Kaplan, dated September 30, 1992, filed as an exhibit to the Trust's Annual Report on Form 10-K for the year ended December 31, 1992 is incorporated herein by reference thereto.

(xxi) Employment Agreement between the Trust and Cecily A. Ward, dated January 1, 1993, filed as an exhibit to the Trust's Annual Report on Form 10-K for the year ended

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December 31, 1992 is incorporated herein by reference thereto.

(xxii) Amendment dated October 1, 1992, to Voting Trust Agreement dated as of March 3, 1989 by and between I. Wolford Berman and Dennis L. Berman filed as an exhibit to the Trust's Annual Report on Form 10-K for the year ended December 31, 1992 is incorporated herein by reference thereto.

(xxiii) 1993 Long-Term Incentive Plan and Certified Resolution Re: Amendment to 1993 Long-Term Incentive Plan, filed with the Commission as portions of Item 6 to the Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993, are incorporated herein by reference thereto.

The following documents, filed with the Commission as portions of Item 6 to the Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993 are incorporated herein by reference thereto:

(xxiv) Revolving Credit Agreement dated as of September 1, 1993 among Federal Realty Investment Trust and Corestates Bank.

(xxv) Credit Agreement dated as of August 25, 1993 between Federal Realty Investment Trust and First Union National Bank of Virginia.

(xxvi) Revolving Credit Agreement dated as of June 22, 1993 between Federal Realty Investment Trust and Signet Bank/Maryland.

(xxvii) Consulting Agreement between Misner Development and Federal Realty Investment Trust.

(xxviii) Fiscal Agency Agreement dated as of October 28, 1993 between Federal Realty Investment Trust and Citibank, N.A.

(xxix) Credit Agreement dated as of February 11, 1994 between Federal Realty Investment Trust and Mellon Bank as filed as an exhibit to the Trust's Annual Report on Form 10-K for the year ended December 31, 1993 is incorporated herein by reference thereto.

(xxx) Other Share Award and Purchase Note between Federal Realty Investment Trust and Ron D. Kaplan, dated January 1, 1994, filed with the Commission as a portion to Item 6 to the Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994 is incorporated herein by reference thereto.

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(xxxi) Amended and Restated 1983 Stock Option Plan of Federal Realty Investment Trust and 1985 Non-Qualified Stock Option Plan of Federal Realty Investment Trust, filed with the Commission on August 17, 1994 on Form S-8, (File No. 33-55111) is incorporated herein by reference thereto.

The following are filed as exhibits hereto:

(xxxii) Form of Severance Agreement between Federal Realty Investment Trust and Certain of its Officers dated December 31, 1994 is filed herewith as an exhibit.

(xxxiii) Credit Agreement dated as of September 30, 1994 between Federal Realty Investment Trust and First Union National Bank of Virginia is filed herewith as an exhibit.

(xxxiv) Second Amendment to Revolving Credit Agreement dated as of September 30, 1994 between Federal Realty Investment Trust and Corestates Bank is filed herewith as an exhibit.

(xxxv) First Amendment to Credit Agreement dated September 30, 1994 between Federal Realty Investment Trust and Mellon Bank is filed herewith as an exhibit.

(xxxvi) First Amendment to Revolving Credit Agreement dated September 30, 1994 between Federal Realty Investment Trust and Signet Bank/Maryland is filed herewith as an exhibit.

- (11) Statement regarding computation of per share earnings.....*
- (12) Statements regarding computation of ratios.....*
- (13) Annual Report to Shareholders, Form 10Q or quarterly report to shareholders.....*
- (18) Letter regarding change in accounting principles.....*
- (19) Report furnished to security holders.....*
- (21) Subsidiaries of the registrant.....*

(xxxvii) Articles of Incorporation of Street Retail, Inc. are filed herewith as an exhibit.

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(xxxviii) By-Laws of Street Retail, Inc. are filed herewith as an exhibit.

- (22) Published report regarding matters submitted to vote of security holders.....*
- (23) Consent of Grant Thornton LLP.....
- (24) Power of attorney.....*
- (27) Financial Data Schedule.....+
- (99) Additional exhibits.....*

(b) Reports on Form 8-K Filed during the Last Quarter

A Form 8-K, dated November 30, 1994, was filed in response to Item 7.(c)3.(ii).

* Not applicable.

+ For Edgar filing only.

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SCHEDULES

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees and Shareholders
Federal Realty Investment Trust

We have audited the accompanying consolidated balance sheets of Federal Realty Investment Trust as of December 31, 1994 and 1993, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Federal Realty Investment Trust as of December 31, 1994 and 1993 and the consolidated results of its operations and its consolidated cash flows for each of the three years in the period ended December 31, 1994 in conformity with generally accepted accounting principles.

Grant Thornton LLP
Washington, D.C.
February 10, 1995

Federal Realty Investment Trust
CONSOLIDATED BALANCE SHEETS

	December 31, 1994	December 31, 1993
ASSETS	(in thousands)	(in thousands)
Investments		
Real estate, at cost	\$852,722	\$758,088
Less accumulated depreciation and amortization	(160,636)	(135,045)
	-----	-----
	692,086	623,043
Mortgage notes receivable	13,178	13,871
	-----	-----
	705,264	636,914
Other Assets		
Cash	3,995	9,635
Investments	3,588	4,008
Notes receivable - officers	2,778	1,890
Accounts receivable	16,023	15,681
Prepaid expenses and other assets, principally property taxes, insurance, and lease commissions	19,158	19,499
Debt issue costs (net of accumulated amortization of \$3,206,000 and \$2,681,000, respectively)	2,931	3,316
	-----	-----
	\$753,737	\$690,943
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Obligations under capital leases	\$132,924	\$137,308
Mortgages payable	102,781	81,237
Notes payable	61,883	30,519
Accrued expenses	10,675	19,104
Accounts payable	6,566	5,785
Dividends payable	12,486	10,927
Security deposits	2,687	2,430
Prepaid rents	1,017	1,783
5 1/4% Convertible subordinated debentures, due 2003	75,000	75,000
5 1/4% Convertible subordinated debentures, due 2002	289	40,167
Investors' interest in consolidated assets	2,274	2,484
Commitments and contingencies	-	-
Shareholders' equity		
Common shares of beneficial interest, no par or stated value, unlimited authorization, issued 31,669,434 and 28,077,999 shares, respectively	496,958	408,005
Accumulated dividends in excess of Trust net income	(144,553)	(116,823)
Allowance for unrealized loss on marketable securities	(53)	(364)
	-----	-----
	352,352	290,818
Less 60,200 common shares in treasury - at cost, deferred		

compensation and subscriptions receivable	(7,197)	(6,619)
	-----	-----
	345,155	284,199
	-----	-----
	\$753,737	\$690,943
	=====	=====

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,		
	1994	1993	1992
(In thousands, except per share data)			
Revenue			
Rental income	\$128,133	\$105,948	\$89,971
Interest	3,933	3,894	5,514
Other property income	5,698	5,495	4,712
	-----	-----	-----
	137,764	115,337	100,197
Expenses			
Rental	35,830	26,519	20,919
Real estate taxes	12,097	10,324	8,876
Interest	31,462	31,550	35,201
Administrative	6,661	4,675	4,062
Other charges	1,055	-	682
Depreciation and amortization	29,801	25,375	23,033
	-----	-----	-----
	116,906	98,443	92,773
	-----	-----	-----
Operating income before investors' share of operations, gain on sale of real estate and extraordinary item	20,858	16,894	7,424
Investors' share of operations	(392)	(780)	(437)
	-----	-----	-----
Income before gain on sale of real estate and extraordinary item	20,466	16,114	6,987
Gain on sale of real estate	-	-	2,501
	-----	-----	-----
Income before extraordinary item	20,466	16,114	9,488
Extraordinary item			
Net gain (loss) on early extinguishment of debt		2,016	(58)
	-----	-----	-----
Net Income	\$20,466	\$18,130	\$9,430
	=====	=====	=====
Weighted Average Number of Common Shares	30,679	27,009	22,767
	=====	=====	=====
Earnings per share			
Income before gain on sale of real estate and extraordinary item	\$0.67	\$0.60	\$0.30
Gain on sale of real estate	-	-	0.11
Extraordinary item	-	0.07	-
	-----	-----	-----
	\$0.67	\$0.67	\$0.41
	=====	=====	=====

The accompanying notes are an integral part of these statements.

Year ended December 31,

(In thousands, except share amounts)	1994		1993		1992	
	Shares	Amount	Shares	Amount	Shares	Amount
Common Shares of Beneficial Interest						
Balance, beginning of year	28,077,999	\$408,005	24,777,831	\$322,903	19,747,134	\$226,027
Exercise of stock options	47,240	1,035	53,384	1,053	8,055	143
Shares issued under dividend reinvestment plan	162,466	3,891	131,620	3,588	132,189	2,903
Conversion of 8 3/4% subordinated debentures			137,364	2,209	122,934	1,924
Conversion of 5 1/4% subordinated debentures due 2002	1,729	64				
Shares purchased under share purchase plan	40,000	1,000				
Shares issued in exchange for 5 1/4% convertible subordinated debentures due 2002	-	-	-	-	1,317,519	25,362
Net proceeds from sale of shares	3,340,000	82,963	2,977,800	78,252	3,450,000	66,544
Balance, end of year	31,669,434	\$496,958	28,077,999	\$408,005	24,777,831	\$322,903
Common Shares of Beneficial Interest in Treasury, Deferred Compensation and Subscriptions Receivable						
Balance, beginning of year	(422,575)	\$(6,619)	(426,575)	\$(6,708)	(504,825)	\$(8,026)
Amortization of deferred compensation	27,875	422	4,000	89	78,250	1,318
Subscription of shares under share purchase plan	(40,000)	(1,000)	--	--	--	--
Balance, end of year	(434,700)	\$(7,197)	(422,575)	\$(6,619)	(426,575)	\$(6,708)
Allowance for Unrealized Loss on Marketable Securities						
Balance, beginning of year		\$(364)		\$(385)		\$(465)
Change due to recognizing loss on securities		334		-		-
Net unrealized (loss) gain		(23)		21		80
Balance, end of year		\$(53)		\$(364)		\$(385)
Accumulated Dividends in Excess of Trust Net Income						
Balance, beginning of year		\$(116,823)		\$(92,932)		\$(66,056)
Net income		20,466		18,130		9,430

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Dividends declared to shareholders	(48,196)	(42,021)	(36,306)
Balance, end of year	\$(144,553)	\$(116,823)	\$(92,932)

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Twelve months ended December 31,		
	1994	1993	1992
	---	---	-----
OPERATING ACTIVITIES			
Net income	\$20,466	\$18,130	\$9,430
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	29,801	25,375	23,033
Rent abatements in lieu of leasehold improvements, net of tenant improvements retired	(812)	(1,185)	(734)
Imputed interest and amortization of debt cost	547	520	718
Amortization of deferred compensation and forgiveness of officers' notes	621	591	956
Write-down of investments	1,207	-	960
Gain on sale of real estate	-	-	(2,501)
Payment of trustees' fees in shares	132	185	157
Net (gain) loss on early extinguishment of debt	-	(2,016)	58
Changes in assets and liabilities			
Increase in accounts receivable	(400)	(5,345)	(525)
Increase in prepaid expenses and other assets before depreciation and amortization	(4,674)	(6,484)	(4,454)
Increase (decrease) in operating accounts payable, security deposits and prepaid rent	(1,161)	3,221	(61)
Increase (decrease) in accrued expenses, net of the premium put on the 5 1/4% convertible subordinated debentures in 1994	(528)	2,191	1,199
Net cash provided by operating activities	45,199	35,183	28,236
INVESTING ACTIVITIES			
Acquisition of real estate	(48,337)	(108,007)	(24,577)
Capital expenditures	(42,286)	(34,267)	(15,201)
(Issuance) payments of mortgage notes receivable, net	(7)	21	56
Issuance of notes receivable - officers, net	(116)	(48)	(330)
Proceeds from sale of real estate	-	-	10,057
Net decrease (increase) in temporary investments	281	31,607	(28,230)
Net cash used in investing activities	(90,465)	(110,694)	(58,225)
FINANCING ACTIVITIES			
Proceeds of mortgage financings, net of costs	22,500	-	29,449

Regular payments on mortgages, capital leases and notes payable	(2,080)	(2,225)	(2,230)
Balloon payments on mortgages and capital leases, including prepayment fees	(3,400)	(32,547)	(7,962)
Borrowing (repayment) of short-term debt, net	30,332	24,413	(8,500)
Early retirement of 5 1/4% convertible debentures due 2002	-	(4,416)	(23,623)
Redemption of 5 1/4% convertible debentures due 2002, including premium put	(47,790)	-	-
Redemption of 8 3/4% convertible debentures	-	(176)	-
Redemption of senior notes	-	(50,505)	-

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Issuance of 5 1/4% convertible debentures due 2003, net of costs	-	73,025	-
Dividends paid	(43,973)	(38,087)	(31,088)
Issuance of shares	84,247	79,489	67,102
Decrease in minority interest	(210)	(141)	(230)
	-----	-----	-----
Net cash provided by financing activities	39,626	48,830	22,918
	-----	-----	-----
Decrease in cash	(5,640)	(26,681)	(7,071)
Cash at beginning of year	9,635	36,316	43,387
	-----	-----	-----
Cash at end of year	\$3,995	\$9,635	\$36,316
	=====	=====	=====

The accompanying notes are an integral part of these statements.

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Federal Realty Investment Trust
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1994, 1993, and 1992

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Federal Realty Investment Trust invests predominantly in income-producing real estate properties, primarily community and neighborhood shopping centers.

The Trust uses the straight-line method in providing for depreciation. Estimated useful lives range from three to 25 years on apartment buildings and improvements, and from three to 35 years on retail properties and improvements. Maintenance and repair costs are charged to operations as incurred. Major improvements are capitalized. The gain or loss resulting from the sale of properties is included in net income.

The Trust capitalizes certain costs directly related to the acquisition, improvement and leasing of real estate including applicable salaries and other related costs. The capitalized costs associated with unsuccessful acquisitions are charged to operations when that determination is made. The capitalized costs associated with improvements and leasing are depreciated or amortized over the life of the improvement and lease, respectively.

Costs related to the issuance of debt instruments are capitalized and are amortized as interest expense over the life of the related issue using the interest method. Upon conversion or in the event of redemption, applicable unamortized costs are charged to shareholders' equity or to operations, respectively.

The Trust operates in a manner intended to enable it to qualify as a real estate investment trust under Sections 856-860 of the Internal Revenue Code (the "Code"). Under those sections, a trust which distributes at least 95% of its real estate trust taxable income to its shareholders each year and which meets certain other conditions will not be taxed on that portion of its taxable income which is distributed to its shareholders. Therefore, no provision for Federal income taxes is required.

The Trust consolidates the financial statements of one wholly owned subsidiary, nine partnerships, and a joint venture which are controlled by the Trust. The equity interests of other investors are reflected as investors' interest in consolidated assets. All significant intercompany transactions and balances are eliminated.

The Trust defines cash as cash on hand, demand deposits with financial institutions and short term liquid investments with an initial maturity under three months. Cash balances may exceed insurable amounts.

Earnings per share are computed using the weighted average number of shares outstanding during the respective periods, including options.

NOTE 1: REAL ESTATE AND ENCUMBRANCES

A summary of the Trust's properties at December 31, 1994 is as follows:

	Cost	Accumulated depreciation and amortization	Encumbrances
	----	-----	-----
(In thousands)			
Shopping centers	\$654,936	\$112,239	\$102,781
Shopping centers under capital leases	191,780	44,702	132,924
Apartments	6,006	3,695	-
	-----	-----	-----
	\$852,722	\$160,636	\$235,705
	=====	=====	=====

The Trust's 52 shopping centers are located in twelve states, primarily along the East Coast between the Boston metropolitan area and Richmond, Virginia. There are approximately 1,500 tenants providing a wide range of retail products and services. These tenants range from sole proprietorships to national retailers; no one tenant or corporate group of tenants accounts for 5% or more of revenue.

The Trust purchased four shopping centers in 1994. Idylwood Plaza in Falls Church, Virginia was purchased for \$14.3 million in cash; North Lake Commons in Lake Zurich, Illinois was purchased for \$10.9 million in cash; Garden Market Shopping Center in Western Springs, Illinois was purchased for \$7.6 million in cash; and Queen Anne Plaza in Norwell, Massachusetts was purchased for \$10.7 million in cash and a \$1.1 million note which was paid in January 1995. In addition the Trust purchased a 3.9 acre parcel of land underlying an Acme supermarket which adjoins its Bala Cynwyd Shopping Center for cash of \$1.1 million and a retail building in Westport, Connecticut for cash of \$3.8 million.

During 1993 the Trust acquired seven shopping centers. Pan Am Shopping Center in Fairfax, Virginia was acquired for \$21.6 million in cash; Gaithersburg Square in Gaithersburg, Maryland was purchased for \$11.0 million in cash and the assumption of a \$2.0 million liability which is the estimated cost to remediate certain preexisting environmental issues; Quince Orchard Plaza in Gaithersburg, Maryland and its adjoining office building were purchased for \$10.9 million in cash and the assumption of a liability of approximately \$250,000 to remediate preexisting environmental issues; Crossroads Shopping Center in Highland Park, Illinois was purchased for \$16.2 million in cash; Bala Cynwyd Shopping Center in suburban Philadelphia, Pennsylvania was purchased for \$17.0 million in cash; Dedham Plaza in Dedham, Massachusetts was purchased for \$25.0 million in cash and the assumption of a \$250,000 liability to remediate existing environmental issues; and the leasehold

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interest in Bethesda Row in Bethesda, Maryland was acquired with \$6.2 million in cash.

Mortgage notes receivable consist of three notes collateralized by shopping centers. All three notes were issued in connection with either the acquisition or sale of Trust properties. In 1994 a note for \$700,000 with accrued interest thereon was deemed uncollectible and therefore was

written off.

In January 1994 a \$22.5 million one year mortgage was placed on Northeast Plaza in Atlanta, Georgia. The mortgage, which bore interest at LIBOR (London Interbank Offered Rate), plus 100 to 150 basis points was repaid in January 1995. In 1993 the Trust prepaid mortgages on Laurel, Northeast and Northeast Plaza shopping centers, resulting in a net gain of \$2.9 million which was recorded as a component of the net gain on early extinguishment of debt.

In November 1994 the Trust exercised an option to purchase the ground underlying the Northeast Shopping Center in Philadelphia, Pennsylvania for \$4.2 million, \$3.4 million of which had been recorded as a capital lease obligation.

Mortgages payable and capital lease obligations are due in installments over various terms extending to 2060 with actual or imputed interest rates ranging from 7.9% to 11.25%. Certain of the mortgage and capital lease obligations require additional interest payments based upon property performance.

Aggregate mortgage principal payments due during the next five years are \$23.5 million, which includes the \$22.5 million on Northeast Plaza referred to above, \$1.1 million, \$1.3 million, \$43.7 million, and \$574,000, respectively.

Future minimum lease payments and their present value for property under capital leases as of December 31, 1994 are as follows:

Year ending December 31,	(in thousands)
1995	\$13,651
1996	13,651
1997	13,666
1998	13,699
1999	13,702
Thereafter	589,363

	657,732
Less amount representing interest	(524,808)
	=====
Present value	\$132,924
	=====

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Leasing Arrangements

The Trust's leases with shopping center and apartment tenants are classified as operating leases. Leases on apartments are generally for a period of one year, whereas shopping center leases generally range from three to 10 years and usually provide for contingent rentals based on sales and sharing of certain operating costs.

The components of rental income are as follows:

(in thousands)	Year ended December 31,		
	1994	1993	1992

	----	----	----
Shopping centers			
Minimum rents	\$97,503	\$81,291	\$68,784
Cost reimbursements	23,774	18,171	14,878
Percentage rent	4,478	4,147	4,171
Apartments - rents	2,378	2,339	2,138
	-----	-----	-----
	\$128,133	\$105,948	\$89,971
	=====	=====	=====

The components of rental expense are as follows:

(in thousands)	Year ended December 31,		
	1994	1993	1992
	----	----	----
Management fees and costs	\$5,316	\$5,213	\$3,957
Repairs and maintenance	9,238	6,452	4,595
Utilities	4,981	3,944	3,595
Payroll - properties	4,094	3,205	2,567
Ground rent	2,510	375	362
Insurance	1,879	1,585	1,430
Other operating	7,812	5,745	4,413
	-----	-----	-----
	\$35,830	\$26,519	\$20,919
	=====	=====	=====

Minimum future shopping center rentals on noncancelable operating leases as of December 31, 1994 are as follows:

Year ending December 31,	(in thousands)
1995	\$100,581
1996	93,097
1997	83,468
1998	72,376
1999	61,728
Thereafter	265,746

	\$676,996
	=====

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NOTE 2. INVESTMENTS

At December 31, 1994 the Trust had investments of \$3.6 million. Included in these investments is \$4.7 million of Olympia and York Senior First Mortgage Notes due March 20, 1999, which are carried at \$3.1 million. The Trust intends to hold these notes until maturity. In 1992 these notes were written down to management's best estimate of their net realizable value. The other \$500,000 of investments consists of marketable equity securities and mutual funds which are available for sale and which are stated at market. In 1994 the Trust recognized an unrealized loss of \$449,000 on equity securities, since the loss appears to be permanent.

NOTE 3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following disclosure of estimated fair value was determined by the Trust, using available market information and appropriate valuation methods. Considerable judgment is necessary to develop estimates of fair

value. The estimates presented herein are not necessarily indicative of the amounts that could be realized upon disposition of the financial instruments.

The Trust estimates the fair value of its financial instruments using the following methods and assumptions: (1) quoted market prices, when available, are used to estimate the fair value of investments in marketable debt and equity securities; (2) quoted market prices are used to estimate the fair value of the Trust's marketable convertible subordinated debentures; (3) discounted cash flow analyses are used to estimate the fair value of long term notes receivable and payable, using the Trust's estimate of current interest rates for similar notes; (4) carrying amounts in the balance sheet approximate fair value for cash and short term borrowings. Notes receivable from officers are excluded from fair value estimation since they have been issued in connection with employee stock ownership programs.

(in thousands)	December 31, 1994		December 31, 1993	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash & equivalents	\$3,995	\$3,995	\$9,635	\$9,635
Investments	3,588	3,588	4,008	4,008
Mortgage notes receivable	13,178	13,459	13,871	14,631
Mortgages and notes payable	164,664	165,700	111,756	117,983
Convertible debentures	75,289	54,585	122,730**	119,581

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**At December 31, 1993 the carrying value is the sum of the principal amount of \$115.2 million plus the accrued premium on the convertible debentures due 2002.

NOTE 4. NOTES PAYABLE

At December 31, 1994 the Trust had notes payable of \$61.9 million. Of this balance, \$54.7 million was issued under the Trust's revolving credit facilities and the balance of \$7.2 million was issued in connection with the acquisition or renovation of Trust properties. In December 1994 the Trust issued a one month note payable for \$1.1 million in connection with the purchase of Queen Anne Plaza. The note which bore interest at 4% was paid in January 1995. In 1993 the Trust issued a note for \$3.0 million at an interest rate of 10%, payable in equal monthly installments with a final maturity in 2013 in connection with the renovation at Perring Plaza. The balance of the \$7.2 million relates primarily to a note issued in connection with the acquisition and renovation of Federal Plaza. The note bears interest at 11% and matures in 1996.

At December 31, 1994 the Trust had \$130 million of unsecured medium term revolving credit facilities with four banks. The facilities, which bear interest at LIBOR plus 85 to 100 basis points, require fees and have covenants requiring a minimum shareholders' equity and a maximum ratio of debt to net worth. The maximum drawn under these facilities during 1994 was \$54.7 million, which was outstanding at December 31. The weighted average interest rate on borrowings during 1994 was 5.6% and the average amount outstanding was \$26.3 million.

At December 31, 1993 the Trust had \$70.0 million of unsecured medium term revolving credit facilities with three banks. All three facilities required fees and had covenants requiring a minimum shareholders' equity and a maximum ratio of debt to net worth. The maximum drawn under these facilities during 1993 was \$64.1 million and at December 31, 1993 there was \$24.4 million outstanding. The weighted average interest rate on borrowings during 1993 was 4.2% and the average amount outstanding was \$6.6 million.

NOTE 5. DIVIDENDS

On November 10, 1994 the Trustees declared a quarterly cash dividend of \$.395 per share, payable January 13, 1995 to shareholders of record January 3, 1995. For the years ended December 31, 1994, 1993 and 1992, \$.75, \$.45 and \$.915 of dividends paid per share, respectively, represented a return of capital.

NOTE 6. COMMITMENTS AND CONTINGENCIES

Pursuant to the provisions of the Loehmann's Plaza Limited Partnership Agreement, on or after September 1, 1995 the limited partner may require the Trust to purchase his interest in the Partnership at its then fair market value.

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The Congressional Plaza Shopping Center Joint Venture Agreement provides that the Trust may be required to purchase its pro rata share of one venturer's 22.5% or greater joint venture interest for a purchase price based on the appraised fair market value of the shopping center, but no less than the percentage of joint venture interest being sold multiplied by the difference between \$17.5 million and the remaining principal balance of any liabilities of the Joint Venture.

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

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

In 1992 contaminants at levels in excess of New Jersey cleanup standards were identified at a shopping center in New Jersey. The Trust has retained an environmental consultant to investigate the contamination. The Trust is also evaluating whether it has insurance coverage for this matter. At this time, the Trust is unable to determine what the range of

remediation costs might be. The Trust has also identified chlorinated solvent contamination at two other properties. In each case, the contamination appears to be linked to the current and/or previous dry cleaner. The Trust intends to look to the responsible parties for any remediation effort. Evaluation of these situations is preliminary and it is impossible, at this time, to estimate the range of remediation costs, if any.

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

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A non qualified deferred compensation plan for Trust officers was established in 1994. The plan allows the officers to defer future income until the earlier of age 65 or termination of employment with the Trust. As of December 31, 1994, approximately \$99,000 of compensation had been deferred under this plan. Although this is an unfunded plan, the Trust has purchased certain investments with which to match this obligation.

The Trust has entered into agreements with certain key employees whereby if these employees voluntarily or involuntarily leave the employment of the Trust within six months after a "change of control" (defined as control of 35% or more of outstanding shares) of the Trust, they will be entitled to a lump sum cash payment equal to one to three times their annual salary as of the date of termination and have their health and welfare benefits and executive privileges continued for a period of one to three years. In the event of a change of control, the Trust also agreed that all restrictions on the exercise or receipt of any stock options and stock grants shall lapse upon termination of employment and that all shares owned at termination shall be redeemed by the Trust at a formula price.

The Trust had previously entered into employment agreements with its President and certain other key employees for terms of up to three years, which automatically renewed at the end of each month unless either party notified the other that it elected not to extend the term. During 1994 the Trust offered certain of the employees covered under these agreements, other than the President, a severance agreement in lieu of the employment agreement. Two employees retained their employment agreements, which agreements now have a fixed term. The severance agreement prescribes that, among other things, if the employee is terminated without cause, he/she is entitled to salary for up to 18 months and benefits for up to nine months.

As of December 31, 1994 in connection with the renovation of certain shopping centers, the Trust has contractual obligations of \$3.1 million. In addition the Trust is contractually obligated to provide up to \$10.1 million for tenant improvements and \$2.6 million to buy out tenant leases.

The Trust is obligated under ground lease agreements on several shopping centers requiring minimum annual payments as follows:

	(in thousands)
1995	\$2,851
1996	2,851

1997	2,851
1998	2,851
1999	2,859
Thereafter	160,654

	\$174,917
	=====

NOTE 7. 5 1/4% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2003

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In October 1993 the Trust issued \$75.0 million of 5 1/4% convertible subordinated debentures, realizing cash proceeds of approximately \$73.0 million. The debentures were not registered under the Securities Act of 1933, and were not publicly distributed within the United States. The debentures, which mature in 2003, are convertible into shares of beneficial interest at \$36 per share. The debentures are redeemable by the Trust, in whole, at any time after October 28, 1998 at 100% of the principal amount plus accrued interest.

NOTE 8. 5 1/4% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2002

At December 31, 1994 and 1993 the Trust had outstanding \$289,000 and \$40.2 million, respectively, of 5 1/4% convertible subordinated debentures due 2002. The debentures which are convertible into shares of beneficial interest at \$30.625 were not registered under the Securities Act of 1933 and were not publicly distributed within the United States.

In April 1994, \$39.8 million of the debentures were redeemed at a price equal to 120% of their principal amount or \$47.8 million, in accordance with a premium put. A principal amount of \$53,000 of these debentures was converted into 1,729 shares in 1994. During 1993 the Trust purchased \$3.7 million of these debentures, resulting in a loss of \$74,000 which was recorded as a component of the net gain on early extinguishment of debt.

NOTE 9. SHAREHOLDERS' EQUITY

In April 1994 the Trust raised net proceeds of \$61.3 million from a public offering of 2.5 million shares of beneficial interest ("shares"). In a concurrent offering of 840,000 shares to an institutional investor, the Trust raised net proceeds of \$21.7 million. In April 1993 the Trust sold 2.8 million shares in a public offering, raising net proceeds of \$72.8 million. In December 1993 the Trust sold 220,000 shares for \$5.4 million in a private placement in connection with the long term lease of a property. In June 1992 the Trust sold 3.4 million shares in a public offering, raising net proceeds of \$66.5 million.

The Trust has a Dividend Reinvestment Plan, whereby shareholders may use their dividends to purchase shares. In March 1993 the Trust registered an additional 500,000 shares with the Securities and Exchange Commission in connection with the plan. In 1994, 1993, and 1992, 162,466 shares, 131,620 shares and 132,189 shares, respectively, were issued under the Plan.

On January 1, 1994 under the terms of the 1993 Long Term Incentive Plan, an officer of the Trust purchased 40,000 common shares at \$25 per share with the assistance of a \$1.0 million loan from the Trust. The loan, which has a term of 12 years, bears interest at 6.24%. One-sixteenth of the loan will be forgiven on January 31, 1995. Forgiveness

of up to 75% of the loan is subject to the future performance of the Trust.

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In January 1991 the Trustees adopted the Federal Realty Investment Trust Share Purchase Plan. Under the terms of this plan, officers and certain employees of the Trust purchased 446,000 common shares at \$15.125 per share with the assistance of loans of \$6.7 million from the Trust. Originally, the Plan called for one-sixteenth of the loan to be forgiven each year for eight years, as long as the participant was still employed by the Trust. The loans for all participants, but two, were modified in 1994 to extend the term an additional four years and to tie forgiveness in 1995 and thereafter to certain performance criteria of the Trust. The Trust has loaned participants \$675,000 to pay the taxes due in connection with the plan. The purchase loans and the tax loans bear interest at 9.39%. The shares purchased under the plan may not be sold, pledged or assigned until both the purchase and tax loans are satisfied and the term has expired.

Under the terms of the 1988 Share Bonus Plan, 108,000 shares were granted to officers and key employees. During the years ended December 31, 1993 and 1992 the last 4,000 shares and 22,500 shares, respectively, were vested and charged to operations. In connection with these shares, the Trust has made loans to the participants to pay the taxes due in connection with the plan. The notes bear interest at the lesser of (i) the Trust's borrowing rate or (ii) the Trust's current indicated annual dividend rate divided by the purchase price of such shares. Notes issued under this plan are being forgiven over three years from issuance if the officer is still employed by the Trust. During the years ended December 31, 1994, 1993 and 1992, \$74,000, \$80,000 and \$60,000, respectively, was forgiven.

In connection with a restricted share grant, the Trust accepted from the President a noninterest bearing note for \$210,000. One installment of \$105,000 was paid on the note in 1992 and the second installment is due April 15, 1996.

The Trust owns shares of other real estate investment trusts ("REITs") as a long term investment. The Trust's cost of these shares was \$887,000. In 1994 the Trust recognized an unrealized loss of \$449,000 on these shares, since it appears that the decline in value of one investment is permanent. Due to temporary price declines in the other REITs, the Trust had an allowance for unrealized losses of \$53,000 as of December 31, 1994.

At December 31, 1994, 1993, and 1992 the Trust had 60,200 shares in treasury at a cost of \$1.1 million.

On April 13, 1989, the Trustees adopted a Shareholder Rights Plan (the Plan). Under the Plan, one right was issued for each outstanding share of common stock held as of April 24, 1989, and a right will be attached to each share issued in the future. The rights are exercisable into common shares upon the occurrence of certain events, including acquisition by a person or group of certain levels of beneficial ownership or a tender offer by such a person or group. The rights are redeemable by the Trust for \$.01 and expire on April 24, 1999.

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NOTE 10. STOCK OPTION PLAN

The 1993 Long-Term Incentive Plan ("Plan") was approved by shareholders in May 1993. On the date of approval, 472,500 options were awarded to officers, employees and nonemployee Trustees. On December 16, 1993, 69,000 options were awarded to employees. Under the Plan, on each annual meeting date during the term of the plan, each non employee Trustee will be awarded 2,500 options. Accordingly on May 4, 1994, 20,000 options were awarded to non employee Trustees.

The option price to acquire shares under the 1993 Plan and previous plans is required to be at least the fair market value at the date of grant. As a result of the exercise of options, the Trust has outstanding from its officers and employees notes for \$2.0 million. The notes issued under the 1993 plan bear interest at the dividend rate on the date of exercise divided by the purchase price of such shares. The notes issued under the previous plans bear interest at the lesser of (i) the Trust's borrowing rate or (ii) the current indicated annual dividend rate on the shares acquired pursuant to the option, divided by the purchase price of such shares. The notes are collateralized by the shares and are with recourse.

	Shares available for future option grants	Options Shares	Outstanding Price per share
	-----	-----	-----
December 31, 1991	373,037	179,805	
Options granted	(202,500)	202,500	\$20.50-\$22.625
Options exercised	---	(8,055)	\$17.25-\$18.00
Options expired	1,000	(1,000)	\$22.625
	-----	-----	
December 31, 1992	171,537	373,250	
Expiration of 1989 plan	(171,537)	---	
Adoption of 1993 plan	6,000,000	---	
Options granted	(541,500)	541,500	\$25.75-\$26.00
Options exercised	---	(53,384)	\$15.00-\$24.125
Options expired	2,500	(8,250)	\$20.875-\$26.00
	-----	-----	
December 31, 1993	5,461,000	853,116	
Options granted	(20,000)	20,000	\$24.875
Options exercised	---	(47,240)	\$18.00-\$22.625
Options expired		(1,750)	\$20.875-\$25.75
	-----	-----	
December 31, 1994	5,441,000	824,126	
	=====	=====	

NOTE 11. SAVINGS AND RETIREMENT PLAN

The Trust has a savings and retirement plan in accordance with the provisions of Section 401(k) of the Internal Revenue Code. Under the plan, the Trust, out of its current net income, contributed 50% of each

employee's contribution. Employees' contributions range, at the discretion of each employee, from 1% to 5% of compensation. In addition, the Trust may make discretionary contributions within the limits of

deductibility set forth by the Code. Employees of the Trust, who work over 1,000 hours annually, are eligible to become plan participants. The Trust's expense for the years ended December 31, 1994, 1993 and 1992 was \$147,000, \$133,000 and \$100,000, respectively.

NOTE 12. INTEREST EXPENSE

The Trust incurred interest expense totalling \$31.8 million, \$31.8 million and \$35.4 million, in 1994, 1993 and 1992, respectively, of which \$348,000, \$216,000 and \$237,000, respectively, was capitalized. Interest paid was \$39.9 million in 1994 which included \$8.0 million of the premium on the 5 1/4% convertible subordinated debentures which were redeemed in April 1994. Interest paid in 1993 was \$31.4 million and in 1992, \$36.9 million.

NOTE 13. SUBSEQUENT EVENTS

On January 19, 1995 the Trust issued \$100 million of 8-7/8% Senior Notes due January 15, 2000, netting proceeds of \$99.2 million. The notes, which are not redeemable prior to maturity, pay interest semiannually on January 15 and July 15 of each year. Proceeds from this offering were used to pay off amounts drawn under the Trust's revolving credit facilities and the \$22.5 million mortgage on Northeast Plaza.

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

In January 1995, the Trust executed an interest rate swap on \$25.0 million, whereby the Trust swapped fixed interest payment obligations of 8.136% for a floating rate interest payment of three month LIBOR. Consequently the Trust will have a floating rate of interest on \$25.0 million of the senior notes.

On February 15, 1995 719,000 options at \$20.75 were issued to employees of the Trust.

On February 16, 1995 the Trust purchased a 6,800 square foot retail building in Greenwich, Connecticut for \$2.0 million cash.

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NOTE 14. QUARTERLY DATA (UNAUDITED)

The following summary represents the results of operations for each quarter in 1994 and 1993:

(in thousands, except per share amounts)

	Net	Earnings
Revenue	Income	per share
-----	-----	-----

1994				
March 31	\$33,692	\$4,083		\$.15
June 30	32,794	5,206		.17
September 30	34,796	4,966		.16
December 31	36,482	6,211		.19
1993				
March 31	\$26,644	\$2,521(1)		\$.10
June 30	28,444	2,825(2)		.10
September 30	28,898	4,538		.16
December 31	31,351	8,246(3)		.31

- 1) Income before extraordinary item was \$2.6 million or \$.10 per share.
- 2) Income before extraordinary item was \$3.8 million or \$.14 per share.
- 3) Income before extraordinary item was \$5.2 million or \$.19 per share.

The increasing revenue and net income during the past two years are primarily due to the expansion of the Trust's portfolio and lower interest costs. During the second quarter of 1993 the Trust had a loss on the early retirement of debt of \$.04 per share and in the fourth quarter of 1993 a gain on the early retirement of debt of \$.11 per share.

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FEDERAL REALTY INVESTMENT TRUST
SUMMARY OF REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1994

COLUMN A	COLUMN B	COLUMN C Initial cost to company		COLUMN D
Descriptions	Encumbrance	Land	Building and Improvements	Cost Capitalized Subsequent to Acquisition
ALLWOOD (New Jersey)	\$3,574,000	\$	\$3,920,000	\$231,000

ANDORRA (Pennsylvania)		2,432,000	12,346,000	1,462,000
BALA CYNWYD (Pennsylvania)		2,986,000	14,000,000	1,914,000
BARRACKS ROAD (Virginia)	22,086,000	4,363,000	16,459,000	10,601,000
BETHESDA AVENUE ROW (Maryland)	12,576,000		18,823,000	631,000
BLUESTAR (New Jersey)	27,278,000		29,922,000	1,050,000
BRAINERD VILLAGE (Tennessee)		1,920,000	8,006,000	2,377,000
BRICK PLAZA (New Jersey)	21,362,000		24,715,000	5,099,000
BRUNSWICK (New Jersey)	11,355,000		12,456,000	737,000
CLIFTON (New Jersey)	3,324,000		3,646,000	124,000
CONGRESSIONAL PLAZA (Maryland)		2,793,000	7,424,000	17,936,000
CROSSROADS (Illinois)		4,635,000	11,611,000	665,000
DEDHAM PLAZA (Massachusetts)		12,369,000	12,918,000	284,000
EASTGATE (North Carolina)		1,608,000	5,775,000	4,159,000
ELLISBURG CIRCLE (New Jersey)		4,028,000	11,309,000	9,029,000
FALLS PLAZA (Virginia)	4,391,000	530,000	735,000	1,203,000
FEASTERVILLE (Pennsylvania)	940,000		1,600,000	2,210,000
FEDERAL PLAZA (Maryland)	29,125,000	10,216,000	17,895,000	31,057,000
FLOURTOWN (Pennsylvania)		347,000	1,806,000	1,029,000
FOREST CITY (Michigan)		525,000	1,601,000	2,010,000
GAITHERSBURG SQUARE (Maryland)		7,701,000	5,271,000	4,438,000
GARDEN MARKET (Illinois)		2,677,000	4,829,000	90,000
GOVERNOR PLAZA (Maryland)		2,068,000	4,905,000	9,879,000
HAMILTON (New Jersey)	4,927,000		5,405,000	1,433,000
HUNTINGTON (New York)	14,593,000		16,008,000	3,522,000
IDYLLWOOD PLAZA (Virginia)		4,308,000	10,026,000	117,000
LANCASTER (Pennsylvania)	1,353,000		2,103,000	2,519,000
LANGHORNE SQUARE (Pennsylvania)		720,000	2,974,000	8,243,000

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LAUREL (Maryland)		7,458,000	22,525,000	10,960,000
LAWRENCE PARK (Pennsylvania)	4,541,000		7,160,000	5,144,000
LOEHMANN'S PLAZA (Virginia)	6,573,000	1,237,000	15,096,000	4,412,000
MID PIKE PLAZA (Maryland)	10,041,000		10,335,000	5,005,000
NORTH CITY PLAZA (Pennsylvania)		325,000	2,175,000	507,000
NORTHEAST (Pennsylvania)	1,500,000	1,152,000	10,596,000	8,295,000
NORTHEAST PLAZA (Georgia)	22,500,000	6,930,000	26,236,000	5,172,000
NORTH LAKE COMMONS (Illinois)		2,529,000	8,604,000	178,000
OLD KEENE MILL (Virginia)	7,199,000	638,000	998,000	1,925,000
PAN AM SHOPPING CENTER (Virginia)		8,694,000	12,929,000	1,831,000
PERRING PLAZA (Maryland)		2,800,000	6,461,000	14,219,000
QUEEN ANNE PLAZA (Massachusetts)		3,319,000	8,457,000	
QUINCE ORCHARD PLAZA (Maryland)		3,197,000	7,949,000	1,955,000
ROLLINGWOOD APTS. (Maryland)		552,000	2,246,000	3,208,000
RUTGERS (New Jersey)	13,154,000		14,429,000	327,000
SHILLINGTON (Pennsylvania)	804,000		1,387,000	1,530,000
SHIPS BUILDING (Connecticut)		1,683,000	2,159,000	
TOWN & COUNTRY (Louisiana)		1,326,000	3,440,000	585,000
TOWN & COUNTRY (Illinois)		904,000	2,483,000	4,862,000
TROY (New Jersey)	3,102,000		5,193,000	5,115,000
TYSONS STATION (Virginia)	4,368,000	388,000	453,000	2,264,000
WESTFALLS (Virginia)	5,039,000	538,000	535,000	2,049,000
WILDWOOD (Maryland)		9,135,000	1,061,000	4,848,000
WILLIAMSBURG (Virginia)		2,758,000	7,160,000	2,117,000
WILLOW GROVE (Pennsylvania)		1,600,000	6,643,000	15,231,000
WILLOW LAWN (Virginia)		3,192,000	7,723,000	37,432,000
TOTALS	\$235,705,000	\$126,581,000	\$462,921,000	\$263,220,000
	=====	=====	=====	=====

FEDERAL REALTY INVESTMENT TRUST
SUMMARY OF REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1994

COLUMN A	COLUMN E			COLUMN F	COLUMN G
Descriptions	Gross amount at which carried at close of period			Accumulated Depreciation and Amortization	Date of Construction
	Land	Building and Improvements	Total		
ALLWOOD (New Jersey)	\$	\$4,151,000	\$4,151,000	\$699,000	1958
ANDORRA (Pennsylvania)	2,432,000	13,808,000	16,240,000	2,705,000	1953
BALA CYNWYD (Pennsylvania)	3,565,000	15,335,000.0	18,900,000	543,000	1955
BARRACKS ROAD (Virginia)	4,363,000	27,060,000	31,423,000	7,909,000	1958
BETHESDA AVENUE ROW (Maryland)		19,454,000	19,454,000	537,000	1945-1991
BLUESTAR (New Jersey)		30,972,000	30,972,000	5,368,000	1959
BRAINERD VILLAGE (Tennessee)	1,920,000	10,383,000	12,303,000	2,499,000	1960
BRICK PLAZA (New Jersey)		29,814,000	29,814,000	4,058,000	1958
BRUNSWICK (New Jersey)		13,193,000	13,193,000	2,306,000	1957
CLIFTON (New Jersey)		3,770,000	3,770,000	632,000	1959
CONGRESSIONAL PLAZA (Maryland)	2,793,000	25,360,000	28,153,000	7,352,000	1965
CROSSROADS (Illinois)	4,635,000	12,276,000	16,911,000	518,000	1959
DEDHAM PLAZA (Massachusetts)	12,369,000	13,202,000	25,571,000	372,000	1959
EASTGATE (North Carolina)	1,608,000	9,934,000	11,542,000	2,901,000	1963
ELLISBURG CIRCLE (New Jersey)	4,028,000	20,338,000	24,366,000	1,060,000	1959
FALLS PLAZA (Virginia)	530,000	1,938,000	2,468,000	1,428,000	1962
FEASTERVILLE (Pennsylvania)		3,810,000	3,810,000	2,487,000	1958
FEDERAL PLAZA (Maryland)	10,216,000	48,952,000	59,168,000	5,873,000	1970
FLOURTOWN (Pennsylvania)	347,000	2,835,000	3,182,000	1,134,000	1957
FOREST CITY (Michigan)	525,000	3,611,000	4,136,000	1,450,000	1964
GAITHERSBURG SQUARE (Maryland)	7,701,000	9,709,000	17,410,000	286,000	1966
GARDEN MARKET (Illinois)	2,677,000	4,919,000	7,596,000	32,000	1958
GOVERNOR PLAZA (Maryland)	2,068,000	14,784,000	16,852,000	4,246,000	1963
HAMILTON (New Jersey)		6,838,000	6,838,000	1,293,000	1961
HUNTINGTON (New York)		19,530,000	19,530,000	3,078,000	1962
IDYLLWOOD PLAZA (Virginia)	4,308,000	10,143,000	14,451,000	191,000	1991
LANCASTER (Pennsylvania)		4,622,000	4,622,000	2,373,000	1958
LANGHORNE SQUARE (Pennsylvania)	720,000	11,217,000	11,937,000	2,847,000	1966
LAUREL (Maryland)	7,458,000	33,485,000	40,943,000	7,783,000	1956
LAWRENCE PARK (Pennsylvania)		12,304,000	12,304,000	7,635,000	1972
LOEHMANN'S PLAZA (Virginia)	1,248,000	19,497,000	20,745,000	6,832,000	1971
MID PIKE PLAZA (Maryland)		15,340,000	15,340,000	5,191,000	1963

NORTH CITY PLAZA (Pennsylvania)	325,000	2,682,000	3,007,000	708,000	1972
NORTHEAST (Pennsylvania)	1,152,000	18,891,000	20,043,000	4,491,000	1959
NORTHEAST PLAZA (Georgia)	6,933,000	31,405,000	38,338,000	8,220,000	1952
NORTH LAKE COMMONS (Illinois)	2,529,000	8,782,000	11,311,000	161,000	1989
OLD KEENE MILL (Virginia)	638,000	2,923,000	3,561,000	1,643,000	1968
PAN AM SHOPPING CENTER (Virginia)	8,694,000	14,760,000	23,454,000	811,000	1979
PERRING PLAZA (Maryland)	2,800,000	20,680,000	23,480,000	3,780,000	1963
QUEEN ANNE PLAZA (Massachusetts)	3,319,000	8,457,000	11,776,000		1967
QUINCE ORCHARD PLAZA (Maryland)	3,197,000	9,904,000	13,101,000	423,000	1975
ROLLINGWOOD APTS. (Maryland)	572,000	5,434,000	6,006,000	3,695,000	1960
RUTGERS (New Jersey)		14,756,000	14,756,000	2,493,000	1973
SHILLINGTON (Pennsylvania)		2,917,000	2,917,000	1,587,000	1956
SHIPS BUILDING (Connecticut)	1,683,000	2,159,000	3,842,000		1900
TOWN & COUNTRY (Louisiana)	1,326,000	4,025,000	5,351,000	487,000	1974
TOWN & COUNTRY (Illinois)	904,000	7,345,000	8,249,000	5,309,000	1968
TROY (New Jersey)		10,308,000	10,308,000	4,966,000	1966
TYSONS STATION (Virginia)	475,000	2,630,000	3,105,000	2,266,000	1954
WESTFALLS (Virginia)	559,000	2,563,000	3,122,000	1,557,000	1960
WILDWOOD (Maryland)	9,135,000	5,909,000	15,044,000	4,190,000	1958
WILLIAMSBURG (Virginia)	2,758,000	9,277,000	12,035,000	2,637,000	1961
WILLOW GROVE (Pennsylvania)	1,600,000	21,874,000	23,474,000	6,056,000	1953
WILLOW LAWN (Virginia)	3,192,000	45,155,000	48,347,000	11,538,000	1957
TOTALS	\$127,302,000	\$725,420,000	\$852,722,000	\$160,636,000	
	=====	=====	=====	=====	

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FEDERAL REALTY INVESTMENT TRUST
SUMMARY OF REAL ESTATE AND
ACCUMULATED DEPRECIATION
DECEMBER 31, 1994

COLUMN A	COLUMN H	COLUMN I
Descriptions	Date Acquired	Life on which depreciation in latest income statements is computed
ALLWOOD (New Jersey)	12/12/88	35 years
ANDORRA (Pennsylvania)	01/12/88	35 years
BALA CYNWYD (Pennsylvania)	09/22/93	35 years
BARRACKS ROAD (Virginia)	12/31/85	35 years
BETHESDA AVENUE ROW (Maryland)	12/31/93	35 years

BLUESTAR (New Jersey)	12/12/88	35 years
BRAINERD VILLAGE (Tennessee)	12/31/87	35 years
BRICK PLAZA (New Jersey)	12/28/89	35 years
BRUNSWICK (New Jersey)	12/12/88	35 years
CLIFTON (New Jersey)	12/12/88	35 years
CONGRESSIONAL PLAZA (Maryland)	04/01/65	20 years
CROSSROADS (Illinois)	07/19/93	35 years
DEDHAM PLAZA (Massachusetts)	12/31/93	35 years
EASTGATE (North Carolina)	12/18/86	35 years
ELLISBURG CIRCLE (New Jersey)	10/16/92	35 years
FALLS PLAZA (Virginia)	09/30/67	22 3/4 years
FEASTERVILLE (Pennsylvania)	07/23/80	20 years
FEDERAL PLAZA (Maryland)	06/29/89	35 years
FLOURTOWN (Pennsylvania)	04/25/80	30 years
FOREST CITY (Michigan)	03/29/73	25 3/4 years
GAITHERSBURG SQUARE (Maryland)	04/22/93	35 years
GARDEN MARKET (Illinois)	07/28/94	35 years
GOVERNOR PLAZA (Maryland)	10/01/85	35 years
HAMILTON (New Jersey)	12/12/88	35 years
HUNTINGTON (New York)	12/12/88	35 years
IDYLLWOOD PLAZA (Virginia)	04/15/94	35 years
LANCASTER (Pennsylvania)	04/24/80	22 years
LANGHORNE SQUARE (Pennsylvania)	01/31/85	35 years
LAUREL (Maryland)	08/15/86	35 years
LAWRENCE PARK (Pennsylvania)	07/23/80	22 years

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LOEHMANN'S PLAZA (Virginia)	07/21/83	35 years
MID PIKE PLAZA (Maryland)	05/18/82	35 years
NORTH CITY PLAZA (Pennsylvania)	10/01/87	35 years
NORTHEAST (Pennsylvania)	08/30/83	35 years
NORTHEAST PLAZA (Georgia)	12/31/86	35 years
NORTH LAKE COMMONS (Illinois)	04/27/94	35 years
OLD KEENE MILL (Virginia)	06/15/76	33 1/3 years
PAN AM SHOPPING CENTER (Virginia)	02/05/93	35 years
PERRING PLAZA (Maryland)	10/01/85	35 years
QUEEN ANNE PLAZA (Massachusetts)	12/23/94	35 years
QUINCE ORCHARD PLAZA (Maryland)	04/22/93	35 years
ROLLINGWOOD APTS. (Maryland)	01/15/71	25 years
RUTGERS (New Jersey)	12/12/88	35 years
SHILLINGTON (Pennsylvania)	07/23/80	20 years
SHIPS BUILDING (Connecticut)	12/27/94	35 years
TOWN & COUNTRY (Louisiana)	12/31/90	35 years
TOWN & COUNTRY (Illinois)	10/15/73	25 years
TROY (New Jersey)	07/23/80	22 years
TYSONS STATION (Virginia)	01/17/78	17 years
WESTFALLS (Virginia)	10/05/72	25 years
WILDWOOD (Maryland)	05/05/69	33 1/3 years
WILLIAMSBURG (Virginia)	04/30/86	35 years
WILLOW GROVE (Pennsylvania)	11/20/84	35 years
WILLOW LAWN (Virginia)	12/05/83	35 years

FEDERAL REALTY INVESTMENT TRUST
 SCHEDULE III
 SUMMARY OF REAL ESTATE AND ACCUMULATED
 DEPRECIATION - CONTINUED
 Three Years Ended December 31, 1994

Reconciliation of Total Cost

Balance, January 1, 1992	\$566,056,000
Additions during period	
Acquisitions	24,591,000
Improvements	18,991,000
Deduction during period - disposition of property and miscellaneous retirements	(10,771,000) -----
Balance, December 31, 1992	598,867,000
Additions during period	
Acquisitions	123,083,000
Improvements	37,110,000
Deduction during period - disposition of property and miscellaneous retirements	(972,000) -----
Balance, December 31, 1993	758,088,000
Additions during period	
Acquisitions	49,438,000
Improvements	46,916,000
Deductions during period - miscellaneous retirements	(1,720,000) -----
Balance, December 31, 1994	\$852,722,000 =====

(A) For Federal tax purposes, the aggregate cost basis is approximately \$ 736,176,000 as of December 31, 1994.

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FEDERAL REALTY INVESTMENT TRUST
 SCHEDULE III

SUMMARY OF REAL ESTATE AND ACCUMULATED
 DEPRECIATION - CONTINUED
 Three Years Ended December 31, 1994

Reconciliation of Accumulated Depreciation and
 Amortization

Balance, January 1, 1992	\$95,689,000
Additions during period	
Depreciation and amortization expense	20,589,000
Deductions during period - disposition of property and miscellaneous retirements	(3,096,000)

Balance, December 31, 1992	113,182,000
Additions during period	
Depreciation and amortization expense	22,643,000
Deductions during period - disposition of property and miscellaneous retirements	(780,000)

Balance, December 31, 1993	135,045,000
Additions during period	
Depreciation and amortization expense	26,681,000
Deductions during period - miscellaneous retirements	(1,090,000)

Balance, December 31, 1994	\$160,636,000
	=====

FEDERAL REALTY INVESTMENT TRUST
 SCHEDULE IV
 MORTGAGE LOANS ON REAL ESTATE
 Year Ended December 31, 1994

Column A	Column B	Column C	Column D	Column E	Column F	Column G
Description of Lien	Interest Rate	Maturity Date	Periodic Payment Terms	Prior Liens	Face Amount of Mortgages	Carrying Amount of Mortgages (1)
Second mortgage on shopping center in Delaware	11% on \$700,000	May 1966	Interest accrues monthly with payment deferred	---	\$700,000	\$0 (2)
Leasehold mortgage on shopping center in New Jersey	10%	December 2003	Interest only monthly; \$10,000,000 balloon payment December 2003	---	10,000,000	10,000,000 (3)
Mortgage on shopping center in New Jersey	10%	January 1966	Interest only monthly; balloon payment January 1996	-----	4,020,000	3,178,000 (4)
				-----	\$14,720,000	\$13,178,000

- 1) For Federal tax purposes, the aggregate tax basis is approximately \$13,178,000 as of December 31, 1994.
- 2) This note was written off in 1994, since the collectibility is uncertain, due to the current cash flow of the collateral property.
- 3) This mortgage is extendable for up to 45 years with interest increasing to a maximum of 11%.
- 4) This mortgage is available for up to \$4,020,000. At December 31, 1993, \$3,171,000 was outstanding.

FEDERAL REALTY INVESTMENT TRUST
 SCHEDULE IV
 MORTGAGE LOANS ON REAL ESTATE - CONTINUED

Three Years Ended December 31, 1994

Reconciliation of Carrying Amount	
Balance, January 1, 1992	\$16,749,000
Additions during period	
Increase in existing loan	11,000

Deductions during period	
Collections of principal	(67,000)

Balance, December 31, 1992	16,693,000
Additions during period	
Increase in existing loan	47,000
Deductions during period	
First trust on wrap mortgage	
transferred to borrower	(2,801,000)
Collections of principal	(68,000)

Balance, December 31, 1993	13,871,000
Additions during period	
Increase in existing loan	7,000
Deductions during period	
Wrap portion of wrap mortgage	
written off as uncollectible	(700,000)

Balance, December 31, 1994	\$13,178,000
	=====

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Report of Independent Certified Public Accountants
on Supplemental Information

Trustees and Shareholders
Federal Realty Investment Trust

In connection with our audit of the consolidated financial statements of Federal Realty Investment Trust referred to in our report dated February 10, 1995 which is incorporated by reference in Part II of this form, we have also audited Schedules III and IV as of December 31, 1994 and for each of the three years then ended. In our opinion, these schedules present fairly, in all material respects, the information required to be set forth therein.

Grant Thornton LLP
Washington, D.C.
February 10, 1995

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Exhibit xxxii

SEVERANCE AGREEMENT

THIS AGREEMENT, made and entered into as of this 31st day of December, 1994 by and between Federal Realty Investment Trust, an unincorporated business trust organized under the laws of the District of Columbia ("Employer"), and _____, ("Employee").

WHEREAS, the Employee currently is employed by the Employer pursuant to an Employment Agreement by and between the Employer and the Employee dated as of April 13, 1989 [or as of January 1, 1993] ("Employment Agreement");

WHEREAS, the Employer has been concerned that the Employment Agreements, although appropriate when originally entered into, could now be viewed as overly generous by current industry standards and not in the best interests of the Employer or its shareholders;

WHEREAS, the Employer has determined that, as of January 1, 1995, it will give notice of its intention not to renew the Employment Agreements, including Employee's Employment Agreement;

WHEREAS, Employer and Employee have agreed upon the terms of a severance package as set forth in this Severance Agreement, which terms shall be substituted for the terms of the Employment Agreement, except for a change of control agreement, if any;

WHEREAS, the parties intend that the provisions of this Severance Agreement shall be the entire agreement between the parties with respect to payments and benefits due to the Employee upon termination of [his/her] employment and shall be in lieu of any rights of the Employee to make any claim or demand with respect to any severance payments or employment arrangement arising from or alleged to arise from any prior severance or employment arrangements, including the Employment Agreement.

NOW THEREFORE, in consideration of the foregoing and the mutual agreements contained herein and intending to be legally bound hereby, the parties agree as follows:

1. Termination of Employment Agreement. As of the date first written above, the Employment Agreement shall be null and void and of no further force or effect.

2. Effective Date of Severance Agreement. The Severance Agreement shall be effective as of the date first written above and shall continue and remain in full force and effect until the termination of the Employee's employment with the Employer unless earlier terminated by the parties in writing.

DC-185541.2

3. Termination Without Cause. In the event that the Employee's employment with Employer is terminated under any of the following circumstances, the Employee will be deemed to have been Terminated Without Cause and shall receive payments and benefits as described in Section 3:

- (a) by the Employer other than for Cause (as for Cause is defined in Section 5, hereof);
- (b) by the Employer within 6 months following the occurrence of one or more of the following events:
 - (i) the nature of Employee's duties or the scope of Employee's responsibilities as of the date first written above are materially modified by the Employer without the Employee's written consent;
 - (ii) Employer changes the location of its principal office to outside a fifty (50) mile radius of Washington, D.C.;
 - (iii) all or a substantial portion of the business of Employer is transferred to or merged with another entity in a transaction in which the Employer is not the surviving entity; and
 - (iv) the Employer's setting of Employee's base salary for any year at an amount which is less than seventy-five percent (75%) of the greater of (x) Employee's base salary for the 1994 calendar year, or (y) the Employee's highest base salary during the three most recent calendar years (including the year of termination), regardless of whether such salary reduction occurs in one year or over the course of years.
- (c) Decision by Employer to Terminate Without Cause. The Employer's decision to terminate Employee's employment Without Cause shall be made by the Board of Trustees.
- (d) Severance Payment Upon Termination Without Cause. Upon Termination Without Cause, Employee will receive a severance payment equal to one year's salary plus

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one month's pay for each year of service to the Employer over five (5) years, with a maximum of eighteen months' salary payable ("Severance Salary Term"). For the purpose of calculating amounts payable pursuant to this Section 3(d) only, "salary" shall be an amount

equal to the then greater of (i) the average of the Employee's annual base salary plus average bonus paid over the three years prior to termination, or (ii) the Employee's annual base salary in the year of termination plus the average bonus amount paid over the past three years. Payment also will be made for vacation time that has accrued, but is unused as of the date of termination. No payments will be made for any partial year of service.

(e) Benefits. Upon Termination Without Cause, the Employee shall receive Full Benefits for nine (9) months. Full Benefits are defined as the health care, life insurance, disability insurance and accidental death and dismemberment insurance benefits afforded the Employee by the Employer as of the date of termination. In the event that the Employer alters any of the benefits provided to all of its employees during the nine (9) month period ("Coverage Period"), Employer satisfies its obligations to provide Full Benefits to Employee pursuant to this paragraph if it provides Employee with the benefits Employer is providing to its Employees during that period. For purposes of COBRA continuation coverage, the Employee shall not be deemed to have experienced a qualifying event until the last day of the Coverage Period.

(f) Loan Forgiveness. Upon Termination Without Cause, Employee will continue to receive forgiveness as otherwise scheduled to occur during the Severance Salary Term of [his/her] loan issued pursuant to the Employer's Share Purchase Plan dated January 31, 1991 ("Share Purchase Loan") at a rate of forgiveness equal to one-sixteenth (1/16th) of the principal amount of the loan for every 12 month period. The Share Purchase Loan shall become due and payable twelve (12) months after the expiration of the Severance Salary Term. Given that Employee shall receive only the loan forgiveness otherwise scheduled to

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occur, Employee shall not receive loan forgiveness for more than one (1) twelve (12) month period.

(g) Stock Options. Upon Termination Without Cause, the vesting of options to purchase shares of Employer's common stock granted to Employee and outstanding as of the date of Employee's termination and scheduled to vest during the Severance Salary Term shall be accelerated such that all such options will be vested as of the date of Employee's termination of employment with Employer. The terms of the Trust's stock option plans shall determine the period during which any

vested options may be exercisable.

- (h) Outplacement Services. Upon Termination Without Cause, Employer shall make available at Employer's expense to Employee at Employee's option the services of an employment search/outplacement agency selected by Employer for a period not to exceed three (3) months during the Severance Salary Term.
- (i) Provision of Telephone/Secretary. Upon Termination Without Cause, Employer shall provide Employee for a period not to exceed six (6) months from Employee's date of termination with a telephone number assigned to Employee at Employer's offices, telephone mail and a secretary to answer the telephone. Such benefits shall not include an office or physical access to Employer's offices and will cease upon acceptance by Employee of a position with another employer.

4. Severance Benefits Upon Voluntary Resignation. In the event that Employee resigns upon thirty (30) days' written notice to Employer, Employee shall be entitled to receive a cash payment equal to one (1) month's salary for every year of service to the Trust over five (5) years of service; such resignation payment shall not exceed six (6) months' pay ("Resignation Term"). For the purposes of this section 4 only, "salary" shall mean Employee's then current annual base salary and shall not include any bonus or other compensation. Payment also shall be made for accrued, but unused vacation time.

- (a) Benefits. The Employee shall receive Full Benefits for the Resignation Term; provided, however, that Full Benefits will cease upon the date Employee becomes eligible for health benefits sponsored by another employer of Employee. For purposes of COBRA continuation coverage, except as provided in Section 4(d) below, the

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Employee shall be deemed to have experienced a qualifying event on the last day the Employee is eligible to receive Full Benefits pursuant to this Section 4(a).

- (b) Loan Forgiveness. In the event that Employee resigns, the terms of the Share Purchase Plan shall determine the Employee's rights and responsibilities with respect to the Employee's Share Purchase Loan.
- (c) Stock Options. In the event that Employee resigns, the terms of the Trust's stock option plans shall determine the vesting of any options held by Employee as of the date of resignation and the exercise period for any vested option.
- (d) Cessation of Benefits. In the event that, following Employee's voluntary resignation, Employee becomes employed by or affiliated with, as a consultant, contractor or otherwise, any entity which is substantially engaged in the business of property investment or management ("Competitor"), all resignation

payments specified in this Section 4 shall cease upon the date Employee commences such employment or affiliation. Employee shall continue to receive health care benefits from Employer until (i) Employee is eligible to receive health care benefits from the Competitor, or (ii) the date of expiration of the Employee's Resignation Term, whichever comes first ("Cessation Date"). For purposes of COBRA continuation, the Employee shall be deemed to have experienced a qualifying event on the Cessation Date.

5. Severance Benefits Upon Termination With Cause. The Employee shall be deemed to have been terminated with Cause in the event that the employment of Employee is terminated for any of the following reasons:

- (a) failure to substantially perform [his/her] duties with the Employer or an affiliate thereof;
- (b) willful conduct which is demonstrably and materially injurious to the Employer or an affiliate thereof, monetarily or otherwise;
- (c) breach of fiduciary duty involving personal profit; or
- (d) willful violation in the course of performing [his/her] duties for the Employer of any law, rule or regulation (other than traffic violations or similar offenses). No act or failure to act shall be considered willful unless done or omitted to be done in bad faith and without

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reasonable belief that the action or omission was in the best interest of the Employer.

- (e) Decision by Employer to Terminate with Cause. The decision to terminate the employment of Employee with Cause shall be made by the Board of Trustees.
- (f) Severance Payment Upon Termination with Cause. In the event of termination for failure to perform pursuant to Section 5(a), or termination for cause pursuant to Section 5(b), (c) or (d) above, the terms of the Trust's stock option and other plans will determine the terms of loan forgiveness and loan repayment, the vesting of options and the exercisability of vested options.
 - (i) For Cause Termination for Failure to Perform. In the event that Employee's employment is terminated with Cause pursuant to Section 5(a) above, Employee shall receive a severance payment and Full Benefits equal to the payment Employee would have received had he/she voluntarily resigned on the date of termination with Cause.
 - (ii) Other Cause Termination. In the event that Employee's employment is terminated with Cause pursuant to Section 5 (b), (c) or (d), Employee shall receive all base salary due and payable as of the date of Employee's termination of

employment. No payment shall be made for bonus or other compensation. Payment also will be made for accrued, but unused vacation time.

6. Confidentiality - Employer's Obligations. Unless the Employee and Employer mutually agree on appropriate language for such purposes, in the event that Employee's employment is Terminated Without Cause or With Cause pursuant to Section 5(a) above, Employer, except to the extent required by law, will not make or publish, without the express prior written consent of Employee, any written or oral statement concerning Employee's work-related performance or the reasons or basis for the Employee's severing of his/her employment relationship with Employer.

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

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

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

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

11. Arbitration.

(a) Any controversy or claim arising out of or relating to this Severance Agreement or the breach thereof shall be settled by arbitration in accordance with the then existing Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The parties irrevocably consent to the jurisdiction of the Federal and state courts located in Maryland for this purpose. Each such arbitration proceeding shall be located in Maryland.

(b) The arbitrator(s) may, in the course of the proceedings, order any provisional remedy or conservatory measure (including, without limitation, attachment, preliminary injunction or the deposit of specified security) that the arbitrator(s) consider to be necessary, just and equitable. The failure of a party to comply with such an interim order may, after due notice and opportunity to cure with such noncompliance, be treated by the arbitrator(s) as a default, and some or all of the claims or defenses of the defaulting party may be stricken and partial or final award entered against such party, or the arbitrator(s) may impose such lesser sanctions as the

arbitrator(s) may deem appropriate. A request for interim or provisional relief by a party to a court shall not be deemed incompatible with the agreement to arbitrate or a waiver of that agreement.

- (c) The parties acknowledge that any remedy at law for breach of this Severance Agreement may be inadequate, and that, in the event of a breach by Employee of Section 7, any remedy at law would be inadequate in that such breach would cause irreparable competitive harm to Employer. Consequently, in addition to any other relief that may be available, the arbitrator(s) also may order permanent injunctive relief, including, without limitation, specific performance, without the necessity of the prevailing party proving actual damages and without regard to the adequacy of any remedy at law.

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- (d) In the event that the Employee is the prevailing party in such arbitration, then the Employee shall be entitled to reimbursement by the Employer for all reasonable legal and other professional fees and expenses incurred by [him/her] in such arbitration or in enforcing the award, including reasonable attorney's fees.

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

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

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

14. Waiver. Either party hereto may by written notice to the other: (i) extend the time for performance of any of the obligations or other actions of the other party under this Agreement; (ii) waive compliance with any of the conditions or covenants of the other party contained in this Agreement; (iii) waive or modify performance of any of the obligations of the other party under this Agreement. Except as provided in the preceding sentence, no action taken pursuant to this Agreement shall be deemed to constitute a waiver by the party taking such action of compliance with any representations, warranties, covenants or agreements contained herein. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any preceding or succeeding breach. No failure by either party to exercise any right or privilege hereunder shall be deemed a waiver of such party's rights to exercise the same any subsequent time or times hereunder.

15. Severability. In case any one or more of the provisions of this Agreement shall, for any reason, be held or found by determination of the arbitrator(s) pursuant to an arbitration held in accordance with Section 11, above to be invalid, illegal or unenforceable in any respect (i) such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, (ii) this Agreement shall be construed

as if such invalid, illegal or unenforceable provision had never been contained herein. Failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or of any other provision of this Agreement.

16. Entire Agreement. Employee acknowledges receipt of a copy of this Agreement, which has been executed in duplicate and agrees that, with respect to employment arrangements and severance payments and benefits allocable upon termination or severance of Employee's employment, it is the entire Agreement with Employer except for a change of control

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agreement, if any. Any other oral or any written representations, understandings or agreements with Employer or any of its officers, Trustees or representatives covering the same subject matter which are in conflict with this Agreement are hereby superseded by the provisions of this Agreement which shall control.

17. Governing Law. This Agreement has been executed and delivered in the State of Maryland and its validity, interpretation, performance and enforcement shall be governed by the laws of said State; provided, however, that any arbitration under Section 11 hereof shall be conducted in accordance with the United States Arbitration Act as then in force.

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

19. Limitation on Liability. Employer, its trustees, employees, officers, agents and shareholders shall not be personally liable under this Severance Agreement, and Employee agrees to look solely to Employer's property, real, personal or otherwise, tangible or intangible, for payment of any claims hereunder.

20. Equal Opportunity. Included in this Severance Agreement by reference is the equal opportunity clause required under 41 C.F.R. Section 60-1.4 under Executive Order 1126, as that clause is required to be included under the Code of Federal Regulations or other rules, regulations and relevant orders of the Secretary of Labor.

21. Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

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

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

Employee's Signature

Employee's Permanent Address:

FEDERAL REALTY INVESTMENT TRUST

By: _____
Morton S. Lerner
Chairman, Compensation Committee

Exhibit xxxiii

CREDIT AGREEMENT
dated as of September 30, 1994 between
FEDERAL REALTY INVESTMENT TRUST
and
FIRST UNION NATIONAL BANK OF VIRGINIA

DC-185574.1

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CREDIT AGREEMENT

This CREDIT AGREEMENT (as amended, supplemented or modified from time to time, this "Agreement") is dated as of September 30, 1994 and is between FEDERAL REALTY INVESTMENT TRUST, a District of Columbia unincorporated business trust (the "Borrower"), and FIRST UNION NATIONAL BANK OF VIRGINIA, a national banking association (the "Bank").

The parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. The following terms, as used herein, have the following meanings:

"Adjusted London Interbank Offered Rate" means, for any Interest Period, a rate per annum equal to the quotient obtained (rounded upwards, if necessary, to the next higher 1/16 of 1.00%) by dividing (i) the applicable London Interbank Offered Rate by (ii) 1.00 minus the applicable Euro-Dollar Reserve Percentage.

"Advances" has the meaning set forth in Section 2.1.

"Affiliate" means (i) any Person that directly, or indirectly through one or more intermediaries, controls the Borrower or (ii) any Person (other than the Borrower) that is controlled by or is under common control with such controlling Person (the term "control" meaning the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise).

"Authorized Person" means any of the officers of the Borrower identified on Schedule 1.1A or any other officer of the Borrower identified in a borrowing resolution delivered to and accepted by the Bank.

"Available Amount" means, as of any date, \$50,000,000 minus the sum of (i) the aggregate unpaid principal amount of Advances outstanding on such date plus (ii) the aggregate stated amount of Letters of Credit outstanding on such date plus (iii) all unpaid Reimbursement Amounts as of such date.

"Business Day" means (i) when used with respect to Advances that bear or are to bear interest at the Prime-Based Rate, any day except a Saturday, Sunday or other day on which commercial banks in McLean, Virginia are authorized by law to close and (ii) when used with respect to Advances that bear or are to bear interest at the Euro-Dollar-Based Rate,

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any day described in clause (i) above on which commercial banks are open for international business (including dealings in dollar deposits) in London.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.), as amended by the Superfund Amendment and Reauthorization Act of 1986 and as otherwise amended from time to time.

"Code" means the Internal Revenue Code of 1986, as amended.

"Controlled Group" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under section 414(b) or 414(c) of the Code.

"Debt" means, with respect to any Person at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, (iv) all obligations of such Person as lessee under capital leases, (v) all obligations of such Person to purchase securities or other property which arise out of or in connection with the sale of the same or substantially similar securities or property, (vi) the stated amount of all letters of credit and similar instruments issued for the account of such Person (including all

unreimbursed draws), (vii) all obligations of others secured by a Lien on any asset of such Person, whether or not such obligation is assumed by such Person and (viii) all obligations of others guaranteed by such Person.

"Default" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Effective Date" means the date on which this Agreement becomes effective in accordance with Section 10.9.

"Environmental Requirements" means all federal, state and local environmental laws (including, without limitation, CERCLA), rules, regulations and orders regulating, relating to or imposing liability or standards of conduct concerning any Hazardous Materials.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Euro-Dollar-Based Advance" means an Advance that bears or is to bear interest at the Euro-Dollar-Based Rate.

"Euro-Dollar-Based Rate" means a rate of interest based on the Adjusted London Interbank Offered Rate as provided in Section 2.4(b).

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"Euro-Dollar Reserve Percentage" means, for any Interest Period, that percentage (expressed as a decimal) which is in effect on the first day of such Interest Period, as prescribed by the Board of Governors of the Federal Reserve System (or any successor), for determining the maximum reserve requirement for a member bank of the Federal Reserve System in Richmond, Virginia with deposits exceeding \$5,000,000,000 in respect of "Eurocurrency Liabilities" (or in respect of any other category of liabilities which consists of or includes deposits by reference to which the interest rate on Euro-Dollar-Based Advances is determined or any category of extensions of credit or other assets which consists of or includes loans by a non-United States office of the Bank to United States residents).

"Event of Default" has the meaning set forth in Section 8.1.

"Existing Advances" means all Advances (as such term is defined in the Prior Credit Agreement) made under the Prior Credit Agreement that have not been fully repaid by the Borrower as of the Effective Date.

"Existing Euro-Dollar Advances" means all Existing Advances that, as of the Effective Date, are bearing interest at the Euro-Dollar-Based Rate (as such term is defined in the Prior Credit Agreement).

"Existing Prime-Based Advances" means all Existing Advances that, as of the Effective Date, are bearing interest at the Prime-Based Rate (as such term is defined in the Prior Credit Agreement).

"GAAP" means generally accepted accounting principles in the United States.

"Hazardous Material" means (i) "hazardous wastes," as defined by the Resource Conservation and Recovery Act of 1976, as amended from time to time, (ii) "hazardous substances," as defined by CERCLA, (iii) "toxic

substances," as defined by the Toxic Substances Control Act, as amended from time to time, (iv) "hazardous materials," as defined by the Hazardous Materials Transportation Act, as amended from time to time, (v) asbestos, oil or other petroleum products, radioactive materials, urea formaldehyde foam insulation, radon gas and transformers or other equipment that contains dielectric fluid containing polychlorinated biphenyls and (vi) any substance whose presence is detrimental or hazardous to health or the environment.

"Interest Period" means, with respect to each election of the Euro-Dollar-Based Rate, the period commencing on the effective date of such borrowing and ending one, two, three or six months thereafter, as specified in the notice of such election; provided, however, that (i) any such period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month (in which case such period shall end on the next preceding Business Day), (ii) any such period that begins on the last Business Day of a calendar month shall, subject to clause (iii)

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below, end on the last Business Day of a calendar month and (iii) no such period shall end after the Termination Date.

"Letter of Credit Application" means an application and agreement for standby letter of credit substantially in the form of Exhibit B hereto.

"Letter of Credit Commitment" has the meaning set forth in Section 3.1.

"Letters of Credit" has the meaning set forth in Section 3.1.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset (including the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset).

"Line of Credit Commitment" has the meaning set forth in Section 2.1.

"Line of Credit Period" means the period from and including the Effective Date to but excluding the Termination Date.

"London Interbank Offered Rate" means, for any Interest Period, the rate of interest designated as the British Banker's Association settlement rate that appears on the display on page 3750 (under the caption "USD" of the Telerate Services, Incorporated screen or on such other display as may replace such page) as of 11:00 A.M. (London Time) two Business Days before the first day of such Interest Period as the rate per annum for deposits in dollars in the London interbank market for a period of time comparable to such Interest Period; provided, however, that if no offered quotations appear on the Telerate Services, Incorporated screen or if quotations are not given on such screen for a period of time comparable to such Interest Period, then the London Interbank Offered Rate applicable to such Interest Period shall be the rate of interest determined by the Bank to be the prevailing rate per annum quoted to it at approximately 10:00 A.M. (Eastern Time) two Business Days before the first day of such Interest Period by two or more New York Euro-Dollar Deposit dealers of recognized standing selected by the Bank for the offering of dollar deposits to the Bank by leading banks in the London interbank

market for a period of time comparable to such Interest Period and in an amount approximately equal to the principal amount of the Advance to which such Interest Period is to apply.

"Note" has the meaning set forth in Section 2.3.

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Person" means an individual, a corporation, a partnership, an association, a trust, a limited liability company or any other entity or

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organization, including a government or political subdivision or an agency or instrumentality thereof.

"Plan" means, at any time, an employee pension benefit plan that is covered by Title IV of ERISA or is subject to the minimum funding standards under section 412 of the Code and is either (i) maintained by a member of the Controlled Group for employees of a member or members of the Controlled Group or (ii) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

"Prime-Based Advance" means an Advance that bears or is to bear interest at the Prime-Based Rate.

"Prime-Based Rate" means a rate of interest based on the Prime Rate as provided in Section 2.4(a).

"Prime Rate" means the rate of interest publicly announced by the Bank in McLean, Virginia from time-to-time as its prime rate (which rate the Borrower acknowledges and agrees is not necessarily intended to be the lowest rate of interest charged by the Bank in connection with extensions of credit to borrowers and the Bank acknowledges and agrees will be the same as the prime rate publicly announced at such time by each other banking subsidiary of First Union Corporation).

"Prior Credit Agreement" means that certain Credit Agreement dated as of August 25, 1993, between Borrower and the Bank.

"Reimbursement Amounts" means all amounts drawn under the Letters of Credit.

"Related Documents" has the meaning set forth in Section 3.10.

"Release" means any disposing of, discharging, injecting, spilling, leaking, pumping, pouring, leaching, dumping, emitting, escaping, emptying, seeping, placing or the like onto, into or upon any land, water or air or otherwise entering the environment.

"Termination Date" means the later of (i) August 1, 1997 or (ii) the date to which the Line of Credit Period has been extended pursuant to Section 2.11.

"Unfunded Vested Liabilities" means, with respect to any Plan at any time, the amount, if any, by which (i) the present value of all vested nonforfeitable benefits under such Plan exceeds (ii) the fair market value

of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the Controlled Group to the PBGC or the Plan under Title IV of ERISA.

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Section 1.2. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations required hereunder shall be made and all financial statements delivered hereunder shall be prepared in accordance with GAAP as in effect from time to time, applied on a basis consistent (except for changes concurred in by the Borrower's independent public accountants) with the most recent financial statements of the Borrower delivered to the Bank.

ARTICLE II THE ADVANCES

Section 2.1. The Advances. The Bank agrees, on the terms and conditions set forth in this Agreement, from time to time on any Business Day during the Line of Credit Period, to make one or more loans to the Borrower in an aggregate principal amount not to exceed the Available Amount as of such Business Day (the "Line of Credit Commitment"). Each of the loans made to the Borrower pursuant to this Section 2.1 (the "Advances") shall be in an amount equal to \$5,000 or an integral multiple thereof. The Borrower may, within the foregoing limits, borrow amounts under this Section 2.1, repay such amounts at maturity in accordance with Section 2.5, repay such amounts in accordance with Section 2.6 and reborrow amounts under this Section 2.1. Commencing as of the Effective Date, all Existing Advances shall be deemed to be Advances made under this Agreement and shall be subject to the terms hereof; except, however, that each Existing Euro-Dollar Advance shall continue to bear interest at its current rate of interest until the last day its current Interest Period, at which time the interest rate applicable to such Existing Euro-Dollar Advance shall change to an interest rate provided for herein in accordance with Section 2.5. Existing Prime-Based Advances shall bear interest at the Prime-Based Rate until changed pursuant to Section 2.5.

Section 2.2. Method of Borrowing. The Borrower may request loans pursuant to Section 2.1 by giving the Bank notice (which notice may be given by telephone by an Authorized Person if promptly confirmed in writing by an Authorized Person) not later than 10:00 A.M. (Eastern Time) at least two Business Days before the date of the proposed loan specifying (i) the date of the proposed loan (which must be a Business Day), (ii) the amount to be borrowed, (iii) the Borrower's reason for requesting the loan and an explanation of how the proceeds from the loan will be utilized, (iv) whether the proposed loan is to bear interest at the Prime-Based Rate or the Euro-Dollar-Based Rate and (v) in the case of a proposed loan that is to bear interest at the Euro-Dollar-Based Rate, the Interest Period applicable thereto. The Bank shall (unless it determines that any applicable condition specified in this Agreement has not been satisfied) make the amount to be borrowed available to the Borrower not later than 2:00 P.M. (Eastern Time) on the date of the proposed loan. On each day on which a Reimbursement Amount arises, the Borrower shall be deemed to have requested an Advance in an amount equal to such Reimbursement Amount.

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Section 2.3. The Note. The Advances shall be evidenced by, and shall be repayable with interest in accordance with, a single note substantially in the form of Exhibit A hereto and appropriately completed (the "Note"). The Bank shall record on its books, and prior to any transfer of the Note shall make on the schedule forming a part thereof appropriate notations to evidence, the date and amount of each Advance and the date and amount of each payment of principal made by the Borrower with respect thereto; provided, however, that any failure of the Bank to make such a notation or any error therein shall not in any manner affect the obligation of the Borrower to repay the Advances in accordance with the terms of the Note. The Borrower hereby irrevocably authorizes the Bank to record such information and to make such notations.

Section 2.4. Interest Rates.

(a) If the Borrower elects, or this Agreement otherwise provides, that an Advance shall bear interest at the Prime-Based Rate, such Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date on which such Advance is made to but excluding the date on which such Advance is due, at a rate per annum equal to the Prime Rate for such day minus 1.00%. The Prime-Based Rate shall be adjusted automatically on and as of the effective date of any change in the Prime Rate. All such interest shall be payable on the first day of each month.

(b) If the Borrower elects that an Advance shall bear interest at the Euro-Dollar-Based Rate, such Advance shall bear interest on the outstanding principal amount thereof, for each day during the applicable Interest Period, at a rate per annum equal to the sum of the applicable Adjusted London Interbank Offered Rate plus 85 basis points. All such interest shall be payable on the first day of each month.

(c) At maturity (whether upon acceleration or otherwise), or upon the occurrence and during the continuation of an Event of Default, the unpaid principal amount of, and all accrued but unpaid interest on, the Advances shall automatically bear interest for each day at a rate per annum equal to the sum of 4.75% plus the Adjusted London Interbank Offered Rate (assuming a one-month Interest Period) for such day.

Section 2.5. Method of Electing Interest Rates.

(a) Each Advance shall bear interest initially at the type of rate specified by the Borrower in the applicable notice delivered to the Bank pursuant to Section 2.2. Thereafter, the Borrower may from time to time elect to change or continue the type of interest rate applicable to such Advance (subject in each case to the provisions of Article IX), as follows:

(i) if such Advance is bearing interest at the Prime-Based Rate, the Borrower may elect to change the applicable rate to the Euro-Dollar-Based Rate as of any Business Day;

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(ii) if such Advance is bearing interest at the Euro-

Dollar-Based Rate, the Borrower may elect to change the applicable rate to the Prime-Based Rate, or may elect to continue such Advance at the Euro-Dollar-Based Rate for an additional Interest Period, in each case beginning on the last day of the then applicable Interest Period;

(iii) if such Advance is bearing interest at the Prime-Based Rate, the Borrower may elect to designate such Advance as any combination of Prime-Based Advances or Euro-Dollar-Based Advances as of any Business Day (subject to the definition of Interest Period); and

(iv) if such Advance is bearing interest at the Euro-Dollar-Based Rate, the Borrower may elect to designate such Advance as any combination of Prime-Based Advances or Euro-Dollar-Based Advances as of the last day of the then applicable Interest Period (subject to the definition of Interest Period).

The Borrower shall make each such election by delivering a notice to the Bank not later than 10:00 A.M. (Eastern Time) at least two Business Days before the new type of interest rate or the additional Interest Period selected in such notice is to begin.

(b) Each notice of interest rate election delivered pursuant to subsection (a) above shall specify with respect to each outstanding Advance to which such notice applies:

(i) the date on which the new type of interest rate or additional Interest Period selected in such notice is to begin, which shall comply with the applicable clauses of subsection (a) above;

(ii) if the type of interest rate applicable to such Advance is to be changed, the new type of interest rate selected and, if the new rate is a Euro-Dollar-Based Rate, the duration of the initial Interest Period;

(iii) if such Advance is currently bearing interest at the Euro-Dollar-Based Rate and such type of interest rate is to be continued for an additional Interest Period, the duration of such additional Interest Period; and

(iv) if such Advance is to be designated as a combination of Prime-Based Advances and Euro-Dollar-Based Advances, the information specified in clauses (i) through (iii) above as to each such Prime-Based Advance and each such Euro-Dollar-Based Advance.

Each Interest Period specified in such notice of interest rate election shall comply with the provisions of the definition of Interest Period.

(c) If the Borrower fails to deliver a timely notice of interest rate election pursuant to subsection (a) above selecting a new type of interest rate for an additional Interest Period for any Euro-Dollar-Based Advance, such Euro-Dollar-Based Advance shall bear interest at the Euro-

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Dollar-Based Rate (assuming a one-month Interest Period) commencing on the last day of the then current Interest Period (and continuing until the Borrower elects a different type of interest rate for such Euro-Dollar-Based Advance as provided in this Section 2.5).

Section 2.6. Prepayment of Advances.

(a) The Borrower may prepay the Prime-Based Advances in whole or

in part at any time or from time to time by paying the principal amount to be prepaid plus accrued interest thereon to the date of prepayment.

(b) The Borrower may prepay the Euro-Dollar-Based Advances in whole or in part at any time or from time to time by paying the principal amount to be prepaid plus accrued interest thereon to the date of prepayment; provided, however, that the Borrower shall reimburse the Bank on demand in accordance with Section 2.12 for any actual loss or reasonable expense incurred by the Bank as a result of the Borrower's repayment of a Euro-Dollar-Based Advance other than on the last day of the applicable Interest Period.

(c) If on any date the sum of (i) the aggregate unpaid principal amount of Advances outstanding on such date plus (ii) the aggregate stated amount of Letters of Credit outstanding on such date plus (iii) all unpaid Reimbursement Amounts as of such date exceeds \$50,000,000, the Borrower shall immediately prepay the Advances in an amount equal to such excess.

Section 2.7. Late Charges. If the Borrower fails to make any payment of interest on the Advances, or fails to pay any fee or other amount due with respect to the Advances, within 10 Business Days after the date such payment was due, the Borrower shall pay to the Bank a late charge equal to 5.00% of the amount of such payment. If the Borrower has not received, on or before the last day of any calendar month, a statement from the Bank setting forth the interest then due with respect to the Advances, the Borrower shall estimate the amount of such interest in good faith and shall pay such amount to the Bank (and the Borrower shall not incur a late charge if such amount is paid within 10 Business Days after the date such interest payment was due). If the Borrower thereafter receives a statement from the Bank setting forth the interest then due with respect to the Advances and the amount of such interest exceeds the estimated payment made by the Borrower, the Borrower shall, upon its receipt of such statement, pay an amount equal to such excess to the Bank.

Section 2.8. Non-Usage Fee. The Borrower shall pay to the Bank on the fifteenth day of January, April, July and October of each year, commencing October 15, 1994, a non-usage fee equal to 0.125% per annum of the average daily Available Amount during the preceding calendar quarter; except, however, that with respect to the calendar quarter ending September 30, 1994, the non-usage fee to be paid by the Borrower shall be calculated on a pro-rated basis by applying the provisions of Section 2.8 of the Prior Credit Agreement (to the Available Amount thereunder) to the portion of such calendar quarter that precedes the Effective Date and

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applying the provisions of this Section 2.8 (to the Available Amount hereunder) to the remainder of such quarter.

Section 2.9. Commitment Fee. Concurrently upon the full execution of this Agreement, the Borrower shall pay to the Bank a one-time commitment fee equal to \$31,250.

Section 2.10. General Provisions as to Payments. The Borrower shall make each payment of principal of and interest on the Advances (and each payment of a non-usage fee or late charge) not later than 11:00 A.M. (Eastern Time) on the date when due, in federal or other immediately available funds, to the Bank at the Bank's address specified in Section 10.1. Whenever any payment of principal of or interest on the Advances (or any payment of a non-usage fee or late charge) is due on a day which is not a Business Day, the date for payment thereof shall be extended to

the next succeeding Business Day. If the date for any payment of principal of the Advances (or the date for any payment of a non-usage fee or late charge) is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

Section 2.11. Extension of the Line of Credit Period. The Bank shall review the Line of Credit Commitment on or before August 1 of each year, commencing August 1, 1995, and may, in its sole and absolute discretion, extend the Line of Credit Period from time to time for an additional one year period. The Bank shall have the unconditional right not to extend the Line of Credit Period, notwithstanding that no Event of Default exists. The Bank shall notify the Borrower on or before August 1 of each year, commencing August 1, 1995, whether the Bank has elected to extend the Line of Credit Period.

Section 2.12. Funding Losses. If (i) the Borrower makes any principal payment with respect to the Euro-Dollar-Based Advances on any day other than the last day of the applicable Interest Period (pursuant to Article II or IX or otherwise), (ii) the Borrower converts Euro-Dollar-Based Advances to Prime-Based Advances on any day other than the last day of the applicable Interest Period (pursuant to Article XI or otherwise) or (iii) the Borrower fails to borrow a Euro-Dollar-Based Advance in accordance with any loan request delivered to the Bank in accordance with Section 2.2, the Borrower shall reimburse the Bank on demand for any actual loss or reasonable expense incurred by the Bank as a result of such event, including, without limitation, any loss incurred in obtaining, liquidating or employing deposits from third parties. The Bank shall deliver to the Borrower a certificate showing the calculation of the amount of such loss or reasonable expense, which certificate shall be conclusive in the absence of manifest error. The Bank may use any reasonable averaging and attribution methods in calculating such loss or reasonable expense.

Section 2.13. Optional Termination or Reduction of the Line of Credit Commitment. The Borrower may, upon at least 45 day's notice to the Bank, (i) terminate the Line of Credit Commitment or (ii) reduce the unused portion of the Line of Credit Commitment from time to time by an

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aggregate amount of \$5,000,000 or any integral multiple of \$1,000,000 in excess thereof; provided, however, that the Borrower may not terminate or reduce the Line of Credit Commitment on or before August 1, 1995; and, provided, further, that the Borrower may not terminate the Line of Credit Commitment at any time that any Euro-Dollar-Based Advance or Letter of Credit is outstanding and may not reduce the Line of Credit Commitment on any date below an amount equal to the sum of (i) the aggregate unpaid principal amount of Euro-Dollar-Based Advances outstanding on such date plus (ii) the aggregate stated amount of Letters of Credit outstanding on such date plus (iii) all unpaid Reimbursement Amounts as of such date.

Section 2.14. Incorporation by Reference. The terms and conditions of the Note are hereby incorporated by reference into this Agreement with the same force and effect as if fully set forth herein.

ARTICLE III THE LETTERS OF CREDIT

Section 3.1. The Letters of Credit. The Bank agrees, on the terms and conditions set forth in this Agreement, from time to time on any Business Day during the Line of Credit Period, to issue one or more

commercial standby letters of credit for the account of the Borrower in an aggregate stated amount not to exceed the lesser of (i) the Available Amount as of such Business Day and (ii) \$2,000,000 (the "Letter of Credit Commitment"). Each of the letters of credit issued pursuant to this Section 3.1 (the "Letters of Credit") (i) shall expire no later than the Termination Date, (ii) shall have a stated amount of at least \$10,000 and (iii) shall be used for the purposes set forth in Section 7.15.

Section 3.2. Method of Issuance. The Borrower may request the Bank to issue letters of credit pursuant to Section 3.1 by delivering to the Bank, at the Bank's address referred to in Section 10.1 (Facsimile # (703) 827-1723), a Letter of Credit Application executed by an Authorized Person not later than 11:00 A.M. (Eastern Time) at least two Business Days before the requested date of issuance specifying (i) the stated amount of the letter of credit (which shall be at least \$10,000), (ii) the name and address of the beneficiary of the Letter of Credit, (iii) whether the letter of credit is revocable or irrevocable, (iv) the type of letter of credit to be issued, (v) the date the letter of credit is to be issued, (vi) the date the letter of credit is to expire (which shall be no later than the Termination Date), (vii) the purpose of the letter of credit and an explanation of how the letter of credit will be used (which shall be in accordance with Section 7.15), (viii) the terms and conditions for any draws under the letter of credit and (ix) such other information as the Bank may deem necessary or desirable. The Bank shall (unless it determines that any applicable condition specified in this Agreement has not been satisfied) send a letter of credit conforming to the terms specified in the related Letter of Credit Application to the Borrower not later than 2:00 P.M. (Eastern Time) on the requested date of issuance.

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Section 3.3. Letter of Credit Disbursements. The Bank shall notify the Borrower promptly of the presentment for payment of any Letter of Credit, together with notice of the date such payment shall be made. Subject to the terms and provisions of such Letter of Credit, this Agreement and the related Letter of Credit Application, the Bank shall make such payment to the designated beneficiary.

Section 3.4. Reimbursement and Other Payments. In addition to (but without duplication of) the payments required by any Letter or Credit Application, the Borrower shall pay to the Bank (i) on each date that any amount is drawn under any Letter of Credit, a sum equal to such amount so drawn plus any and all reasonable charges and expenses which the Bank may pay or incur in connection with such drawing, (ii) on demand, the amount of any and all reasonable charges and expenses which the Bank may pay or incur in connection with any transfer, amendment or extension of a Letter of Credit and (iii) on demand, any and all charges and expenses (including reasonable attorneys' fees and expenses) which the Bank may pay or incur in connection with the prosecution or defense of any action arising out of or otherwise relating to a Letter of Credit, including, without limitation, any action to enjoin full or partial payment of any draft drawn against any Letter of Credit. The Borrower shall pay the foregoing charges and expenses (other than the Reimbursement Amounts) to the Bank within 10 Business Days after the Borrower receives notice thereof. The Reimbursement Amounts shall be evidenced by, and shall be repayable with interest in accordance with, the Note. The Bank shall record, and prior to any transfer of the Note shall make on the schedule forming a part thereof appropriate notations to evidence, the date and amount of each Reimbursement Amount and the date and amount of each payment made by the Borrower with respect thereto; provided, however, that any failure of the

Bank to make such a notation or any error therein shall not in any manner affect the obligation of the Borrower to repay the Reimbursement Amounts in accordance with the terms of the Note. The Borrower hereby irrevocably authorizes the Bank to record such information and to make such notations.

Section 3.5. Increased Cost; Reduced Rate of Return.

(a) If the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank with any request or directive (whether or not having the force of law) of such authority, central bank or comparable agency adopted or promulgated after the date hereof:

(i) shall subject the Bank to any tax, duty or other charge with respect to any Letter of Credit, or shall change the basis of taxation of payments to the Bank of any amounts due to the Bank under this Article III or otherwise in respect of any Letter of Credit (except for changes in the rate of tax on the overall net income of the Bank imposed by the United States of America or by the jurisdiction in which the Bank's principal executive office is located or any political subdivision or taxing authority therein); or

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(ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System) against assets of, deposits with or for the account of or credit extended by the Bank or shall impose on the Bank any other condition affecting any Letter of Credit or this Agreement in respect of any Letter of Credit;

and the result of any of the foregoing is to increase the cost to the Bank of issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by the Bank under this Agreement in respect of any Letter of Credit or its commitment to issue Letters of Credit hereunder by an amount deemed by the Bank to be material (which increase in cost or decrease in amount received or receivable shall be the result of the reasonable allocation by the Bank of the aggregate of such increases or decreases resulting from such events), then the Borrower shall pay to the Bank in accordance with subsection (d) below such additional amount or amounts as will compensate the Bank for such increased cost or reduction.

(b) If the Bank shall determine that any applicable law, rule, regulation or guideline in existence on the date hereof regarding capital adequacy or the adoption after the date hereof of any law, rule, regulation or guideline regarding capital adequacy, or any change in any of the foregoing or in the interpretation or administration of any of the foregoing by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the Bank's capital or the capital of any Person controlling the Bank as a consequence of the Bank's obligations under any Letter of Credit or this Agreement to a level below that which the Bank or such controlling Person could have achieved but for such law, change or compliance (taking into consideration the Bank's policies with respect to capital adequacy) by an amount deemed by the Bank to be material, then the

Borrower shall pay to the Bank in accordance with subsection (d) below such additional amount or amounts as will compensate the Bank for such reduction.

(c) The Bank will promptly notify the Borrower of any event of which it has knowledge which will entitle the Bank to compensation pursuant to this Section 356 and will deliver to the Borrower with each demand for payment a certificate, signed by an officer of the Bank, setting forth the amount or amounts to be paid to it hereunder, explaining in reasonable detail the calculation of such amount or amounts and setting forth in reasonable detail the method by which the Bank allocated any such amount or amounts to the Borrower. Any such certificate shall be conclusive in the absence of manifest error. In determining such amount, the Bank may use any reasonable averaging and attribution methods generally used by the Bank for the purpose or calculating increased costs

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and reduced returns and allocating increased costs and reduced returns to borrowers.

(d) All payments required by this Section 3.5 shall be made by the Borrower within 30 days after demand by the Bank. All such payments not made on or before the tenth Business Day after such demand shall be accompanied by interest thereon for each day from and including such tenth Business Day to but excluding payment in full thereof at a rate equal to the Adjusted London Interbank Offered Rate (calculated for each such day assuming a one-month Interest Period) plus 1.00% per annum. The Borrower shall not be obligated to reimburse the Bank for any increased cost or reduced return incurred more than 90 days after the date that the Bank receives actual notice of such increased cost or reduced return unless the Bank gives notice thereof to the Borrower in accordance with this Section 3.5 during such 90-day period .

Section 3.6. Late Charges. If the Borrower fails to pay any Reimbursement Amount or any fee or other amount due with respect to the Letters of Credit within 10 Business Days after the date such payment was due, the Borrower shall pay to the Bank a late charge equal to 5.00% of the amount of such payment.

Section 3.7. Letter of Credit Fee. The Borrower shall pay to the Bank upon the issuance of each Letter of Credit a letter of credit fee equal to the greater of \$500 or 2.00% per annum of the stated amount of such Letter of Credit. The Bank shall refund to the Borrower a portion of any letter of credit fee paid with respect to a Letter of Credit that does not remain outstanding for its scheduled term (based on the amount of time that such Letter of Credit remains outstanding).

Section 3.8. General Provisions as to Payments. The Borrower shall make each payment required under this Article III or under any Letter of Credit, in federal or other immediately available funds, to the Bank at the Bank's address specified in Section 10.1.

Section 3.9. Incorporation by Reference. The terms and conditions of the Letter of Credit Applications are hereby incorporated by reference into this Agreement with the same force and effect as if fully set forth herein. In the event that a term or condition of any Letter of Credit Application is inconsistent with a term or condition of this Agreement, the term or condition of this Agreement shall control.

Section 3.10. Obligations Absolute. The obligations of the

Borrower under this Article III and the Letter of Credit Applications shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement and the Letter of Credit Applications under all circumstances whatsoever, including, without limitation, the following:

(i) any Letter of Credit or any other agreement or instrument relating thereto (the "Related Documents") proving to be

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forged, fraudulent, invalid, unenforceable or insufficient in any respect;

(ii) any amendment or waiver of, or any consent to departure from, all or any of the Related Documents;

(iii) the existence of any claim, setoff, defense or other right which the Borrower may have at any time against the Bank, any beneficiary or transferee of any Letter of Credit or any other person or entity, whether in connection with this Agreement, the Related Documents or any unrelated transaction;

(iv) any document presented under any Letter of Credit (or any endorsement thereon) proving to be forged, fraudulent, invalid, unenforceable or insufficient in any respect or any statement therein being inaccurate in any respect whatsoever;

(v) payment by an authorized officer of the Bank (or pursuant to the instructions of an authorized officer of the Bank) under any Letter of Credit against presentation of a sight draft or certificate which does not comply with the terms of such Letter of Credit, including, without limitation, the circumstances referred to in clause (iv) above or the failure of any document to bear reference or to bear adequate reference to such Letter of Credit; provided, however, that such payment shall not have constituted gross negligence or willful misconduct of the Bank; or

(vi) any use to which any Letter of Credit may be put.

ARTICLE IV

CONDITIONS TO ADVANCES AND LETTERS OF CREDIT

Section 4.1. Conditions to the First Advance and the First Letter of Credit. The obligation of the Bank to make the first Advance or to issue the first Letter of Credit is subject to the satisfaction of the following conditions:

(i) receipt by the Bank of a duly executed Note, dated on or before the date of such Advance or such Letter of Credit, complying with the provisions of Section 2.3;

(ii) all legal matters incident to this Agreement, the Note and the Letter of Credit Applications and the transactions contemplated hereby and thereby shall be reasonably satisfactory to Patton Boggs, L.L.P., counsel for the Bank;

(iii) receipt by the Bank of a certificate of the Secretary of the Borrower dated the date of such Advance and certifying (A) that attached thereto is a true and complete copy of the declaration of trust of the Borrower as in effect on the date of such certification,

(B) as to the absence of dissolution or liquidation proceedings by or against the Borrower, (C) that attached thereto is a true and complete

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copy of the bylaws of the Borrower as in effect on the date of such certification, (D) that attached thereto is a true and complete copy of resolutions adopted by the board of trustees of the Borrower authorizing the execution, delivery and performance of this Agreement, the Note and any Letter of Credit Applications and that such resolutions have not been amended and are in full force and effect on the date of such certification and (E) as to the incumbency and specimen signatures of each officer of the Borrower executing this Agreement, the Note, any Letter of Credit Applications or any other document delivered in connection herewith or therewith;

(iv) receipt by the Bank of an opinion of counsel for the Borrower substantially in the form of Exhibit C hereto and covering such additional matters relating to the transactions contemplated hereby as the Bank may reasonably request;

(v) receipt by the Bank of a certificate of an authorized officer of the Borrower, dated the date of such Advance or such Letter of Credit, certifying that, to the best of the Borrower's knowledge, no Default has occurred and is continuing or would result from such Advance or such Letter of Credit and that the representations and warranties of the Borrower set forth in this Agreement are true and correct on and as of the date of such Advance or such Letter of Credit;

(vi) receipt by the Bank of such evidence as it may reasonably request confirming that the financial institutions described in Section 7.7(iii) do not have the right to confess judgment against the Borrower;

(vii) receipt by the Bank of a fully executed intercreditor agreement satisfactory to the Bank among all of the financial institutions described in Section 7.7(iii); and

(viii) receipt by the Bank of all documents it may reasonably request relating to the existence of the Borrower and its authority to execute, deliver and perform this Agreement, the Note and the Letter of Credit Applications and the validity of this Agreement, the Note and the Letter of Credit Applications and any other matters relevant hereto or thereto, all in form and substance satisfactory to the Bank and its counsel.

Section 4.2. Conditions to Each Advance. The obligation of the Bank to make each Advance is subject to the satisfaction of the following conditions:

(i) the fact that no Default has occurred and is continuing or would result from such Advance;

(ii) the fact that the representations and warranties of the Borrower set forth in this Agreement are true and correct on and as of the date of such Advance; and

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(iii) the fact that the amount of such Advance does not exceed the Available Amount.

Section 4.3. Conditions to Each Letter of Credit. The obligation of the Bank to issue each Letter of Credit is subject to the satisfaction of the following conditions:

(i) receipt by the Bank of a Letter of Credit Application for such Letter of Credit executed by an Authorized Person;

(ii) the fact that no Default has occurred and is continuing or would result from such Letter of Credit;

(iii) the fact that the representations and warranties of the Borrower set forth in this Agreement are true and correct on and as of the date of such Letter of Credit; and

(iv) the fact that the stated amount of such Letter of Credit does not exceed the lesser of (A) the Available Amount as of the date of such Letter of Credit and (B) \$2,000,000.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

Section 5.1 Existence and Power. The Borrower is an unincorporated business trust, validly existing and in good standing under the laws of the District of Columbia, has all powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted and is not a "foreign person" within the meaning of sections 1445 and 7701 of the Code. The Borrower is duly qualified or licensed to do business in each jurisdiction where qualification or licensing is required by the nature of its business or the character and location of its property, business or customers and in which the failure to so qualify or be licensed, as the case may be, in the aggregate, could have a material adverse effect on the business, financial position, results of operations or properties of the Borrower.

Section 5.2. Authorization; Non-Contravention. The execution, delivery and performance by the Borrower of this Agreement, the Note and the Letter of Credit Applications are within its power, have been duly authorized by all necessary action, require no action by or in respect of, or filing with, any governmental body, agency or official and do not contravene, or constitute (with or without the giving of notice or lapse of time or both) a default under, any provision of applicable law or of the declaration of trust or bylaws of the Borrower or of any agreement, judgment, injunction, order, decree or other instrument binding upon or affecting the Borrower or result in the creation or imposition of any Lien on any of its assets or the assets of its subsidiaries.

Section 5.3. Binding Effect. This Agreement constitutes a valid and binding agreement of the Borrower, each of the Letter of Credit Applications, when executed and delivered in accordance with this

Agreement, will constitute a valid and binding agreement of the Borrower and the Note, when executed and delivered in accordance with this Agreement, will constitute a valid and binding obligation of the Borrower, in each case enforceable against the Borrower in accordance with its terms, except as (i) the enforceability hereof and thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

Section 5.4. Litigation. Except as disclosed in the Borrower's Form 10-Q for the quarter ended June 30, 1994 filed with the Securities and Exchange Commission, there is no action, suit or proceeding pending against, or to the knowledge of the Borrower threatened against or affecting, the Borrower or any of its subsidiaries before any federal, state or local government, authority, agency, court or other body, officer or entity, or before any arbitrator with authority to bind a party at law, in which there is a reasonable possibility of a decision which could materially adversely affect the business, financial position, results of operations or properties of the Borrower and its subsidiaries or which in any manner draws into question the validity of this Agreement, the Note or any Letter of Credit Application, and there is no basis known to the Borrower for any such action, suit or proceeding.

Section 5.5. Filings. All actions by or in respect of, and all filings with, any governmental body, agency or official required in connection with the execution, delivery and performance of this Agreement, the Note and any Letter of Credit Application, or necessary for the validity or enforceability hereof and thereof or for the protection or perfection of the rights and interests of the Bank hereunder and thereunder, will, prior to the date of delivery hereof or thereof, have been duly taken or made, as the case may be, and will at all times thereafter remain in full force and effect.

Section 5.6. Financial Information.

(a) The audited balance sheet of the Borrower as of December 31, 1993 and the related audited statements of operations, cash flows and shareholders' equity for the fiscal year then ended, copies of which have been delivered to the Bank, fairly present, in conformity with GAAP, the financial position of the Borrower as of such date and its results of operations and cash flows for such fiscal year. As of the date of such financial statements, the Borrower did not have any material contingent obligation, contingent liability, liability for taxes, long-term lease or unusual forward or long-term commitment which is not reflected in any of such financial statements or in the notes thereto.

(b) The unaudited balance sheet of the Borrower as of June 30, 1994 and the related unaudited statements of operations, cash flows and

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shareholders' equity for the calendar quarter then ended, copies of which have been delivered to the Bank, fairly present, in conformity with GAAP applied on a basis consistent with the financial statements referred to in subsection (a) above, the financial position of the Borrower as of such date and its results of operations and cash flows for such calendar quarter (subject to normal year-end adjustments).

(c) Since June 30, 1994, there has been no material adverse change in the business, financial position, results of operations or properties of the Borrower.

Section 5.7. ERISA Compliance. Each member of the Controlled Group has fulfilled its obligations under the minimum funding standards of ERISA and the Code with respect to each Plan, and is in compliance in all material respects with the provisions of ERISA and the Code presently applicable to each Plan, and has not incurred or does not reasonably expect to incur any liability to the PBGC or a Plan under Title IV of ERISA. The execution and delivery of this Agreement and the issuance of the Note will not involve any transaction which is subject to the prohibitions of Section 406 of ERISA or in connection with which a tax would be imposed pursuant to section 4975 of the Code. No Lien has been attached, and no Person has threatened to attach a Lien, on any property of the Borrower as a result of the Borrower's failure to comply with ERISA.

Section 5.8. Environmental Compliance.

(a) Except as described in Schedule 5.8 or disclosed in the Borrower's Form 10-Q for the quarter ended June 30, 1994 filed with the Securities and Exchange Commission, neither the Borrower nor any of its subsidiaries is (i) in default with respect to any order, writ, injunction or decree of any court or (ii) in default in any respect under any Environmental Requirement, which default is likely to materially adversely affect the business, financial position, results of operations or properties of the Borrower and its subsidiaries.

(b) Except as described in Schedule 5.8 or disclosed in the Borrower's Form 10-Q for the quarter ended June 30, 1994 filed with the Securities and Exchange Commission, (i) the Borrower and each of its subsidiaries is in compliance in all material respects with all applicable Environmental Requirements and state and federal health and safety statutes and regulations, other than violations that are unlikely to materially adversely affect the business, financial position, results of operations or properties of the Borrower and its subsidiaries, and (ii) to the best of the Borrower's knowledge, neither the Borrower nor any of its subsidiaries is the subject of any evaluation under any Environmental Requirement or any other federal, state or local investigation to evaluate whether any remedial action is needed to respond to a Release of Hazardous Material or any other environmental matter, other than investigations that are unlikely to materially adversely affect the business, financial position, results of operations or properties of the Borrower and its subsidiaries.

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Section 5.9. Regulation U. The Advances will not be used by the Borrower, directly or indirectly, for the purpose of purchasing or carrying any margin stock or for the purpose of reducing or retiring any indebtedness that was originally incurred to purchase or carry margin stock or for any other purpose that might constitute the Advances a "purpose credit" within the meaning of Regulation U or Regulation X of the Board of Governors of the Federal Reserve System.

ARTICLE VI
FINANCIAL COVENANTS

The Borrower agrees that so long as the Bank is committed to make Advances or issue Letters of Credit hereunder or any amount payable hereunder or under the Note or any Letter of Credit Application remains unpaid:

Section 6.1. Certain Definitions. As used in this Article VI and elsewhere in this Agreement, the following terms have the following meanings:

"Annual Dividends" means, for any calendar year, the aggregate amount of all dividends and other distributions paid by the Borrower to its shareholders or otherwise in respect of equity securities or other evidences of equity or beneficial interests in the Borrower.

"Funds From Operations" means, for any calendar quarter, the Borrower's net income (or net loss) on a consolidated basis for such quarter before depreciation of real estate owned, amortization, gains on sales of investments and extraordinary items (as such term is defined by GAAP).

"Net Operating Income from Unleveraged Properties" means, for any period of four consecutive calendar quarters, the Borrower's aggregate net income (or loss) on a consolidated basis from Unleveraged Real Properties before depreciation, amortization, gains on sales of investments and extraordinary items (as such term is defined by GAAP).

"Shareholders' Equity" means, at any date, (i) shareholders' equity of the Borrower (as set forth in the Borrower's most recent statement of shareholders' equity) plus (ii) the sum as of such date of subscriptions receivable, deferred compensation, treasury stock (valued at cost) and changes in accumulated dividends in excess of the Borrower's net income (utilizing a base amount of \$79,434,000 per the June 30, 1992 financial statements of the Borrower).

"Special Nonrecurring Loss" means any nonrecurring expense incurred by the Borrower not in the ordinary course of its business, such as expenses incurred as a result of the relocation of the Borrower's headquarters, the write-off or down of notes receivable or marketable securities, the material impairment of long-lived assets, litigation settlements and nonrecurring, material environmental liabilities, but in

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all cases excluding any expense that constitutes an extraordinary item (as such term is defined by GAAP).

"Total Liabilities" means, at any date, all obligations of the Borrower on a fully consolidated basis on such date in respect of capital leases, mortgages payable, notes payable, senior notes, convertible debentures and secured or unsecured debt owing to banks or other financial institutions.

"Unleveraged Real Properties" means all real properties and improvements thereon either (i) owned by Borrower or its consolidated subsidiaries that are not subject to any Liens whatsoever, or (ii) leased by Borrower or its consolidated subsidiaries under a capital lease (as such term is used under GAAP) where Borrower's (or its subsidiaries') leasehold interest is not subject to any Liens whatsoever (other than the capital lease itself).

Section 6.2. Minimum Shareholders' Equity. The Borrower will not permit Shareholders' Equity to be less than \$300,000,000 as of the last day of any calendar quarter (commencing as of September 30, 1994)..

Section 6.3. Total Liabilities to Shareholders' Equity Ratio. The Borrower will not permit the ratio of (i) Total Liabilities to (ii) Shareholders' Equity to exceed 2.00 to 1.00 as of the last day of any calendar quarter.

Section 6.4. Minimum Funds From Operations. The Borrower will not permit Funds From Operations to be less than (i) \$9,000,000 for any calendar quarter or (ii) \$40,000,000 in the aggregate for any period of four consecutive calendar quarters (commencing with the four quarter period ending December 31, 1994). The Borrower will not permit the aggregate amount of Funds From Operations for any calendar year, to be less than 85% of the aggregate amount of Funds From Operations for the immediately preceding calendar year.

Section 6.5. Net Operating Income From Unleveraged Properties. The Borrower will not permit Net Operating Income From Unleveraged Properties to be less than \$20,000,000 for any period of four consecutive calendar quarters.

Section 6.6. Dividends. The Borrower will not permit (i) Annual Dividends in the 1994 calendar year to exceed 102% of the aggregate amount of Funds From Operations for such calendar year, and (ii) Annual Dividends in any calendar year thereafter to exceed 100% of the aggregate amount of Funds From Operations for such calendar year; provided, however, that in any calendar year in which the Borrower suffers or incurs a Special Nonrecurring Loss, the Borrower will be permitted to increase the amount of Annual Dividends otherwise permitted by this Section 6.6 by an amount equal to the lesser of (i) the amount of the Special Nonrecurring Loss or (ii) \$5,000,000.

ARTICLE VII

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ADDITIONAL COVENANTS OF THE BORROWER

The Borrower agrees that so long as the Bank is committed to make Advances or issue Letters of Credit hereunder or any amount payable hereunder or under the Note or any Letter of Credit Application remains unpaid:

Section 7.1. Information. The Borrower will deliver or cause to be delivered to the Bank:

(i) within 120 days after the end of each fiscal year of the Borrower, copies of the Borrower's Annual Report to Shareholders and Annual Report on Form 10-K for such fiscal year, such reports to include a balance sheet of the Borrower as of the end of such fiscal year and the related statements of operations, cash flows and shareholders' equity for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and accompanied by an opinion thereon by independent public accountants satisfactory to the Bank, which opinion shall state that such financial statements present fairly the financial position of the Borrower as of the date of such financial statements and the results of its operations and cash flows for the period covered by such financial statements in conformity with GAAP applied on a consistent basis (except for changes in the application of which such accountants concur) and shall not contain any "going concern" or like qualification or exception or qualifications arising out of the scope of the audit;

(ii) within 60 days after the end of each of the first three quarters of each fiscal year of the Borrower, a copy of the Borrower's Quarterly Report on Form 10-Q for such quarter, such report to include all financial statements and financial information required by Rule 1001 of Regulation SX (which includes a balance sheet of the Borrower

as of the end of such Quarter and the related statements of operations, shareholders' equity and cash flows for such quarter and for the portion of such fiscal year ended at the end of such quarter, setting forth in each case in comparative form the figures for the corresponding quarter of the previous fiscal year and for the corresponding portion of the previous fiscal year), all certified (subject to normal year-end audit adjustments) as complete and correct by the chief financial officer or chief accounting officer of the Borrower;

(iii) simultaneously with the delivery of each set of financial statements referred to in clauses (i) and (ii) above, a certificate of the chief financial officer or chief accounting officer of the Borrower (A) setting forth in reasonable detail the calculations necessary to confirm whether the Borrower is in compliance with the financial covenants set forth in Sections 6.2, 6.3, 6.4, 6.5 and 6.6, (B) stating whether there exists on the date of such certificate any Default and, if any Default then exists, setting forth the details thereof and the action that the Borrower is taking or proposes to take with respect thereto and (C) stating whether, since the date of the most recent previous delivery of financial statements pursuant to clause (i) or (ii) above, there has been any material adverse change in the business,

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financial position, results of operations or properties of the Borrower, and, if so, the nature of such material adverse change;

(iv) forthwith upon the occurrence of any Default, a certificate of the chief financial officer or chief accounting officer of the Borrower setting forth the details thereof and the action that the Borrower is taking or proposes to take with respect thereto;

(v) each underwriting package utilized by Borrower or any of its subsidiaries in connection with an acquisition of property by the Borrower within 15 days after the closing thereof;

(vi) a copy of each prospectus (and all amendments and supplements thereto) filed by the Borrower or any of its subsidiaries with the U.S. Securities and Exchange Commission within 15 days after filing;

(vii) promptly after obtaining actual knowledge of the commencement of, or of a material threat of the commencement of, any action, suit or proceeding against the Borrower or any of its subsidiaries before any federal, state or local government, authority, agency, court or other body, officer or entity, or before any arbitrator with authority to bind a party at law, in which there is a reasonable possibility of a decision which could materially adversely affect the business, financial position, results of operations or properties of the Borrower and its subsidiaries (or, in the case of a material threat of the commencement of any such action, suit or proceeding, in which a decision which could materially adversely affect the business, financial position, results of operations or properties of the Borrower and its subsidiaries is probable) or which in any manner draws into question the validity of this Agreement, the Note or any Letter of Credit Application, a certificate of an officer of the Borrower setting forth the nature of such action, suit or proceeding and such additional information as may be reasonably requested by the Bank;

(viii) within 60 days after the end of each fiscal quarter of the Borrower, a certificate of an officer of the Borrower setting forth the nature of each environmental problem affecting any of the properties of the Borrower or any of its subsidiaries as to which

there is a reasonable possibility or a material adverse affect on the business, financial position, results of operations or properties of the Borrower, a summary of any remediation efforts or other actions taken or proposed to be taken with respect thereto and such additional information as may be reasonably requested by the Bank;

(ix) promptly upon transmission thereof, copies of all press releases and other statements made available generally by the Borrower to the public concerning material developments in the business, financial position, results of operations or properties of the Borrower; and

(x) from time to time such additional information regarding the business, financial position, results of operations or

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properties of the Borrower and its subsidiaries as the Bank may reasonably request (including, without limitation, rent rolls on all of the properties of the Borrower (to be delivered no more frequently than twice during any calendar year) and a schedule of payments for all Debt instruments of the Borrower).

Section 7.2. Payment of Obligations. The Borrower will, and will cause each of its subsidiaries to, pay and discharge, as the same shall become due and payable, (i) all its obligations and liabilities, including all claims or demands of material men, mechanics, carriers, warehouse men, landlords and other like persons which, in any such case, if unpaid, might by law give rise to a Lien upon any of the Borrower's or any such subsidiary's property or assets, and (ii) all lawful taxes, assessments and charges or levies made upon it or its, or any such subsidiary or any such subsidiary's, properties or assets by any governmental body, agency or official (except where any of the items in clause (i) or (ii) of this Section 7.2 is being diligently contested in good faith and the Borrower has set aside on its books, if required under GAAP, appropriate reserves for the accrual of any such items).

Section 7.3. Maintenance of Property; Insurance. The Borrower will, and will cause each of its subsidiaries to, keep all its properties in good working order and condition, subject to ordinary wear and tear, maintain with financially sound and reputable insurance companies insurance on all its properties in at least such amounts and against at least such risks (and with such risk retentions) as are usually insured against by companies engaged in the same or a similar business and furnish to the Bank upon request full information as to the insurance carried.

Section 7.4. Conduct of Business and Maintenance of Existence. The Borrower will continue to engage in business of the same general type as now conducted by the Borrower and will preserve, renew and keep in full force and effect its existence as a real estate investment trust and its rights, privileges and franchises necessary or desirable in the normal conduct of its business.

Section 7.5 Compliance with Laws. The Borrower will, and will cause each of its subsidiaries to, (i) comply in all material respects with all applicable laws, ordinances, rules, regulations, and requirements of governmental authorities (including, without limitation, ERISA and the rules and regulations thereunder and all Environmental Requirements (subject to Section 7.13)), except where the necessity of compliance therewith is contested in good faith by appropriate proceedings and (ii) at all times cause to be done those things necessary to maintain, preserve and renew its qualification as a real estate investment trust under the

Code and all applicable regulations thereunder.

Section 7.6 Accounting: Inspection of Property; Books and Records. The Borrower will keep proper books of record and account in which full, true and correct entries in conformity with GAAP shall be made of all dealings and transactions in relation to its business and activities and the business and activities of its subsidiaries, will

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maintain its fiscal reporting periods on the present basis and will permit representatives of the Bank, at Borrower's expense (not to exceed \$1,500 in the aggregate during any calendar year), to visit and inspect any of the Borrower's or its subsidiaries' properties, to examine and make abstracts from any of the Borrower's books and records and to discuss the Borrower's affairs, finances and accounts with the Borrower's executive officers (who, on the Effective Date, are those officers identified in Section 8.1(xi)) and independent public accountants, all at such reasonable times and as often as the Bank may reasonably request.

Section 7.7 Restriction on Debt. The Borrower and its subsidiaries will not incur or at any time be liable with respect to any Debt except Debt which meets any one of the following criteria: (i) Debt outstanding under this Agreement and the Note; (ii) Debt having an original term in excess of three years; and (iii) unsecured Debt owing to financial institutions (including the Bank) and having an aggregate unpaid principal balance of \$175,000,000 or less but only if all such financial institutions shall have executed and delivered to the Bank an inter-creditor agreement regarding such unsecured Debt satisfactory to the Bank.

Section 7.8 Restriction on Liens. The Borrower will not, and will not permit any of its subsidiaries to, at any time create, assume or suffer to exist any Lien (other than Liens permitted under Section 7.2 and broker's liens arising in the ordinary course of business) on any of its properties or assets (whether now owned or hereafter acquired) or assign or subordinate any present or future right to receive assets as security for the repayment of any Debt that is unsecured as of the Effective Date.

Section 7.9. Consolidations, Mergers and Sales of Assets. The Borrower will not (i) consolidate or merge with or into any other Person or (ii) sell, lease or otherwise transfer all or any substantial part of its assets to any other Person; provided, however, that the Borrower may merge with another real estate investment trust or company if the Borrower is the surviving entity in such merger and no Default shall have occurred and be continuing immediately after giving effect to such merger.

Section 7.10. Transactions with Affiliates. The Borrower will not directly or indirectly pay any funds to or for the account of, make any investment in, engage in any transaction with or effect any transaction in connection with any joint enterprise or other joint arrangement with any Affiliate except in the ordinary course of business pursuant to the reasonable requirements of the business of the Borrower and upon fair and reasonable terms no less favorable to the Borrower than would be obtained in a comparable arms-length transaction with a Person not an Affiliate.

Section 7.11. Transactions with Other Persons. The Borrower will not enter into any agreement with any Person whereby any of them shall agree to any restriction on the Borrower's right to amend or waive any of the provisions of this Agreement.

Section 7.12. ERISA Matters. The Borrower will not at any time permit any Plan to (i) engage in any "prohibited transaction" (as such term is defined in section 4975 of the Code or in Section 406 of ERISA), (ii) incur any "accumulated funding deficiency" (as such term is defined in Section 302 of ERISA), whether or not waived, or (iii) be terminated in a manner that could result in the imposition of a Lien on the property of the Borrower pursuant to Section 4068 of ERISA. The Borrower will deliver or cause to be delivered to the Bank if and when any member of the Controlled Group (i) gives or is required to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with respect to any Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC, (ii) receives notice of complete or partial withdrawal liability under Title IV of ERISA, a copy of such notice, or (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate or appoint a trustee to administer any Plan, a copy of such notice.

Section 7.13. Environmental Matters.

(a) Except as set forth in subsection (b) below, the Borrower will, and will cause each of its subsidiaries to, (i) comply with all Environmental Requirements, (ii) obtain, maintain and comply with all permits, licenses, registrations and authorizations required under all Environmental Requirements and (iii) comply with all court orders, consent orders, settlement agreements or other settlement documents issued by, or entered into with, any administrative or governmental agency or entity concerning compliance with all Environmental Requirements.

(b) The Borrower shall not be deemed to be in violation of subsection (a) above if (i) the Borrower, its subsidiaries and/or its tenants or other potentially responsible parties have initiated and are diligently pursuing in good faith appropriate measures satisfactory to the court or agency having jurisdiction over the matter to cure or eliminate the compliance failure and (ii) there has been set aside on the Borrower's consolidated financial statements a reserve deemed by the Borrower in its reasonable business judgment to be sufficient to cover the noncompliance liability or such greater amount as may be required by GAAP and (iii) such noncompliance will not materially adversely affect the business, financial position, results of operations or properties of the Borrower and its subsidiaries.

Section 7.14. Confession of Judgment. The Borrower will not, and will not permit any of its subsidiaries to, grant any other unsecured bank lender that provides revolving credit to the Borrower or any of its subsidiaries the right to confess judgment against the Borrower.

Section 7.15. Use of Proceeds. The Borrower will use the Advances to provide working capital for investment activities, for construction, renovation and tenant fit-up for the shopping centers and

other properties acquired by the Borrower, for debt reduction, for the payment of dividends and for other similar purposes permissible for real estate investment trusts. The Borrower will use the Letters of Credit in connection with, among other things, loans, refinancings and acquisitions and to guarantee payment or performance under the terms of development or construction contracts.

Section 7.16. Independence of Covenants. All covenants contained herein shall be given independent effect. If a particular action or condition is not permitted by any of such covenants, the fact that such action or condition would be permitted by an exception to, or otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default if such action is taken or such condition exists.

ARTICLE VIII DEFAULTS

Section 8.1. Events of Default. If one or more of the following events ("Events of Default") shall have occurred and be continuing:

(i) the Borrower shall fail to pay when due or within 10 Business Days thereafter any principal of or interest on the Advances, any Reimbursement Amount or any other amount payable hereunder or under the Note or any Letter of Credit Application;

(ii) the Borrower shall fail to observe or perform any covenant contained in Article VI or Section 7.7, 7.8, 7.9, 7.10, 7.11, 7.12, 7.13, 7.14 or 7.15 of this Agreement;

(iii) the Borrower shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those covered by clause (i) or (ii) above) or any Letter of Credit Application for 10 Business Days after written notice thereof shall have been given to the Borrower by the Bank; provided, however, that the Borrower shall be entitled to a reasonable period of time (not to exceed 60 days following the Borrower's receipt of such written notice) to cure such failure if (A) the Bank reasonably determines that such failure cannot be remedied within such 10 Business Day period, (B) the Borrower initiates action to cure such failure within such 10 Business Day period, (C) the Borrower proceeds diligently and in good faith to cure such failure and (D) the Bank determines that such failure will not impair the ability of the Borrower to pay when due or within 10 Business Days thereafter any principal of or interest on the Advances, any Reimbursement Amount or any other amount payable hereunder or under the Note or any Letter of Credit Application;

(iv) any representation, warranty, certification or statement made by the Borrower in this Agreement or any Letter of Credit Application, or in any certificate, financial statement or other document delivered pursuant hereto or thereto, shall prove to have been incorrect in any material respect when made;

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(v) the Borrower or any of its subsidiaries shall fail to make any payment in respect of any Debt (other than the Note) owing to the Bank or any other recourse Debt owing to any Person (including, without limitation, mortgage notes or capital leases in excess of \$1,000,000, senior notes or subordinated convertible debentures) when

due or within any applicable grace period;

(vi) any event or condition shall occur which results in the acceleration of the maturity of any Debt of the Borrower or any of its subsidiaries owing to the Bank or any other recourse Debt of the Borrower or its subsidiaries or enables the holder of such Debt or any Person acting on such holder's behalf to accelerate the maturity thereof;

(vii) the Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent for any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any action to authorize any of the foregoing;

(viii) an involuntary case or other proceeding shall be commenced against the Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 30 days, or an order for relief shall be entered against the Borrower under the federal bankruptcy laws as now or hereafter in effect;

(ix) one or more judgments or orders for the payment of money in excess of \$1,000,000 individually or \$2,500,000 in the aggregate shall be rendered against the Borrower and such judgment or order shall continue unsatisfied for a period of 30 days during which execution thereof shall not be effectively stayed;

(x) the Internal Revenue Service shall make a final determination that the Borrower has failed to maintain its qualification as a real estate investment trust, the Internal Revenue Service shall make a preliminary determination that Borrower has failed to maintain its qualification as a real estate investment trust and the Borrower shall fail promptly to contest or remedy such determination by appropriate proceedings or the stock of the Borrower shall cease to be publicly traded;

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(xi) Steven J. Guttman and any two of Robert S. Wennett, Mary Jane Morrow, Hal A. Vasvari and Ron D. Kaplan shall cease to participate actively as senior managers of the Borrower;

(xii) any senior debt of the Borrower shall be rated below investment grade by Standard & Poor's Corporation; or

(xiii) the bank shall determine in good faith that a material adverse change has occurred in the financial condition of the Borrower since the date of this Agreement, and the Borrower shall fail to correct such change to the satisfaction of the Bank within 10 days after written notice thereof shall have been given to the Borrower by the Bank;

then, and in every such event, the Bank may, at its option, by notice to the Borrower, terminate the Line of Credit Commitment and the Letter of Credit Commitment and declare the Note (together with accrued but unpaid interest thereon) to be immediately due and payable (and the Note shall thereupon become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower); provided, however, that upon the occurrence of any of the Events of Default specified in clause (vii) or (viii) above, without any notice to the Borrower or any other act by the Bank, the Line of Credit Commitment and the Letter of Credit Commitment shall terminate and the Note (together with accrued but Unpaid interest thereon) shall immediately become due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

Section 8.2. Other Remedies. If a Default or an Event of Default shall occur and be continuing, the Bank may proceed to protect and enforce its rights under this Agreement and the Note by exercising such remedies as are available to the Bank in respect thereof under applicable law, either by suit in equity or by action at law or both, for specific performance of any covenant or other agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement. No failure or delay by the Bank in exercising any right, power or privilege hereunder or under the Note shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law .

Section 8.3. Inspection of Properties. The Bank, upon obtaining any judgment against the Borrower, shall have the right to enter upon, and the Borrower hereby specifically grants to the Bank a license (effective only upon the entry of a judgment) to enter upon, any of the Borrower's properties that the Bank may seek to acquire in connection with the enforcement of such judgment for the purpose of inspecting, testing and assessing the properties for the presence of Hazardous Materials. The Borrower shall reimburse the Bank upon demand for all costs and expenses of any and all inspections, testing and assessing. If the Borrower fails to reimburse the Bank upon demand for such costs, then the Bank may pursue all its legal remedies to recover such costs.

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ARTICLE IX
CHANGE IN CIRCUMSTANCES
AFFECTING EURO-DOLLAR-BASED ADVANCES

Section 9.1. Basis for Determining Adjusted London Interbank Offered Rate Inadequate or Unfair. If on or prior to the first day of any Interest Period:

(i) the Bank is advised that deposits in dollars (in the applicable amounts) are not being offered in the relevant market for such Interest Period or

(ii) the Bank determines that the Adjusted London Interbank Offered Rate will not adequately and fairly reflect the cost to the Bank of maintaining or funding the Euro-Dollar-Based Advances for such Interest Period (and such determination is also made with respect to all or substantially all other borrowers from the Bank that pay interest at a rate based on the Adjusted London Interbank Offered Rate),

the Bank shall promptly give notice thereof to the Borrower, whereupon, until such circumstances no longer exist, the right of the Borrower to elect to have the Advances bear interest at the Euro-Dollar-Based Rate shall be suspended and the Euro-Dollar-Based Advances then outstanding shall begin bearing interest at the Prime-Based Rate at the end of the Interest Period(s) applicable to such Euro-Dollar-Based Advances.

Section 9.2. Illegality. If, after the date of this Agreement, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with any interpretation or administration thereof, or compliance by the Bank with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Bank to make, maintain or fund the Euro-Dollar-Based Advances, the Bank shall promptly give notice thereof to the Borrower. Before giving any notice to the Borrower pursuant to this Section 9.2, the Bank shall designate a different lending office if such designation will avoid the need for giving such notice and will not, in the reasonable judgment of the Bank, be otherwise disadvantageous to the Bank. If such notice is given, the Euro-Dollar-Based Advances then outstanding shall begin bearing interest at the Prime-Based Rate either (i) on the last day of the applicable Interest Period if the Bank may lawfully continue to maintain and fund such Advances at the Euro-Dollar-Based Rate to such day or (ii) immediately if the Bank may not lawfully continue to maintain and fund such Advances at the Euro-Dollar-Based Rate to such day (in which case the Borrower shall reimburse the Bank on demand for any resulting loss or reasonable expense in accordance with Section 2.12).

Section 9.3. Increased Cost and Reduced Return..

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(a) If, after the date of this Agreement, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with any interpretation or administration thereof, or compliance by the Bank with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) shall subject the Bank to any tax, duty or other charge with respect to the Euro-Dollar-Based Advances or the Bank's obligation to make the Euro-Dollar-Based Advances, or shall change the basis of taxation of payments to the Bank of the principal of or interest on the Euro-Dollar-Based Advances or any other amounts due under this Agreement or the Note in respect of the Euro-Dollar-Based Advances or the Bank's obligation to make the Euro-Dollar-Based Advances (except for changes in the rate of tax on the overall net income of the Bank imposed by the jurisdiction in which the Bank's principal executive office is located); or

(ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding any such requirement included in the applicable Euro-Dollar Reserve Percentage) against assets of, deposits with or for the account of, or credit extended by, the Bank, or shall impose on the Bank or on the London interbank market any other condition

affecting the Euro-Dollar-Based Advances or the Bank's obligation to make the Euro-Dollar-Based Advances;

and the result of any of the foregoing is to increase the cost to the Bank of making or maintaining the Euro-Dollar-Based Advances, or to reduce the amount of any sum received or receivable by the Bank under this Agreement or under the Note, then the Borrower shall pay to the Bank in accordance with subsection (c) below such additional amount or amounts as will compensate the Bank for such increased cost or reduction.

(b) If the Bank shall determine that any applicable law, rule, regulation or guideline or the adoption after the date of this Agreement of any law, rule, regulation or guideline regarding capital adequacy, or any change in any of the foregoing or in the interpretation or administration of any of the foregoing by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the Bank's capital or the capital of any Person controlling the Bank as a consequence of the Bank's obligations under this Agreement to a level below that which the Bank or such controlling Person could have achieved but for such law, adoption, change or compliance (taking into consideration the Bank's policies with respect to capital adequacy) by an amount deemed by the Bank to be material, then from time to time the Borrower shall pay to the Bank

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in accordance with subsection (c) below such additional amount or amounts as will compensate the Bank for such reduction.

(c) The Bank will promptly notify the Borrower of any event of which it has knowledge, occurring after the date of this Agreement, which will entitle the Bank to compensation pursuant to this Section 9.3 and will deliver to the Borrower with each demand for payment a certificate, signed by an officer of the Bank, setting forth the amount or amounts to be paid to it hereunder, explaining in reasonable detail the calculation of such amount or amounts and setting forth in reasonable detail the method by which the Bank allocated any such amount or amounts to the Borrower. Any such certificate shall be conclusive in the absence of manifest error. In determining such amount, the Bank may use any reasonable averaging and attribution methods generally used by the Bank for the purpose of calculating increased costs and reduced returns and allocating increased costs and reduced returns to borrowers. The Bank will designate a different lending office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the reasonable judgment of the Bank, be otherwise disadvantageous to it.

(d) All payments required by this Section 9.3 shall be made by the Borrower within 30 days after demand by the Bank. All such payments not made on or before the tenth Business Day after such demand shall be accompanied by interest thereon for each day from and including such tenth Business Day to but excluding payment in full thereof at a rate equal to the Adjusted London Interbank Offered Rate (calculated for each such day assigning a one-month Interest Period) plus 1.00% per annum. The Borrower shall not be obligated to reimburse the Bank for any increased cost or reduced return incurred more than 90 days after the date that the Bank receives actual notice of such increased cost or reduced return unless the Bank gives notice thereof to the Borrower in accordance with this Section 9.3 during such 90-day period .

Section 9.4. Suspension of Advances. If notice has been given pursuant to Section 9.2 requiring that the Euro-Dollar-Based Advances cease to bear interest at the Euro-Dollar-Based Rate, then, unless and until the Bank notifies the Borrower that the circumstances giving rise to such notice no longer apply or that the Bank has elected to continue such Euro-Dollar-Based Advances at the Euro-Dollar-Based Rate through the end of the Interest Period(s) applicable to such Euro-Dollar-Based Advances, the Euro-Dollar-Based Advances then outstanding shall begin bearing interest at the Prime-Based Rate from and including the date of such notice (notwithstanding any prior election by the Borrower to the contrary).

ARTICLE X
MISCELLANEOUS

Section 10.1. Notices. All notices, requests and other communications to a party hereunder shall be in writing and shall be given to such party at its address set forth on the signature page hereof or

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such other address as such party may hereafter specify for that purpose by notice to the other. Each such notice, request or other communication shall be effective (i) if given by mail, two Business Days after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (ii) if given by any other means, when delivered at the address specified in this Section 10.1.

Section 10.2. No Waivers. No failure or delay by the Bank in exercising any right, power or privilege hereunder (except as set forth in Section 3.5(d) and Section 9.3(d)) or under the Note or any Letter of Credit Application shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 10.3. Expenses. The Borrower shall pay (i) all out-of-pocket expenses of the Bank, including the reasonable fees and disbursements of its counsel, in connection with the preparation of this Agreement, any waiver or consent hereunder, any amendment hereof or any Default hereunder and (ii) if an Event of Default occurs, all out-of-pocket expenses incurred by the Bank, including the reasonable fees and disbursements of any counsel, in connection with such Event of Default and any collection or other enforcement proceedings resulting therefrom. The Borrower shall indemnify the Bank against any transfer taxes, documentary taxes, assessments or charges made by any governmental authority by reason of the execution and delivery of this Agreement or the Note.

Section 10.4. Indemnification. In consideration of the execution and delivery of this Agreement by the Bank, the Borrower hereby indemnifies, exonerates and holds the Bank and its Affiliates, officers, directors, employees and agents (collectively, the "Indemnified Parties") free and harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities, obligations, penalties, fines, demands, defenses, damages, disbursements or expenses of any kind or nature whatsoever (including attorneys' fees and costs and experts' fees and disbursements and expenses incurred in investigating, settling, defending against or prosecuting any litigation, claim or proceeding) which may at any time be imposed upon, incurred by or asserted or awarded against any Indemnified Party (irrespective of whether any such Indemnified Party is a

party to the action of which indemnification hereunder is sought), whether incurred in connection with actions between or among the parties hereto or the parties hereto and third parties (collectively, the "Indemnified Liabilities"), incurred by the Indemnified Parties or any of them as a result of, or arising out of, or relating to:

(i) the actual or alleged presence of any Hazardous Material on, in, under or affecting, the transportation of any Hazardous Material to or from, or the Release of any Hazardous Material from or in connection with, all or any portion of any property, owned, leased or operated by the Borrower or any of its subsidiaries, the ground water or

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any surrounding areas (provided that there is a nexus to the Borrower's or such subsidiary's property);

(ii) any misrepresentation, inaccuracy or breach of any warranty contained in or referred to in Section 5.8;

(iii) the failure of the Borrower or any of its subsidiaries to comply with any Environmental Requirement during or after the term of this Agreement;

(iv) the imposition of any Lien for damages caused by or the recovery of any costs for the cleanup, Release or threatened Release of Hazardous Material by the Borrower or any of its subsidiaries, or in connection with any property owned or formerly owned by the Borrower or any of its subsidiaries; or

(v) any actual or alleged prohibited transaction or any actual or alleged sale of a prohibited loan under ERISA or under any state statute regulating investments of, and fiduciary obligations with respect to, governmental plans relating to Section 3(32) of ERISA, and in obtaining any individual prohibited transaction exemption under ERISA or any administrative exemption under any state statute that may be required (in the Bank's sole discretion) that the Bank or any of the Bank's affiliates or Indemnified Parties may incur, directly or indirectly, as a result of any misrepresentation, inaccuracy or breach of any warranty contained in or referred to in Section 5.7.

The obligations of the Borrower in respect of Indemnified Liabilities shall survive repayment of the Note or any transfer of the Borrower's property by foreclosure or by a deed in lieu of foreclosure, regardless of whether caused by or within the control of the Borrower. Notwithstanding any of the foregoing, the Borrower shall not be responsible, or otherwise liable for, any Indemnified Liabilities arising for the account of a particular Indemnified Party by reason of the relevant Indemnified Party's gross negligence or willful misconduct or breach of this Agreement. The Borrower and its successors and assigns hereby waive, release and agree not to make any claim or bring any cause or recovery action against the Bank or any other Indemnified Party in respect of claims arising under clauses (i) through (v) above. It is expressly understood and agreed that to the extent that any such Person is strictly liable in respect of any such claim, the Borrower's obligations to such Person under this Section 10.4 shall likewise be without regard to fault on the part of the Borrower with respect to the violation or condition which results in liability of such Person. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

Section 10.5. Right of Set-Off. Upon the occurrence and during the continuance of any Event of Default, the Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or

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demand, provisional or final) at any time held and other indebtedness at any time owing by the Bank to or for the credit or the account of the Borrower against any and all of the obligations now or hereafter existing under this Agreement or the Note, irrespective of whether or not the Bank shall have made any demand hereunder or under the Note and although such obligation may be unmatured. The rights of the Bank under this Section 10.5 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Bank may have. The Bank agrees to notify the Borrower promptly after it exercises any such right of set-off.

Section 10.6. Amendments and Waivers. Any provision of this Agreement, the Note or any Letter of Credit Application may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Borrower and the Bank.

Section 10.7. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrower may not assign or otherwise transfer any of its rights under this Agreement without the prior written consent of the Bank.

(b) The Bank may at any time grant to one or more banking subsidiaries of First Union Corporation (each, a "Participant") participating interests in the Line of Credit Commitment or in any or all of the Advances. In the event of any such grant by the Bank of a participating interest to a Participant, whether or not upon notice to the Borrower, the Bank shall remain responsible for the performance of its obligations hereunder, and the Bank shall continue to deal solely and directly with the Borrower in connection with the Bank's rights and obligations under this Agreement. Any agreement pursuant to which the Bank may grant such a participating interest shall provide that the Bank shall retain the sole right and responsibility to enforce the obligations of the Borrower under this Agreement including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement or the Note.

(c) The Bank may at any time assign to one or more banks or other institutions (each, an "Assignee") all or part of its rights and obligations under this Agreement and the Note, and such Assignee shall assume such rights and obligations, pursuant to an instrument executed by such Assignee and the Bank with (and subject to) the consent of the Borrower (which may be withheld in the Borrower's sole discretion); provided, however, that any partial assignment shall be in the amount of at least \$500,000 or integral multiples thereof. Upon execution and delivery of such an instrument and payment by such Assignee to the Bank or an amount equal to the purchase price agreed between such Assignee and the Bank, such Assignee shall become a party to this Agreement and shall have all the rights and obligations of a bank with a Line of Credit Commitment as set forth in such instrument of assumption, and the Bank shall be

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released from its obligations hereunder, to a corresponding extent, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this Section 10.7(c), the Bank and the Borrower shall make appropriate arrangements so that, if required, a new Note is issued to such Assignee. In the event that such Assignee is not incorporated under the laws of the United States of America or any jurisdiction thereof, such Assignee shall, prior to the first date on which interest or fees are payable hereunder for its account deliver to the Borrower certification as to exemption from deduction or withholding of any United States federal income taxes.

(d) The Bank may furnish any information concerning the Borrower in its possession from time to time to Participants and Assignees (including prospective Participants and Assignees) and may, with the prior written consent of the Borrower, furnish such information in response to credit inquiries consistent with general banking practice.

(e) No Participant, Assignee or other transferee of the Bank's rights shall be entitled to receive any greater payment under Section 9.3 than such transferee would have been entitled to receive with respect to the rights assigned or otherwise transferred, unless such assignment or transfer is made with the Borrower's prior written consent or by reason of the provisions of Section 9.2 or 9.3 requiring the Bank to designate a different lending office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

Section 10.8. Governing Law. This Agreement and the Note shall be deemed to be contracts made under seal and shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, except as otherwise provided herein.

Section 10.9. Counterparts; Effectiveness. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when the Bank shall have received counterparts hereof signed by both parties.

Section 10.10. Waiver of Jury Trial; Submission to Jurisdiction. The Borrower and the Bank hereby irrevocably and unconditionally waive all right to trial by jury in any action, proceeding, or counterclaim arising out of or related to this Agreement or the Notes or any of the transactions contemplated hereby or thereby. Any legal action or proceeding with respect to this Agreement or the Notes or any document related hereto or thereto shall be brought in the U.S. District Court for the Eastern District of Virginia sitting in Alexandria, Virginia, or a Commonwealth of Virginia state court sitting in Fairfax County, Virginia, and by execution and delivery of this Agreement the Borrower and the Bank hereby accept for themselves and in respect of their property, generally and unconditionally, the jurisdiction of the aforesaid courts. The Borrower and the Bank hereby irrevocably and unconditionally waive any objection, including, without limitation, any objection to the laying of venue or based on the grounds of the forum non conveniens which they now

respective jurisdictions.

Section 10.11. Waiver of Personal Liability. The Borrower's Third Amended and Restated Declaration of Trust on file in the Office of the Recorder of Deeds of the District of Columbia provides that neither the shareholders nor the trustees of the Borrower, nor any officer, employee, representative or agent of the Borrower, shall be personally liable for the satisfaction of the obligations of the Borrower under this Agreement, the Note or any Letter of Credit Application. The Bank hereby agrees to look solely to the Borrower and the property of the Borrower for the satisfaction of any claim arising from this Agreement, and shall not seek to impose personal liability on any shareholder, trustee, officer, employee, representative or agent of the Borrower in connection with any such claim. As used in this Section 10.11, the term "trustee" shall mean, collectively, the individuals currently serving as trustees of the Borrower, as long as they continue in office, and all other individuals then in office who have been duly elected or appointed as trustees of the Borrower.

Section 10.12. Entire Agreement. This Agreement, the Note and the Letter of Credit Applications set forth the entire agreement of the parties with respect to the subject matter hereof and thereof and supersede all previous understandings, written or oral, in respect thereof. The Borrower may not, from and including the Effective Date, borrow amounts pursuant to the Prior Credit Agreement ; and as of the Effective Date, the Prior Credit Agreement shall terminate and be of no further force or effect.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be only executed by their respective authorized officers as of the day and year first above written.

FEDERAL REALTY INVESTMENT TRUST

By: _____
Ron D. Kaplan
Vice President -
Capital Markets

4800 Hampden Lane
Bethesda, Maryland 20814
Attention: Legal Department

FIRST UNION NATIONAL BANK OF VIRGINIA

By: _____
Terry W. Miller
Vice President

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1970 Chain Bridge Road
McLean, Virginia 22102-4099

Schedule 1.1A

AUTHORIZED PERSONS

Executive Officers

Steven J. Guttman
Ron D. Kaplan
Catherine R. Mack
Mary Jane Morrow
Hal A. Vasvari
Robert S. Wennett

Trustees

Steven J. Guttman
Count Arthur Cornet
Arnold M. Kronstadt
Dennis Berman
Samuel J. Gorlitz
Donald H. Misner
Walter F. Loeb
Morton B. Lerner
George L. Perry

SECOND AMENDMENT TO REVOLVING CREDIT AGREEMENT

This Second Amendment to Revolving Credit Agreement ("this Second Amendment"), is made the 30th day of September, 1994, by and between FEDERAL REALTY INVESTMENT TRUST, an unincorporated business trust organized under the laws of the District of Columbia ("Borrower"), having an office at 4800 Hampden Lane, Suite 500, Bethesda, Maryland 20814, and CORESTATES BANK, N.A.*/, a national banking association ("Bank"), having an office at 17th Floor, Centre Square West, 1500 Market Street, Philadelphia, Pennsylvania 19102.

B a c k g r o u n d

A. Borrower and Bank are parties to a Revolving Credit Agreement dated as of September 1, 1993, as amended by a First Amendment to Revolving Credit Agreement (the "First Amendment") dated January 31, 1994 (as so amended, the "Revolving Credit Agreement"). All capitalized terms used but not specifically defined herein have the meanings defined in the Revolving Credit Agreement.

B. Borrower has requested Bank to increase the amount of the Commitment, to extend the Commitment Termination Date, and to the modify certain of the other terms and conditions of the Revolving Credit Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Borrower and Bank agree as follows:

1. Paragraphs 1 and 2 of the First Amendment shall be of no further force or effect.

2. Henceforth, the Commitment Termination Date shall be December 31, 1997.

3. Henceforth, the term "Commitment" shall mean the Bank's obligation to advance to Borrower \$30,000,000.00, as such amount may be reduced from time to time in accordance with Section 2.04 of the Revolving Credit Agreement.

*/ CoreStates Bank, N.A. also conducts business as Philadelphia National Bank, as CoreStates First Pennsylvania Bank and as CoreStates Hamilton Bank.

4. Commencing on the execution of this Second Amendment, the Commitment Fee shall be calculated at the rate of 1/8th of 1% (.08%) per annum on the average daily unused portion of the Bank's Commitment from such date to and including the Commitment Termination Date. Such Commitment Fee shall continue to be payable in accordance with the provisions of Section 2.16 of the Revolving Credit Agreement.

5. To evidence Borrower's obligations under the Revolving Credit Agreement with respect to the increased Commitment, Borrower has executed and delivered to Bank a Note dated the date of this Second Amendment in the stated principal amount of \$30,000,000.00. Such Note replaces and shall supersede the \$20,000,000.00 dated September 1, 1993 executed and delivered by Borrower, which prior Note shall be marked "Replaced" and returned to Borrower. All references in the Revolving Credit Agreement to the "Note" shall henceforth mean the aforesaid \$30,000,000.00 Note dated the date of this Second Amendment.

6. Borrower shall pay to Bank, upon the execution of this Second Amendment, an additional fee in the amount of \$12,500.00, which constitutes a "Closing Fee" payable with respect to the afore-said increase in the Commitment.

7. Section 5.07(b) of the Revolving Credit Agreement is hereby amended by deleting the amount "\$80,000,000.00" and substituting in its place "\$175,000,000.00".

8. Section 6.13 of the Revolving Credit Agreement is hereby amended by deleting the amount "\$100,000,000.00" and substituting in its place \$130,000,000.00". Henceforth, in determining whether the covenant contained in Section 6.13 is performed by Borrower, there may be included as "unencumbered real properties" Capitalized Leases having a "value" of not more than \$30,000,000.00 in the aggregate. For purposes of the Revolving Credit Agreement, the "value" of a Capitalized Lease shall be equal to ten (10) times the annualized "net operating income" derived during the most recently concluded fiscal quarter by Borrower from the property that is the subject of such Capitalized Lease, and the term "net operating income" shall mean the amount by which all revenues collected by Borrower with respect to such property (excluding condemnation awards and the proceeds of insurance other than loss of rents insurance) exceed all operating costs and expenses incurred by Borrower with respect to such property (including all rental payments due under the Capitalized Lease, regardless of whether such payments were made, but excluding capital expenditures and the cost of all repairs and replacements paid for with the proceeds of insurance or condemnation awards).

9. Except as specifically modified hereby, the Revolving Credit Agreement remains in full force and effect, in accordance with its terms. Borrower hereby ratifies and confirms all of Borrower's obligations to Bank under the Revolving Credit Agreement and represents to, and agrees with, Bank that Borrower has no defense, set-off or counterclaim to or against any of Borrower's obligations under the Revolving Credit Agreement.

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IN WITNESS WHEREOF, Borrower and Bank have executed this Fourth Amendment as of the day and year first above written.

FEDERAL REALTY INVESTMENT TRUST

Wayne G. Tatusko
Witness

By: Ron D. Kaplan
Ron D. Kaplan, Vice President-
Capital Markets

CORESTATES BANK, N.A.

By: Glenn W. Gallagher
Glenn W. Gallagher,
Vice President

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is made as of this 30th day of September, 1994 by and between FEDERAL REALTY INVESTMENT TRUST, a District of Columbia unincorporated business trust (the "Borrower"), and MELLON BANK, N.A., a national banking association (the "Bank").

BACKGROUND

A. Reference is made to the Credit Agreement dated as of February 11, 1994 by and between the Borrower and the Bank (the "Original Agreement") pursuant to which the Bank extended to Borrower a revolving credit facility in the maximum amount of \$15,000,000. Capitalized terms used herein and not otherwise defined herein shall have the meaning provided in the Original Agreement.

B. The Borrower has requested that the Bank increase the available amount under the Credit Facility from \$15,000,000 to \$20,000,000 and reduce the non-usage fee from one-quarter of one percent (.25%) to one-eighth of one percent (.125%).

C. The Bank has agreed to make such changes subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. The Original Agreement is hereby amended as follows:

a. The term "Available Amount" appearing in Section 1.1 is hereby amended and restated to read in its entirety as follows:

"Available Amount" means as of any date, \$20,000,000 minus the aggregate unpaid principal amount of advances outstanding on such date."

b. Section 2.8 is hereby amended and restated in its entirety as follows:

"Section 2.8 Non-Usage Fee. The Borrower shall pay to the Bank on the 15th day of January, April, July and October of each year, commencing October 15, 1994, a non-usage fee equal to 0.125% per

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annum of the average daily Available Amount during the preceding calendar quarter."

c. The form of Note attached as Exhibit A to the Original Agreement (the "Original Note") is hereby amended and restated to

read in its entirety as set forth in the Amended and Restated Note attached as Exhibit A of this Amendment (the "Amended and Restate Note").

2. From and after the date hereof all references in the Original Agreement to the "Note" shall be to the Amended and Restated Note in the form attached hereto as Exhibit A and executed in connection with this Amendment, so as to extend the provisions of the Original Agreement, as modified by this Amendment, to the Amended and Restated Note.

3. The Borrower hereby certifies that, as of the date hereof:

- a. each of the representations and warranties contained in the Original Agreement, as modified by this Amendment, are true and correct;
- b. the Borrower is in compliance with all of the terms, covenants and conditions contained in the Original Agreement, as modified by this Amendment, including, without limitation, all of the financial covenants; and
- c. there exists no Default or Event of Default under the Original Agreement.

4. The Borrower agrees that it shall promptly notify the Bank in writing of (a) the committed amounts, interest rates, non-usage and other fees, and maturity dates of all credit facilities entered into by the Borrower after the date hereof and (b) any increase or decrease in the committed amounts, interest rates, non-usage and other fees, and maturity dates under and in any other credit facilities to which the Borrower (now or hereafter) is a party. Such notice shall include a detailed summary which sets forth the nature of such changes.

5. Recognizing and in consideration of the Bank's agreement to the amendments herein set forth, the Borrower hereby waives and releases the Bank and its respective officers, attorneys, agents, and employees from any liability, suit, damage, claim, loss or expense of any kind or nature whatsoever and howsoever arising out of or in any way connected with or relating to the Bank's acts or omissions with respect to the Original Agreement, the Original Note, or any documents executed in connection with any of the foregoing (collectively, the "Documents"). The Borrower further hereby indemnifies, holds harmless and agrees to defend the Bank and its respective officers, attorneys, agents and employees from and against any loss, damage, judgment, liability or expense (including reasonable counsel fees) suffered by or rendered against the Bank or any

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of them on account of anything arising out of or in connection with the Documents.

6. All of the terms, conditions, provisions, and covenants in the Documents (which are hereby ratified and confirmed) shall remain unaltered and in full force and effect except as modified by this Amendment.

7. The Borrower agrees to pay all of the Bank's expenses incurred in connection with the preparation of this Amendment and the transactions contemplated by this amendment, including without limitation, the reasonable fees and expense of the Bank's counsel.

8. This Amendment shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

9. Each and every one of the terms and provisions of this Amendment shall be binding upon and shall inure to the benefit of the Borrower, the Bank and their respective successors and assigns.

10. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

FEDERAL REALTY INVESTMENT TRUST

By: Ron D. Kaplan

Ron D. Kaplan
Vice President - Capital Markets

MELLON BANK, N.A.

By: Frederick A. Felter

Frederick A. Felter
Vice President

Exhibit XXXVI
FIRST AMENDMENT TO REVOLVING CREDIT AGREEMENT

This FIRST AMENDMENT TO REVOLVING CREDIT AGREEMENT (the "First Amendment") is entered into as of the 30th day of September, 1994, by and between FEDERAL REALTY INVESTMENT TRUST, a District of Columbia unincorporated business trust (the "Borrower"), and SIGNET BANK/MARYLAND, a Maryland banking corporation (the "Bank").

PREFACE

Reference is made to the \$25,000,000 Revolving Credit Agreement dated as of June 22, 1993 between the Borrower and the Bank (the "Credit Agreement"). Except as otherwise provided, capitalized terms used herein and not defined herein shall have the meanings set forth in the Credit Agreement.

The Borrower has requested that the Credit Agreement be amended as hereinafter provided to extend the Termination Date, to increase the Commitment and to modify certain covenants contained in the Credit Agreement. The Borrower has also requested that the Bank enter into the Intercreditor Agreement dated as of September 30, 1994, among the Borrower, the Bank, First Union National Bank of Virginia, Corestates Bank, N.A. and Mellon Bank, N.A.. The Bank is willing to agree to such requests, subject to the terms and conditions contained herein.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. AMENDMENTS TO THE CREDIT AGREEMENT. The Credit Agreement is hereby amended as follows:

a. The definition of "Loan Documents" in Section 1.1 of the Credit Agreement is amended by adding the phrase ", as any of the foregoing may be amended, extended, modified or restated from time to time" to the end of the existing text of such definition.

b. Section 1.1 of the Credit Agreement is amended by adding a new definition of "Intercreditor Agreement" to read as follows:

"Intercreditor Agreement" means the Intercreditor Agreement dated as of September 30, 1994 among the Borrower,

the Bank, First Union National Bank of Virginia, Corestates Bank, N.A. and

Mellon Bank, N.A., as such Intercreditor Agreement may be amended, extended, modified or restated from time to time,

- c. Section 2.1(a) of the Credit Agreement is amended by deleting the existing Section 2.1(a) and inserting in lieu thereof the following:

"Subject to the terms and conditions hereof, the Bank agrees to make a loan or loans (individually a "Loan" and collectively the "Loans") to the Borrower from time to time prior to the Termination Date on a revolving basis in an aggregate principal amount not to exceed (i) the lesser of (A) "\$30,000,000 (the "Commitment") , and (B) an amount equal to thirty percent (30%) of the total committed lending limits of the Banks (as defined in Section 3 of the Intercreditor Agreement) under the Bank Agreements (as defined in Section 3 of the Intercreditor Agreement), minus (ii) the Letter of Credit Usage. The Loans may be repaid and the principal amount thereof reborrowed throughout the Termination Date, subject to all of the terms and conditions hereof."

- d. Section 2.1(b) of the Credit Agreement is amended by deleting the date "December 1, 1995" in the first sentence of such subsection and inserting in lieu thereof the date "July 1, 1997".

- e. Section 3.1(b) of the Credit Agreement is amended by deleting the phrase "1/4 of 1% per annum" and inserting in lieu thereof the phrase "1/8 of 1% per annum".

- f. Section 3.4 of the Credit Agreement is redesignated as Section 3.5 and a new Section 3.4 is added to read as follows:

"3.4 Mandatory Prepayments. If at any time the aggregate principal amount of Loans outstanding hereunder exceeds the

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maximum amount available to be borrowed pursuant to Section 2.1 hereof, the Borrower shall immediately prepay such Loans in an amount equal to such excess, together with all interest accrued on the amount required to be so prepaid and all other amounts due and payable to the Bank under this Agreement including, without limitation, any amount payable

under Section 2.9 hereof. Any such prepayment shall be applied by the Bank to such Loans as the Bank shall in its sole discretion elect; provided, however, that if no Default or Event of Default has occurred and is continuing, such prepayment shall be applied to such Loans as the Borrower may direct."

- g. Section 2.8(b) of the Credit Agreement is amended by deleting clause (ii) and inserting in lieu thereof the following:

"(ii) no Letter of Credit shall be issued which would cause the sum of the outstanding principal amount of all Loans and the Letter of Credit Usage to exceed the lesser of (A) the Commitment and (B) an amount equal to thirty percent (30%) of the total committed lending limits of the Banks (as defined in Section 3 of the Intercreditor Agreement) under the Bank Agreements (as defined in Section 3 of the Intercreditor Agreement), and"

- h. Section 7.7(a) of the Credit Agreement is amended by deleting the existing Section 7.7 (a) and inserting in lieu thereof the following:

"(a) Adjusted Tangible Net Worth to be less than (i) \$296,000,000 from and including December 31, 1992 through and including December 30, 1993, (ii) \$300,000,000 from and including December 31, 1993 through and including September 29, 1994, and (iii) \$345,000,000 as of September 30, 1994 or at any time thereafter;"

- i. Section 7.11(a) of the Credit Agreement is amended by deleting clause (A)

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thereof and redesignating clauses (B) and (C) thereof as clauses (A) and (B) , respectively.

- j. Section 7.15(a) of the Credit Agreement is amended by deleting the existing Section 7.15(a) and substituting in lieu thereof the following:

"(a) hold (directly or indirectly, including without limitation by an investment or interest in any Person) any ownership interest or other investment in "unimproved land" or invest (directly or indirectly, including without limitation by an

investment or interest in any Person) in or acquire "unimproved land" or invest (directly or indirectly, including without limitation by an investment or interest in any Person) in or make or incur "improvement expenditures" or otherwise increase the "aggregate cost" of any "unimproved land" unless (x) all or substantially all of the improvements, if any, with respect to each such parcel of unimproved land shall consist of one or more retail shopping centers and (y) the "aggregate cost" of all "unimproved land" (including, without limitation, "improvement expenditures") (after giving effect to any such acquisition, investment, expenditure or increase, if applicable) shall not exceed at any time 15% of Adjusted Tangible Net Worth at such time. For purposes of this Section 7.15 (a) the following terms shall have the meanings indicated:

(i) the term "unimproved land" shall mean any real property other than property that either (A) at any time since the date of its acquisition by the Borrower or any Subsidiary of the Borrower, has had "completed retail improvements" constructed thereon or (B) as of the date of any determination has and maintains a "preleasing rate" of 70% or more;

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(ii) the term "completed retail improvements" shall mean improvements comprising one or more retail shopping centers that (x) have been substantially completed and for which all certificates of occupancy (and/or any other necessary governmental permits) needed to occupy and use at least 70% of the rentable area of such improvements for such retail shopping purposes have been obtained and are in effect and (y) at the same time shall have a "preleasing rate" of 70% or more;

(iii) the term "aggregate cost" shall mean, as of the date of any determination, with respect to all real estate that constitutes unimproved land as

of such date, all costs paid or incurred by the Borrower or any of its Subsidiaries in connection with or as a result of investing in or acquiring or owning the unimproved land (directly or indirectly, including without limitation by an investment or interest in any Person), including without limitation the purchase price thereof, all closing costs therefor and all "improvement expenditures" relating to unimproved land;

(iv) the term "improvement expenditures" shall mean all expenditures made or incurred relating to improvements on or serving unimproved land, including without limitation expenditures for design, development, construction, or installation of such improvements, or acquisition of materials in connection with such improvements; and

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(v) the term "preleasing rate" shall mean a percentage determined by dividing (X) the rentable square footage rented by tenants for a parcel pursuant to mutually binding bona fide third party lease agreements containing terms and conditions that are usual and customary for improvements of such type by (Y) the total rentable square footage of the improvements to be made to such parcel.

k. Section 8.1(d) (i) of the Credit Agreement is amended by inserting after the phrase "Section 7.15" the phrase "(other than Section 7.15(a))".

l. Section 8.1 of the Credit Agreement is amended by adding an new subsection (e) thereto to read as follows:

"(e) default shall occur in the observance or performance by the Borrower of any covenant, agreement or provision contained in the Intercreditor Agreement which is not remedied within 5 days after the date thereof;"

and redesignating clauses (e) through (l) thereof as clauses (f) through (m), respectively.

m. Exhibit D to the Credit Agreement (Form of Officer's Compliance Certificate) is amended by deleting the existing paragraph 4(a) and the related footnote and substituting the following:

(a) Adjusted Tangible Net Worth to be less than \$345,000,000:

n. Exhibit D to the Credit Agreement (Form of Officer's Compliance Certificate) is further amended by adding a new paragraph 8 thereto, which shall read as follows:

8. The "aggregate cost" of all "unimproved land" has not exceeded, and the Borrower and its Subsidiaries have

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not made acquisitions, investments or expenditures or otherwise increased the "aggregate cost" of all "unimproved land" so that such "aggregate cost" exceeded, 15% of Adjusted Tangible Net Worth at any time during the Quarter, and the Borrower and its Subsidiaries have otherwise complied in all respects with Section 7.15(a) of the Credit Agreement at all times during the Quarter. In making the foregoing statement, the following parcels had a "preleasing rate" of 70% or more (as indicated below) at all times relevant to determining compliance with Section 7.15(a) of the Credit Agreement at all times during the Quarter:

[name of parcel] ___% preleasing rate

[name of parcel] ___% preleasing rate

2. REPRESENTATIONS AND WARRANTIES. The Borrower represents and warrants that (i) all representations and warranties made in or in connection with the Credit Agreement and this First Amendment are true, correct and complete on and as of the date hereof (after giving effect to this First Amendment and the transactions contemplated hereby) except that the representations and warranties in Section 5.3(a) of the Credit Agreement shall be deemed to refer to the most recent audited consolidated financial statements furnished to the Bank pursuant to Section 7.6 of the Credit Agreement; (ii) no event that would constitute a Default or an Event of Default under the Credit Agreement has occurred and is continuing or will occur as a result of this First Amendment or the transactions contemplated hereby; (iii) the Borrower and its Subsidiaries are in compliance with Sections 7.7(a) and 7.15(a) of the Credit Agreement, as amended hereby, as of the date of this First Amendment; (iv) except as disclosed in writing to the Bank, there have been no amendments to the Declaration of Trust or the Bylaws of the Borrower except as disclosed in writing to the Bank from the copies previously delivered to the Bank

pursuant to Section 6.1 or 6.2 of the Credit Agreement; and (v) the execution and delivery of this First Amendment and the performance of the Borrower's obligations under the Credit Agreement, as amended hereby, have been approved by all necessary action of the Borrower and the officer executing this First Amendment has been duly authorized to execute and deliver this First Amendment on behalf of the Borrower.

3. CONDITIONS TO AMENDMENT. The effectiveness of the agreement of the Bank to this First Amendment is subject to the satisfaction of the following conditions precedent:

(a) The Bank shall have received the following, all of which must be in form and substance satisfactory to the Bank in its sole discretion:

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(i) this First Amendment, duly executed by the Borrower and the Bank;

(ii) an Amended Revolving Credit Note, in the form attached hereto as Exhibit A (the "Amended Revolving Credit Note"), duly executed by the Borrower;

(iii) a certificate of good standing of the Borrower as an unincorporated business trust from the State of Maryland; and

(iv) such additional agreements, opinions, certifications, instruments and other documents relating hereto, to the Credit Agreement or to the Intercreditor Agreement that the Bank may deem necessary or desirable.

b. All representations and warranties made in or in connection with the Credit Agreement and this First Amendment (including, without limitation, the representations and warranties set forth in Section 2 of this First Amendment) shall be true, correct and complete on and as of the date hereof.

c. No Default or Event of Default under the Credit Agreement shall have occurred and be continuing or will occur as a result of this First Amendment or the transactions contemplated hereby.

d. No Claims or Defenses. The Borrower acknowledges and agrees that its obligations under the Credit Agreement, as amended hereby, are its valid obligations and, as of the date hereof, there are no claims, setoffs or defenses to the payment or performance by the Borrower of such obligations, and that the Bank may enforce the payment and performance of such obligations as set forth in the Credit Agreement, as amended hereby, and the Amended Revolving Credit Note.

5. Counterpart Execution. This First Amendment may be executed in any number of counterparts, and by the different parties on different counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts taken together shall constitute one and the same instrument. In making proof of this agreement it shall only be necessary to account for and produce one such counterpart.

6. Survival of Representations. All representations and warranties made in the Credit Agreement or in certificates given pursuant thereto or provided for under any other Loan Documents shall survive the

execution and delivery of this First Amendment and the Amended Revolving Credit Note, and shall continue in full force and effect with respect to the date as of which they were made as long as any credit is in use or available under the Credit Agreement. All representations and warranties made herein or in certificates given pursuant hereto shall survive the execution and delivery of this First Amendment and of the Amended Revolving Credit Note and shall continue in full force and effect with

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respect to the date as of which they were made as long as any credit is in use or available under the Credit Agreement (as amended hereby).

7. Entire Agreement. From and after the effectiveness of this First Amendment, the Credit Agreement (as amended hereby) and the Amended Revolving Credit Note constitute the entire understanding of the parties with respect to the subject matter thereof and any prior agreements, whether written or oral, or contemporaneous oral agreements, with respect thereto are superseded hereby.

8. GOVERNING LAW. THE CREDIT AGREEMENT, THIS FIRST AMENDMENT AND THE AMENDED REVOLVING CREDIT NOTE, AND THE RIGHTS AND DUTIES OF THE PARTIES HERETO AND THERETO, INCLUDING MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, SHALL BE GOVERNED AND DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MARYLAND WITHOUT GIVING EFFECT TO THE CHOICE OF LAW RULES THEREOF.

9. References to the Credit Agreement and the Note. Except as herein specifically amended the Credit Agreement shall remain in full force and effect in accordance with its terms. From and after the effectiveness hereof, whenever reference is made in any agreement (including without limitation the Credit Agreement), note, certificate, notice, document, letter or conversation to the Credit Agreement or to the Note, such reference shall, without more, be deemed to refer to the Credit Agreement, as amended hereby, or to the Amended Revolving Credit Note, as applicable.

IN WITNESS WHEREOF the parties hereto have executed this First Amendment as of the date first written above.

FEDERAL REALTY INVESTMENT TRUST

By: Ron D. Kaplan

Name: Ron D. Kaplan

Title: Vice President - Capital Markets

SIGNET BANK/MARYLAND

By: Susan Elliott Benninghoff

Name: Susan Elliott Benninghoff

Title: Vice President

Attachments

Exhibit A -- Form of Amended Revolving Credit Note

Exhibit xxxvii

STATE DEPARTMENT OF ASSESSMENTS
AND TAXATION
APPROVED FOR RECORD
12-19-94 at 11:42 a.m.
ARTICLES OF INCORPORATION
OF
STREET RETAIL, INC.

FIRST: The undersigned, Patricia A. Lanckenau, whose post office address is Suite 1111, 2600 Virginia Avenue, N.W., Washington, DC 20037, being at least eighteen (18) years of age, does hereby form a corporation under the General Corporation Law of the State of Maryland.

SECOND: The name of the Corporation (which is hereinafter called the "Corporation") is Street Retail, Inc.

THIRD: The purposes for which the Corporation is formed are as follows:

1. Acquisition of existing buildings located in downtown urban and suburban areas throughout the United States, providing that those areas serve densely populated and stable residential communities.

2. The Corporation is further authorized to have and exercise any and all powers or privileges now or hereafter conferred by the General Corporation Law of the State of Maryland or under any Act amendatory thereof or supplemental thereto or in substitution therefor.

FOURTH: The post office address of the principal office of the Corporation in Maryland is:

4800 Hampden Lane, Suite 500
Bethesda, Maryland 20814

FIFTH: The name and post office address of the resident agent of the Corporation in Maryland is:

Steven J. Guttman
4800 Hampden Lane, Suite 500
Bethesda, Maryland 20814

Said resident agent is an individual actually residing in the State of Maryland.

SIXTH: The total number of shares of capital stock which the Corporation has authority to issue is one million (1,000,000) shares of one class of common stock with a par value of \$.01. The aggregate par value of all

stock the Corporation has authority to issue is Ten Thousand Dollars (\$10,000).

SEVENTH: The number of initial directors of the Corporation shall be three (3), which number may be increased or decreased pursuant to the Bylaws of the Corporation and the names of the directors who shall act until the first annual meeting or until their successors are elected and qualified are:

Steven J. Guttman
Hal A. Vasvari
M.J. Morrow

EIGHTH: Provisions limiting or denying to stockholders the preemptive right to acquire additional shares of capital stock of the Corporation are as follows: No holder of capital stock shall be entitled as a matter of right to subscribe for or purchase any part of any new or additional issue of capital stock of any class, whether now or hereafter authorized or whether issued for money, for a consideration other than money, or by way of dividend.

NINTH: The provisions for the regulation of the internal affairs of the Corporation are to be stated in the Bylaws of the Corporation, as the same may be amended from time to time.

I have signed these Articles of Incorporation on December 19, 1994, acknowledging it to be my act and that the matters and facts set forth herein are true in all material respects.

/s/Patricia A. Lankenau

Patricia A. Lankenau

BY-LAWS
OF
STREET RETAIL, INC.

ARTICLE I

OFFICES

The Corporation may have such office(s) at such place(s), both within and without the State of Maryland, as the Board of Directors from time to time determines or as the business of the Corporation from time to time requires.

ARTICLE II

MEETINGS OF THE STOCKHOLDERS

Section 1. Annual Meetings. Annual meetings of the Stockholders shall be held at 10:00 a.m. on the 1st day of May (beginning in the year 1995) if not a legal holiday, then on the next secular day following, or at such other date and time during the month of May and at such place (within or without the State of Maryland) as is designated from time to time by the Board of Directors and stated in the notice of the meeting. At each annual meeting the stockholders shall elect a Board of Directors and shall transact such other business as may properly be brought before the meeting.

Section 2. Special Meetings. Unless otherwise prescribed by law, the Articles of Incorporation or these By-laws, special meetings of the stockholders for any purpose or purposes may be called by the Chairman of the Board, if any, or by the President or Secretary upon the written request of a majority of the total number of directors of the Corporation or of holders owning not less than twenty-five percent (25%) of the shares of capital stock of the Corporation issued and outstanding and entitled to vote at any such meeting. Requests for special meetings shall state the purpose or purposes of the proposed meeting.

Section 3. Notices of Annual and Special Meetings.

(a) Except as otherwise provided by law, the Articles of Incorporation or these By-laws, written notice of any annual or special meeting of the stockholders shall state the place, date and time thereof and, in the case of a special meeting, the purpose or purposes for which the meeting is called, and shall be given to each stockholder of record entitled to vote at such meeting not less than ten (10) nor more than ninety (90) days prior to the meeting.

DC-185613.2

* As adopted by the Board of Directors on December 20, 1994.

(b) Notice of any meeting of stockholders (whether annual or special) to act upon an amendment of the Articles of Incorporation, a reduction of stated capital or a plan of merger, consolidation or sale of all or substantially all of the

Corporation's assets shall be given to each stockholder of record entitled to vote at such meeting not less than ten (10) nor more than ninety (90) days before the date of such meeting. Any such notice shall be accompanied by a copy of the proposed amendment or plan of reduction, merger, consolidation or sale.

Section 4. List of Stockholders. At least ten (10) days (but not more than fifty (50) days) before any meeting of the stockholders, the officer or transfer agent in charge of the stock transfer books of the Corporation shall prepare and make a complete alphabetical list of the stockholders entitled to vote at such meeting, which list shows the address of each stockholder. The list so prepared shall be maintained at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held, and shall be open to inspection by any stockholder, for any purpose germane to the meeting, during ordinary business hours during a period of no less than ten (10) days prior to the meeting. The list also shall be produced and kept open at the meeting (during the entire duration thereof) and, except as otherwise provided by law, may be inspected by any stockholder or proxy of a stockholder who is present in person at such meeting.

Section 5. Presiding Officers; Order of Business.

(a) Meetings of the stockholders shall be presided over by the Chairman of the Board, if any, or, if the Chairman is not present (or, if there is none), by the President, or, if the President is not present, by a Vice President, or if a Vice President is not present, by such person who is chosen by the Board of Directors, or, if none, by a chairperson to be chosen at the meeting by stockholders present in person or by proxy who own a majority of the shares of capital stock of the Corporation entitled to vote and represented at such meeting. The secretary of meetings shall be the Secretary of the Corporation, or, if the Secretary is not present, an Assistant Secretary, or if an Assistant Secretary is not present, such person as may be chosen by the Board of Directors, or, if none, by such person who is chosen by the Chairperson at the meeting.

(b) The following order of business, unless otherwise ordered at the meeting by the Chairperson thereof, shall be observed as far as practicable and consistent with the purposes of the meeting:

- (1) Call of the meeting to order.
- (2) Presentation of proof of mailing of notice of the meeting and, if

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the meeting is a special meeting, the call thereof.

- (3) Presentation of proxies.
- (4) Determination and announcement that a quorum is present.
- (5) Reading and approval (or waiver thereof) of the minutes of the previous meeting.
- (6) Reports, if any, of officers.

- (7) Election of directors, if the meeting is an annual meeting or a meeting called for such purpose.
- (8) Consideration of the specific purpose or purposes for which the meeting has been called (other than the election of directors).
- (9) Transaction of such other business as may properly come before the meeting.
- (10) Adjournment.

Section 6. Quorum; Adjournments.

(a) The holders of a majority of the shares of capital stock of the Corporation issued and outstanding and entitled to vote at any given meeting present in person or by proxy shall be necessary to and shall constitute a quorum for the transaction of business at all meetings of the stockholders, except as otherwise provided by law or by the Articles of Incorporation.

(b) If a quorum is not present in person or by proxy at any meeting of stockholders, the stockholders entitled to vote thereat, present in person or by proxy, shall have the power to adjourn the meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, until a quorum is present in person or by proxy.

(c) Even if a quorum is not present in person or by proxy at any meeting of stockholders, the stockholders entitled to vote thereat, present in person or by proxy, shall have the power to adjourn the meeting from time to time for good cause, without notice of the adjourned meeting if the time and place thereof are

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announced at the meeting at which the adjournment is taken, until a date which is not more than thirty (30) days after the date of the original meeting.

(d) Any business which might have been transacted at a meeting as originally called may be transacted at any meeting held after adjournment as provided in this Section 6 at which reconvened meeting a quorum is present in person or by proxy. Anything in paragraph (b) of this Section 6 to the contrary notwithstanding, if an adjournment is for more than thirty (30) days, or if after an adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote thereat.

Section 7. Voting.

(a) At any meeting of stockholders every stockholder having the right to vote shall be entitled to vote in person or by proxy. Except as otherwise provided by law or by the Articles of Incorporation, each stockholder of record shall be entitled to

one vote (on each matter submitted to a vote) for each share of capital stock registered in his, her or its name on the books of the Corporation.

(b) All elections of directors, and except as otherwise provided by law or by the Articles of Incorporation, all other matters, shall be determined by a vote of a majority of the shares present in person or represented by proxy and voting on such other matters.

Section 8. Action by Consent. Any action required or permitted to be taken at any meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a written consent in lieu of such meeting, which consent sets forth the action so taken, is signed before or after such action by all of the stockholders entitled to vote with respect to the subject matter thereof. All written consents shall be filed with the minutes of the stockholders.

ARTICLE III

DIRECTORS

Section 1. General Powers; Number; Tenure. The business and affairs of the Corporation shall be managed under the direction of its Board of Directors, which may exercise all powers of the Corporation and perform or authorize the performance of all lawful acts and things which are not by law, the Articles of Incorporation or these By-laws directed or required to be exercised or performed by the stockholders. The number of directors of the Corporation shall be not less than three (3) nor more than fifteen (15) provided, however, that if there is stock outstanding and so long as there are less than three stockholders, the number of directors may be less than three but not less than the number of stockholders. The directors shall be elected at the annual meeting of the stockholders

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(except as otherwise provided in Section 2 of this Article III), and each director elected shall hold office until the next succeeding annual meeting of the stockholders or until his successor has been elected and has qualified. Directors need not be stockholders nor residents of the State of Maryland.

Section 2. Vacancies. The stockholders may elect a successor to fill a vacancy on the Board of Directors which results from the removal of a director. A majority of the remaining directors, whether or not sufficient to constitute a quorum, may fill a vacancy on the Board of Directors which results from any cause except an increase in the number of directors. A majority of the entire Board of Directors may fill a vacancy which results from an increase in the number of directors. Every director chosen to fill a vacancy as in this Section 2 provided shall hold office until the next annual meeting of the stockholders or until his successor has been elected and has qualified.

Section 3. Removal; Resignation.

(a) Except as otherwise provided by law, the Articles of Incorporation or these By-laws, at any meeting of the stockholders called expressly for such purpose any director may be removed, with or without cause, by a vote of stockholders holding a majority of the shares issued and outstanding and entitled to vote at an election of directors.

(b) Any director may resign at any

time by giving written notice to the Board of Directors, the Chairman of the Board, the President, or the Secretary of the Corporation. Unless otherwise specified in such written notice, a resignation shall take effect upon delivery thereof to the Board of Directors or the designated officer. A resignation need not be accepted in order for it to be effective.

Section 4. Place of Meetings. The Board of Directors may hold both regular and special meetings either within or without the State of Maryland, at such place as the Board from time to time deems advisable.

Section 5. Annual Meeting. The annual meeting of each newly elected Board of Directors shall be held as soon as is practicable (but in no event more than ten (10) days) following the annual meeting of stockholders, and no notice to the newly elected directors of such meeting shall be necessary for such meeting to be lawful, provided a quorum is present thereat.

Section 6. Regular Meetings. Additional regular meetings of the Board of Directors may be held without notice, at such time and place as from time to time may be determined by the Board of Directors.

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Section 7. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board or by the President or by any two (2) directors upon two (2) days' notice to each director if such notice is delivered personally or sent by telegram, or upon five (5) days' notice if sent by mail.

Section 8. Quorum; Adjournments. A majority of the number of directors then in office shall constitute a quorum for the transaction of business at each and every meeting of the Board of Directors, and the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, except as may otherwise specifically be provided by law, the Articles of Incorporation or these By-laws. If a quorum is not present at any meeting of the Board of Directors, the directors present may adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum is present.

Section 9. Compensation. Directors shall be entitled to such compensation for their services as directors as from time to time may be fixed by the Board of Directors and in any event shall be entitled to reimbursement of all reasonable expenses incurred by them in attending directors' meetings. Any director may waive compensation for any meeting. No director who receives compensation as a director shall be barred from serving the Corporation in any other capacity or from receiving compensation and reimbursement of reasonable expenses for any or all such other services.

Section 10. Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting and without prior notice if a written consent in lieu of such meeting which sets forth the action so taken is signed either before or after such action by all directors. All written consents shall be filed with the minutes of the Board's proceedings.

Section 11. Meetings by Telephone or Similar Communications. The Board of Directors may participate in meetings by means of conference telephone or similar communications equipment, whereby all directors participating in the meeting can hear each other at the same time, and participation in any such meeting shall constitute presence in person by such director at such meeting. A written record shall be made of all actions taken at any meeting conducted by means of a conference telephone or similar communications equipment.

ARTICLE IV

COMMITTEES

Section 1. Executive Committee.

(a) By resolution duly adopted by a majority of the whole Board, the Board of Directors may designate two or

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more directors to constitute an Executive Committee. One of such directors shall be designated as Chairman of the Executive Committee. Each member of the Executive Committee shall continue as a member thereof until the expiration of his term as a director, or until his earlier resignation from the Executive Committee, in either case unless sooner removed as a member of the Executive Committee or as a director by any means authorized by these By-laws.

(b) The Executive Committee shall have and may exercise all of the rights, powers and authority of the Board of Directors, except as expressly limited by the General Corporation Law of the State of Maryland, as amended from time to time.

(c) The Executive Committee shall fix its own rules of procedure and shall meet at such time and at such place or places as may be provided by its rules. The Chairman of the Executive Committee, or, in the absence of a Chairman a member of the Executive Committee chosen by a majority of the members present, shall preside at meetings of the Executive Committee, and another member thereof chosen by the Executive Committee shall act as Secretary. A majority of the Executive Committee shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of the members thereof shall be required for any action of the Executive Committee. The Executive Committee shall keep minutes of its meetings and deliver such minutes to the Board of Directors.

Section 2. Other Committees. The Board of Directors, by resolution duly adopted by a majority of directors at a meeting at which a quorum is present, may appoint such other committee or committees as it shall deem advisable and with such limited authority as the Board of Directors shall from time to time determine.

Section 3. Other Provisions Regarding Committees.

(a) The Board of Directors shall have the power at any time to fill vacancies in, change the membership of, or discharge any committee.

(b) Members of any committee shall be entitled to such compensation for their services as such as from time to time may be fixed by the Board of Directors and in any event shall be

entitled to reimbursement of all reasonable expenses incurred in attending committee meetings. Any member of a committee may waive compensation for any meeting. No committee member who receives compensation as a member of any one or more committees shall be barred from serving the Corporation in any other capacity or from receiving compensation and reimbursement of reasonable expenses for any or all such other services.

(c) Unless prohibited by law, the provisions of Section 10 ("Action by Consent") and Section 11 ("Meetings by Telephone or Similar Communications") of Article III shall apply to all committees from time to time created by the Board of Directors.

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ARTICLE V

OFFICERS

Section 1. Positions. The officers of the Corporation shall be chosen by the Board of Directors and shall consist of a President, one or more Vice Presidents (if and to the extent required by law or if not required, if the Board of Directors from time to time appoints a Vice President or Vice Presidents), a Secretary and a Treasurer. Only the President need be a director. The Board of Directors also may choose a Chairman of the Board, one or more Assistant Secretaries and/or Assistant Treasurers and such other officers and/or agents as the Board from time to time deems necessary or appropriate. The Board of Directors may delegate to the President of the Corporation the authority to appoint any officer or agent of the Corporation and to fill a vacancy other than the Chairman of the Board, President, Secretary or Treasurer. The election or appointment of any officer of the Corporation in itself shall not create contract rights for any such officer. All officers of the Corporation shall exercise such powers and perform such duties as from time to time shall be determined by the Board of Directors. Any two or more offices may be held by the same person except the offices of President and Secretary and of President and Vice President.

Section 2. Term of Office; Removal. Each officer of the Corporation shall hold office at the pleasure of the Board and any officer may be removed, with or without cause, at any time by the affirmative vote of a majority of the directors then in office, provided that any officer appointed by the President pursuant to authority delegated to the President by the Board of Directors may be removed, with or without cause, at any time whenever the President in his or her absolute discretion shall consider that the best interests of the Corporation shall be served by such removal. Removal of an officer by the Board or by the President, as the case may be, shall not prejudice the contract rights, if any, of the person so removed. Vacancies (however caused) in any office may be filled for the unexpired portion of the term by the Board of Directors (or by the President in the case of a vacancy occurring in an office to which the President has been delegated the authority to make appointments).

Section 3. Compensation. The salaries of all officers of the Corporation shall be fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving a salary by reason of the fact that he also receives from the Corporation compensation in any other capacity.

Section 4. Chairman of the Board. The Chairman of the Board (if the Board of Directors so deems advisable and selects one) shall be an officer of the Corporation and, subject to the direction of the Board of Directors, shall perform such executive, supervisory and

management functions and duties as from time to time may be assigned to him or her by the Board. The Chairman of the Board, if present, shall preside at all meetings of the stockholders and all meetings of the Board of Directors.

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Section 5. President. The President shall be the chief executive officer of the Corporation and, subject to the direction of the Board of Directors, shall have general charge of the business, affairs and property of the Corporation and general supervision over its other officers and agents. In general, the President shall perform all duties incident to the office of President of a stock corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. Unless otherwise prescribed by the Board of Directors, the President shall have full power and authority on behalf of the Corporation to attend, act and vote at any meeting of security holders of other corporations in which the Corporation may hold securities. At any such meeting the President shall possess and may exercise any and all rights and powers incident to the ownership of such securities which the Corporation possesses and has the power to exercise. The Board of Directors from time to time may confer like powers upon any other person or persons.

Section 6. Vice Presidents. In the absence or disability of the President, the Vice President, if any (or in the event there is more than one, the Vice Presidents in the order designated, or in the absence of any designation, in the order of the election), shall perform the duties and exercise the powers of the President. The Vice President(s) also generally shall assist the President and shall perform such other duties and have such other powers as from time to time may be prescribed by the Board of Directors.

Section 7. Secretary. The Secretary shall attend all meetings of the Board of Directors and of the stockholders and shall record all votes and the proceedings of all meetings in a book to be kept for such purposes. The Secretary also shall perform like duties for the Executive Committee or other committees, if required by any such committee. The Secretary shall give (or cause to be given) notice of all meetings of the stockholders and all special meetings of the Board of Directors and shall perform such other duties as from time to time may be prescribed by the Board of Directors, the Chairman of the Board or the President. The Secretary shall have custody of the seal of the Corporation, shall have authority (as shall any Assistant Secretary) to affix the same to any instrument requiring it, and to attest the seal by his or her signature. The Board of Directors may give general authority to officers other than the Secretary or any Assistant Secretary to affix the seal of the Corporation and to attest the affixing thereof by his or her signature.

Section 8. Assistant Secretary. The Assistant Secretary, if any (or in the event there is more than one, the Assistant Secretaries in the order designated, or in the absence of any designation, in the order of their election), in the absence or disability of the Secretary, shall perform the duties and exercise the powers of the Secretary. The Assistant Secretary (ies) shall perform such other duties and have such other powers as from time to time may be prescribed by the Board of Directors.

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Section 9. Treasurer. The Treasurer shall have the custody of the corporate funds, securities, other similar valuable effects, and evidences of indebtedness, shall keep books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as from time to time may be ordered by the Board of Directors from time to time and shall render to the Chairman of the Board, the President and the Board of Directors, at regular meetings of the Board or whenever any of them may so require, an account of all transactions and of the financial condition of the Corporation.

Section 10. Assistant Treasurer. The Assistant Treasurer, if any (or in the event there is more than one, the Assistant Treasurers in the order designated, or in the absence of any designation, in the order of their election), in the absence or disability of the Treasurer, shall perform the duties and exercise the powers of the Treasurer. The Assistant Treasurer(s) shall perform such other duties and have such other powers as from time to time may be prescribed by the Board of Directors.

ARTICLE VI

NOTICES

Section 1. Form; Delivery. Any notice required or permitted to be given to any director, officer, stockholder or committee member shall be given in writing, either personally or by first-class mail with postage prepaid, in either case addressed to the recipient at his or her address as it appears in the records of the Corporation. Personally delivered notices shall be deemed to be given at the time they are delivered at the address of the named recipient as it appears in the records of the Corporation, and mailed notices shall be deemed to be given at the time they are deposited in the United States mail. Notice to a director also may be given by telegram sent to his address as it appears on the records of the Corporation and shall be deemed given at the time delivered at such address.

Section 2. Waiver; Effect of Attendance. Whenever any notice is required to be given by law, the Articles of Incorporation or these By-laws, a written waiver thereof, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be the equivalent of the giving of such notice. In addition, any stockholder who attends a meeting of stockholders in person, or who is represented at such meeting by a proxy, or any director or committee member who attends a meeting of the Board of Directors or a committee thereof shall be deemed to have had timely and proper notice of the meeting, unless such stockholder (or his or her proxy) or director or committee member attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened.

INDEMNIFICATION AND EXCULPATION: TRANSACTIONS
WITH AFFILIATED PERSONS

Section 1. Indemnification and Exculpation. Reference is hereby made to Section 2-418 of the General Corporation Law of the State of Maryland (or any successor provision thereto). The Corporation shall indemnify each person who may be indemnified (the "Indemnitees") pursuant to such section, to the full extent permitted thereby. In each and every situation where the Corporation may do so under such section, the Corporation hereby obligates itself to so indemnify the Indemnitees, and in each case, if any, where the Corporation must make certain investigations on a case-by-case basis prior to indemnification, the Corporation hereby obligates itself to pursue such investigations diligently, it being the specific intention of these By-laws to obligate the Corporation to indemnify each person whom it may indemnify to the fullest extent permitted by law at any time and from time to time. To the extent not prohibited by Section 2-418 of the General Corporation Law of the State of Maryland (or any other provision of the General Corporation Law of the State of Maryland), the officers and directors of the Corporation shall not be liable to the Corporation for any mistake or misjudgment, negligence or otherwise, except for their own individual willful misconduct or bad faith.

Section 2. Common or Interested Officers and Directors. The officers and directors shall exercise their powers and duties in good faith and with a view to the best interests of the Corporation. No contract or other transaction between the Corporation and one or more of its officers or directors, or between the Corporation and any corporation, firm, association, or other entity in which one or more of the officers or directors of the Corporation are officers or directors, or are pecuniarily or otherwise interested, shall be either void or voidable because of such common directorate, officership or interest, because such officers or directors are present at the meeting of the Board of Directors or any committee thereof which authorizes, approves or ratifies the contract or transaction, or because his, her or their votes are counted for such purpose, if (unless otherwise prohibited by law) any of the conditions specified in the following paragraphs exist:

(a) the material facts of the common directorate or interest or contract or transaction are disclosed or known to the Board of Directors or Committee thereof and the Board or Committee authorizes or ratifies such contract or transaction in good faith by the affirmative vote of a majority of the disinterested directors, even though the number of such disinterested directors may be less than a quorum; or

(b) the material facts of the common directorate, interest, contract or transaction are disclosed or known to the stockholders entitled to vote thereon and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

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(c) the contract or transaction is fair and commercially reasonable to the Corporation at the time it is authorized, approved or ratified by the Board, a committee thereof, or the stockholders, as the case may be.

Common or interested directors may be counted in determining whether a quorum is present at any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or

transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if he, she or they were not such officers or directors of such other corporation or were not so interested.

ARTICLE VIII

STOCK CERTIFICATES

Section 1. Form; Signatures. Each stockholder who has fully paid for any stock of the Corporation shall be entitled to receive a certificate representing such shares, and such certificate shall be signed by the Chairman of the Board (if any) or the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation. Signatures on the certificate may be facsimile, in the manner prescribed by law. Each certificate shall exhibit on its face the number and class (and series, if any) of the shares it represents. Each certificate also shall state upon its face the name of the person to whom it is issued and that the Corporation is organized under the laws of the State of Maryland. Each certificate may (but need not) be sealed with the seal of the Corporation or facsimile thereof. In the event any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate ceases to be such officer, transfer agent or registrar before the certificate is issued, the certificate nevertheless may be issued by the Corporation with the same effect as if such person were such officer at the date of issue of the certificate. All stock certificates representing shares of capital stock which are subject to restrictions on transfer or to other restrictions may have imprinted thereon a notation of such restriction.

Section 2. Registration of Transfer. Upon surrender to the Corporation or to any transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the Corporation, or its transfer agent, shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon the Corporation's books.

Section 3. Registered Stockholders. Except as otherwise provided by law, the Corporation shall be entitled to recognize the exclusive right of a person who is registered on its books as the owner of shares of its capital stock to receive dividends or other distributions (to the extent otherwise distributable or distributed), to vote (in the case of voting stock) as such owner, and to hold liable for calls and

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assessments a person who is registered on its books as the owner of shares of its capital stock. The Corporation shall not be bound to recognize any equitable or legal claim to or interest in such shares on the part of any other person. The Corporation (its transfer agent) shall not be required to send notices or dividends to a name or address other than the name or address of the stockholders appearing on the stock ledger maintained by the Corporation (or by the transfer agent or registrar, if any), unless any such stockholder shall have notified the Corporation (or the transfer agent or registrar, if any), in writing, of another name or address at least ten (10) days prior to the mailing of such notice or dividend.

Section 4. Record Date. In order that the Corporation may determine the stockholders of record who are entitled (i) to notice of or to vote at any meeting of stockholders or any adjournment thereof, (ii) to express written consent to corporate action in lieu of a meeting, (iii)

to receive payment of any dividend or other distribution, or (iv) to allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock for the purpose of any other lawful action or in order that the Corporation may make a determination of the stockholders of record for any other lawful purpose, the Board of Directors, in advance, may fix a date as the record date for any such determination. Such date shall not be more than fifty (50) days nor less than ten (10) days before the date of such meeting, nor more than fifty (50) days prior to the date of any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of the stockholders shall apply to any adjournment of the meeting taken pursuant to Section 6 of Article II; provided, however, that the Board of Directors, in its discretion, may fix a new record date for the adjourned meeting.

Section 5. Lost, Stolen or Destroyed Certificate. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation which is claimed to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors, in its discretion, may require as a condition precedent to issuance that the owner of such lost, stolen or destroyed certificate, or his or her legal representative, advertise the same in such manner as the Board shall require and/or to give the Corporation a bond in such sum, or other security in such form, as the Board may direct, as indemnity against any claim that may be made against the Corporation with respect to the certificate claimed to have been lost, stolen or destroyed.

ARTICLE IX

GENERAL PROVISIONS

Section 1. Dividends. Subject to the General Corporation Law of the State of Maryland and to any provisions of the Articles of Incorporation relating to dividends, dividends upon the outstanding capital stock of the Corporation may be declared by the Board

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of Directors at any annual, regular or special meeting and may be paid in cash, in property or in shares of the Corporation's capital stock.

Section 2. Reserves. The Board of Directors, in its sole discretion, may fix a sum which may be set aside or reserved over and above the paid-in capital of the Corporation for working capital or as a reserve for any proper purpose, and from time to time may increase, diminish or vary such fund or funds.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be as determined from time to time by the Board of Directors.

Section 4. Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its incorporation and the words "Corporate Seal" and "State of Maryland."

Section 5. Amendment of the By-laws. To the extent not prohibited by law, the Board of Directors shall have the power to make, alter and repeal these By-laws, and to adopt new by-laws, in all cases by an affirmative vote of a majority of the whole Board, provided that notice of the proposal to make, alter or repeal these By-laws, or to

adopt new by-laws, is included in the notice of the meeting of the Board of Directors at which such action takes place.

Certification

We, Steven J. Guttman and J. Lynn Taylor, President and Secretary, respectively, of Street Retail, Inc., (the "Corporation"), DO HEREBY CERTIFY that the foregoing is a true and correct copy of the Corporation's By-laws as adopted by the Board of Directors of the Corporation on December 20, 1994.

Attest:

/s/J. Lynn Taylor

Secretary

/s/Steven J. Guttman

President

{Corporate Seal}

Exhibit 23

Consent of Independent Accountants

We have issued our reports dated February 10, 1995 accompanying the consolidated financial statements and schedules included in the Annual Report of Federal Realty Investment Trust on Form 10K for the year ended December 31, 1994. We hereby consent to the incorporation by reference of said reports in the Registration Statement of Federal Realty Investment Trust on Form S-3 (File No. 33-51029, effective December 31, 1993).

Grant Thornton LLP
Washington, D.C.
March 21, 1995

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

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

</FN>

