

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

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FILER

FEDERAL REALTY INVESTMENT TRUST

CIK: **34903** | IRS No.: **520782497** | State of Incorporation: **DC** | Fiscal Year End: **1231**
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SIC: **6798** Real estate investment trusts

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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, 1993 Commission File No.1-7533

FEDERAL REALTY INVESTMENT TRUST
(Exact name of registrant as specified in its charter)

District of Columbia 52-0782497
(State or other jurisdiction of (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 *	New York Stock Exchange
Senior Securities *	New York Stock Exchange
Subordinated Securities *	New York Stock Exchange

* 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.

[]

At March 8, 1994, the aggregate market value of Common Shares of Beneficial Interest of Federal Realty Investment Trust held by nonaffiliates was \$803 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 8, 1994
Common Shares of Beneficial Interest	28,092,030

DOCUMENTS INCORPORATED BY REFERENCE

PART III

Portions of the Trust's Proxy Statement in connection with its Annual Meeting to be held on May 4, 1994 (hereinafter called "1994 Proxy Statement").

The Exhibit Index for this report is found on page 23.
This report, including Exhibits, contains 97 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. Since January 1989, the Trust has been managing, leasing, and supervising renovations of most of its properties.

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.

The Trust's real estate portfolio has increased from 42 properties as of January 1989 to 49 properties as of December 31, 1993. During this five year period the Trust acquired 11 shopping centers, containing approximately 2.5 million square feet, at a cost of \$196.0 million and sold four shopping centers containing 692,000 square feet. During this same period the Trust spent over \$130 million to renovate, expand and improve its properties. Two of the 11 shopping centers acquired during the last five years were acquired under capital leases with an original recorded value of \$34.0 million; one was acquired subject to a \$2.5 million mortgage and the remainder were acquired with cash. This growth was financed primarily through borrowings 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, 1993 the Trust owned or had a leasehold interest in 47 community and neighborhood shopping centers and one air-conditioned partially enclosed mall. These 48 shopping centers contain in the aggregate approximately 10.6 million net rentable square feet. The Trust's shopping

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centers usually feature supermarket, drug or discount department store chains. There are approximately 1,500 tenants providing a wide range of retail products and services. These tenants range from sole proprietorships to national retailers. Fourteen 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, two are in Illinois and the remainder are in North Carolina, Michigan, Georgia, New York, Tennessee, Louisiana and Massachusetts. The Trust also owns one apartment development located in Silver Spring, Maryland, containing 282 units. No single property or tenant accounts for more than 10% of the Trust's revenues.

An important part of the Trust's investment strategy has been and is to acquire older, well-located shopping centers and enhance their revenue potential through a program of renovation, re-leasing and re-merchandising. In addition the Trust is currently seeking to acquire sites to develop new shopping centers. The Trust's policy is to execute tenant leases which provide for additional rent based upon tenant sales revenue and annual rent escalations. Tenants are typically required to pay their proportionate share of on-site operating expenses and real estate taxes. During the years ended December 31, 1993, 1992, and 1991, shopping centers have contributed 94%, 92% and 93%, respectively, of the Trust's total revenue.

The Trust intends to continue to invest substantially all of its assets in shopping centers. 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, construction costs, retailing trends, income tax laws, increases or decreases in operating expenses, 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

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Trust competes for investment opportunities and mortgage financing with individuals, partnerships, corporations, financial institutions, life insurance companies, pension funds and trust funds. The Trust engages in a continuing program to identify desirable properties on which offers to acquire are made from time to time. Similarly, 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 1993 approximately \$1.5 million, of which \$1.0 was capitalized abatement costs, was spent on environmental matters. The Trust has budgeted a range of \$1.5 million to \$2.7 million for 1994 for environmental matters, a majority of which is projected for asbestos abatement. (See Note 4 of Notes to Consolidated Financial Statements.)

Current Developments

The Trust believes that now is an opportune time to acquire shopping centers. The credit environment for real estate companies has improved and with the recent recession ended, the Trust expects an increased demand for retail space. During 1992 and 1993 in order to improve its capital structure and to finance the expansion its real estate portfolio, the Trust raised equity and debt. The Trust took advantage of the favorable interest rate environment in 1993 by replacing higher rate debt with lower rate debt and replaced near term maturing debt with longer term debt. As a result of these transactions, the Trust's debt to equity ratio has dropped to 1.28 to 1 as of December 31, 1993.

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In April 1993 the Trust sold 2.8 million shares of beneficial interest ("shares") in a public offering, raising net 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 a property.

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 to shares. The Senior Notes were redeemed on May 14, 1993 at a price of \$1010 per Note for a total redemption price of \$50.5 million.

During 1993 the Trust purchased \$3.7 million of its 5 1/4% convertible subordinated debentures due 2002, so that at December 31, 1993 there was \$40.2 million of the original \$100.0 million outstanding.

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

During 1993 the Trust prepaid \$34.9 million of mortgage obligations whose interest rates were higher than current rates.

The Trust acquired seven shopping centers in 1993. 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; 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 interest in Bethesda Row in Bethesda, Maryland was acquired with \$6.2 million in cash.

The Trust continued its strategy of renovating, expanding and reconfiguring its centers in 1993, spending approximately \$34.3 million. These improvements included \$6.5 million to purchase and renovate a department store building at The Shops at Willow Lawn, \$4.6 million to begin renovation and retensing of Ellisburg Circle, \$1.5 million for the first phase of the redevelopment at Huntington Shopping Center, and \$2.3 million to begin the renovation and retensing of Troy Shopping Center.

At December 31, 1993 the Trust had 178 full-time employees.

<TABLE>
<CAPTION>
Item 2. Properties

Shopping Centers

The following table sets forth information concerning each shopping center in which the Trust owns an equity interest or has a leasehold interest as of December 31, 1993. Except as otherwise noted, shopping centers are 100% owned in fee by the Trust.

<S>	<C> Year Completed	<C> Year Acquired	<C> Square Feet (1)	<C> Number of Tenants	<C> Acres	<C> Occupancy (1)	<C> Principal Tenants
Allwood Clifton, N.J. (2)	1958	1988	52,000	8	5	97%	Grand Union Mandee Shop
Andorra Philadelphia, PA (3)	1953	1988	252,000	46	23	98%	Acme Markets Andorra Theater Clover
Bala Cynwyd Bala Cynwyd, PA	1955	1993	228,000	26	22	94%	Lord & Taylor Olive Garden
Barracks Road Charlottesville, VA (3)	1958	1985	450,000	83	39	99%	Rose's Safeway The Grocery Store

Bethesda Row Bethesda, MD (2) (6)	1991	1993	223,000	64	8	94%	Giant Food Giant Pharmacy
Blue Star Watchung, N.J. (2)	1959	1988	398,000	32	55	100%	Caldor Shop Rite Toys R Us
Brainerd Village Chattanooga, TN	1960	1987	216,000	26	20	68%	Office Depot 50 Off

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<S>	<C> Year Completed	<C> Year Acquired	<C> Square Feet (1)	<C> Number of Tenants	<C> Acres	<C> Occupancy (1)	<C> Principal Tenants
Brick Plaza Brick Township, N.J. (2)	1958	1989	314,000	34	42	100%	A&P Supermarket Steinbach's
Brunswick North Brunswick, N.J. (2)	1957	1988	261,000	23	22	100%	Caldor Grand Union
Clifton Clifton, N.J. (2)	1959	1988	80,000	14	8	100%	Acme Markets Channel Home
Congressional Plaza Rockville, MD (4)	1965	1965	247,000	36	22	72%	Fresh Fields Tower Records
Crossroads Highlands Park, IL	1959	1993	197,000	30	15	97%	Gold Standard Liquors TJ Maxx
Dedham Dedham, MA	1959	1993	255,000	38	18	99%	Ames Workout Plus
Eastgate Chapel Hill, N.C.	1963	1986	159,000	33	17	98%	Food Lion Southern Season
Ellisburg Circle Cherry Hill, N.J.	1959	1992	255,000	34	27	98%	Ross Dress for Less Shop Rite
Falls Plaza Falls Church, VA	1962	1967	67,000	10	6	100%	Giant Food Peoples Drug
Feasterville Feasterville, PA (2)	1958	1980	98,000	16	12	96%	Eric Theater Genuardi Markets Officemax

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<S>	<C> Year Completed	<C> Year Acquired	<C> Square Feet (1)	<C> Number of Tenants	<C> Acres	<C> Occupancy (1)	<C> Principal Tenants
Federal Plaza Rockville, MD	1970	1989	243,000	40	18	98%	Bed, Bath & Beyond Comp USA T.J. Maxx
Flourtown Flourtown, PA	1957	1980	106,000	21	15	98%	Channel Home Genuardi Markets
Gaithersburg Square Gaithersburg, MD	1966	1993	162,000	34	17	88%	Peoples Drug Superfresh Food Markets
Governor Plaza Glen Burnie, MD	1963	1985	269,000	21	26	97%	Frank's Nursery Office Depot

(3) Hamilton Hamilton, N.J. (2)	1961	1988	180,000	14	18	100%	Syms Shop Rite Steven's Furniture
Huntington Huntington, N.Y. (2)	1962	1988	275,000	13	21	100%	Bed, Bath and Beyond Service Merchandise Toys R Us Giant Eagle
Lancaster Lancaster, PA (2)	1958	1980	106,000	17	11	93%	Luxury Linens Marshalls
Langhorne Square Levittown, PA	1966	1985	189,000	32	21	98%	Giant Food Marshalls Toys R US
Laurel Centre Laurel, MD	1956	1986	379,000	61	26	95%	

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<S>	<C> Year Completed	<C> Year Acquired	<C> Square Feet (1)	<C> Number of Tenants	<C> Acres	<C> Occupancy (1)	<C> Principal Tenants
Lawrence Park Broomall, PA (2)	1972	1980	334,000	41	28	98%	Acme Markets Best Products Rickel Home Center
Loehmann's Plaza Fairfax County, VA (7)	1971	1983	245,000	47	18	95%	Holiday Spa Linens N Things
Mid-Pike Plaza Rockville, MD (2)	1963	1982	301,000	23	20	100%	Syms Toys R Us
North City Plaza (5) New Castle, PA	1972	1987	111,000	13	26	92%	Joseph's Supermarket K-Mart
Northeast Philadelphia, PA (2)	1959	1983	303,000	37	19	96%	Burlington Coat Factory Marshalls
Northeast Plaza Atlanta, GA	1952	1986	446,000	47	44	92%	Publix Levitz Furniture
Old Keene Mill Springfield, VA	1968	1976	92,000	21	11	95%	Fresh Fields Sassafras
Pan Am Fairfax, VA	1979	1993	218,000	27	25	91%	Micro Center Safeway
Perring Plaza Baltimore, MD (3)	1963	1985	413,000	14	27	96%	Home Depot Metro Foods
Quince Orchard Gaithersburg, MD (6)	1975	1993	241,000	31	16	91%	Circuit City M J Design U.S. Department of Energy

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<S>	<C> Year Completed	<C> Year Acquired	<C> Square Feet (1)	<C> Number of Tenants	<C> Acres	<C> Occupancy (1)	<C> Principal Tenants
Roseville Roseville, MI	1964	1973	140,000	3	20	100%	F & M Distributors Handy Andy

Rutgers Franklin, N.J. (2)	1973	1988	217,000	21	27	100%	Foodtown K-Mart
Shillington Shillington, PA (2)	1956	1980	74,000	20	8	81%	Homestyle Buffet Rite Aid
Town & Country Springfield, IL	1968	1973	236,000	25	19	100%	Burlington Coat Factory National Super Market
Town & Country Hammond, La (6)	1974	1990	214,000	35	26	81%	Weiner's Department Store Winn-Dixie
Troy Parsippany-Troy, N.J. (2)	1966	1980	205,000	19	19	97%	Comp USA K-Mart Pathmark
Tyson's Station Falls Church, VA	1954	1978	50,000	15	4	100%	Linens N Things Sassafras
West Falls Falls Church, VA	1960	1972	60,000	15	5	100%	Staples
Wildwood Bethesda, MD	1958	1969	84,000	32	13	100%	Peoples Drug Sutton Place Gourmet

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<S>	<C> Year Completed	<C> Year Acquired	<C> Square Feet (1)	<C> Number of Tenants	<C> Acres	<C> Occupancy (1)	<C> Principal Tenants
Williamsburg Williamsburg, VA	1961	1986	239,000	37	21	96%	Food Lion Peebles Rose's
Willow Grove Shopping Center Willow Grove, PA	1953	1984	220,000	32	14	100%	Marshalls Toys R Us
The Shops at Willow Lawn Richmond, VA (6)	1957	1983	451,000	106	37	95%	Leggetts J.C. Penney

- (1) Occupancy is expressed as a percentage of rentable square feet and includes square feet covered by leases for stores not yet opened.
- (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, 1993 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	95%

</TABLE>

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, 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
December 31, 1992	\$25 1/4	\$22	\$.385
September 30, 1992	25	21 3/8	.38

June 30, 1992	21 3/4	20	.38
March 31, 1992	22 1/2	18 3/4	.38

The number of holders of record for Federal Realty's shares of beneficial interest at December 31, 1993 was 4,564.

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

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Quarter Ended	1993	1992
March 31	\$.385	\$.38
June 30	.385	\$.38
September 30	.39	\$.385
December 31	.39	\$.385

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,

	1993	1992	1991	1990	1989
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Operating Data					
Rental Income	\$105,948	\$89,971	\$88,350	\$80,698	\$72,771
Income before gain on sale of real estate and extraordinary item	16,114	6,987	4,324	4,894	4,782
Gain on sale of real estate	---	2,501	61	947	7,215
Extraordinary item - gain (loss) on early extinguishment of debt	2,016	(58)	415	---	---
Net income	18,130	9,430	4,800	5,841	11,997
Funds from Operations	41,489	30,020	26,246	23,985	20,956
Dividends declared	42,021	36,306	25,771	24,048	20,440
Weighted average					

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number of shares outstanding	27,009	22,767	17,304	16,695	14,672
Per share:					
Net income	.67	.41	.28	.35	.82
Dividends declared	1.55	1.53	1.50	1.44	1.38

Balance Sheet Data

Real estate at cost	\$758,088	\$598,867	\$566,056	\$555,879	\$514,552
Total assets	690,943	603,811	566,062	553,396	565,779
Mortgage and capital lease obligations	218,545	245,694	225,859	203,287	204,616
Notes payable	30,519	6,117	11,665	31,222	29,357
Senior notes	---	50,000	50,000	50,000	50,000

8 3/4% convertible subordinated debentures	---	2,371	4,338	4,576	5,630
5 1/4% convertible subordinated debentures due 2002	40,167	43,847	87,665	100,000	100,000
5 1/4% convertible subordinated debentures due 2003	75,000	---	---	---	---
Shareholders' equity	284,199	222,878	151,480	129,346	146,114
Number of shares outstanding	28,018	24,718	19,687	16,716	16,642

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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 lines of credit, 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.

In order to improve its capital structure and to finance and expand its real estate portfolio, the Trust raised equity and debt during 1992 and 1993. The Trust took advantage of the favorable interest rate environment by replacing higher rate debt with lower rate debt and replaced near term maturing debt with longer term debt. Equity has increased to \$284.2 million at December 1993, while total debt was \$364.2 million at December 31, 1993. The Trust's debt to equity ratio has consequently dropped from 2.5 to 1 at December 31, 1991 to 1.28 to 1 at December 31, 1993.

In June 1992 the Trust sold 3.4 million common shares of beneficial interest ("shares") in a public offering, raising net proceeds of \$66.5 million. In April 1993 another 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 a property.

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 were retired in 1992 when they were repurchased by the Trust with proceeds from the public offerings. The Trust purchased an additional \$3.7 million of these debentures in 1993, so that at December 31, 1993 there was \$40.2 million of the original \$100.0 million outstanding.

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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 per note for a total redemption

price of \$50.5 million.

In October 1993 the Trust took advantage of favorable financing rates and issued in Europe \$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. 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.

The Trust placed a \$30.0 million mortgage on Federal Plaza in 1992; the mortgage bears interest beginning at 8 1/4%, resetting every three years, and matures in 2001. During 1992 the Trust prepaid \$6.3 million of mortgage obligations and then in 1993 the Trust prepaid another \$34.9 million of mortgage obligations; the interest rates on these mortgages were higher than current rates.

At December 31, 1993 the Trust had \$70.0 million of unsecured medium-term revolving credit facilities with three banks. All three 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. The maximum drawn under these facilities during 1993 was \$64.1 million; at December 31, 1993 the Trust had \$24.4 million outstanding under these facilities. The average weighted interest rate on borrowings during 1993 on these facilities was 4.2%. These medium term facilities replace a \$20.0 million unsecured line of credit which was available at December 1992. The increase in the Trust's revolving credit facilities are indicative of the improvement since 1991 in the credit environment. The Trust obtained an additional unsecured revolving

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credit facility of \$15.0 million in February 1994, bringing its total availability to \$85.0 million.

In February 1994 the Trust borrowed \$22.5 million, which was used to pay down the December 1993 balances on the revolving credit facilities. The loan, which is secured by the Northeast Plaza Shopping Center, bears interest at 150 basis points over LIBOR, the London Interbank Offered Rate, and is due on January 31, 1995.

In June 1993 Standard and Poor's raised the ratings on the Trust's subordinated convertible debentures from BBB- to BBB, reflecting the successful results of the Trust's restructuring of its debt and increasing of its equity. In September 1993 Moody's Investors Service also upgraded the Trust's subordinated debt, from Ba1 to Baa2.

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 earliest balloon repayment is in April 1994, when the holders of the Trust's 5 1/4% convertible subordinated debentures due 2002 may require the Trust to redeem the notes for \$48.2 million (120% of the principal amount). The next balloon repayment is in 1998 when approximately \$41.3 million of mortgages are due.

Major expenditures of capital by the Trust during 1993 included the following: (1) \$101.8 million to acquire six shopping centers; (2) \$6.2 million incurred in connection with the long term lease of a seventh shopping center; (3) \$32.5 million to prepay mortgages; (4) \$50.5 million to redeem the Senior Notes; (5) \$4.6 million to redeem portions of the convertible subordinated debt; and (6) \$34.3 million in improvements to properties. These improvements included \$6.5 million to purchase and renovate a department store building at The Shops at Willow Lawn, \$4.6 million to begin renovation and retenanting of Ellisburg Circle Shopping Center, \$1.5 million for the first phase of the redevelopment at Huntington Shopping Center, \$2.3 million to begin the renovation and retenanting at Troy Shopping Center and \$9.5 million in tenant work. Cash requirements for

these expenditures were met by the net proceeds of the recent equity and debt offerings and from borrowings on the revolving credit facilities.

Major expenditures of capital by the Trust during 1992 included the following: (1) \$15.3 million to purchase Ellisburg Circle Shopping Center; (2) \$9.1 million to purchase the land underlying Wildwood Shopping Center which had been subject to a long term ground lease; (3) \$8.5 million to repay short term borrowings; (4) \$23.6 million to repurchase 5 1/4% convertible subordinated debentures due 2002; (5) \$8.0 million to prepay mortgages; and (6) \$15.2 million in improvements to properties. Cash requirements for these expenditures were met by the net proceeds from the sale of Sargent Road and 25th Street Shopping Centers, the net proceeds from the mortgage on Federal Plaza and the proceeds of public offerings.

The Trust has budgeted \$49.0 million for capital improvements to its properties in 1994. These improvements include: (1) \$14.0 million to begin the renovation and redevelopment of Congressional Plaza; (2) \$4.0 million to begin renovation at Brick Plaza; (3) \$6.0 million to begin renovation of Gaithersburg Square; and (4) approximately \$9.0 million for tenant work. In addition the Trust has budgeted \$48.2 million to redeem the 5 1/4% convertible subordinated debentures due 2002, which the noteholders may require the Trust to redeem in April 1994, and \$4.1 million to exercise an option to purchase the land at Northeast Shopping Center in December 1994. These expenditures will be paid from proceeds from borrowings under its medium-term revolving credit facilities and from the issuance of long term debt or equity. In preparation for the future issuance of such long term debt or equity, the Trust filed a shelf registration statement with the Securities and Exchange Commission, which became effective in December 1993, under which up to \$300 million of debt securities, preferred shares or common shares may be issued.

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 has filed a complaint in the Tax Court of New Jersey contesting the assessment since the Trust believes that it is

entitled to the deduction. At this time, the outcome of this matter is unknown.

The North Carolina Department of the Environment, Health and Natural Resources issued a Notice of Violation ("NOV") against a 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. An agreement is being drawn with two previous owners of the shopping center to share the costs to remediate. The Trust has recorded a liability of \$120,000 as its estimated share of the cleanup costs.

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 to estimate the range of remediation costs, if any.

The Trust reserved at closing \$2.25 million for environmental issues

principally associated with the recently acquired Gaithersburg Square. 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.

Management believes that the combination of cash available at December 31, 1993, the revolving credit facilities, and the unencumbered value of the Trust's properties provide the Trust with adequate capital resources and liquidity for operating purposes in the near future. The Trust, however,

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continues to renovate its existing centers and seeks to acquire more shopping centers. The Trust will need to raise equity or issue additional debt in order to fund its planned renovations in 1994 and to purchase any additional shopping centers. The Trust believes that it has the ability to raise this needed capital through the offering of equity and debt securities so that it may pursue its growth plans as well as to meet its longer term capital and debt financing needs, including scheduled loan payments and contractual repayment obligations.

Results of Operations

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

Funds from operations increased 38% in 1993 to \$41.5 million from \$30.0 million in 1992. Funds from operations increased 14% in 1992 to \$30.0 million from \$26.2 million in 1991.

The Trust's shopping center leases generally provide for minimum rents, with periodic increases. Most shopping center tenants pay a majority of on-site operating expenses. Many leases also contain a percentage rent clause which calls for additional rents based on tenant sales, so that at a given

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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 from \$90.0 million in 1992 to \$105.9 million in 1993. If centers acquired and sold in 1992 and 1993 are excluded, rental income increased 8.8% from \$88.5 million in 1992 to \$96.3 million in 1993. Perring Plaza, whose redevelopment was completed late in 1992, and Huntington Shopping Center, whose first phase of retenanting and redevelopment was completed in 1993, contributed 39% of this increase. Rental income increased from \$88.4 million in 1991 to \$90.0 million in 1992; if centers acquired and sold in 1992 and 1991 are excluded, rental income increased 3.5% from \$85.5 million to \$88.8 million.

Minimum rents increased from \$66.9 million in 1991 to \$68.8 million in

1992 to \$81.3 million in 1993. If centers acquired and sold during these years are excluded, minimum rents increased from \$64.7 million in 1991 to \$67.8 million in 1992 to \$73.6 million in 1993. Forty-eight percent of the increase from 1992 to 1993 was contributed by Perring Plaza and Huntington Shopping Center. Of the 1992 increase, \$400,000 was contributed by Perring Plaza and \$1.2 million was contributed by Federal Plaza which was under redevelopment until May 1991.

Cost reimbursements, which generally increase as expenses increase, rose from \$14.7 million in 1991 to \$14.9 million in 1992 to \$18.2 million in 1993. Excluding centers acquired and sold during the three year period, cost reimbursements increased from \$14.3 million in 1991 to \$14.6 million in 1992 to \$16.4 million in 1993. The increase in 1993 recoveries relates to a corresponding increase in expense in 1993 as discussed below, while the small increase in 1992 from 1991 relates to the corresponding slight increase in expense in 1992 as compared to 1991.

Percentage rents are a fluctuating source of revenue based on tenant sales volume and lease rollovers. When leases are renewed the Trust seeks to set minimum rent at levels that include the past year's percentage rents. Percentage rents have decreased from \$4.6 million in 1991 to \$4.2 million in

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1992 to \$4.1 million in 1993. Excluding centers sold and acquired during the three year period, percentage rents have decreased from \$4.3 million in 1991 to \$4.0 million in 1992 to \$3.9 million in 1993. The decreases result primarily from rolling percentage rent into minimum rents as leases renew and from the expiration of certain leases.

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 and temporary occupant income, has risen from \$4.6 million in 1991 to \$4.7 million in 1992 to \$5.5 million in 1993. Excluding centers bought and sold during the three year period, other property income increased from \$4.4 million in 1991 to \$4.6 million in 1992 to \$4.8 million in 1993. The increase in 1993 was due primarily to an increase in lease termination fees.

Rental expenses have increased from year to year in dollar amount, especially in 1993 where \$2.1 million of the increase is due to newly acquired centers. However, rental expenses have remained fairly stable as a percentage of property income (rental income plus other income); 21.9% in 1991, 22.1% in 1992 and 23.8% in 1993. Of the expenses included in rental expense, the greatest changes have been in repairs and maintenance and other operating expenses. Snow removal expense is the primary reason for the increase in repairs and maintenance. Other operating expenses have increased due to an increase in bad debt, environmental expense and marketing expenses for the centers. Real estate taxes have remained stable as a percentage of property income, at approximately 9.3%.

Depreciation and amortization charges have increased from \$21.9 million in 1991 to \$23.0 million in 1992 to \$25.4 million in 1993. The increase in 1993 is due to depreciation on the recent acquisitions and renovations, while in 1992 the increase was primarily due to increased depreciation on Federal Plaza, depreciation on renovations and increased amortization of lease costs.

Interest income decreased from \$5.5 million in 1992 to \$3.9 million in 1993 due primarily to lower cash balances, as cash was used for acquisitions, renovations, and debt repayments. Interest income increased

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from \$4.7 million in 1991 to \$5.5 million in 1992, despite lower interest rates in 1992 since average cash balances were higher in 1992 due to the temporary investment of the proceeds of public offerings.

Interest expense has decreased from \$35.2 million in 1992 to \$31.6 million in 1993, reflecting the redemption of the Senior Notes and the 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 interest expense of the revolving credit facilities and interest on the 5 1/4% convertible subordinated debentures due 2003. Interest expense decreased from \$38.1 million in 1991 to \$35.2 million in 1992 due primarily to the exchange and repurchase of \$56.2 million of the Trust's 5 1/4% convertible subordinated debentures due 2002 in 1991 and 1992.

Administrative expenses have ranged from 3.6% of property income (rental income plus other income) in 1991 to 4.3% in 1992 to 4.2% in 1993. During the worst of the recession in 1991 the Trust reduced overhead expenses by reducing the number of employees and freezing or reducing many salaries. Employment practices have now returned to normal.

Other charges of \$682,000 in 1992 is comprised of two items. One is the \$960,000 writedown of an investment in Olympia and York notes, partially offset by the recovery of \$278,000 of a legal settlement.

Income before gain on sale of real estate and extraordinary item increased \$9.1 million from 1992 to 1993, primarily because of increased revenue from recent acquisitions and redevelopments and because of the decrease in interest expense. Income before gain on sale of real estate and extraordinary item increased \$2.7 million in 1992 from 1991 due to an increase in revenue coupled with a decrease in interest expense partially offset by higher depreciation and amortization, administrative expense and net other charges.

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 Sargent Road and 25th

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Street Shopping Centers. The 1991 gain was on the sale of Lawrence Village Shopping Center.

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 the mortgage at Northeast Plaza, offset by losses on the redemption of the Senior Notes, convertible subordinated debentures and two 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 its 5 1/4% convertible subordinated debentures. In 1991 the Trust had a net gain of \$415,000 on the early extinguishment of debt, consisting of a gain on the repurchase of the Trust's 5 1/4% convertible subordinated debentures due 2002 partially offset by \$587,000 in prepayment fees on the early extinguishment of three mortgages.

As a result of the foregoing items net income was \$18.1 million in 1993, \$9.4 million in 1992 and \$5.8 million in 1991.

Impact of New Accounting Standards

In May 1993 the Financial Accounting Standards Board (FASB) issued FASB No. 115, "Accounting for Certain Investments in Debt and Equity Securities". This standard will be effective for 1994 financial statements and requires the classification of debt and equity investments into one of three categories: held-to-maturity, trading or available-for-sale. The Trust does not believe that the implementation of the standard in 1994 will have a material effect on the Trust's financial statements since the Trust's current accounting for debt and equity investments does not differ materially from the standard.

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	47	President and Chief Executive Officer and Trustee
Ron D. Kaplan	31	Vice President-Capital Markets
Catherine R. Mack	49	Vice President-General Counsel and Secretary
Mary Jane Morrow	41	Senior Vice President-Finance and Treasurer
Hal A. Vasvari	50	Executive Vice President-Management

Cecily A. Ward	47	Vice President-Controller
Robert S. Wennett	33	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.

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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 the offering of the Trust's 5 1/4% Euro-Convertible Debentures due 2002 and 8.65% Senior Notes.

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, the Trust's independent accountants. She was with Grant Thornton 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. 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, 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.

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The schedule identifying Trustees under the caption "Election of Trustees" of the 1994 Proxy Statement is incorporated herein by reference thereto.

Item 11. Executive Compensation.

The sections entitled "Summary Compensation Table", "Option Grants in 1993", and "Aggregated Option Exercises in 1993 and Option Values as of December 31, 1993" of the 1994 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 Certain Beneficial Owners" and the section entitled "Ownership of Shares by Trustees and Officers" of the 1994 Proxy Statement are incorporated herein by reference thereto.

Item 13. Certain Relationships and Related Transactions.

The section entitled "Certain Transactions" of the 1994 Proxy Statement is incorporated herein by reference thereto.

Part IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K	Page No.
(a) 1. Financial Statements	
Report of Independent Certified Public Accountants	F-2
Consolidated Balance Sheets- December 31, 1993 and 1992	F-3
Consolidated Statements of Operations - years ended December 31, 1993, 1992 and 1991	F-4
Consolidated Statements of Shareholders' Equity - years ended December 31, 1993, 1992 and 1991	F-5
Consolidated Statements of Cash Flows - years ended December 31, 1993, 1992 and 1991	F-6
Notes to Consolidated Financial Statements (Including Selected Quarterly Data)	F-7 to F-18

(a) 2. Financial Statement Schedules	
Schedule I - Marketable Securities and other Investments.....	F-19
Schedule II - Summary of Amounts	

Receivable from Related Parties and Underwriters, Promoters and Employees other than related parties.....	F-20 to F-21
Schedule XI - Summary of Real Estate and Accumulated Depreciation.....	F-22 to F-24
Schedule XII - Mortgage Loans on Real Estate	F-25 to F-26
Report of Independent Certified Public Accountants.....	F-27

(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, 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.

(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.

(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.

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(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 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.

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(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 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.....*

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- (18) Letter regarding change in accounting principles.....*
- (19) Previously unfiled documents.....*
- (22) Subsidiaries of the registrant.....*
- (23) Published report regarding matters submitted to vote of security holders.....*
- (24) Consent of Grant Thornton.....
- (25) Power of attorney.....*
- (28) Additional exhibits.....*

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

None

* Not applicable.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FEDERAL REALTY INVESTMENT TRUST

Date: March 18, 1994

By: /s/ Steven J. Guttman

Steven J. Guttman
President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/Steven J. Guttman Steven J. Guttman	President and Trustee (Chief Executive Officer)	March 18, 1994
/s/ Mary Jane Morrow Mary Jane Morrow	Senior Vice-President and Treasurer (Chief Financial Officer)	March 18, 1994
/s/Cecily A. Ward Cecily A. Ward	Vice-President and Controller (Principal Accounting Officer)	March 18, 1994
/s/ Dennis L. Berman Dennis L. Berman	Trustee	March 18, 1994
A. Cornet de Ways Ruart	Trustee	March , 1994
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/s/Samuel J. Gorlitz Samuel J. Gorlitz	Trustee	March 18, 1994
/s/Arnold M. Kronstadt Arnold M. Kronstadt	Trustee	March 18, 1994
/s/Morton S. Lerner Morton S. Lerner	Trustee	March 18, 1994
/s/Walter F. Loeb Walter F. Loeb	Trustee	March 18, 1994
/s/Donald H. Misner Donald H. Misner	Trustee	March 18, 1994
/s/George L. Perry George L. Perry	Trustee	March 18, 1994

SCHEDULES

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REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTSTrustees and Shareholders
Federal Realty Investment Trust

We have audited the accompanying consolidated balance sheets of Federal Realty Investment Trust as of December 31, 1993 and 1992, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1993. 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 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, 1993 and 1992 and the consolidated results of its operations and its consolidated cash flows for each of the three years in the period ended December 31, 1993 in conformity with generally accepted accounting principles.

Grant Thornton
Washington, D.C.
February 14, 1994

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Federal Realty Investment Trust

CONSOLIDATED BALANCE SHEETS

<TABLE>

<CAPTION>

<S>

	<C> December 31, 1993 -----	<C> December 31, 1992 -----
ASSETS		
(in thousands)		
Investments		
Real estate, at cost	\$758,088	\$598,867
Less accumulated depreciation and amortization	(135,045)	(113,182)
	-----	-----
	623,043	485,685
Mortgage notes receivable	13,871	16,693
	-----	-----
	636,914	502,378
Other Assets		
Cash	9,635	36,316
Investments	4,008	35,594
Notes receivable - officers	1,890	1,227
Accounts receivable	15,681	10,336
Prepaid expenses and other assets, principally property taxes, insurance, and lease commissions	19,499	16,268
Debt issue costs (net of accumulated amortization of \$3,862,000 and \$3,364,000, respectively)	3,316	1,692
	-----	-----
	\$690,943	\$603,811
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Obligations under capital leases	\$137,308	\$125,619
Mortgages payable	81,237	120,075

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Notes payable	30,519	6,117
Accrued expenses	19,104	15,365
Accounts payable	5,785	1,811
Dividends payable	10,927	9,517
Security deposits	2,430	1,993
Prepaid rents	1,783	1,593
Senior notes	-	50,000
8 3/4% Convertible subordinated debentures	-	2,371
5 1/4% Convertible subordinated debentures, due 2003	75,000	-
5 1/4% Convertible subordinated debentures, due 2002	40,167	43,847
Investors' interest in consolidated assets	2,484	2,625
Commitments and contingencies	-	-
Shareholders' equity		
Common shares of beneficial interest, no par or stated value, unlimited authorization,		

issued 28,077,999 and 24,777,831 shares, respectively	408,005	322,903
Accumulated dividends in excess of Trust net income	(116,823)	(92,932)
Allowance for unrealized loss on marketable securities	(364)	(385)
	-----	-----
	290,818	229,586
Less 60,200 common shares in treasury - at cost, deferred compensation and subscriptions receivable	(6,619)	(6,708)
	-----	-----
	284,199	222,878
	-----	-----
	\$690,943	\$603,811
	=====	=====

The accompanying notes are an integral part of these statements.

</TABLE>

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Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>

<CAPTION>

<S>

	<C>	<C>	<C>
	Year ended December 31,		
	1993	1992	1991
	-----	-----	-----
(In thousands, except per share data)			
Revenue			
Rental income	\$105,948	\$89,971	\$88,350
Interest	3,894	5,514	4,675
Other property income	5,495	4,712	4,627
	-----	-----	-----
	115,337	100,197	97,652
Expenses			
Rental	26,519	20,919	20,386
Real estate taxes	10,324	8,876	8,868
Interest	31,550	35,201	38,147
Administrative	4,675	4,062	3,364
Other charges	-	682	-
Depreciation and amortization	25,375	23,033	21,922
	-----	-----	-----
	98,443	92,773	92,687
Operating income before investors' share of operations, gain on sale of real estate and extraordinary item	16,894	7,424	4,965
Investors' share of operations	(780)	(437)	(641)
	-----	-----	-----

DC-135480.1

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Income before gain on sale of real estate and extraordinary item	16,114	6,987	4,324
Gain on sale of real estate	-	2,501	61
	-----	-----	-----
Income before extraordinary item	16,114	9,488	4,385

Extraordinary item			
Net gain (loss) on early extinguishment of debt	2,016	(58)	415
	-----	-----	-----
Net Income	\$18,130	\$9,430	\$4,800
	=====	=====	=====
Weighted Average Number of Common Shares	27,009	22,767	17,304
	=====	=====	=====
Earnings per share			
Income before gain on sale of real estate and extraordinary item	\$0.60	\$0.30	\$0.25
Gain on sale of real estate	-	0.11	0.00
Extraordinary item	0.07	-	0.03
	-----	-----	-----
	\$0.67	\$0.41	\$0.28
	=====	=====	=====

The accompanying notes are an integral part of these statements.

</TABLE>

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<TABLE>
<CAPTION>

FEDERAL REALTY INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Year Ended December 31,

	1993		1992		1991	
	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
(In thousands, except share amounts)	Shares	Amount	Shares	Amount	Shares	Amount
Common Shares of Beneficial Interest						
Balance, beginning of year	24,777,831	\$322,903	19,747,134	\$226,027	16,773,762	\$176,630
Exercise of stock options	53,384	1,053	8,055	143	9,741	146
Shares issued under dividend reinvestment plan	131,620	3,588	132,189	2,903	2,759	50
Conversion of 8 3/4% subordinated debentures	137,364	2,209	122,934	1,924	14,872	233
Shares purchased under share purchase plan	-	-	-	-	446,000	6,746
Shares issued in exchange for 5 1/4% convertible subordinated debentures due 2002	-	-	1,317,519	25,362	-	-
Private placement of shares in connection with long term lease of real estate	220,000	5,445				
Net proceeds of public offering	2,757,800	72,807	3,450,000	66,544	2,500,000	42,222
	-----	-----	-----	-----	-----	-----
Balance, end of year	28,077,999	\$408,005	24,777,831	\$322,903	19,747,134	\$226,027
	=====	=====	=====	=====	=====	=====

Common Shares of Beneficial Interest
in Treasury, Deferred Compensation
and Subscriptions Receivable

Balance, beginning of year	(426,575)	(\$6,708)	(504,825)	(\$8,026)	(110,200)	(\$2,199)
Amortization of deferred compensation	4,000	89	78,250	1,318	51,375	919
Subscription of shares under share purchase plan	-	-	-	-	(446,000)	(6,746)
	-----	-----	-----	-----	-----	-----
Balance, end of year	(422,575)	(\$6,619)	(426,575)	(\$6,708)	(504,825)	(\$8,026)
	=====	=====	=====	=====	=====	=====

Allowance for Unrealized Loss on
Marketable Securities

Balance, beginning of year		(\$385)		(\$465)		\$0
Establish allowance for unrealized loss		-		-		(465)
Recovery of net unrealized loss		21		80		-
		-----		-----		-----
Balance, end of year		(\$364)		(\$385)		(\$465)
		=====		=====		=====

Accumulated Dividends in Excess of
Trust Net Income

Balance, beginning of year		(\$92,932)		(\$66,056)		(\$45,085)
Net income		18,130		9,430		4,800
Dividends declared to shareholders		(42,021)		(36,306)		(25,771)
		-----		-----		-----
Balance, end of year		(\$116,823)		(\$92,932)		(\$66,056)
		=====		=====		=====

The accompanying notes are an integral part of these statements.

</TABLE>

Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>

<CAPTION>

(In thousands)	Twelve months ended December 31, 1993	1992	1991
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net income	\$18,130	\$9,430	\$4,800
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	25,375	23,033	21,922
Rent abatements in lieu of leasehold improvements, net of tenant improvements retired	(1,185)	(734)	(831)
Imputed interest and amortization of debt cost	520	718	898
Amortization of deferred compensation and forgiveness of officers' notes	591	956	1,095
Write-down of investments	-	960	-
Gain on sale of real estate	-	(2,501)	(61)
Payment of trustees' fees in shares of beneficial interest	185	157	-
Net (gain) loss on early extinguishment of debt	(2,016)	58	(415)
Changes in assets and liabilities			
Increase in accounts receivable	(5,345)	(525)	(126)
Increase in prepaid expenses and other assets before depreciation and amortization	(6,484)	(4,454)	(3,243)
Increase (decrease) in operating accounts payable, security deposits and prepaid rent	3,221	(61)	34
Increase in accrued expenses, before accretion of interest	2,191	1,199	2,038
	-----	-----	-----
Net cash provided by operating activities	35,183	28,236	26,111
INVESTING ACTIVITIES			
Acquisition of real estate	(108,007)	(24,577)	(215)
FINANCING ACTIVITIES			
Proceeds of mortgage financings, net of costs	-	29,449	43,915
Regular payments on mortgages, capital leases and notes payable	(2,225)	(2,230)	(1,821)
Balloon payments on mortgages and capital leases, including prepayment fees	(32,547)	(7,962)	(15,899)
Borrowings (repayments) of short-term debt, net	24,413	(8,500)	(19,521)
Early retirement of 5 1/4% convertible debentures	(4,416)	(23,623)	(12,607)

Redemption of 8 3/4% convertible debentures	(176)	-	-
Redemption of senior notes	(50,505)	-	-
Issuance of 5 1/4% convertible debentures due 2003, net	73,025	-	-
Dividends paid	(38,087)	(31,088)	(25,426)
Issuance of shares of beneficial interest	79,489	67,102	42,272
Decrease in minority interest	(141)	(230)	(22)
	-----	-----	-----
Net cash (used) provided by financing activities	48,830	22,918	10,891
	-----	-----	-----
(Decrease) increase in cash	(26,681)	(7,071)	18,323
Cash at beginning of year	36,316	43,387	25,064
	-----	-----	-----
Cash at end of year	\$9,635	\$36,316	\$43,387
	=====	=====	=====

The accompanying notes are an integral part of these statements.

</TABLE>

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Federal Realty Investment Trust
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1993, 1992, and 1991

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 shopping centers 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 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.

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The Trust consolidates the financial statements of 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 estimates the fair value of its financial instruments using the

following methods and assumptions: (1) quoted market prices 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 senior notes and convertible subordinated debentures; (3) discounted cash flow analyses are used to estimate the fair value of long term notes and mortgage 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.

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, 1993 is as follows:

	Cost	Accumulated depreciation and amortization	Encumbrances
(In thousands)			
Shopping centers	\$564,634	\$93,923	\$81,237
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Shopping centers			
under capital leases	187,674	37,867	137,308
Apartments	5,780	3,255	-
	-----	-----	-----
	\$758,088	\$135,045	\$218,545
	=====	=====	=====

The Trust's 48 shopping centers are located in twelve states, primarily along the East Coast between the New York 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 acquired seven shopping centers and one office building in 1993. 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 interest in Bethesda Row in Bethesda, Maryland was acquired with \$6.2 million in cash.

In 1992 the Trust purchased Ellisburg Circle Shopping Center in Cherry Hill, New Jersey for \$15.3 million in cash. In June 1992 the Trust terminated a long term ground lease by purchasing the land underlying Wildwood Shopping Center, located in Bethesda, Maryland, for \$9.1 million. In 1992 the Trust purchased an additional .3% interest in Barracks Road

Shopping Center for \$106,000, bringing the Trust's ownership percentage to over 99%.

During 1992 the Trust sold two shopping centers, the Sargent Road Shopping Center in Hyattsville, Maryland for \$1.9 million and the 25th Street Shopping Center in Easton, Pennsylvania for \$9.7 million. The Trust received cash proceeds of \$10.3 million on these transactions, realizing a gain of \$2.7 million.

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. The Trust estimates that the fair value of these notes at December 31, 1993 is \$14.6 million compared to their book value of \$13.9 million, since the stated interest rate on these notes is higher than current rates. The Trust estimated that the fair value of these notes at December 31, 1992 approximated their carrying value of \$16.7 million.

In 1992 the Trust placed a \$30.0 million mortgage on Federal Plaza, located in Rockville, Maryland. The mortgage bears interest beginning at 8 1/4%, which resets every three years, with a final maturity on March 10, 2001.

The Trust prepaid a number of mortgages in 1993 and 1992. In 1993 the Trust prepaid the mortgages on the Laurel, Northeast and Northeast Plaza shopping centers, resulting in a net gain of \$2.9 million which has been recorded as a component of the net gain on early extinguishment of debt. In 1992 the Trust prepaid mortgages on the Eastgate and Town & Country (Louisiana) shopping centers; the prepayment fees on these transactions were recorded as a component of the net loss on early extinguishment of debt.

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.

The fair value of mortgages payable at December 31, 1993 is \$86.7 million compared to the carrying value of \$81.2 million since the current estimated interest rate used to discount the cash flows is often less than the stated rate. The fair value of mortgages payable at December 31, 1992 was \$124.3 million, compared to the carrying value of \$120.0 million.

Aggregate mortgage principal payments due during the next five years are \$955,000, \$1.0 million, \$1.1 million, \$1.3 million and \$43.7 million, respectively.

Future minimum lease payments and their present value for property under capital leases as of December 31, 1993 are as follows:

Year ending December 31,	(in thousands)
1994	\$14,031
1995	17,051
1996	13,651
1997	13,666
1998	13,699
Thereafter	603,065

	675,163
Less amount representing interest	(537,855)

Present value	\$137,308
	=====

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.

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The components of rental income are as follows:

(in thousands)	Year ended December 31,		
	1993	1992	1991
Shopping centers			
Minimum rents	\$81,291	\$68,784	\$66,901
Cost reimbursements	18,171	14,878	14,733
Percentage rents	4,147	4,171	4,580
Apartments - rents	2,339	2,138	2,136
	-----	-----	-----
	\$105,948	\$89,971	\$88,350
	=====	=====	=====

The components of rental expense are as follows:

(in thousands)	Year ended December 31,		
	1993	1992	1991
Management fees and costs	\$5,213	\$3,957	\$3,704
Repairs and maintenance	6,452	4,595	4,719
Utilities	3,944	3,595	3,752
Payroll - properties	3,205	2,567	2,298
Ground rent	375	362	937
Insurance	1,585	1,430	1,396
Other operating	5,745	4,413	3,580
	-----	-----	-----
	\$26,519	\$20,919	\$20,386
	=====	=====	=====

Minimum future shopping center rentals on noncancelable operating leases as of December 31, 1993 are as follows:

Year ending December 31, (in thousands)

1994	\$89,798
1994	80,695
1996	72,347
1997	62,508
1998	51,137
Thereafter	221,749

	\$578,234
	=====

NOTE 2. NOTES PAYABLE

At December 31, 1993 the Trust had notes payable of \$30.5 million. Of the \$30.5 million, \$6.1 million was issued in connection with renovations of certain Trust properties. Of the \$6.1 million, \$3.0 million, issued in

connection with a lease at Perring Plaza, bears interest at 10% and is payable in equal monthly installments with a final maturity in January 2013. The majority of the rest of the \$6.1 million, incurred primarily to fund the purchase and renovation of Federal Plaza, bears interest at 11% and matures in 1996. Due to decreases in interest rates since these notes were issued the fair value of these notes at December 31, 1993 is estimated to be \$6.8 million compared to the carrying value of \$6.1 million. At December 31, 1992 the fair value of these notes was \$6.5 million compared to a carrying value of \$6.1 million.

At December 31, 1993 the Trust had \$70.0 million of unsecured medium-term revolving credit facilities with three banks. All three facilities 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 1993 was \$64.1 million and at December 31, 1993 there was \$24.4 million outstanding, bearing interest at rates from 4.2% to 5%. The average weighted interest rate on borrowings during 1993 was 4.2%, and the average amount outstanding was \$6.6 million. The carrying value and fair value of these short term borrowings are the same.

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At December 31, 1992 the Trust had \$20.0 million available under an unsecured line of credit; there were no amounts drawn under the line at December 31, 1992. The line, which was replaced by the medium-term revolving facilities, bore interest at prime plus 1/2% (6.5% at December 31, 1992), and replaced a secured \$20.0 million line. The maximum drawn under the lines in 1992 was \$8.5 million, the weighted average interest rate was 7.2%, and the average amount outstanding was \$708,000.

At December 31, 1991, notes payable included \$8.5 million borrowed under the \$20.0 million secured line of credit. The maximum drawn under this secured line during 1991 was \$20.0 million, with a weighted average interest rate of 8.2% and an average amount outstanding of \$19.6 million.

NOTE 3. DIVIDENDS

On November 18, 1993 the Trustees declared a quarterly cash dividend of \$.39 per share, payable January 14, 1994 to shareholders of record January 3, 1994. For the years ended December 31, 1993, 1992 and 1991, \$.45, \$.915 and \$.66 of dividends paid per share, respectively, represented a return of capital.

NOTE 4. 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.

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.

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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 has filed a complaint in the Tax Court of New Jersey contesting the assessment, since the Trust believes that it is entitled to the deduction. At this time, the outcome of this matter is

unknown.

The North Carolina Department of the Environment, Health and Natural Resources issued a Notice of Violation ("NOV") against a 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. An agreement is being drawn with two previous owners of the shopping center to share the costs to remediate. The Trust has recorded a liability of \$120,000 as its estimated share of the cleanup costs.

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 to estimate the range of remediation costs, if any.

The Trust reserved \$2.25 million at closing for environmental issues principally associated with the recently acquired Gaithersburg Square. 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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The Trust's non real estate investments consist of \$524,000 in marketable equity securities and \$3.5 million of Olympia and York Senior First Mortgage Notes. The marketable equity securities are stated at market. The Olympia and York notes were written down in 1992 to management's best estimate of the net realizable value. The writedown was recorded in the Consolidated Statements of Operations as a component of other charges, which also included an insurance recovery of \$278,000 of a settlement of a personal injury lawsuit.

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.

As of December 31, 1993 in connection with the renovation of certain shopping centers, the Trust has contractual obligations of \$2.0 million. The Trust is also contractually obligated to provide up to \$8.4 million for tenant improvements and \$1.8 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)
1994	\$ 2,758
1995	2,758
1996	2,758
1997	2,758
1998	2,758
Thereafter	157,502

\$171,292

=====

NOTE 5: SENIOR NOTES

In April 1993 the Trust called its 8.65% Senior Notes for redemption on May 14, 1993 at a price of \$1010 per note, for a total redemption price of \$50.5 million. The redemption premium and unamortized loan costs have been recorded as a loss on the early extinguishment of debt. The market value of these notes at December 31, 1992 was \$50.8 million.

NOTE 6: 8 3/4% CONVERTIBLE SUBORDINATED DEBENTURES

The Trust redeemed \$173,000 principal amount of its 8 3/4% convertible subordinated debentures at a price of \$1017.50 per debenture or a total price of \$176,000 on March 15, 1993. The balance of the debentures that had been outstanding were converted into shares of beneficial interest at \$16 per share. At December 31, 1992 \$2.4 million of these debentures with a market value of \$3.7 million were outstanding.

NOTE 7: 5 1/4% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2002

At December 31, 1993 and 1992 the Trust had outstanding \$40.2 million and \$43.8 million, respectively, of 5 1/4% convertible subordinated debentures due 2002. The debentures which are convertible into shares of beneficial interest at \$30.625 per share were not registered under the Securities Act of 1933 and were not publicly distributed within the United States.

During 1993 the Trust purchased \$3.7 million of these debentures, resulting in a loss of \$74,000 which has been recorded as a component of the net gain on early extinguishment of debt. In 1992, the Trust exchanged \$22.6 million principal amount of the debentures for 1.3 million shares and purchased an additional \$21.2 million principal amount.

The debentures are redeemable at the option of the Trust; however, the debentures may not be redeemed prior to April 30, 1994, unless the closing market price per share has been at least 130% of the conversion price then in effect for a specified period prior to notice of redemption. The debentures are redeemable at the option of the holders on April 30, 1994 at a redemption price equal to 120% of their principal amount. Interest expense is accrued at 7.53% to record the premium put. The accretion of the premium was approximately \$1.5 million in 1993 and \$1.6 million in 1992. In 1993 and 1992, \$671,000 and \$5.6 million, respectively, of the accrued premium was retired upon the repurchase of the debentures. At December 31, 1993 the carrying value of the debentures plus the premium accrued to date is \$47.7 million; the market value is \$48.0 million. At December 31, 1992 the carrying value of debentures plus the premium accrued to that date was \$50.6 million with a market value of \$50.9 million.

NOTE 8: 5 1/4% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2003

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. The market value of the debentures at December 31,

1993 was \$71.5 million.

NOTE 9: SHAREHOLDERS' EQUITY

In April 1993 the Trust sold 2.8 million shares of beneficial interest 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, and in 1991 the Trust sold 2.5 million shares in a public

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offering, receiving net proceeds of \$42.2 million. The proceeds were used for debt retirement and property acquisitions and renovations.

The Trust has a Dividend Reinvestment Plan, whereby shareholders may use their dividends to purchase shares; the plan was amended in 1991 so that shares purchased under the plan would be newly issued shares. In March 1993 the Trust registered an additional 500,000 shares with the Securities and Exchange Commission in connection with the plan.

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. One sixteenth of the loan is forgiven each year for eight years, as long as the officer or employee is still employed by the Trust. The Trust has loaned participants \$506,000 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 eight year period has expired.

Under the terms of the 1988 Share Bonus Plan, 78,000 shares and 30,000 shares were granted to officers and key employees in 1988 and 1989, respectively. During the years ended December 31, 1993, 1992 and 1991, 4,000 shares, 22,500 shares and 23,500 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, 1993, 1992, and 1991, \$80,000, \$60,000 and \$176,000, respectively, was forgiven.

In connection with a restricted share grant, the Trust accepted from the President a non-interest bearing note for \$210,000. One installment of

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\$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 as a long-term investment. The Trust's cost of these shares was \$887,000. Due to the price decline of certain of these investments, the Trust established an allowance for the unrealized loss which was \$364,000 in 1993, \$385,000 in 1992, and \$465,000 in 1991.

At December 31, 1993, 1992 and 1991, 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 non-employee Trustees. Under the Plan, on each annual meeting date during the term of the plan, each non-employee Trustee will be awarded 2,500 options. On December 16, 1993, 69,000 options were awarded to employees.

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 \$1.1 million. The notes 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	Shares	Options Outstanding Price per share
Balance			
December 31, 1990	374,537	194,796	
Options granted	(15,000)	15,000	\$17.25
Options exercised	---	(9,741)	\$14.83 to \$15.33
Options expired	13,500	(20,250)	\$15.00 to \$24.125
	-----	-----	
Balance			
December 31, 1991	373,037	179,805	
Options granted	(202,500)	202,500	\$20.50 to \$22.625
Options exercised	---	(8,055)	\$17.25 to \$18.00
Options expired	1,000	(1,000)	\$22.625
	-----	-----	
Balance			

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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 to \$26.00
Options exercised	---	(53,384)	\$15.00 to \$24.125
Options expired	2,500	(8,250)	\$20.875 to \$26.00

December 31, 1993	5,461,000	853,116
-------------------	-----------	---------

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. All full-time employees of the Trust are eligible to become plan participants. The Trust's expense for the years ended December 31, 1993, 1992, and 1991 was \$133,000, \$100,000, and \$82,000, respectively.

NOTE 12: INTEREST EXPENSE

The Trust incurred interest expense totalling \$31.8 million, \$35.4 million and \$39.0 million in 1993, 1992 and 1991, respectively, of which \$216,000, \$237,000 and \$892,000, respectively, was capitalized. Interest paid was \$31.4 million, \$36.9 million and \$37.1 million, respectively.

NOTE 13: SUBSEQUENT EVENTS

In February 1994 the Trust borrowed \$22.5 million from a bank; the loan, which is secured by Northeast Plaza, bears interest at 150 basis

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points over LIBOR (London Interbank Offered Rate) and is due on January 31, 1995. Proceeds from this borrowing were used to pay down the borrowings on the revolving credit facilities.

In February 1994 the Trust obtained a fourth revolving credit facility. This facility, which is for \$15.0 million and has terms substantially the same as the Trust's other revolving credit facilities, brings the Trust's total availability of revolving credit facilities to \$85.0 million.

NOTE 14: QUARTERLY DATA (UNAUDITED)

The following summary represents the results of operations for each quarter in 1993 and 1992:

	Revenue	Net income	Earnings per share
1993			
March 31	\$26,644	\$2,521	\$.10
June 30	28,444	2,825	.10
September 30	28,898	4,538	.16
December 31	31,351	8,246	.31
1992			
March 31	\$25,109	\$1,703	\$.08
June 30	24,114	2,244	.10
September 30	24,493	3,580	.15
December 31	26,481	1,903	.08

(a) Quarterly per share results are affected by the market price of common share equivalents in the calculation of earnings per share.

The increases in revenue in 1993 over 1992 are primarily due to the acquisition of new properties in late 1992 and 1993 and due to the contributions of recently renovated centers. These increases in revenue as well as decreases in interest expense are the principal reasons for the increases in net income and earnings per share in 1993 as compared to 1992.

The 1993 increases in net income and earnings per share in the second and

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third quarters would have been larger but for the fact that in 1992 there was a gain on sale of real estate of \$642,000 (\$.03 per share) in the second quarter and of \$1.9 million (\$.08 per share) in the third quarter. In addition during the fourth quarter of 1993, the Trust had a gain on the early retirement of debt of \$3.0 million (\$.11 per share).

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<TABLE>
<CAPTION>

FEDERAL REALTY INVESTMENT TRUST

SCHEDULE I
MARKETABLE SECURITIES AND OTHER INVESTMENTS

December 31, 1993

Column A Name of Issuer and Title of Each Issue	Column B Principal Amount	Column C Cost of Issue	Column D Market Value at December 31, 1993	Column E Carrying Value at December 31, 1993 (1)
<S> Olympia and York, Senior First Mortgage Notes, due March 20, 1999	<C> \$4,758,000	<C> \$4,752,000	<C> \$3,485,000 (2)	<C> \$3,485,000
Shares of Real Estate Investment Trusts	---	887,000	523,000	523,000

\$4,758,000 =====	\$5,639,000 =====	\$4,008,000 =====	\$4,008,000 =====
----------------------	----------------------	----------------------	----------------------

(1) The components of this balance are reflected as investments in the consolidated balance sheet of the Trust as of December 31, 1993.

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(2) This balance, which is net of a 1992 writedown of \$960,000, is management's best estimate of the realizable value of these notes.

</TABLE>

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<TABLE>
<CAPTION>

FEDERAL REALTY INVESTMENT TRUST
SCHEDULE II
AMOUNTS RECEIVABLE FROM RELATED PARTIES AND
UNDERWRITERS, PROMOTERS, AND EMPLOYEES OTHER THAN RELATED PARTIES
Years ended December 31, 1993, 1992 and 1991

Column A	Column B	Column C	Column D	Column E
Name of Debtor	January 1, 1993	Additions	Deductions	Balance at December 31, 1993
<S>	<C>	<C>	<C>	<C>

Steven J. Guttman (President of the Trust)	\$405,000			\$405,000 (1)
	2,685,000			2,685,000 (2)
Other officers	316,000	745,000	82,000	979,000 (1)
	3,303,000			3,303,000 (2)
	-----	-----	-----	-----
	\$6,709,000	\$745,000	\$82,000	\$7,372,000
	=====	=====	=====	=====

Name of Debtor	January 1, 1992	Additions	Deductions	Balance at December 31, 1992
-----	-----	-----	-----	-----
Steven J. Guttman (President of the Trust)	\$410,000 (1)	\$100,000	\$105,000	\$405,000 (1)
	2,911,000 (2)	152,000	378,000	2,685,000 (2)
Other officers	278,000 (1)	98,000	60,000	316,000 (1)
	F-32			
	3,582,000 (2)	186,000	465,000	3,303,000 (2)
	-----	-----	-----	-----
	\$7,181,000	\$536,000	\$1,008,000	\$6,709,000
	=====	=====	=====	=====

Name of Debtor	January 1, 1991	Additions	Deductions	Balance at December 31, 1991
-----	-----	-----	-----	-----
Steven J. Guttman (President of the Trust)	\$534,000	---	\$124,000	\$410,000 (1)
	---	3,100,000	189,000	2,911,000 (2)
Other officers	118,000	220,000	60,000	278,000 (1)
	---	3,814,000	232,000	3,582,000 (2)
	-----	-----	-----	-----
	\$652,000	\$7,134,000	\$605,000	\$7,181,000
	=====	=====	=====	=====

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</TABLE>

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SCHEDULE II
AMOUNTS RECEIVABLE FROM RELATED PARTIES AND
UNDERWRITERS, PROMOTERS, AND EMPLOYEES OTHER THAN RELATED PARTIES
Years ended December 31, 1993, 1992 and 1991
FEDERAL REALTY INVESTMENT TRUST FOOTNOTES

(1) These notes receivable from Mr. Guttman and other officers were issued in connection with various stock grants and exercises of stock options. Certain notes are interest free and certain 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 the shares. The notes, which are collateralized by common shares of the Trust, have maturity dates ranging from April 1994 through September 1998. The notes that were issued in connection with shares granted under the 1988 Share Bonus Plan are being forgiven over three years from issuance if the officer is still employed by the Trust. In 1991, 1992 and 1993, notes for \$176,000, \$60,000 and \$80,000 respectively, were forgiven.

(2) In 1991 the Share Purchase Plan was adopted by the Trustees; under the terms of this plan officers and certain employees of the Trust were offered the opportunity to purchase 446,000 common shares of the Trust with the assistance of loans of \$6.7 million from the Trust. One sixteenth or \$421,000, of the loans will be forgiven each year for eight years. The first sixteenth was forgiven upon purchase in January 1991, another 16th in January 1992 and the next 16th was accelerated to December 1992 from January 1993. These notes are reflected as subscriptions receivable in the consolidated balance sheet of the Trust as of December 31, 1993 and 1992. In connection with this plan, the Trust loaned the participants an additional \$338,000 in 1992 and \$169,000 in 1991 to pay the taxes due in connection with the plan. The purchase loans and the tax loans, which are collateralized by the common shares purchased, bear interest at 9.39% and are due approximately eight years from issuance.

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<TABLE>
<CAPTION>

FEDERAL REALTY INVESTMENT TRUST
SUMMARY OF REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1993

COLUMN A	COLUMN B	COLUMN C	COLUMN D	
Descriptions	Encumbrance	Land	Initial cost to company	
			Building and Improvements	Cost Capitalized Subsequent to Acquisition
<S>	<C>	<C>	<C>	<C>
ALLWOOD (New Jersey)	\$3,579,000	\$	\$3,920,000	\$94,000
ANDORRA (Pennsylvania)		2,432,000	12,346,000	1,235,000
BALA CYNWYD (Pennsylvania)		2,986,000	14,000,000	298,000
BARRACKS ROAD (Virginia)	22,377,000	4,363,000	16,459,000	8,121,000
BETHESDA ROW (Maryland)	12,576,000		18,823,000	
BLUESTAR (New Jersey)	27,314,000		29,922,000	680,000
BRAINERD VILLAGE (Tennessee)		1,920,000	8,006,000	1,707,000
BRICK PLAZA (New Jersey)	21,362,000		24,715,000	2,459,000
BRUNSWICK (New Jersey)	11,370,000		12,456,000	529,000
CLIFTON (New Jersey)	3,328,000		3,646,000	69,000
CONGRESSIONAL PLAZA (Maryland)		2,793,000	7,424,000	2,857,000
CROSSROADS (Illinois)		4,635,000	11,611,000	187,000
DEDHAM PLAZA (Massachusetts)		12,369,000	12,918,000	
EASTGATE (North Carolina)		1,608,000	5,775,000	4,040,000
ELLISBURG CIRCLE (New Jersey)		4,028,000	11,309,000	5,021,000
FALLS PLAZA (Virginia)	4,449,000	530,000	735,000	1,179,000
FEASTERVILLE (Pennsylvania)	1,032,000		1,600,000	2,144,000
FEDERAL PLAZA (Maryland)	29,457,000	10,216,000	17,895,000	31,046,000
FLOURTOWN (Pennsylvania)		347,000	1,806,000	788,000
GAITHERSBURG SQUARE (Maryland)		7,701,000	5,271,000	219,000
GOVERNOR PLAZA (Maryland)		2,068,000	4,905,000	9,817,000
HAMILTON (New Jersey)	4,933,000		5,405,000	1,105,000
HUNTINGTON (New York)	14,612,000		16,008,000	2,871,000

LANCASTER (Pennsylvania) 1,462,000 2,103,000 1,850,000

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LANGHORNE SQUARE (Pennsylvania)	720,000	2,974,000	8,060,000
LAUREL (Maryland)	7,458,000	22,525,000	10,248,000
LAWRENCE PARK (Pennsylvania)	4,898,000	7,160,000	4,534,000
LOEHMANN'S PLAZA (Virginia)	6,642,000	1,237,000	15,096,000
MID PIKE PLAZA (Maryland)	10,041,000	10,335,000	4,670,000
NORTH CITY PLAZA (Pennsylvania)	325,000	2,175,000	455,000
NORTHEAST (Pennsylvania)	4,900,000	1,152,000	10,596,000
NORTHEAST PLAZA (Georgia)	6,930,000	26,236,000	5,085,000
OLD KEENE MILL (Virginia)	7,294,000	638,000	998,000
PAN AM SHOPPING CENTER (Virginia)	8,694,000	12,929,000	1,051,000
PERRING PLAZA (Maryland)	2,800,000	6,461,000	13,583,000
ROSEVILLE (Michigan)	525,000	1,601,000	1,958,000
QUINCE ORCHARD PLAZA (Maryland)	3,197,000	7,949,000	644,000
ROLLINGWOOD APTS. (Maryland)	552,000	2,246,000	2,982,000
RUTGERS (New Jersey)	13,171,000	14,429,000	95,000
SHILLINGTON (Pennsylvania)	884,000	1,387,000	1,566,000
TOWN & COUNTRY (Louisiana)	1,326,000	3,440,000	506,000
TOWN & COUNTRY (Illinois)	904,000	2,483,000	4,913,000
TROY (New Jersey)	3,346,000	5,193,000	4,506,000
TYSONS STATION (Virginia)	4,412,000	388,000	453,000
WESTFALLS (Virginia)	5,106,000	538,000	535,000
WILDWOOD (Maryland)	9,135,000	1,061,000	4,669,000
WILLIAMSBURG (Virginia)	2,758,000	7,160,000	1,935,000
WILLOW GROVE (Pennsylvania)	1,600,000	6,643,000	15,127,000
WILLOW LAWN (Virginia)	3,192,000	7,723,000	35,641,000
TOTALS	\$218,545,000	\$112,065,000	\$428,846,000

</TABLE>

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<TABLE>
<CAPTION>

FEDERAL REALTY INVESTMENT TRUST
SUMMARY OF REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1993
(cont'd)

COLUMN A	COLUMN E			COLUMN F
Descriptions	Land	Gross amount at which carried at close of period		Accumulated Depreciation and Amortization
		Building and Improvements	Total	
<S>	<C>	<C>	<C>	<C>
ALLWOOD (New Jersey)	\$	\$4,014,000	\$4,014,000	\$575,000
ANDORRA (Pennsylvania)	2,432,000	13,581,000	16,013,000	2,224,000
BALA CYNWYD (Pennsylvania)	2,986,000	14,298,000	17,284,000	111,000
BARRACKS ROAD (Virginia)	4,363,000	24,580,000	28,943,000	6,581,000
BETHESDA ROW (Maryland)		18,823,000	18,823,000	
BLUESTAR (New Jersey)		30,602,000	30,602,000	4,438,000
BRAINERD VILLAGE (Tennessee)	1,920,000	9,713,000	11,633,000	2,007,000
BRICK PLAZA (New Jersey)		27,174,000	27,174,000	3,115,000
BRUNSWICK (New Jersey)		12,985,000	12,985,000	1,866,000
CLIFTON (New Jersey)		3,715,000	3,715,000	521,000
CONGRESSIONAL PLAZA (Maryland)	2,793,000	10,281,000	13,074,000	7,276,000

CROSSROADS (Illinois)	4,635,000	11,798,000	16,433,000	150,000
DEDHAM PLAZA (Massachusetts)	12,369,000	12,918,000	25,287,000	
EASTGATE (North Carolina)	1,608,000	9,815,000	11,423,000	2,359,000
ELLISBURG CIRCLE (New Jersey)	4,028,000	16,330,000	20,358,000	426,000
FALLS PLAZA (Virginia)	530,000	1,914,000	2,444,000	1,345,000
FEASTERVILLE (Pennsylvania)		3,744,000	3,744,000	2,265,000
FEDERAL PLAZA (Maryland)	10,216,000	48,941,000	59,157,000	4,295,000
FLOURTOWN (Pennsylvania)	347,000	2,594,000	2,941,000	1,041,000
GAITHERSBURG SQUARE (Maryland)	7,701,000	5,490,000	13,191,000	105,000
GOVERNOR PLAZA (Maryland)	2,068,000	14,722,000	16,790,000	3,342,000
HAMILTON (New Jersey)		6,510,000	6,510,000	996,000

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HUNTINGTON (New York)		18,879,000	18,879,000	2,443,000
LANCASTER (Pennsylvania)		3,953,000	3,953,000	2,090,000
LANGHORNE SQUARE (Pennsylvania)	720,000	11,034,000	11,754,000	2,433,000
LAUREL (Maryland)	7,458,000	32,773,000	40,231,000	6,519,000
LAWRENCE PARK (Pennsylvania)		11,694,000	11,694,000	6,985,000
LOEHMANN'S PLAZA (Virginia)	1,248,000	19,184,000	20,432,000	6,092,000
MID PIKE PLAZA (Maryland)		15,005,000	15,005,000	4,647,000
NORTH CITY PLAZA (Pennsylvania)	325,000	2,630,000	2,955,000	598,000
NORTHEAST (Pennsylvania)	1,152,000	17,306,000	18,458,000	3,839,000
NORTHEAST PLAZA (Georgia)	6,933,000	31,318,000	38,251,000	7,000,000
OLD KEENE MILL (Virginia)	638,000	2,804,000	3,442,000	1,571,000
PAN AM SHOPPING CENTER (Virginia)	8,694,000	13,980,000	22,674,000	332,000
PERRING PLAZA (Maryland)	2,800,000	20,044,000	22,844,000	2,969,000
ROSEVILLE (Michigan)	525,000	3,559,000	4,084,000	1,329,000
QUINCE ORCHARD PLAZA (Maryland)	3,197,000	8,593,000	11,790,000	162,000
ROLLINGWOOD APTS. (Maryland)	572,000	5,208,000	5,780,000	3,255,000
RUTGERS (New Jersey)		14,524,000	14,524,000	2,071,000
SHILLINGTON (Pennsylvania)		2,953,000	2,953,000	1,447,000
TOWN & COUNTRY (Louisiana)	1,326,000	3,946,000	5,272,000	340,000
TOWN & COUNTRY (Illinois)	904,000	7,396,000	8,300,000	4,901,000
TROY (New Jersey)		9,699,000	9,699,000	4,408,000
TYSONS STATION (Virginia)	475,000	2,603,000	3,078,000	2,069,000
WESTFALLS (Virginia)	559,000	2,295,000	2,854,000	1,409,000
WILDWOOD (Maryland)	9,135,000	5,730,000	14,865,000	3,849,000
WILLIAMSBURG (Virginia)	2,758,000	9,095,000	11,853,000	2,282,000
WILLOW GROVE (Pennsylvania)	1,600,000	21,770,000	23,370,000	5,282,000
WILLOW LAWN (Virginia)	3,192,000	43,364,000	46,556,000	9,685,000

TOTALS	\$112,207,000	\$645,881,000	\$758,088,000	\$135,045,000
	=====	=====	=====	=====

</TABLE>

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<TABLE>
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FEDERAL REALTY INVESTMENT TRUST
SUMMARY OF REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1993
(cont'd)

COLUMN A	COLUMN G	COLUMN H	COLUMN I
Descriptions	Date of Construction	Date Acquired	Life on which depreciation in latest income statements is computed
ALLWOOD (New Jersey)	1958	12/12/88	35 years

ANDORRA (Pennsylvania)	1953	01/12/88	35 years
BALA CYNWYD (Pennsylvania)	1955	09/22/93	35 years
BARRACKS ROAD (Virginia)	1958	12/31/85	35 years
BETHESDA ROW (Maryland)	1945-1991	12/31/93	35 years
BLUESTAR (New Jersey)	1959	12/12/88	35 years
BRAINERD VILLAGE (Tennessee)	1960	12/31/87	35 years
BRICK PLAZA (New Jersey)	1958	12/28/89	35 years
BRUNSWICK (New Jersey)	1957	12/12/88	35 years
CLIFTON (New Jersey)	1959	12/12/88	35 years
CONGRESSIONAL PLAZA (Maryland)	1965	04/01/65	20 years
CROSSROADS (Illinois)	1959	07/19/93	35 years
DEDHAM PLAZA (Massachusetts)	1959	12/31/93	35 years
EASTGATE (North Carolina)	1963	12/18/86	35 years
ELLISBURG CIRCLE (New Jersey)	1959	10/16/92	35 years
FALLS PLAZA (Virginia)	1962	09/30/67	22 3/4 years
FEASTERVILLE (Pennsylvania)	1958	07/23/80	20 years
FEDERAL PLAZA (Maryland)	1970	06/29/89	35 years
FLOURTOWN (Pennsylvania)	1957	04/25/80	30 years
GAITHERSBURG SQUARE (Maryland)	1966	04/22/93	35 years
GOVERNOR PLAZA (Maryland)	1963	10/01/85	35 years
HAMILTON (New Jersey)	1961	12/12/88	35 years

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HUNTINGTON (New York)	1962	12/12/88	35 years
LANCASTER (Pennsylvania)	1958	04/24/80	22 years
LANGHORNE SQUARE (Pennsylvania)	1966	01/31/85	35 years
LAUREL (Maryland)	1956	08/15/86	35 years
LAWRENCE PARK (Pennsylvania)	1972	07/23/80	22 years
LOEHMANN'S PLAZA (Virginia)	1971	07/21/83	35 years
MID PIKE PLAZA (Maryland)	1963	05/18/82	35 years
NORTH CITY PLAZA (Pennsylvania)	1972	10/01/87	35 years
NORTHEAST (Pennsylvania)	1959	08/30/83	35 years
NORTHEAST PLAZA (Georgia)	1952	12/31/86	35 years
OLD KEENE MILL (Virginia)	1968	06/15/76	33 1/3 years
PAN AM SHOPPING CENTER (Virginia)	1979	02/05/93	35 years
PERRING PLAZA (Maryland)	1963	10/01/85	35 years
ROSEVILLE (Michigan)	1964	03/29/73	25 3/4 years
QUINCE ORCHARD PLAZA (Maryland)	1975	04/22/93	35 years
ROLLINGWOOD APTS. (Maryland)	1960	01/15/71	25 years
RUTGERS (New Jersey)	1973	12/12/88	35 years
SHILLINGTON (Pennsylvania)	1956	07/23/80	20 years
TOWN & COUNTRY (Louisiana)	1974	12/31/90	35 years
TOWN & COUNTRY (Illinois)	1968	10/15/73	25 years
TROY (New Jersey)	1966	07/23/80	22 years
TYSONS STATION (Virginia)	1954	01/17/78	17 years
WESTFALLS (Virginia)	1960	10/05/72	25 years
WILDWOOD (Maryland)	1958	05/05/69	33 1/3 years
WILLIAMSBURG (Virginia)	1961	04/30/86	35 years
WILLOW GROVE (Pennsylvania)	1953	11/20/84	35 years
WILLOW LAWN (Virginia)	1957	12/05/83	35 years

</TABLE>

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FEDERAL REALTY INVESTMENT TRUST
SCHEDULE XI
SUMMARY OF REAL ESTATE AND ACCUMULATED
DEPRECIATION - CONTINUED
Three Years Ended December 31, 1993

Reconciliation of Total Cost

Balance, January 1, 1991	\$555,879,000
Additions during period	
Acquisitions	281,000
Improvements	20,725,000
Deduction during period - condemnation of land and miscellaneous retirements	(10,829,000)

Balance, December 31, 1991	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
	=====

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(A) For Federal tax purposes, the aggregate cost basis is approximately \$654,138,000 as of December 31, 1993.

FEDERAL REALTY INVESTMENT TRUST
SCHEDULE XI
SUMMARY OF REAL ESTATE AND ACCUMULATED
DEPRECIATION - CONTINUED
Three Years Ended December 31, 1993

Reconciliation of Accumulated Depreciation and Amortization

Balance, January 1, 1991	\$78,596,000
Additions during period	
Depreciation and amortization expense	19,946,000
Deductions during period - disposition of property and miscellaneous retirements	(2,853,000)

Balance, December 31, 1991	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 - miscellaneous retirements	(780,000)

Balance, December 31, 1993	\$135,045,000
	=====

<TABLE>
<CAPTION>

FEDERAL REALTY INVESTMENT TRUST

SCHEDULE XII
MORTGAGE LOANS ON REAL ESTATE

Year Ended December 31, 1993

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)
-----	-----	-----	-----	-----	-----	-----
<S> Second mortgage on shopping center in Delaware	<C> 11% on \$700,000	<C> May 1996	<C> Interest accrues monthly with payment deferred	<C> ---	<C> \$700,000	<C> \$700,000
Leasehold mortgage on	10%	December 2003	Interest only monthly;	---	10,000,000	10,000,000 (2)

shopping center in New Jersey			\$10,000,000 balloon payment December 2003			
Mortgage on shopping center in New Jersey	10%	January 1994	Interest only monthly; balloon payment January 1994	---	4,020,000	3,171,000 (3)
				-----	-----	-----
				---	\$14,720,000	\$13,871,000
				=====	=====	=====

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- 1) For Federal tax purposes, the aggregate tax basis is approximately \$13,803,000 as of December 31, 1993.
- 2) This mortgage is extendable for up to 45 years with interest increasing to a maximum of 11%.
- 3) This mortgage is available for up to \$4,020,000. At December 31, 1992, \$3,124,000 was outstanding.

</TABLE>

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FEDERAL REALTY INVESTMENT TRUST

SCHEDULE XII

MORTGAGE LOANS ON REAL ESTATE - CONTINUED

Three Years Ended December 31, 1993

Reconciliation of Carrying Amount

Balance, January 1, 1991	\$16,676,000
Additions during period	
Increase in existing loan	135,000
Deductions during period	

Collections of principal	(62,000)

Balance, December 31, 1991	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
	=====

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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 14, 1994 which is incorporated by reference in Part II of this form, we have also audited Schedule I as of December 31, 1993 and Schedules II, XI and XII as of December 31, 1993 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
Washington, D.C.
February 14, 1994

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CREDIT AGREEMENT

dated as of February 11, 1994

between

FEDERAL REALTY INVESTMENT TRUST

and

MELLON BANK, N.A.

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A6431.A(BF)

CREDIT AGREEMENT

This CREDIT AGREEMENT (as amended, supplemented or modified from time to time, this "Agreement") is dated as of February 11, 1994 and is 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").

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 1/100 of 1%) 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

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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 1.1 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, \$15,000,000 minus the aggregate unpaid principal amount of Advances outstanding on 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 Pittsburgh, Pennsylvania 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, 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

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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 9.9.

"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 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).

"Euro-Dollar Reserve Percentage" for any day shall mean the percentage (expressed as a decimal, rounded upward to the nearest 1/100 of 1%), as determined in good faith by the Bank (which determination shall be conclusive), which is in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) representing the maximum reserve requirement (including, without imitation, supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities") of a member bank in such System. The Adjusted London Interbank Offered Bank shall be

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adjusted automatically as of the effective date of each change in the Euro-Dollar Reserve Percentage.

"Euro-Rate Interest Period" shall mean a period of one, two, three or six months for which maker has selected the Euro-Rate Option to apply to a Euro-Rate Segment. Each Euro-Rate Interest Period shall begin on a London Business Day, and the term "month", when used in connection with a Euro-Rate Interest Period shall be construed in accordance with prevailing practices in the Interest Period, as determined in good faith by Bank (which determination shall be conclusive).

"Event of Default" has the meaning set forth in Section 7.1.

"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, (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) below, end

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

"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 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 interest rate per annum announced from time to time by the Bank as its prime rate. The prime rate may be greater or less

than other interest rates charged by the Bank to other borrowers and is not solely based or dependent upon the interest rate which the Bank may charge any particular borrower or class of borrowers.

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

"Revolving Credit Bank" has the meaning set forth in Section 6.8.

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"Termination Date" means the later of (i) three years from the Effective Date or (ii) the date to which the Line of Credit Period has been extended pursuant to Section 2.10.

"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 or ERISA.

Section 1.2. Accounting Term and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, and 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, prepay such amounts in accordance with Section 2.6 and reborrow amounts under this Section 2.1.

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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) whether the proposed loan is to bear interest at the Prime-Based Rate of the Euro-Dollar-Based Rate and (iv) 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 by wire transfer of such funds to such account as the Borrower shall specify in its request for such Advance.

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

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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 1.00% plus the applicable Adjusted London Interbank Offered Rate. 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 VIII) 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;

(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-

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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.

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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-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 2.11 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 aggregate unpaid principal amount of Advances outstanding on such date exceeds \$15,000,000, 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 on demand 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

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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. This charge shall be in addition to, and not in lieu of, any other remedy the Bank may have and is in addition to any reasonable fees and charges of any agents or attorneys which the Bank is entitled to employ on any default hereunder, whether authorized herein, or by law.

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 April 15, 1994, a non-usage fee equal to 0.25% per annum of the average daily Available Amount during the preceding calendar quarter.

Section 2.9. 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 9.1. 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 2.10. Extension of the Line of Credit Period. The Bank shall review the Line of Credit Commitment on or before January 1 of each year, commencing January 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

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Line of Credit Period, notwithstanding that no Event of Default exists. The Bank shall notify the Borrower on or before January 1 of each year, commencing January 1, 1995, whether the Bank has elected to extend the Line of Credit Period.

Section 2.11. 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 VIII 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 VIII 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 2.12. Optional Termination or Reduction of the Line of Credit Commitment. The Borrower may, upon at least 45 days' 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 aggregate

amount of \$3,000,000 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 January 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 is outstanding and may not reduce the Line of Credit Commitment on any date below an amount equal to the aggregate unpaid principal amount of Euro-Dollar-Based Advances outstanding on such date.

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Section 2.13. 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

CONDITIONS TO ADVANCES

Section 3.1. Conditions to the First Advance. The obligations of the Bank to make the first Advance 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, complying with the provisions of Section 2.3;

(ii) all legal matters incident to this Agreement, the Note and the transactions contemplated hereby and thereby shall be reasonably satisfactory to Ballard Spahr Andrews & Ingersoll;

(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 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 and the Note 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 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 B hereto and covering such additional

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matters relating to the transactions contemplated hereby as the Bank may reasonably request;

(v) receipt by the Bank of a certificate of an Authorized Person, dated the date of such Advance, certifying that, to the best of the Borrower's knowledge, no Default has occurred and is continuing or would result from such Advance 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;

(vi) receipt by the Bank of such evidence as it may reasonably request confirming that the financial institutions described in Section 6.7(iii) do not have the right to confess judgment against the Borrower;

(vii) receipt by the Bank of a charge fee in the amount of \$37,500; 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 and the Note and the validity of this Agreement and the Note and any other matters relevant hereto or thereto, all in form and substance satisfactory to the Bank and its counsel.

Section 3.2. Conditions to Each Advance. The obligation of the Bank to make such 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

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

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ARTICLE IV

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

Section 4.1. 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 4.2. Authorization; Non-Contravention. The execution, delivery and performance by the Borrower of this Agreement and the Note 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.

Section 4.3. Binding Effect. This Agreement constitutes 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

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availability of equitable remedies may be limited by equitable principles of general applicability.

Section 4.4. Litigation. Except as disclosed in the Borrower's Form 10-Q for the quarter ended September 30, 1993 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 or which in any manner draws into question the validity of this Agreement or the Note, and there is no basis known to the Borrower for any such action, suit or proceeding.

Section 4.5. 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 and the Note, 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 4.6. Financial Information.

(a) The audited balance sheet of the Borrower as of December 31, 1992 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.

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(b) The unaudited balance sheet of the Borrower as of September 30, 1993 and the related unaudited statements of operations, cash flows and 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 each calendar quarter (subject to normal year-end adjustments).

(c) Since September 30, 1993, there has been no material adverse change in the business, financial position, results of operations or properties of the Borrower.

Section 4.7. 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 4.8. Environmental Compliance.

(a) Except as described in Schedule 4.8 or disclosed in the Borrower's Form 10-Q for the quarter ended September 30, 1993 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 4.8 or disclosed in the Borrower's Form 10-Q for the quarter ended September 30, 1993 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.

Section 4.9. 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 V

FINANCIAL COVENANTS

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

Section 5.1. Certain Definitions. As used in this Article V and elsewhere in this Agreement, the following terms have the following meanings:

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

"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).

"Total Liabilities" means, at any date, all obligations of the Borrower on such date in respect of capital leases, mortgages payable, notes payable, senior notes, convertible debentures and secured or unsecured bank debt.

Section 5.2. Minimum Shareholders' Equity. The Borrower will not permit Shareholders' Equity to be less than \$225,000,000 as of the last day of any calendar quarter.

Section 5.3. 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 5.4. Minimum Funds From Operations. The Borrower will not

permit Funds From Operations to be less than (i) \$7,000,000 for any calendar quarter or (ii) \$30,000,000 in the aggregate for any period of four consecutive calendar quarters.

Section 5.5 Limitation on Dividends. The Borrower will not (i) during any six consecutive calendar quarters pay dividends which exceed 135% of the Funds From Operations for such six quarter period or (ii) during any two consecutive calendar quarters pay dividends which exceed 175% of the Funds From Operation for such two quarter period.

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ARTICLE VI

ADDITIONAL COVENANTS OF THE BORROWER

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

Section 6.1. 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 10-01 of Regulation S-X (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

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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 5.2, 5.3, 5.4 and 5.5, (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, 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) 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 (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 is probable) or which in any manner draws into question the validity of this Agreement or the Note, a certificate of an officer of the

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Borrower setting forth the nature of such action, suit or proceeding and such additional information as may be reasonably requested by the Bank;

(vi) 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 of 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;

(vii) 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 its business, financial position, results of operations or properties; and

(viii) from time to time such additional information regarding the business, financial position, results of operations or properties of the Borrower 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 6.2 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 materialmen, mechanics, carriers, warehousemen, 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 6.2 is being diligently contested in good faith and the Borrower has set aside on its books, if

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required under GAAP, appropriate reserves for the accrual of any such items).

Section 6.3. 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 6.4. 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 6.5. 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 6.13)), 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 6.6. 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, will maintain its fiscal reporting periods on the present basis and will permit representatives of the Bank, at the Borrower's expense (not to exceed \$1,500 in the aggregate during any calendar year), to visit and inspect any of the

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Borrower's 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 7.1(xi) and independent public accountants, all at such reasonable times and as often as the Bank may reasonably request.

Section 6.7. Restriction on Debt. The Borrower 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 and having an aggregate unpaid principal balance of \$100,000,000 or less.

Section 6.8. Restrictions on Liens. The Borrower will not enter into any agreement, or permit any of its subsidiaries to enter into any agreement, with any third party which would prohibit the Borrower or any such subsidiary from creating a Lien on any of its properties in favor of the Bank to secure the Borrower's obligations to the Bank hereunder and under the Note. The Borrower will maintain or cause its subsidiaries to maintain free and clear of all Liens that portion of its and such subsidiaries' real property assets which at all times shall have a book value plus depreciation (each as determined in accordance with GAAP) equal to or greater than the aggregate amount of the commitments of all banks now or hereafter providing an unsecured revolving line of credit ("Revolving Credit Banks") to the Borrower from time to time. The Borrower further agrees that if at any time it creates a Lien in favor of any theretofore unsecured Revolving Credit Bank, that it will create such Lien in favor of all such Revolving Credit Banks, including the Bank, on a pari passu basis based on the commitments of such Revolving Credit Banks.

Section 6.9. 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 6.10 Transactions with Affiliates. The Borrower will not directly or indirectly pay any funds to or to 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 6.11. 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 6.12 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 6.13 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, (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 non-compliance will not materially adversely affect the business, financial position, results of operations or properties of the Borrower and its subsidiaries.

Section 6.14 Pro-Rata Borrowing and Repayment. Borrower will use its best efforts (i) to borrow on an aggregate basis over the course of any consecutive twelve month period from all Revolving Credit Banks, including the Bank, on an approximately pro-rata basis based on the commitments of the Revolving Credit Banks and (ii) to make any principal repayment (which at

any one time is equal to or greater than \$10,000,000) of the amounts borrowed from the Revolving Credit Banks to all Revolving Credit Banks on an approximately pro-rata basis based on the outstanding principal balances of the loans to the Borrower from the Revolving Credit Banks.

Section 6.15 Confession of Judgment. The Borrower will not grant any other Revolving Credit Bank the right to confess judgment against the Borrower.

Section 6.16 Use of Proceeds. The Borrower will use the Advances to provide working capital for investment activities, for construction,

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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.

Section 6.17 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 VII

DEFAULTS

Section 7.1 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 or any other amount payable hereunder or under the Note;

(ii) the Borrower shall fail to observe or perform any covenant contained in Article V or Section 6.7, 6.8, 6.9, 6.10, 6.11, 6.12, 6.13, 6.14, 6.15 or 6.16 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) 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

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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 or any other amount payable hereunder or under the Note;

(iv) any representation, warranty, certification or statement made by the Borrower in this Agreement, 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;

(v) the Borrower shall fail to make any payment in respect of any Debt (other than the Note) owing to the Bank or any other recourse Debt 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 owing to the Bank or any other recourse Debt of the Borrower 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 to 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 an bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a

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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;

(xi) Steven J. Guttman and a majority of the vice presidents of Borrower as of the date hereof shall cease to participate actively as senior managers of the Borrower; or

(xii) 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 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

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(viii) above, without any notice to the Borrower or any other act by the Bank, the Line 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 7.2. Other Remedies. If a Default or an Event of Default 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 7.3. 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.

ARTICLE VIII

CHANGE IN CIRCUMSTANCES AFFECTING EURO-DOLLAR-BASED ADVANCES

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Section 8.1. 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);

then 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 8.2. 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 8.2, 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

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 2.11).

Section 8.3. Increased Cost and Reduced Return.

(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 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 Bank 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 8.3 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

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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 8.3 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 Prime Rate minus 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 8.3 during such 90 day period.

Section 8.4. Suspension of Advances. If notice has been given pursuant to Section 8.2 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 IX

MISCELLANEOUS

Section 9.1. 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 such other address as such party may hereafter specify for that purpose by notice to the other.

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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 9.1, provided that any notice given to the Bank pursuant to Section 2.2 shall only be effective upon receipt.

Section 9.2. No Waivers. No failure or delay by the Bank in exercising any right, power or privilege hereunder (except as set forth in Section 8.3(d)) 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 9.3. 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 its 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 9.4. 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

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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 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 4.7;

(iii) the failure of the Borrower 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 clean-up, Release or threatened Release of Hazardous Material by the Borrower, or in connection with any property owned or formerly owned by the Borrower; 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 4.7.

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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 wilful 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 9.4 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 9.5. 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 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 9.5 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.

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Section 9.6. Amendments and Waivers. Any provision of this Agreement or the Note 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 9.7. 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 affiliates of the Bank (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 of 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

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bank with a Line of Credit Commitment as set forth in such instrument of assumption, and the Bank shall be 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 9.7(c), the Bank and the Borrower shall make appropriate arrangements so that, if required, a new Note is issued to such Assignee. The cost of the preparation of such new Note shall be borne by the Bank. 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 8.3 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 8.2 or 8.3 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 9.8. 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 Pennsylvania, except as otherwise provided herein.

Section 9.9. 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

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Agreement shall become effective when the Bank shall have received counterparts hereof signed by both parties.

Section 9.10. 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 a federal court or Commonwealth of Pennsylvania state court sitting in Philadelphia, Pennsylvania, 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 or hereafter may have to the bringing of any action or proceeding in such respective jurisdictions.

Section 9.11. 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 or the Note. 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 9.11, 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 9.12. Entire Agreement. This Agreement and the Note set forth the entire agreement of the parties with respect to the subject matter

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hereof and therefor and supersede all previous understandings, written or oral, in respect thereof.

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

FEDERAL REALTY INVESTMENT TRUST

By: /s/ Ron D. Kaplan

Ron D. Kaplan
Vice President - Capital Markets

4800 Hampden Lane
Bethesda, Maryland 20814

Attention: Legal Department

MELLON BANK, N.A.

By:/s/ Frederick A. Felter

Frederick A. Felter
Vice President

1735 Market Street
Philadelphia, Pennsylvania 19103

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D15340.A(RE)

Exhibit A - Note

\$15,000,000 Philadelphia, Pennsylvania
February __, 1994

For Value Received, FEDERAL REALTY INVESTMENT TRUST, a District of Columbia unincorporated business trust (the "Borrower"), promises to pay to the order of MELLON BANK, N.A. (the "Bank"), the unpaid principal amount of each Advance made by the Bank to the Borrower pursuant to the Credit Agreement referred to below on the Termination Date provided, or as otherwise provided, in the Credit Agreement. The Borrower promises to pay interest on the unpaid principal amount of each such Advance on the dates and at the rate or rates provided for in the Credit Agreement. All such payments of principal and interest shall be made in lawful money of the United States in Federal or other immediately available funds at the office of the Bank, Philadelphia, Pennsylvania.

All Advances made by the Bank, the respective types and maturities thereof and all repayments of the principal thereof shall be recorded by the Bank and, prior to any transfer hereof, appropriate notations to evidence the foregoing information with respect to each such Advance then outstanding shall be endorsed by the Bank on the schedule attached hereto, or on a continuation of such schedule attached to and made a part hereof; provided that the failure of the Bank to make any such recordation or endorsement shall not affect the obligations of the Borrower hereunder or under the Credit Agreement.

This note is the Note referred to in the Credit Agreement dated as of January __, 1994 between the Borrower and the Bank (as the same may be amended from time to time, the "Credit Agreement"). Terms defined in the Credit Agreement are used herein with the same meanings. Reference is made

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to the Credit Agreement for provisions for the prepayment hereof, the acceleration of the maturity hereof and for the rights and remedies of the Bank.

FEDERAL REALTY INVESTMENT TRUST

Exhibit 24

Consent of Independent Accountants

We have issued our reports dated February 14, 1994 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, 1993. 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
Washington, D.C.
March 16, 1994