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

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

For the Quarter Ended: June 30, 1998

Commission File No. 17533

FEDERAL REALTY INVESTMENT TRUST

(Exact name of registrant as specified in its charter)

District of Columbia	52-0782497
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1626 East Jefferson Street, Rockville, Maryland 20852-4041

(Address of principal executive offices) (Zip Code)

(301) 998-8100

(Registrant's telephone number, including area code)

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

Yes X . No_____.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 31, 1998
Common Shares of Beneficial Interest	39,917,063

This report, including exhibits, contains 42 pages.

FEDERAL REALTY INVESTMENT TRUST

S.E.C. FORM 10-Q

June 30, 1998

I N D E X

FEDERAL REALTY INVESTMENT TRUST

S.E.C. FORM 10-Q

June 30, 1998

PART I. FINANCIAL INFORMATION

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

The balance sheet as of December 31, 1997 was audited by Grant Thornton LLP, independent public accountants, who expressed an unqualified opinion on it in their report dated February 5, 1998. All other financial information presented is unaudited but has been reviewed as of June 30, 1998 and for each of the six and three month periods ended June 30, 1998 and 1997 by Grant Thornton LLP whose report thereon appears on Page 4. All adjustments and disclosures proposed by them have been reflected in the data presented.

Accountants' Review Report

Trustees and Shareholders
Federal Realty Investment Trust

We have reviewed the accompanying consolidated balance sheet of Federal Realty Investment Trust as of June 30, 1998 and the related consolidated statements of operations, shareholders' equity and cash flows for the six month periods ended June 30, 1998 and 1997, and the consolidated statements of operations for the three month periods ended June 30, 1998 and 1997. These financial statements are the responsibility of the Trust's management.

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

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

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet as of December 31, 1997 and the related consolidated statements of operations, shareholders' equity and cash flows for the year then ended (not presented herein); and in our report dated February 5, 1998, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1997 is stated fairly, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Grant Thornton LLP

Washington, D.C.
August 5, 1998

Federal Realty Investment Trust

CONSOLIDATED BALANCE SHEETS
(see accountants' review report)

	June 30, 1998 (unaudited)	December 31, 1997
	(in thousands)	
ASSETS		
Investments		
Real estate, at cost	$1,513,127	$1,453,639
Less accumulated depreciation and amortization	(265,622)	(247,497)
	1,247,505	1,206,142
Mortgage notes receivable	34,883	38,360
	1,282,388	1,244,502
Other Assets		
Cash	13,554	17,043
Notes receivable - officers	1,060	1,190
Accounts receivable	16,651	17,604
Prepaid expenses and other assets, principally property taxes and lease commissions	34,878	32,128
Debt issue costs	3,147	4,106
	$1,351,678	$1,316,573
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Obligations under capital leases	$122,573	$125,940
Mortgages payable	58,376	95,633
Notes payable	125,079	119,028
Accrued expenses	22,275	23,419
Accounts payable	5,200	7,093
Dividends payable	18,466	18,368
Security deposits	4,675	4,423
Prepaid rents	4,315	2,818
Senior notes	335,000	255,000
5 1/4% Convertible subordinated debentures	75,289	75,289
Investors' interest in consolidated assets	35,621	35,752
Commitments and contingencies	-	-
Shareholders' equity		
7.95% Series A Cumulative Redeemable Preferred Shares, liquidation preference $25 per share, 4,000,000 shares issued in 1997	100,000	100,000
Common shares of beneficial interest, no par or stated value, unlimited authorization, issued 39,922,154 and 39,200,201 shares, respectively	702,983	684,823
Accumulated dividends in excess of Trust net income	(236,291)	(222,709)
	566,692	562,114
Less 58,419 and 52,386 common shares in treasury - at cost, respectively, deferred compensation and subscriptions receivable	(21,883)	(8,304)
	544,809	553,810
	$1,351,678	$1,316,573

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust

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

(In thousands, except per share data)	Six months ended June 30, 1998	1997
Revenue		
Rental income	$ 106,608	$ 90,981
Interest and other income	2,935	2,948
Other property income	5,036	5,520
	114,579	99,449
Expenses		
Rental	23,269	21,005
Real estate taxes	11,217	9,466
Interest	26,097	23,988
Administrative	5,836	4,594
Depreciation and amortization	21,972	20,528
	88,391	79,581
Operating income before investors' share of operations and gain on sale of real estate	26,188	19,868
Investors' share of operations	(1,531)	(581)
Income before gain on sale of real estate	24,657	19,287
Gain on sale of real estate	-	7,034
Net Income	$ 24,657	$ 26,321
Dividends on preferred stock	(3,975)	-
Net income available for common shareholders	$ 20,682	$ 26,321
Earnings per common share, basic		
Income before gain on sale of real estate	$ 0.53	$ 0.51
Gain on sale of real estate	-	0.18
	$ 0.53	$ 0.69
Weighted average number of common shares, basic	39,057	38,126
Earnings per common share, diluted		
Income before gain on sale of real estate	$ 0.53	$ 0.50
Gain on sale of real estate	-	0.18
	$ 0.53	$ 0.68
Weighted average number of common shares, diluted	39,896	38,616

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust

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

(In thousands, except per share data)	Three months ended June 30, 1998	1997
Revenue		
Rental income	$54,127	$47,061
Interest and other income	1,341	1,448
Other property income	2,934	2,293
	58,402	50,802
Expenses		
Rental	11,347	10,789
Real estate taxes	5,745	4,892
Interest	13,404	11,999
Administrative	3,995	2,493
Depreciation and amortization	11,203	10,404
	45,694	40,577
Operating income before investors' share of operations and gain on sale of real estate	12,708	10,225
Investors' share of operations	(745)	(249)
Income before gain on sale of real estate	11,963	9,976
Gain on sale of real estate	-	7,034
Net Income	$11,963	$17,010
Dividends on preferred stock	(1,987)	-
Net income available for common shareholders	$ 9,976	$17,010
Earnings per common share, basic		
Income before gain on sale of real estate	$ 0.26	$ 0.26
Gain on sale of real estate	-	0.18
	$ 0.26	$ 0.44
Weighted average number of common shares, basic	39,122	38,754
Earnings per common share, diluted		
Income before gain on sale of real estate	$ 0.25	$ 0.25
Gain on sale of real estate	0.00	0.18
	$ 0.25	$ 0.43
Weighted average number of common shares, diluted	39,900	39,200

The accompanying notes are an integral part of these statements.

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

	Six months ended June 30,			
	1998		1997	
(In thousands, except per share amounts)	Shares	Amount	Shares	Amount
Common Shares of Beneficial Interest				
Balance, beginning of period	39,200,201	$ 684,823	35,948,044	$ 597,917
Net proceeds from sale of shares	-	-	3,000,000	83,925
Exercise of stock options	130,905	2,798	66,468	1,401
Shares issued under dividend reinvestment plan	76,993	1,927	74,838	2,009
Performance and Restricted Shares granted	514,055	13,435	22,000	621
Balance, end of period	39,922,154	$ 702,983	39,111,350	$ 685,873
Common Shares of Beneficial Interest in Treasury, Deferred Compensation and Subscriptions Receivable				
Balance, beginning of period	(457,111)	($8,304)	(480,948)	($8,332)
Amortization of deferred compensation	47,093	875	30,125	480
Performance and Restricted Shares granted	(549,055)	(14,084)	(22,000)	(621)
Purchase of shares under share purchase plan	50,521	764	16,753	236
Purchase of treasury shares, net of reissuance	(6,033)	(353)	-	-
Increase in stock option loans, net	(32,937)	(781)	(10,500)	(223)
Balance, end of period	(947,522)	($21,883)	(466,570)	($8,460)
Accumulated Dividends in Excess of Trust Net Income				
Balance, beginning of period		($222,709)		($200,700)
Net income		24,657		26,321
Dividends declared to shareholders		(38,239)		(32,782)
Balance, end of period		($236,291)		($207,161)

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust

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

(In thousands)	Six months ended June 30, 1998	1997
OPERATING ACTIVITIES		
Net income	$ 24,657	$ 26,321
Adjustments to reconcile net income to net cash provided by operations		
Depreciation and amortization	21,972	20,527
Rent abatements in lieu of leasehold improvements, net of tenant improvements retired	(1,044)	(526)
Imputed interest and amortization of debt cost	384	326
Amortization of deferred compensation and forgiveness of officers' notes	1,074	344
Gain on sale of real estate		(7,034)
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	953	(584)
Increase in prepaid expenses and other assets before depreciation and amortization	(3,436)	(3,303)
Increase (decrease) in operating accounts payable, security deposits and prepaid rent	1,528	(666)
Decrease in accrued expenses	(1,314)	(2,155)
Net cash provided by operating activities	44,774	33,250
INVESTING ACTIVITIES		
Acquisition of real estate	(29,013)	(103,269)
Capital expenditures	(26,913)	(23,571)
Application of deposit on real estate	-	23,447
Net increase in notes receivable	(5,305)	(10,250)
Net cash used in investing activities	(61,231)	(113,643)
FINANCING ACTIVITIES		
Regular payments on mortgages, capital leases, and notes payable	(1,204)	(992)
Balloon payment on mortgages	(36,607)	-
Increase in short-term debt, net	6,209	33,695
Issuance of senior notes, net of costs	79,540	-
Dividends paid	(36,845)	(30,149)
Issuance of shares of beneficial interest	2,742	86,044
(Decrease) increase in minority interest	(867)	250
Net cash provided by financing activities	12,968	88,848
Increase (decrease) in cash	(3,489)	8,455
Cash at beginning of period	17,043	11,041
Cash at end of period	$ 13,554	$ 19,496

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 1998
(see accountants' review report)
(unaudited)

NOTE A - ACCOUNTING POLICIES AND OTHER DATA

Reference should be made to the notes to financial statements included in the Annual Report to shareholders for the year ended December 31, 1997 which contain the Trust's accounting policies and other data.

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

	Six months		Three months	
	1998	1997	1998	1997
NUMERATOR				
Net income available for common shareholders - basic	$20,682	$26,321	$ 9,976	$17,010
Income attributable to operating partnership units	414	-	207	-
Net income available for common shareholders - diluted	$21,096	$26,321	$10,183	$17,010
DENOMINATOR				
Denominator for basic EPS- weighted average shares	39,057	38,126	39,122	38,754
Effect of dilutive securities				
Stock options and awards	358	490	297	446
Operating partnership units	481	-	481	-
Denominator for diluted EPS	39,896	38,616	39,900	39,200

On March 19, 1998 the Emerging Issues Task Force ("EITF") of the Financial Accounting Standards Board reached a consensus opinion on issue #97-11, "Accounting for Internal Costs Relating to Real Estate Property Acquisitions" which requires that the internal costs of preacquisition activities incurred in connection with the acquisition of an operating property be expensed as incurred, whereas the internal costs of preacquisition activities directly identifiable with the acquisition of a nonoperating or to be developed property should be capitalized as part of the cost of the acquisition. The Trust has traditionally capitalized internal preacquisition costs of both operating and nonoperating properties as a component of the acquisition price. Consequently, as a result of the adoption of this EITF in the second quarter of 1998, the Trust's general and administrative expense has increased by approximately $900,000. The effect of the EITF on general and administrative expenses each quarter will depend on the acquisition effort spent on acquiring operating properties versus development properties.

NOTE B - REAL ESTATE AND ENCUMBRANCES

During February and March 1998 the Trust purchased seven properties in San Antonio, Texas for $10.7 million in cash. An additional two properties were purchased during the second quarter of 1998 for $3.5 million in cash. These properties, located on Houston Street near San Antonio's River Walk, are currently vacant and will be redeveloped, retenanted and remerchandised.

On February 3, 1998 the Trust purchased a retail building in close proximity to its other properties in Santa Monica, California for $2.0 million in cash. During the first half of 1998 the Trust spent $2.0 million in cash to purchase two properties and to secure a long term ground lease on a third property in Bethesda, Maryland; all three properties are adjacent to the Trust's Bethesda Row property and were purchased in order to allow for future expansion.

On May 7, 1998 the Trust acquired two main street retail properties in Tempe, Arizona. The Trust acquired one property for $5.2 million in cash. The Trust acquired, for $4.6 million in cash, an eighty-five percent interest in a partnership which owns the second property which is valued at $5.4 million.

On June 30, 1998 the Trust, for $8.5 million, terminated the capital lease on Lawrence Park Shopping Center and purchased the fee interest in the property upon the maturity of a note of $8.5 million which the Trust had loaned to the seller in January 1997.

On January 14, 1998 the Trust increased by $2.3 million, extended and refinanced mortgage loans which had been made on retail properties in Philadelphia, Pennsylvania. The new loan, which is available for up to $25 million, bears interest at 10%, and is due May 1, 2021, totalled $5.3 million at June 30, 1998. From and after May 2006, which date may be extended to April 2008, the Trust has the option to convert the loan into a partnership interest in the properties.

In June 1998 the Trust made a loan of $2.5 million, which matures July 1, 2001 and is secured by a property in Studio City, California. The loan earns interest at 10% and participates in certain revenues and appreciation of the property.

On June 1, 1998 the Trust paid off mortgages totalling $36.6 million on Barracks Road, Falls Plaza, Old Keene Mill, and West Falls Shopping Centers.

NOTE C - NOTES PAYABLE

In December 1997 the Trust replaced its unsecured medium term revolving credit facilities with four banks with a five-year syndicated line, thereby increasing the aggregate amount available from $135 million to $300 million. The syndicated line bears interest at LIBOR plus 65 basis points, requires fees and has covenants requiring a minimum shareholders' equity and a maximum ratio of debt to net worth. At June 30, 1998 there was $121 million borrowed under this facility. The maximum drawn during the first half of 1998 was $136 million. The weighted average interest rate on borrowings for the six months ended June 30, 1998 was 6.2%.

NOTE D - INTEREST EXPENSE

The Trust incurred interest expense totaling $28.9 million during the first six months of 1998 and $25.2 million during the first six months of 1997, of which $2.8 million and $1.2 million, respectively, was capitalized. Interest paid was $27.3 million in the first six months of 1998 and $24.8 million in the first six months of 1997.

NOTE E - COMMITMENTS AND CONTINGENCIES

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

Pursuant to the provisions of the respective partnership agreements, in the event of the exercise of put options by the other partners, the Trust would be required to purchase the 99% limited partnership interest at Loehmann's Plaza at its then fair market value and an 18.75% interest at Congressional Plaza at its then fair market value.

Under the terms of certain other partnerships, if certain leasing and revenue levels are obtained for the properties owned by the partnerships, the limited partners may require the Trust to purchase their partnership interests at a formula price based upon net operating income. The purchase price may be paid in cash or common stock of the Trust at the election of the limited partners. If the limited partners do not redeem their interest, the Trust may choose to purchase the limited partnership interests upon the same terms. Under the terms of another partnership, the partners may exchange their 481,378 operating units into cash or common shares of the Trust, at the option of the Trust.

The Trust is currently working to resolve the potential impact of the year 2000 on the processing of information by the Trust's computerized information systems as well as the potential impact on the operations of its real estate properties by computerized components of its buildings' operating systems. Based on current information, costs of addressing and solving potential problems are not expected to have a material adverse impact on the Trust's financial condition.

NOTE F - COMPONENTS OF RENTAL INCOME

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

	Six months		Three months	
	1998	1997	1998	1997
Retail properties				
Minimum rents	$85,627	$71,226	$43,383	$36,756
Cost reimbursements	16,918	16,258	8,925	8,639
Percentage rents	2,786	2,259	1,181	1,049
Apartments	1,277	1,238	638	617
	$106,608	$90,981	$54,127	$47,061

NOTE G - SUBSEQUENT EVENTS

On July 31, 1998 the Trust paid off a $6.3 million mortgage on Loehmann's Plaza. On August 3, 1998 the Trust paid off a $10.7 million mortgage on Bristol Shopping Center. The payoff of these mortgages was funded by borrowings on the Trust's line of credit.

On July 10, 1998 the Trust, through a 90% owned partnership, purchased another property on Third Street Promenade in Santa Monica. The cost of the property was $6.6 million in cash, of which the Trust contributed 90%. On July 22, 1998 the Trust acquired a pad site adjacent to North Lake Commons for $1 million in cash. On August 5, 1998 the Trust purchased the Hauppauge Shopping Center in Hauppauge, New York for a cash purchase price of $25 million.

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

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto. Portions of this discussion include certain forward-looking statements about the Trust's and management's intentions and expectations. Although these intentions and expectations are based upon reasonable assumptions, many factors, such as general economic conditions, local and national real estate conditions, increases in interest rates and operating costs, may cause actual results to differ materially from current expectations.

LIQUIDITY AND CAPITAL RESOURCES

Federal Realty meets its liquidity requirements through net cash provided by operating activities, long term borrowing through debt offerings and mortgages, medium and short term borrowing under revolving credit facilities, and equity offerings. Because 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.

Net cash provided by operating activities increased to $44.8 million in the first half of 1998 from $33.3 million in the first half of 1997 due to improved operating results from the core portfolio and due to the contributions from recently acquired and redeveloped properties. Distributions to shareholders in the first six months of 1998 totalled $36.8 million compared to 1997's $30.1 million.

During the first half of 1998, the Trust invested $29.0 million in cash to acquire real estate assets, $26.9 million to improve its properties and $5.3 million in mortgage notes receivable. The Trust purchased nine properties in San Antonio, Texas for $14.2 million in cash. These properties, located on Houston Street near San Antonio's River Walk, are currently vacant and will be redeveloped, retenanted and remerchandised. The Trust purchased a retail building in close proximity to its other properties in Santa Monica, California for $2.0 million in cash. The Trust acquired for another $2.0 million in cash two properties and a long term ground lease on a third property adjacent to its Bethesda Row property in order to allow for future expansion. In May 1998 the Trust purchased a main street retail property in Tempe, Arizona and an eighty-five percent interest in a partnership, which owns a second property in Tempe valued at $5.4 million, for $5.2 million and $4.6 million, respectively.

On July 10, 1998 the Trust, through a 90% owned partnership, purchased another property on Third Street Promenade in Santa Monica. The cost of the property was $6.6 million in cash, of which the Trust contributed 90%. On July 22, 1998 the Trust acquired a pad site adjacent to North Lake Commons for $1 million in cash. On August 5, 1998 the Trust purchased the Hauppauge Shopping Center in Hauppauge, New York for a cash purchase price of $25 million.

On July 31, 1998 and August 3, 1998 the Trust paid balloon mortgage obligations, totalling $16.9 million.

Improvements to Trust properties during the first half of 1998 included $3.4 million on the renovation of Gratiot Plaza; $2.9 million on the redevelopment of Old Town Center in Los Gatos, California; $2.4 million on predevelopment work at San Jose Town & Country Village Shopping Center; $2.4 million on the expansion of the Falls and West Falls Shopping Centers in suburban Washington, D.C.; $1.9 million on the retenanting of Finley Shopping Center in suburban Chicago; $1.1 million on the renovation of Feasterville Shopping Center in Pennsylvania; and $1.5 million on renovations of main street retail properties in Santa Monica and Pasadena, California.

On January 14, 1998 the Trust increased by $2.3 million, extended and refinanced mortgage loans which had been made on retail properties in Philadelphia, Pennsylvania. The new loan, which is available for up to $25 million, bears interest at 10%, and is due May 1, 2021, totalled $5.3 million at June 30, 1998. From and after May 2006, which date may be extended to April 2008, the Trust has the option to convert the loan into a partnership interest in the properties. In June 1998 the Trust made a mortgage loan of $2.5 million on a property in Studio City, California. The loan, which matures July 1, 2001, earns interest at 10% and participates in certain revenues and appreciation of the property.

In December 1997 the Trust replaced its unsecured medium term revolving credit facilities with four banks with a five-year syndicated line, thereby increasing the aggregate amount available from $135 million to $300 million. The Trust uses borrowings on the credit facility to fund its acquisitions, improvements, and debt repayment requirements, until issuing equity or long term debt. The syndicated line bears interest at LIBOR plus 65 basis points, requires fees and has covenants requiring a minimum shareholders' equity and a maximum ratio of debt to net worth. At June 30, 1998 there was $121 million borrowed under this facility. The maximum drawn during the first half of 1998 was $136 million and the weighted average interest rate on borrowings for the six months was 6.2%.

On March 5, 1998 the Trust issued $39.5 million of 6.74% Medium-Term Notes due 2004, netting approximately $39.3 million, and $40.5 million of 6.99% Medium-Term Notes due 2006, netting approximately $40.2 million. The notes pay interest semi-annually on March 30 and September 30. In anticipation of this transaction, on January 13, 1998 the Trust purchased a Treasury Yield Hedge (notional amount of $50 million) to minimize the risk of changes in interest rates. The hedge was terminated on March 5, 1998 at a gain of $1.1 million which will be recognized as a reduction in interest expense over the lives of the notes. Proceeds from this issuance were used to reduce borrowings on the credit facility.

The Trust is contractually obligated on contracts of approximately $16.3 million for redevelopment and tenant improvements and is committed under leases for up to an additional $7.4 million in tenant work and general improvements to its properties. In addition to these committed amounts, the Trust has budgeted an additional $25 million for the remainder of 1998 for improvements to its properties. These committed and budgeted improvements include the redevelopment of Old Town Center, the renovation and retenanting of certain of the San Diego and Santa Monica main street retail properties, the renovation of Feasterville Shopping Center, the completion of the renovation and expansion of Gratiot Plaza and the redevelopment of a portion of Bethesda Row. These expenditures will be funded with the revolving credit facilities pending their long term financing with either equity or debt.

The Trust plans to acquire additional retail properties and, in addition, has located sites where it intends to build new retail properties. The Trust will need additional capital in order to fund these acquisitions, expansions, developments and refinancings. Sources of this funding may be additional debt and additional equity. The timing and choice between additional debt or equity will depend upon many factors, including the market price for the Trust's shares, interest rates and the Trust's ratio of debt to net worth. The Trust believes, based on past experience, that it has the access to the capital markets needed to raise this capital.

CONTINGENCIES

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

Pursuant to the provisions of the respective partnership agreements, in the event of the exercise of put options by the other partners, the Trust would be required to purchase the 99% limited partnership interest at Loehmann's Plaza at its then fair market value and an 18.75% interest at Congressional Plaza at its then fair market value.

Under the terms of certain other partnerships, if certain leasing and revenue levels are obtained for the properties owned by the partnerships, the limited partners may require the Trust to purchase their partnership interests at a formula price based upon net operating income. The purchase price may be paid in cash or common stock of the Trust at the election of the limited partners. If the limited partners do not redeem their interest, the Trust may choose to purchase the limited partnership interests upon the same terms. Under the terms of another partnership, the partners may exchange their 481,378 operating units into cash or common shares of the Trust, at the option of the Trust.

The Trust is currently working to resolve the potential impact of the year 2000 on the processing of information by the Trust's computerized information systems as well as the potential impact on the operations of its real estate properties by computerized components of its buildings' operating systems. Based on current information, costs of addressing and solving potential problems are not expected to have a material adverse impact on the Trust's financial position.

RESULTS OF OPERATIONS - SIX MONTHS ENDED JUNE 30, 1998 AND 1997

Net income and funds from operations have been affected by the Trust's recent acquisition, redevelopment and financing activities. The Trust has historically reported its funds from operations in addition to its net income and net cash provided by operating activities. Funds from operations is a supplemental measure of real estate companies' operating performance which excludes historical cost depreciation, since real estate values have historically risen and fallen with market conditions rather than over time. Funds from operations is defined by The National Association of Real Estate Investment Trusts ("NAREIT") as follows: income available for common shareholders before depreciation and amortization of real estate assets and before extraordinary items and significant non-recurring events less gains on sale of real estate. The Trust complies with this definition. Funds from operations does not replace net income as a measure of performance or net cash provided by operating activities as a measure of liquidity. Rather, funds from operations has been adopted by real estate investment trusts to provide a consistent supplemental measure of operating performance in the industry.

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

	1998	1997
	(in thousands)	
Net income available for common shareholders	$20,682	$26,321
Less: gain on sale of real estate	-	(7,034)
Plus: depreciation and amortization of real estate assets	19,906	18,418
amortization of initial direct costs of leases	1,181	1,148
income attributable to operating partnership units	414	-
Funds from operations, diluted	$42,183	$38,853

Funds from operations increased 9% to $42.2 million in the first half of 1998 from $38.9 million in the first half of 1997.

Rental income, which consists of minimum rent, percentage rent and cost recoveries, increased 17% from $91.0 million in the first half of 1997 to $106.6 million in the first half of 1998. If properties purchased and sold in 1997 and 1998 are excluded, rental income increased 5%. The majority of the increase is attributable to retail properties which have recently been renovated and retenanted.

Minimum rent increased 20% from $72.5 million in the first half of 1997 to $86.9 million in the first half of 1998. Excluding properties purchased and sold in 1997 and 1998, minimum rent increased 7%. The majority of the increase is attributable to retail properties which have recently been renovated and retenanted, including Troy, Wynnewood, Brick, Finley, Crossroads and Bethesda Row Shopping Centers.

Cost reimbursements consist of tenant reimbursements of real estate taxes (real estate tax recovery) and common area maintenance expenses (CAM recovery). Cost reimbursements increased 4% from $16.3 million during the first half of 1997 to $16.9 million during the first half of 1998. Excluding properties purchased and sold in 1997 and 1998, cost reimbursements decreased from $15.5 million in 1997 to $14.7 million in 1998. Real estate tax recovery on the core portfolio increased in line with increases in taxes, while CAM recovery decreased on the core portfolio as CAM expenses, mainly snow removal decreased.

Other property income includes items which, although recurring, tend to fluctuate from period to period, such as utility reimbursements, telephone income, merchant association dues, late fees and temporary tenant income. It also includes nonrecurring items such as lease termination fees. Other property income decreased from $5.5 million during the first half of 1997 to $5.0 million during the first half of 1998. If other income is adjusted to remove the effect of properties sold and acquired in 1997 and 1998, other income decreased $1.1 million, primarily due to a decrease in lease termination fees from $1.8 million in 1997 to $370,000 in 1998.

Rental expenses have increased 11% in the first half of 1998 from the first half of 1997, to $23.3 million from $21.0 million. If centers acquired and sold during 1997 and 1998 are excluded, rental expenses decreased 4%, refecting the decrease in CAM expenses.

Real estate taxes have increased from $9.5 million during the first half of 1997 to $11.2 million during the first half of 1998, due to the recent acquisitions. Depreciation and amortization in the first half of 1998 was 7% greater than in the first half of 1997. Excluding the effect from the 1997 and 1998 acquisitions, depreciation and amortization increased 5% due to depreciation on recent tenant work and property improvements.

Interest expense increased from $24.0 million during the first half of 1997 to $26.1 million during the first half of 1998, due to interest expense on the Medium Term Notes issued in 1997 and 1998 and increased interest from greater usage on the line of credit, partially offset by an increase in interest capitalized, and decreases in mortgage and participation interest. The ratio of earnings to combined fixed charges and preferred dividends was 1.43x for the first half of 1998; there were no preferred dividends in the first half of 1997. The ratio of earnings to fixed charges was 1.6x and 1.7x during the first half of 1998 and 1997, respectively. The ratio of funds from operations to fixed charges was 2.34x for the first half of 1998 and 2.47x for the first half of 1997.

Administrative expenses have increased from $4.6 million during the first half of 1997 to $5.8 million during the first half of 1998, primarily due to the expensing of internal costs of acquisition activities during the second quarter of 1998 in accordance with EITF 97-11, "Accounting for Internal Costs Relating to Real Estate Property Acquisitions" and due to increased expenses of unsuccessful acquisition and development efforts during the second quarter.

Investors' share of operations increased from $581,000 to $1.5 million from the first six months of 1997 to the comparable period in 1998, primarily because of the Trust's partners share of the increased earnings in Congressional Plaza and the Trust's partners share of the earnings in the December 1997 acquisition of Courthouse and Magruder's shopping centers.

As a result of the foregoing items, net income before gain on sale of real estate increased from $19.3 million during the first half of 1997 to $24.7 million during the first half of 1998. Net income available for common shareholders before gain on sale of real estate was $20.7 million in the first half of 1998 after deducting a $4.0 million dividend on the $100 million of 7.95% Series A Cumulative Redeemable Preferred Shares issued in October 1997 and $19.3 million in 1997. Net income was $24.7 million in 1998 and $26.3 million in 1997 which had a $7.0 million gain on sale of real estate.

The Trust intends to continue acquiring retail properties during the remainder of 1998. If successful in so doing, these acquisitions should contribute to growth in rental income and expenses and, thereby, net income. However, the competitive market for properties may adversely impact the Trust's ability to acquire properties or the price at which they can be acquired. In response to this increasingly competitive environment, the Trust is focusing considerable time and resources now and in the future on development, with the belief that such new development, although not having a positive effect on net income and funds from operations in the very near future, will have a positive impact in the longer term.

RESULTS OF OPERATIONS - THREE MONTHS ENDED JUNE 30, 1998 AND 1997

Funds from operations increased five percent from $19.9 million in the second quarter of 1997 to $20.9 million in the second quarter of 1998.

Rental income increased 15% from $47.1 million in 1997 to $54.1 million in 1998. Excluding properties acquired and sold in 1997 and 1998, rental income increased 4%, in large part due to the contribution from retail properties recently renovated and retenanted.

Minimum rent increased 18% from $37.4 million in the second quarter of 1997 to $44.0 million in the second quarter of 1998 due primarily to the impact of 1997 acquisitions. On a same property basis, minimum rent increased 7% due primarily to the recently renovated and retenanted properties.

Cost reimbursements, a component of rental income, increased 3% in the second quarter of 1998 over the comparable period of 1997, substantially due to the impact of properties acquired in 1997 and 1998.

Other property income increased from $2.3 million in the second quarter of 1997 to $2.9 million in the second quarter of 1998. The major component of this increase was a national telephone contract of $405,000.

Rental expenses have increased 5% from $10.8 million in the second quarter of 1997 to $11.3 million in the second quarter of 1998. On a same property basis, rental expenses were down 10%, reflecting a decrease in snow, repair, environmental and leasing costs. Real estate taxes increased 17% from 1997 to 1998, but on a same property basis increased 7%, primarily reflecting increased assessments on recently renovated centers. Depreciation and amortization expense increased 8% due to depreciation expense on the recent acquisitions and renovations.

Interest expense increased from $12.0 million in the second quarter of 1997 to $13.4 million in the comparable period of 1998, primarily reflecting the interest on the issuance of $120 million of medium term notes, partially offset by lower mortgage interest expense as mortgages were paid during the second quarter of 1998.

General and administrative expenses have increased from $2.5 million in the second quarter of 1997 to $4.0 million in the second quarter of 1998, primarily due to the expensing of internal costs of acquisition activities during the second quarter of 1998 in accordance with EITF 97-11 and due to increased expenses of unsuccessful acquisition and development efforts during the second quarter.

Investor's share of operations increased from $249,000 in the second quarter of 1997 to $745,000 in 1998, primarily because of the Trust's partners' share of the increased earnings in Congressional Plaza and the Trust's partners share of the earnings in the December 1997 acquisition of Courthouse and Magruder's shopping centers.

As a result of the foregoing items, net income before gain on sale of real estate increased from $10.0 million in the second quarter of 1997 to $12.0 million in the second quarter of 1998. Net income available for common shareholders (before gain on sale of real estate) was $10.0 million in the second quarter of 1998 after deducting a $2.0 million dividend on the $100 million of 7.95% Series A Cumulative Redeemable Preferred Shares issued in October 1997 and $10.0 million in the second quarter of 1997 as well. Net income was $12.0 million in the second quarter of 1998 compared to 1997's $17.0 million which had a $7.0 million gain on sale of real estate.

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Shareholders

At the 1998 Annual Meeting of Shareholders on May 6, 1998 the Shareholders elected two trustees to serve for the ensuing three years and the Shareholders approved the Amendment to the Amended and Restated 1993 Long-Term Incentive Plan ("Amended Plan") and the Shareholders approved a stock option award to the Chief Executive Officer. Holders of 33.5 million shares voted for both of the trustees and holders of 362,000 shares voted against both of the trustees. Holders of 25.6 million shares voted for the Amended Plan and holders of 7.9 million shares voted against the Amended Plan. Holders of 30.9 million shares voted to approve the stock option award to the Chief Executive Officer and holders of 2.5 million shares voted against approval.

Item 6. Exhibits and Reports on Form 8-K

(A) Exhibits

(3)(ii) Bylaws of Federal Realty Investment Trust as last amended on May 6, 1998	24-42
(27) Financial Data Schedules........................	Edgar filing only

(B) Reports on Form 8-K

A Form 8-K, dated March 31, 1998, was filed on May 11, 1998 in response to Item 7.(c).

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

FEDERAL REALTY INVESTMENT TRUST
(Registrant)

August 12, 1998	Steven J. Guttman Steven J. Guttman, President (Chief Executive Officer)
August 12, 1998	Cecily A. Ward Cecily A. Ward, Controller (Principal Accounting Officer)

EXHIBIT (3)(ii)

BYLAWS OF

FEDERAL REALTY INVESTMENT TRUST

ARTICLE I. SHAREHOLDERS

Section 1.1. Notice of Shareholder Meetings. Notice of each annual meeting of shareholders, stating the date, place and purposes of the meeting, shall be given by the President to each shareholder at least ten (10) days and not more than sixty (60) days before any such meeting. Notice for any special meeting of shareholders shall be sent within a reasonable period of time after the request for such meeting has been made in accordance with the requirements set forth in the Declaration of Trust and shall be held at such place and on such date as the Trustees shall designate in the notice.

Section 1.2. Adjourned Meetings of Shareholders. Any meeting of shareholders may be adjourned from time to time by a majority of the votes properly cast upon the matter, whether or not a quorum is present, and such meeting may be reconvened without notice other than that given at such meeting. At any reconvened session of the meeting at which there shall be a quorum any business may be transacted which might have been transacted at the meeting as originally noticed.

Section 1.3. Voting by Proxy. At any meeting of shareholders, a shareholder may vote by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact. Such proxy shall be filed with the Trust before or at the time of the meeting. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy.

Section 1.4. Treatment of Abstentions and Broker Non-Votes. Votes which are marked as abstentions at a shareholders' meeting will count for the purposes of determining a quorum, and will be included in the calculation of a vote, in respect of each proposal before the shareholders. Votes at a shareholders' meeting on non-routine matters for New York Stock Exchange, Inc. purposes where a broker does not cast a vote on behalf of the party for which it acts as nominee (which are known as "broker non-votes") will be counted for quorum purposes but not for purposes of a vote.

Section 1.5. Inspectors of Election. In advance of any meeting of shareholders, the Board of Trustees may appoint any person other than a nominee for Trustee as an inspector of election to act at such meeting or any adjournment thereof. The number of inspectors shall be either one (1) or three (3). Any such appointment shall not be altered at the meeting for which such appointment has been made. If inspector(s) of election are not so appointed, the President may, or on the request of the holders of not less than ten percent (10%) of the Shares present in person or by proxy at the meeting and entitled to vote thereat, the President shall, make such appointment at the meeting. If inspector(s) are appointed at the meeting upon request of the shareholders, the majority of votes cast shall determine whether one (1) or three (3) inspectors are to be appointed. In case any person appointed as inspector fails to appear or fails or refuses to act as an inspector, the vacancy may be filled by appointment by the Board of Trustees in advance of the meeting or at the meeting by the President.

The duties of such inspector(s) shall include: determining the number of Shares outstanding and the voting power of each Share, the Shares represented at the meeting, the existence of a quorum, and the authenticity, validity and effect of proxies; receiving votes, ballots or consents; hearing and determining all challenges and questions in any way arising in connection with rights to vote; counting and tabulating all votes, ballots or consents; determining the result of any vote; and such other acts as may be proper to conduct the election or vote with fairness to all shareholders.

Section 1.6. Notice of Shareholder Proposals. (a) At an annual meeting of the shareholders, only such business shall be conducted and only such proposals shall be acted upon as shall have been brought before the annual meeting (i) by, or at the direction of, the Board of Trustees or (ii) by any shareholder of record of the Trust who complies with the notice procedures set forth in this Section 1.5 of these Bylaws. For a proposal to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of the Trust. To be timely, a shareholder's notice must be delivered to, or mailed and received at, the principal executive offices of the Trust not less than sixty (60) days nor more than ninety (90) days prior to the anniversary date of the prior annual meeting. A shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting (i) a brief description of the proposal desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the Trust's books, of the shareholder proposing such business and any other shareholders known by such shareholder to be supporting such proposal, (iii) the class and number of Shares of the Trust which are beneficially owned by the shareholder on the date of such shareholder notice and by any other shareholders known by such shareholder to be supporting such proposal on the date of such shareholder notice, and (iv) any financial interest of the shareholder in such proposal.

(b) If the presiding officer of the annual meeting determines that a shareholder proposal was not made in accordance with the terms of this Section 1.5, he shall so declare at the annual meeting and any such proposal shall not be acted upon at the annual meeting.

(c) This provision shall not prevent the consideration and approval or disapproval at the annual meeting of reports of officers of the Trust or Trustees and committees of the Board of Trustees, but, in connection with such reports, no business shall be acted upon at such annual meeting unless stated, filed and received as herein provided in this Section 1.5.

(d) Any shareholder seeking to bring a proposal before an annual meeting of the Trust shall continue to be subject, to the extent applicable, to the requirements of Section 14(a) of the Securities Exchange Act of 1934, as amended, and the regulations thereunder, as well as the requirements of this Section 1.5 and Section 7.2 of the Declaration of Trust.

Section 1.7. Record Date for Consent Solicitation. In order that the Trust may determine the shareholders entitled to consent to action in writing without a meeting, the Board of Trustees may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Trustees, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Trustees. Any shareholder of record seeking to have the shareholders authorize or take action by written consent shall, by written notice to the Secretary of the Trust, request the Board of Trustees to fix a record date. The Board of Trustees shall promptly, but in all events within ten (10) days of the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Trustees within ten (10) days of the date on which such a request is received and no prior action by the Board of Trustees is required by applicable law, the record date for determining shareholders entitled to consent to action in writing without a meeting shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Trust by delivery to its registered office in the District of Columbia, its principal place of business, or an officer or agent of the Trust having custody of the book in which proceedings of shareholders meetings are recorded, in each case to the attention of the Secretary of the Trust. Delivery shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Trustees within ten (10) days of the date on which such a request is received and prior action by the Board of Trustees is required by applicable law, the record date for determining shareholders entitled to consent to action in writing without a meeting shall be at the close of business on the date on which the Board of Trustees adopts the resolution taking such prior action.

ARTICLE II. TRUSTEES

Section 2.1. Regular Meetings of Trustees. A regular meeting of the Board of Trustees shall be held without further notice than this Bylaw on the same day as the annual meeting of shareholders either at the same place as such meeting or at the Trust's principal offices. The Board of Trustees may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than the adoption of such resolutions.

Section 2.2. Adjourned Meetings of Trustees. Any meeting of the Trustees may be adjourned from time to time by a vote of the majority of Trustees present at such meeting, whether or not a quorum is present, and such meeting may be reconvened without notice other than that given at such meeting. At any reconvened session of a meeting at which there shall be a quorum any business may be transacted which might have been transacted at the meeting as originally noticed.

Section 2.3. Presumption of Assent. A Trustee who is present at a meeting of the Board of Trustees at which action on any matter is taken shall be presumed to have assented to the action taken unless he shall have requested the secretary of the meeting to enter his dissent or abstention in the minutes of the meeting.

Section 2.4. Trustee Nominations. Nominations for the election of Trustees may be made by the Board of Trustees or a nominating committee appointed by the Board of Trustees or by any shareholder entitled to vote in the election of Trustees generally. However, any shareholder entitled to vote in the election of Trustees generally may nominate one or more persons for election as Trustees at a meeting only if written notice of such shareholder's intent to make such a nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the Trust not later than (i) with respect to an election to be held at an annual meeting of shareholders, ninety (90) days prior to the anniversary date of the immediately preceding annual meeting, and (ii) with respect to an election to be held at a special meeting of shareholders for the election of Trustees, the close of business on the tenth (10th) day following the date on which notice of such meeting is first given to shareholders. Each such notice shall set forth: (a) the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the shareholder is a holder of record of shares of the Trust entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (d) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission as then in effect; and (e) the consent of each nominee to serve as a Trustee of the Trust if so elected. The presiding officer of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

ARTICLE III. OFFICERS

Section 3.1. Election. The officers of the Trust shall be elected by the Trustees. There shall be a President and a Secretary, in each case elected by the Trustees. In addition, the Trustees may also elect such additional officers, including vice-presidents, one (1) or more assistant secretaries, a treasurer and one (1) or more assistant treasurers, as they may designate. All officers of the Trust shall exercise such powers and perform such duties as the Trustees may determine from time to time, in addition to those provided in these Bylaws. The President shall be a Trustee, but no other officers need be Trustees.

Section 3.2. Term of Office. The officers of the Trust shall be elected by the Trustees at such intervals as the

Trustees may determine, and shall hold office until death, resignation or removal, or until their successors are elected and qualify. Any officer may be removed at any time by the affirmative vote of two-thirds of the full Board of Trustees taken at any regular or special meeting of the Trustees, without prejudice to any contractual rights which such officer may have. Any vacancy occurring in the office of President of the Trust shall be filled by the Trustees.

<u>Section 3.3.</u> <u>President.</u> The President, who shall be a Trustee, shall be the chief executive officer of the Trust, shall preside at all meetings of the shareholders and of the Trustees, shall have general management and supervision of the business and affairs of the Trust, and shall see that all orders and resolutions of the Trustees are carried into effect. The President shall have the authority to execute bonds, mortgages, documents and other contracts of the Trust, and the power to delegate such authority to other officers of the Trust on the terms and under the circumstances as he shall determine.

<u>Section 3.4.</u> <u>Secretary.</u> The Secretary shall keep minutes of all meetings of the Trustees, shall have custody of the seal of the Trust, and generally shall perform the duties usually performed by a secretary of a corporation, including certifying as to Trust resolutions and other documents.

Section 3.5. Succession. The Trustees shall from time to time determine the order in which officers of the Trust shall, in the absence or disability of the President, perform the duties and exercise the powers of the President, except that if any such officer is not a Trustee, he shall not preside at meetings of the shareholders or of the Trustees.

ARTICLE IV. INVESTMENTS

Section 4.1. Restrictions on Investments. The Trust shall not:

(a) invest in commodities, foreign currencies of chattels, except as required in the day-to-day business of the Trust or in connection with its investments;

(b) invest in contracts for sale of Real Property in excess of a value of one percent (1%) of all of the Trust's Property; provided, however, that nothing in this Section 4.1. shall prevent the holding of contracts of sale as security for loans made by the Trust and the ownership of such contracts of sale upon foreclosure of, or realization upon, such security interests, and contracts of sale so held or owned shall be excluded from the computation required by this Section 4.1(b);

(c) engage in any short sale;

(d) engage in trading as compared with investment activities, or engage in the business of underwriting or agency distribution of Securities issued by others; provided that this prohibition shall not prevent the Trust from acquiring Securities as permitted herein, in circumstances where if such Securities were sold the Trust might be deemed to be an "underwriter" within the meaning of the Securities Act of 1933 and the rules and regulations thereunder, and provided further that this prohibition shall not prevent the Trust from selling participations in Mortgage loans or interests in Real Property;

(e) hold property primarily for sale to customers in the ordinary course of the trade or business of the Trust, but this prohibition shall not be construed to deprive the Trust of the power to sell any property (including divided or undivided interests in such property) which it owns at any time;

(f) invest more than ten percent (10%) of the total value of the Trust's Property in the ownership of, or participations in the ownership of, unimproved non-income-producing Real Property, or in Mortgage loans (other than development or construction loans) secured by Mortgages upon unimproved non-income-producing Real Property, excluding Real Property which is being developed or will be developed within a reasonable period;

(g) invest more than ten percent (10%) of the total value of the Trust's Property in junior Mortgage loans, including wraparound Mortgage loans but excluding junior Mortgage loans where the Trust either holds a first Mortgage loan on Real Property subject to the junior Mortgage loan in question, or a participation in a first Mortgage loan thereon which is pro rata no less than the participation of the Trust in the junior Mortgage loan in question;

(h) invest in equity Securities (except Securities acquired as additional consideration in connection with Mortgage loans made by the Trust or leases of Real Property owned by the Trust) issued by any corporation or other trust which, to the actual knowledge of the Trustees, is then holding investments or engaging in activities prohibited to the Trust;

(i) invest in bullion;

(j) enter into contracts or other documents evidencing obligations of the Trust unless such contract complies with Section 8.3 of the Declaration of Trust;

(k) issue debt Securities (other than: (a) commercial paper having a maturity not in excess of two hundred seventy (270) days from its issuance, or (b) Securities issued in a transaction exempt from registration under the Securities Act of

1933, as from time to time amended, as a transaction by an issuer not involving any public offering) unless the historical cash flow, or the substantiated future cash flow of the Trust, giving effect to the receipt of and investment of the proceeds of the offering of debt Securities (excluding in each case extraordinary items), is sufficient in the opinion of the Trustees to cover the interest on such debt Securities. The Trustees shall receive and may rely upon a certificate of a financial officer of the Trust as to the computations contemplated by the preceding sentence prior to issuing such debt Securities;

(l) invest in any Real Property which is subject to a Mortgage or other encumbrance to other than a bank, insurance company, pension fund, institutional lender or corporation engaged in the business of Mortgage investments, except in the case of a purchase money Mortgage;

(m) invest in any Mortgage on unimproved Real Property or in any Mortgage other than a first Mortgage not in a greater percentage of value as confirmed by a competent independent appraiser, than permitted under local law to a savings and loan association.

Section 4.2. Investment Criteria. The following are the Investment Criteria of the Trust:

(a) Shopping Centers - The minimum size for a shopping center is one hundred thousand (100,000) square feet, unless the center is adjacent to an existing Trust property or part of a multiple property purchase.

(b) Apartment Buildings - The minimum size for an apartment building is two hundred (200) units.

(c) Geographic Limitations - Investments will only be made in properties located within a fifty (50) mile radius of major metropolitan areas with a minimum population of one hundred fifty thousand (150,000), except for apartment buildings which will only be acquired within a two hundred (200) mile radius of Washington, D.C.

(d) New Development of Shopping Centers - New development of shopping centers is authorized and raw land may be acquired for the sole purpose of new development of shopping centers.

(e) Partial Interest - No less than a fifty-one percent (51%) interest in any property will be acquired, unless such lesser interest has total control over financing, operations, sale, and other matters relating to the business conducted on the property.

(f) *Other Real Property* - Acquisition is authorized for existing low-rise buildings located in urban and suburban areas that serve densely populated and stable residential communities, providing the Trust's ultimate intended use of the building is primarily retail.

Any person covered by Section 8.9 of the Declaration of Trust who desires to acquire a property which meets the Investment Criteria of the Trust must either notify the President of the Trust of the proposed acquisition so that it may be considered at the next regularly scheduled or special meeting of the Trustees or include in the purchase contract relating to such property a stipulation that the Trust has the right of first refusal regarding the property and may be the purchaser.

ARTICLE V. GENERAL PROVISIONS

Section 5.1. *Capitalized Terms.* Except as otherwise provided herein, the capitalized terms used in these Bylaws shall have the same meanings in Section 1.4 of the Trust's Third Amended and Restated Declaration of Trust.

Section 5.2. *Amendment.* These Bylaws may be amended, modified, repealed, or added to only by vote of at least two-thirds (2/3) of the Trustees, such vote to be given at a meeting of the Trustees for which at least forty-eight (48) hours notice was given specifying the proposed change to these Bylaws, unless such change is approved by the written consent of all of the Trustees.

Section 5.3. Severance. All provisions of these Bylaws shall be construed, insofar as possible, as supplemental to and consistent with the Declaration of Trust. If any Section, clause or provision of these Bylaws, or the application thereof, shall be held to be invalid by any federal or state court having jurisdiction over the issue, such invalidity shall not affect any other Section, clause or provision of these Bylaws or their application, except to the extent necessary to comply with the determination of such court.

Section 5.4. Lost, Mutilated or Destroyed Certificates. The Trust shall issue a new certificate to replace a previously issued certificate which has been lost, mutilated or destroyed upon receipt of an affidavit from the registered owner of such certificate reciting the facts and circumstances regarding such loss, mutilation or destruction and a bond sufficient to indemnify the Trust against any claim that may be made against it on account of such loss, mutilation or destruction.

Section 5.5. Inspection of Trust Records. The share register, the books of accounts and the minutes of the proceedings of the Trust's shareholders and its Trustees shall be open at any reasonable time during normal business hours upon the demand of any person who is the record owner of ten percent (10%) or more of the outstanding Shares. Such inspection may be made in person or by an agent or attorney and only for a purpose reasonably related to such shareholder's interests as a shareholder. Demand of inspection other than at a shareholder's meeting shall be made in writing delivered to the Trust.

Section 5.6. Effective Date. These Bylaws have been adopted by the Trustees effective at the close of business on February 11, 1985.

Amended on: April 28, 1986
September 10, 1990
August 3, 1994
November 30, 1994
September 11, 1996
May 6, 1998

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET OF FEDERAL REALTY INVESTMENT TRUST AS OF JUNE 30, 1998 AND THE RELATED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

6-MOS
DEC-31-1998
JUN-30-1998
13,554
0
17,711
0
0
0
1,513,127
(265,622)
1,351,678
0
716,317
0
100,000
702,983
(258,174)
1,351,678
0
111,644
0
34,486
0
0
26,097
20,682
0
0
0
0
0
20,682
.53
.53

CURRENT ASSETS AND CURRENT LIABILITIES ARE NOT LISTED SINCE FEDERAL REALTY DOES NOT PREPARE A CLASSIFIED BALANCE SHEET.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET OF FEDERAL REALTY INVESTMENT TRUST AS OF JUNE 30, 1997 AND THE RELATED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS. IT HAS BEEN AMENDED FOR THE RESTATEMENT OF EARNINGS PER SHARE CALCULATED UNDER SFAS 128.

1,000

6-MOS
DEC-31-1997
JUN-30-1997
19,496
0
17,915
0
0
0
1,266,649
(233,401)
1,144,647
0
611,914
0
0
685,873
(215,621)
1,144,647
0
96,501
0
30,471
0
0
23,988
26,321
0
0
0
0
0
26,321
.69
.68

CURRENT ASSETS AND CURRENT LIABILITIES ARE NOT LISTED SINCE FEDERAL REALTY DOES NOT PREPARE A CLASSIFIED BALANCE SHEET.