SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] Annual report pursuant to the Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2002

Or

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _________ to __________

Commission file number: 1-07533

FEDERAL REALTY INVESTMENT TRUST

(Exact Name of Registrant as Specified in its Declaration of Trust)

Maryland	52-0782497
(State of Organization)	(IRS Employer Identification No.)

1626 East Jefferson Street, Rockville, Maryland	20852
(Address of Principal Executive Offices)	(Zip Code)

(301) 998-8100

(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, $.01 par value per share, with associated Common Share Purchase Rights	New York Stock Exchange
7.95% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest, par value $.01 per share, (Liquidation Preference $25.00 per share)	New York Stock Exchange
8.5% Series B Cumulative Redeemable Preferred Shares of Beneficial Interest, par value $.01 per share, (Liquidation Preference $25.00 per share)	New York Stock Exchange

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. [X] Yes [ ] No

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

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). [X] Yes [ ] No

The aggregate market value of the Registrant's common shares held by non-affiliates of the Registrant, based upon the closing sales price of the Registrant's common shares on June 30, 2002 was $1.197 billion.

The number of Registrant's common shares outstanding on March 20, 2003 was 45,115,950.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement to be filed with the Securities and Exchange Commission for its 2003 annual meeting of shareholders to be held in May 2003 are incorporated by reference into Part III hereof.

FEDERAL REALTY INVESTMENT TRUST
ANNUAL REPORT ON FORM 10-K

FISCAL YEAR ENDED DECEMBER 31, 2002

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PART I

ITEM 1. BUSINESS

References to "we," "us," "our" or the "Trust" refer to Federal Realty Investment Trust and our business and operations conducted through our directly or indirectly owned subsidiaries.

GENERAL

We are an equity real estate investment trust specializing in the ownership, management, development and redevelopment of high quality retail and mixed-use properties. As of December 31, 2002, we owned or had an interest in 58 community and neighborhood shopping centers comprising over 12 million square feet, primarily located in densely populated and affluent communities throughout the Northeast and Mid-Atlantic United States. In addition, we owned 55 urban and retail mixed-use properties comprising over 2 million square feet and one apartment complex, all located in strategic metropolitan markets across the United States. Our properties, excluding Santana Row, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Santana Row", were 95.5% leased at December 31, 2002 and December 31, 2001. Including Santana Row, we were 94.7% leased at December 31, 2002. We have paid quarterly dividends to our shareholders continuously since our founding in 1962, and have increased our dividend rate for 35 consecutive years.

We operate our business on an asset management model, where small focused teams are responsible for a portfolio of assets. We have divided our portfolio of properties into three operating regions: the Northeast, Mid-Atlantic and West. Each region is operated under the direction of an asset manager, with dedicated leasing, property management and financial staff and operates largely autonomously with respect to day to day operating decisions.

Our principal executive offices are located at 1626 East Jefferson Street, Rockville, Maryland 20852 and our telephone number is (301) 998-8100. Our Web site address is www.federalrealty.com. The information contained in our Web site is not a part of this report.

BUSINESS OBJECTIVES AND STRATEGIES

Our primary business objective is to own, manage, redevelop and acquire a portfolio of commercial retail properties, with the dominant property type being grocery anchored community and neighborhood shopping centers, that will:

- provide increasing cash flow for quarterly distributions to shareholders;
- protect investor capital;
- provide potential for capital appreciation; and
- generate high internal growth as compared to our retail REIT peers.

Our traditional focus has been on grocery anchored community and neighborhood shopping centers. Late in 1994, recognizing a trend of consumer shopping preferences and retailer expansion to main streets, we expanded our investment strategy to include "street retail" and "mixed-use" properties. The mixed-use properties are typically centered around a retail component but may also include office, residential and hotel components, in established main street shopping areas. In addition, from 1997 through 2001 we undertook the ground-up development of mixed-use projects in urban areas that center around the retail component. On

February 28, 2002, our Board of Trustees approved the adoption of a business plan which returned our primary focus to our traditional business of owning, managing, redeveloping and acquiring community and neighborhood shopping centers anchored by grocery stores, drug stores or high volume, value oriented retailers that provide consumer necessities. We will complete our mixed-use projects in San Jose, California and Bethesda, Maryland, but will not pursue any further new, large-scale ground-up development projects. The Pentagon Row mixed-use development project, located in Arlington, Virginia, was completed during 2002.

OPERATING STRATEGIES

Our core operating strategy is to aggressively manage our properties to maintain high occupancy rates and a strong diverse base of tenants. Our properties are generally located in some of the most densely populated and affluent areas of the country. These strong demographics help our tenants generate sales which enables us to maintain higher occupancy rates, high rental rates, and consistent rental rate growth, all of which lead to increased value of our portfolio. Our operating strategies also include:

- maintaining a diversified tenant base, thereby limiting exposure to any one tenant's financial difficulties;

- monitoring the credit mix of our tenant base to achieve a balance of strong national and regional credit tenants with more local specialty tenants;

- minimizing overhead and operating costs;

- monitoring the physical appearance of our properties and the construction quality, condition and design of the buildings and other improvements located on our properties to maximize their effectiveness in their individual markets;

- developing local and regional market expertise in order to capitalize on market and retailing trends;

- leveraging the contacts and experience of our management team to build and maintain long-term relationships with tenants and financing sources;

- increasing rental rates through the renewal or releasing of expiring leases at higher rental rates and limiting vacancy; and

- providing exceptional customer service.

INVESTING STRATEGIES

Our investment strategy calls for deploying capital at risk-adjusted rates of return that exceed our weighted average cost of capital in projects that have potential for going-forward net income growth equal to, or in excess of, that or our core portfolio of properties. Our investments primarily fall into one of following three categories:

- renovate, expand, reconfigure and/or retenant our existing properties to take advantage of under utilized land and increase our internal growth rate;

- re-lease anchor tenant spaces with tenants capable or producing higher sales, and therefore, paying higher rents than the prior tenant. In certain cases, this may take the form of expanding an existing tenant that is performing well but is occupying an outdated store format; and

- acquire community and neighborhood shopping centers, located in densely populated or growing affluent areas where barriers to entry or further development are high, with possibilities for enhancing their operating performance through renovation, expansion, reconfiguration and/or retenanting.

INVESTMENT CRITERIA

When we evaluate potential redevelopments, retenanting, expansion and acquisition opportunities, we consider such factors as:

- the expected returns in relation to our cost of capital as well as the anticipated risk we will face in achieving the expected returns;
- the tenant mix at the property, tenant sales performance and the creditworthiness of those tenants;
- the geographic area in which the property is located, including the population density and household incomes, as well as the density and income trends in that geographic area;
- the current market value of the land, buildings and other improvements and the potential for increasing those market values;
- the physical condition of the land, buildings and other improvements, including the structural and environmental condition;
- competitive conditions in the vicinity of the property, including competition for tenants and the ability to create competing properties through new construction or through renovation; and
- access to and visibility of the property and potential for new, widened or realigned roadways on the properties trade area, which may effect access and commuting and shopping patterns.

FINANCING STRATEGIES

Our financing strategies are designed to maintain a strong balance sheet while maintaining sufficient flexibility to fund our operating and investing activities in the most cost efficient way possible. Our financing strategies include:

- taking advantage of market opportunities to refinance existing debt, reduce interest costs and manage our debt maturity schedule;
- actively managing our exposure to variable-rate debt;
- maintaining a prudent level of overall leverage and an adequate pool of unencumbered properties;
- utilizing the most advantageous source of capital available to us to finance redevelopment and acquisition opportunities, which may include:
    - the sale of equity or debt securities through public offerings or private placements,
    - the incurrence of indebtedness through secured or unsecured borrowings,
    - the issuance of operating units in one of our "downREIT partnerships," which generally receive the same distributions as our common shares and may be convertible into our common shares, in exchange for a tax deferred contribution of property, or
    - the use of joint venture arrangements; and
- selling properties that have limited growth potential or are not a strategic fit within our overall portfolio and redeploying the proceeds to redevelop, retenant and/or expand our existing properties, acquire new properties or reduce debt.

EMPLOYEES

At December 31, 2002, we had 270 full-time employees. None of the employees is represented by a collective bargaining unit. We believe that the relationship with our employees is good.

TAX STATUS

We elected under Section 856(c) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, to be taxed as a REIT under the Code beginning with our taxable year ended December 31, 1962. As a REIT we are generally not subject to federal income tax on REIT taxable income that we distribute to our shareholders. Under the Code, REITs are subject to numerous organizational and operational requirements, including the requirement to distribute at least 90% of REIT taxable income each year. We will be subject to federal income tax on our REIT taxable income (including any applicable alternative minimum tax) at regular corporate rates if we fail to qualify as a REIT for tax purposes in any taxable year. We will also not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost. Even if we qualify as a REIT for federal income tax purposes, we may be subject to certain state and local income and franchise taxes and to federal income and excise taxes on our undistributed REIT taxable income. In addition, certain of our subsidiaries are subject to federal, state and local income taxes.

GOVERNMENTAL REGULATIONS AFFECTING OUR PROPERTIES

We and our properties are subject to a variety of federal, state and local environmental, health, safety and similar laws, including:

- the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, which we refer to as CERCLA;
- the Resource Conservation & Recovery Act;
- the Federal Clean Water Act;
- the Federal Clean Air Act;
- the Toxic Substances Control Act;
- the Occupational Safety & Health Act; and
- the Americans with Disabilities Act.

The application of these laws to a specific property that we own will be dependent on a variety of property-specific circumstances, including the former uses of the property, the building materials used at each property and the physical layout of each property. Under certain environmental laws, principally CERCLA, a current or previous owner or operator of real estate may be required to investigate and clean up certain hazardous or toxic substances, asbestos-containing materials, or petroleum product releases at the property. They may also be held liable to a governmental entity or third parties for property damage and for investigation and clean up costs such parties incur in connection with the contamination, whether or not the owner or operator knew of, or was responsible for, the contamination. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with the contamination. The owner or operator of a site also may be liable under common law to third parties for damages and injuries resulting from environmental contamination emanating from the site. Such costs or liabilities could exceed the value of the affected real estate. The presence of contamination or the failure to remediate contamination may adversely affect the owner's ability to sell or lease real estate or to borrow using the real estate as collateral.

Our compliance with existing environmental, health, safety and similar laws has not had a material adverse effect on our financial condition and results of operations, and management does not believe it will have such an impact in the future. In addition, we have not incurred, and do not expect to incur any material costs or liabilities due to environmental contamination at properties we currently own or have owned in the past. However, we cannot predict the impact of new or changed laws or regulations on our current properties or on properties that we may acquire in the future. We have no current plans for substantial capital expenditures with respect to compliance with environmental, health, safety and similar laws.

COMPETITION

Numerous commercial developers and real estate companies compete with us in seeking tenants for properties and properties for acquisition. Some of these competitors may posses greater capital resources than we do, however, no single competitor or group of competitors in any of our chosen markets is believed to be dominant in that market. This competition may:

- reduce properties available for acquisition or development;
- increase the cost of properties available for acquisition or development;
- reduce rents payable to us;
- interfere with our ability to attract and retain tenants;
- lead to increased vacancy rates at our properties; and
- adversely affect our ability to minimize expenses of operation.

Retailers at our properties also face increasing competition from outlet stores, discount shopping clubs, and other forms of marketing of goods, such as direct mail, internet marketing and telemarketing. This competition could contribute to lease defaults and insolvency of tenants.

DEVELOPMENTS SINCE SEPTEMBER 30, 2002

On November 19, 2002, we completed the sale of $150 million of senior notes in an underwritten public offering. Net proceeds, after deducting the discounts and commissions to the underwriters and other expenses of the offering, totaled approximately $148.7 million. We used the net proceeds, together with $20 million in available insurance proceeds relating to the Santana Row fire, and approximately $7.1 million in borrowings under our revolving credit facility, to pay in full and retire the Santana Row construction loan.

On December 20, 2002, we announced the resignation of Steven J. Guttman as Trustee, chief executive officer and chairman of the Board of Trustees effective January 1, 2003. Donald C. Wood, our then president and chief operating officer, was named chief executive officer and a member of the Board of Trustees. Mark Ordan, a member of the Board of Trustees since 1996, was named non-executive chairman of the board.

On January 9, 2003, we announced the opening of a new 62,000 square foot Giant Food and Pharmacy, representing Phase V of Bethesda Row. Total development costs for Phase V of Bethesda Row were $3.6 million.

On January 15, 2003, we announced that three of our five Kmart locations were on the list of 326 stores that Kmart intends to close. The three properties are located in Queens, New York, Flourtown, Pennsylvania and Leesburg, Virginia. As of December 31, 2002, the three properties represented approximately 0.7% of our annualized base rent and 2.1% of our total square footage. Based upon the demographics at these centers and the rent being paid by Kmart we believe that these spaces can be re-leased on favorable terms.

On February 7, 2003, we announced plans for Phase II of Santana Row, which includes 84,000 square feet of retail space on two pad sites and 275 additional parking spaces. Within Phase II, 95% of the retail space has been pre-leased to Best Buy and The Container Store. Total development costs are expected to be approximately $27 million.

On February 11, 2003 the $24.4 million Woodmont East construction loan and the $17.0 million Friendship Center mortgage were paid off through borrowings under our revolving credit facility.

CODE OF ETHICS

On February 12, 2003, our Board of Trustees adopted a Code of Ethics that applies to our Chief Executive Officer, Chief Financial Officer, controller and certain other officers performing similar functions. Our Board also adopted on February 12, 2003 a Code of Business Conduct applicable to all employees. Copies of both the Code of Ethics and the Code of Business Conduct are available in the Investor Information section of our website at www.federalrealty.com. Amendments to the Code of Ethics or Code of Business Conduct or waivers that apply to our executive officers or our senior financial officers will be disclosed in that section of our website as well.

ITEM 2. PROPERTIES

GENERAL

As of December 31, 2002, we owned or had an interest in 58 community and neighborhood shopping centers comprising over 12 million square feet, primarily located in densely populated and affluent communities throughout the Northeast and Mid-Atlantic United States. In addition, we owned 55 urban and retail mixed-use properties comprising over 2 million square feet and one apartment complex, all located in strategic metropolitan markets across the United States. No single property accounted for over 10% of our 2002 total revenue. We believe that our properties are covered by adequate commercial general, fire, flood and extended loss insurance provided by reputable companies, with commercially reasonable exclusions, deductibles and limits.

We operate our business on an asset management model, where small focused teams are responsible for a portfolio of assets. We have divided our portfolio of properties into three operating regions: the Northeast, Mid-Atlantic and West. Each region is operated under the direction of an asset manager, with dedicated leasing, property management and financial staff and operates largely autonomously with respect to day to day operating decisions.

TENANT DIVERSIFICATION

As of December 31, 2002, we had approximately 2,100 tenants, ranging from sole proprietors to major national retailers. No one tenant or affiliated group of tenants accounted for more than 2.5% of our annualized base rent as of December 31, 2002. As a result of our tenant diversification, we believe our exposure to recent bankruptcy filings in the retail sector has not been significant. Our largest tenant to declare bankruptcy, Kmart Corporation, accounted for less than 1% of our 2002 total revenue and 3.3% of our leasable square footage.

On January 15, 2003, we announced that three of our five Kmart locations were on the list of 326 stores that Kmart intends to close. The three properties are located in Queens, New York, Flourtown, Pennsylvania and Leesburg, Virginia. As of December 31, 2002, the three properties represented approximately 0.7% or our annualized base rent and 2.1% of our total square footage. Based on the demographics at these centers and the rent being paid by Kmart we believe that these spaces can be re-leased on favorable terms.

GEOGRAPHIC DIVERSIFICATION

Our 114 properties are located in 14 states and the District of Columbia. The following table shows, by region and state within the region, the number of properties, the gross leasable area (in square feet) and the percentage of total portfolio gross leasable area in each state as of December 31, 2002.

REGION AND STATE	NUMBER OF PROPERTIES	GROSS LEASABLE AREA	PERCENTAGE OF GROSS LEASABLE AREA
NORTHEAST			
Connecticut	11	478,000	3.1%
Illinois	6	776,000	5.1%
Massachusetts	4	581,000	3.8%
Michigan	1	218,000	1.4%
New Jersey	9	2,134,000	14.0%
New York	7	996,000	6.5%
Pennsylvania	10	2,258,000	14.8%
Subtotal	48	7,441,000	48.7%
MID-ATLANTIC			
District of Columbia	2	169,000	1.1%
Florida	2	28,000	.2%
Maryland	13	3,084,000	20.2%
North Carolina	1	159,000	1.1%
Virginia	14	2,826,000	18.5%
Subtotal	32	6,266,000	41.1%
WEST			
Arizona	2	40,000	.3%
California	23	1,445,000	9.5%
Texas	9	53,000	.4%
Subtotal	34	1,538,000	10.2%
Total	114	15,245,000	100.0%

LEASES, LEASE TERMS AND LEASE EXPIRATIONS

Our leases are classified as operating leases and typically are structured to include the monthly payment in advance of minimum rents with periodic increases, percentage rents based on our tenants' gross sales volumes and reimbursement of a majority of on-site operating expenses and real estate taxes. These features in our leases reduce our exposure to higher costs caused by inflation and allow us to participate in improved tenant sales.

Leases on apartments are generally for a period of one year or less. Retail property leases generally range from 3 to 10 years; however certain leases with anchor tenants may be longer. Many of the leases contain provisions allowing the tenant the option of extending the term of the lease at expiration at rates which often include fixed rent increases, consumer price index adjustments or other market rate adjustments from the prior base rent. Our properties, including our recently opened Santana Row development, were 94.7% leased at December 31, 2002.

The following table sets forth the schedule of lease expirations for our leases in place as of December 31, 2002 for each of the 10 years beginning with 2003, assuming that none of the tenants exercises or has exercised renewal options.

YEAR OF LEASE EXPIRATION	LEASED SQUARE FOOTAGE EXPIRING	PERCENTAGE OF LEASED SQUARE FOOTAGE EXPIRING	ANNUALIZED BASE RENT REPRESENTED BY EXPIRING LEASES	PERCENTAGE OF ANNUALIZED BASE RENT REPRESENTED BY EXPIRING LEASES
2003	906,000	6%	$ 14,871,000	5%
2004	1,726,000	12%	24,237,000	9%
2005	1,405,000	10%	26,664,000	10%
2006	1,315,000	9%	26,241,000	9%
2007	1,674,000	12%	31,720,000	11%
2008	1,400,000	10%	22,898,000	8%
2009	924,000	6%	19,048,000	7%
2010	531,000	4%	10,591,000	4%
2011	798,000	5%	21,459,000	8%
2012	839,000	6%	21,146,000	8%
Thereafter	2,924,000	20%	60,050,000	21%
Total	14,442,000	100%	$ 278,925,000	100%

Item 2. Property Information

Retail Properties

The following table sets forth information concerning each retail and mixed-use property in which we own an equity interest or have a leasehold interest as of December 31, 2002. Except as otherwise noted, retail properties are 100% owned in fee by us.

NORTHEAST REGION	Year Completed	Year Acquired	Square Feet (2) /Apartment Units	Number of Tenants
Shopping Centers				
Allwood Clifton, NJ 07013 (4)	1958	1988	52,000	7
Andorra Philadelphia,PA 19128(5)	1953	1988	259,000	39
Bala Cynwyd Bala Cynwyd, PA 19004	1955	1993	281,000	23
Blue Star Watchung, NJ 07060 (4)	1959	1988	407,000	35
Brick Plaza Brick Township, NJ 08723	1958	1989	409,000	37
Bristol Bristol, CT 06010	1959	1995	296,000	23
Brunswick North Brunswick, NJ 08902 (4)	1957	1988	318,000	23
Clifton Clifton, NJ 07013 (4)	1959	1988	80,000	13
Crossroads Highland Park, IL 60035	1959	1993	173,000	24
Dedham Dedham, MA 02026	1959	1993	248,000	37
Ellisburg Circle Cherry Hill, NJ 08034	1959	1992	259,000	31
Feasterville Feasterville, PA 19047	1958	1980	116,000	10

NORTHEAST REGION	Acres (3)	Overall Occupancy (1)	Principal Tenants
Shopping Centers			
Allwood Clifton, NJ 07013 (4)	5	100%	Stop & Shop Mandee's
Andorra Philadelphia,PA 19128(5)	23	95%	Acme Markets Andorra Theater Kohl's
Bala Cynwyd Bala Cynwyd, PA	22	100%	Acme Markets Lord & Taylor
Blue Star Watchung, NJ 07060 (4)	55	96%	Kohl's Michael's Shop Rite Toys R Us
Brick Plaza Brick Township, NJ	42	100%	A&P Supermarket Barnes & Noble Loews Theatres Sports Authority
Bristol Bristol, CT 06010	22	92%	Super Stop & Shop TJ Maxx
Brunswick North Brunswick, NJ 08902 (4)	22	69%	A&P Supermarket Just Living Rooms
Clifton Clifton, NJ 07013 (4)	8	93%	Acme Markets Drug Fair Dollar Express
Crossroads Highland Park, IL	15	100%	Comp USA Golfsmith Guitar Center
Dedham Dedham, MA 02026	18	99%	Pier One Imports

Ellisburg Circle Cherry Hill, NJ	27	99%	Genuardi's Bed, Bath & Beyond
Feasterville	12	96%	Genuardi's Office Max

	Year Completed	Year Acquired	Square Feet (2) / Apartment Units	Number of Tenants
Finley Square Downers Grove, IL 60515	1974	1995	313,000	16
Flourtown Flourtown, PA 19031	1957	1980	191,000	21
Fresh Meadows Queens, NY 11365	1949	1997	408,000	75
Garden Market Western Springs, IL 60558	1958	1994	142,000	19
Gratiot Plaza Roseville, MI 48066	1964	1973	218,000	10
Greenlawn Plaza Greenlawn, NY 11740	1975	2000	92,000	15
Hamilton Hamilton, NJ 08690 (4)	1961	1988	190,000	14
Hauppauge Hauppauge, NY 11788	1963	1998	131,000	20
Huntington Huntington, NY 11746 (4)	1962	1988	279,000	14
Lancaster Lancaster, PA 17601(4)	1958	1980	107,000	16
Langhorne Square Levittown, PA 19056	1966	1985	216,000	28
Lawrence Park Broomall, PA 19008	1972	1980	326,000	40

	Acres (3)	Overall Occupancy (1)	Principal Tenants
Finley Square Downers Grove, IL 60515	21	91%	Bed, Bath & Beyond Sports Authority
Flourtown Flourtown, PA 19031	15	100%	Genuardi's
Fresh Meadows Queens, NY 11365	25	94%	Cineplex Odeon Value City K Mart
Garden Market Western Springs, IL 60558	12	94%	Dominick's Walgreens
Gratiot Plaza Roseville, MI 48066	20	100%	Bed, Bath and Beyond Best Buy Farmer Jack's
Greenlawn Plaza Greenlawn, NY 11740	13	95%	Waldbaum's
Hamilton Hamilton, NJ 08690 (4)	18	100%	Shop Rite Steven's Furniture A.C. Moore
Hauppauge Hauppauge, NY 11788	15	100%	Shop Rite
Huntington Huntington, NY 11746 (4)	21	100%	Barnes & Noble Bed, Bath and Beyond Buy Buy Baby Toys R Us
Lancaster Lancaster, PA 17601 (4)	11	95%	A.C. Moore Giant Food
Langhorne Square Levittown, PA 19056	21	93%	Drug Emporium Marshalls Redner's Market
Lawrence Park Broomall, PA 19008	28	99%	Acme Markets TJ Maxx Today's Man

	Year Completed	Year Acquired	Square Feet (2) / Apartment Units	Number of Tenants
Northeast Philadelphia, PA 19114	1959	1983	292,000	35
North Lake Commons Lake Zurich, IL 60047	1989	1994	129,000	19
Queen Anne Plaza Norwell, MA 02061	1967	1994	149,000	11
Rutgers Franklin, N.J. 08873 (4)	1973	1988	217,000	18
Saugus Plaza Saugus, MA 01906	1976	1996	171,000	7
Troy Parsippany-Troy, NJ 07054	1966	1980	202,000	21
Willow Grove Willow Grove, PA 19090	1953	1984	215,000	25
Wynnewood Wynnewood, PA 19096	1948	1996	255,000	28
Total Northeast Shopping Centers			7,141,000	
Main Street Retail Properties				
Ten buildings in CT	1900 - 1991	1994 -1996	182,000	71
Two buildings in IL	1920 - 1927	1995	19,000	3
One building in MA	1930	1995	13,000	8
Three buildings in NY	1937 - 1987	1997	86,000	10
Total Northeast Main Street Retail Properties			300,000	
Total Northeast Region			7,441,000	

	Acres (3)	Overall Occupancy (1)	Principal Tenants
Northeast Philadelphia, PA 19114	19	95%	Burlington Coat Factory Marshalls Tower Records
North Lake Commons Lake Zurich, IL 60047	14	88%	Dominick's
Queen Anne Plaza Norwell, MA 02061	18	100%	TJ Maxx Victory Markets
Rutgers Franklin, N.J. 08873 (4)	27	89%	Edwards Super Food K Mart
Saugus Plaza Saugus, MA 01906	19	100%	K Mart Super Stop & Shop
Troy Parsippany-Troy, NJ 07054	19	100%	Comp USA Pathmark Toys R Us A. C. Moore
Willow Grove Willow Grove, PA 19090	14	100%	Barnes and Noble Marshalls Toys R Us
Wynnewood Wynnewood, PA 19096	16	99%	Bed, Bath and Beyond Borders Books Genuardi's Old Navy
Total Northeast Shopping Centers		96%	
Main Street Retail Properties		96%	
Ten buildings in CT	-	85%	Sak Fifth Avenue
Two buildings in IL	-	100%	Foodstuffs The Gap
One building in MA	-	100%	AT&T Wireless

Three buildings in NY	-	100%	Midway Theatre Duane Reade The Gap
Total Northeast Main Street Retail Properties		91%	
Total Northeast Region		96%	

	Year Completed	Year Acquired	Square Feet (2) / Apartment Units	Number of Tenants
MID ATLANTIC REGION				
Shopping Centers				
Barracks Road Charlottesville, VA 22905	1958	1985	484,000	85
Congressional Plaza Rockville, MD 20852 (6)	1965	1965	339,000	46
Courthouse Center Rockville, MD 20852 (7)	1970	1997	38,000	12
Eastgate Chapel Hill, NC 27514	1963	1986	159,000	31
Falls Plaza Falls Church, VA 22046	1962	1967	73,000	9
Falls Plaza - East Falls Church, VA 22046	1960	1972	71,000	18
Federal Plaza Rockville, MD 20852	1970	1989	247,000	39
Gaithersburg Square Gaithersburg, MD 20878	1966	1993	219,000	36
Governor Plaza Glen Burnie, MD 21961 (5)	1963	1985	252,000	24
Idylwood Plaza Falls Church, VA 22030	1991	1994	73,000	17
Laurel Centre Laurel, MD 20707	1956	1986	384,000	54
Leesburg Plaza Leesburg, VA 20176 (7)	1967	1998	247,000	27

	Acres (3)	Overall Occupancy (1)	Principal Tenants
MID ATLANTIC REGION			
Shopping Centers			
Barracks Road Charlottesville, VA 22905	39	100%	Bed, Bath & Beyond Harris Teeter Kroger Barnes & Noble Old Navy
Congressional Plaza Rockville, MD 20852 (6)	22	95%	Buy Buy Baby Fresh Fields Tower Records Container Store
Courthouse Center Rockville, MD 20852 (7)	2	94%	Rockville Interiors
Eastgate Chapel Hill, NC 27514	17	99%	Southern Season
Falls Plaza Falls Church, VA 22046	6	98%	Giant Food
Falls Plaza - East Falls Church, VA 22046	5	100%	CVS Pharmacy Staples
Federal Plaza Rockville, MD 20852	18	98%	Comp USA Ross Dress For Less TJ Maxx
Gaithersburg Square Gaithersburg, MD 20878	17	98%	Bed, Bath & Beyond Borders Books and Music Ross Dress For Less
Governor Plaza Glen Burnie, MD 21961 (5)	26	100%	Office Depot Syms Comp USA Bally's Total Fitness
Idylwood Plaza Falls Church, VA 22030	6	100%	Fresh Fields
Laurel Centre Laurel, MD 20707	26	97%	Giant Food Marshalls Toys R Us
Leesburg Plaza	24	100%	Giant Food

Leesburg, VA 20176 (7)

K Mart
Peebles

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	Year Completed	Year Acquired	Square Feet (2) / Apartment Units	Number of Tenants
Loehmann's Plaza Fairfax, VA 22042 (7)	1971	1983	242,000	54
Magruder's Center Rockville, MD 20852 (7)	1955	1997	109,000	23
Mid-Pike Plaza Rockville, MD 20852 (4)	1963	1982	306,000	23
Old Keene Mill Springfield, VA 22152	1968	1976	92,000	21
Pan Am Fairfax, VA 22031	1979	1993	218,000	33
Perring Plaza Baltimore, MD 21134 (5)	1963	1985	412,000	15
Pike 7 Plaza Vienna, VA 22180 (7)	1968	1997	164,000	26
Rollingwood Apartments Silver Spring, MD 20910 9 three story buildings	1960	1971	282 units	282
Quince Orchard Gaithersburg, MD 20877 (8)	1975	1993	237,000	29
Tower Shopping Center Springfield, VA 22150	1960	1998	109,000	29
Tysons Station Falls Church, VA 22043	1954	1978	50,000	16
Wildwood Bethesda, MD 20814	1958	1969	84,000	33
The Shops at Willow Lawn Richmond, VA 23230	1957	1983	503,000	80
Total Mid Atlantic Shopping Centers			5,112,000	

	Acres (3)	Overall Occupancy (1)	Principal Tenants
Loehmann's Plaza Fairfax, VA 22042 (7)	18	99%	Linens N Things Bally's Total Fitness Loehmann's Dress Shop
Magruder's Center Rockville, MD 20852 (7)	5	100%	Magruder's Tuesday Morning
Mid-Pike Plaza Rockville, MD 20852 (4)	20	99%	Bally Total Fitness Linens N Things Toys R Us A. C. Moore
Old Keene Mill Springfield, VA 22152	11	100%	Fresh Fields
Pan Am Fairfax, VA 22031	25	99%	Michael's Micro Center Safeway
Perring Plaza Baltimore, MD 21134 (5)	27	88%	Burlington Coat Factory Home Depot Metro Foods
Pike 7 Plaza Vienna, VA 22180 (7)	13	100%	Staples TJ Maxx Tower Records
Rollingwood Apartments Silver Spring, MD 20910 9 three story buildings	14	99%	
Quince Orchard Gaithersburg, MD 20877 (8)	16	97%	Circuit City Magruders Staples
Tower Shopping Center Springfield, VA 22150	12	88%	Virginia Fine Wine Talbot's Outlet
Tysons Station Falls Church, VA 22043	4	100%	Trader Joe's
Wildwood Bethesda, MD 20814	13	100%	CVS Pharmacy Sutton Place Gourmet

The Shops at Willow Lawn Richmond, VA 23230	37	87%	Dillards Hannaford Brothers Kronger Old Navy
Total Mid Atlantic Shopping Centers		96%	

	Year Completed	Year Acquired	Square Feet (2) / Apartment Units	Number of Tenants
Main Street Retail Properties				
Bethesda Row Bethesda, MD 20814 (9)	1945-1991, 2001	1993-1998	457,000	80
Friendship Center Washington, D.C 20015	1998	2001	119,000	5
Pentagon Row Arlington, VA 22202 (8)	2001-2002	1999	296,000	45
Sam's Park & Shop Washington, DC 20008	1930	1995	50,000	13
Shirlington Arlington, VA 22206	1940	1995	204,000	46
Two buildings in FL	1920	1996	28,000	9
Total Mid Atlantic Main Street Retail Properties			1,154,000	
Development				
Land in Bethesda, MD 20814		1997 - 2000		
Total Mid Atlantic Region			6,266,000	
WEST REGION				
Shopping Centers				
Escondido Promenade Escondido, CA 92029 (10)	1987	1996	222,000	51
King's Court Los Gatos, CA 95032 (7) (8)	1960	1998	79,000	18
Total West Shopping Centers			301,000	
Main Street Retail Properties				
Old Town Center Los Gatos, CA 95030	1962	1997	97,000	22
150 Post Street San Francisco, CA 94108	1965	1997	103,000	16
Nine buildings in Santa Monica, CA (11)	1888 - 1995	1996 - 2000	209,000	23

	Acres (3)	Overall Occupancy (1)	Principal Tenants
Main Street Retail Properties			
Bethesda Row Bethesda, MD 20814 (9)	8	99%	Barnes and Noble Giant Food Landmark Theater
Friendship Center Washington, D.C 20015	1	100%	Maggiano's Borders Books
Pentagon Row Arlington, VA 22202 (8)	18	98%	Harris Teeter Bed, Bath & Beyond Cost Plus World Market Bally's Total Fitness Designer Shoe Warehouse
Sam's Park & Shop Washington, DC 20008	1	100%	Petco
Shirlington Arlington, VA 22206	16	95%	Carlyle Grand Cafe Cineplex Odeon
Two buildings in FL	-	90%	Express
Total Mid Atlantic Main Street Retail Properties		98%	
Development			
Land in Bethesda, MD 20814	1		
Total Mid Atlantic Region		97%	

WEST REGION			
Shopping Centers			
Escondido Promenade Escondido,CA 92029 (10)	18	96%	Toys R Us TJ Maxx Cost Plus
King's Court Los Gatos,CA 95032 (7)(8)	8	98%	Lunardi's Supermarket Longs Drug
Total West Shopping Centers		97%	
Main Street Retail Properties			
Old Town Center Los Gatos, CA 95030	4	94%	Borders Books and Music Gap Kids Banana Republic
150 Post Street San Francisco, CA 94108	-	75%	Brooks Brothers Williams - Sonoma
Nine buildings in Santa Monica, CA (11)	-	97%	Abercrombie & Fitch J.Crew Old Navy Banana Republic

	Year Completed	Year Acquired	Square Feet (2) /Apartment Units	Number of Tenants
Two buildings in Hollywood, CA (12)	1921 - 1991	1999	148,000	11
Four buildings in San Diego, CA (13)	1888 - 1995	1996 - 1997	51,000	22
Three buildings in CA (14)	1922	1996 - 1998	92,000	25
Two buildings in AZ (15)	1996 - 1998	1998	40,000	10
Development				
Santana Row - Retail Portion (16)	2002	1997	444,000	51
Santana Row - Residential portion San Jose, CA 95128			255 units	90
Nine buildings in San Antonio, TX (17)	1890 - 1935	1998 - 1999	53,000	9
Total West Main Street Retail Properties			1,237,000	
Total West Region			1,538,000	
Total All Regions			15,245,000	

	Acres (3)	Overall Occupancy (1)	Principal Tenants
Two buildings in Hollywood, CA (12)	-	78%	General Cinema Hollywood Entertainment Museum
Four buildings in San Diego, CA (13)	-	97%	Urban Outfitters
Three buildings in CA (14)	-	98%	Pottery Barn Banana Republic
Two buildings in AZ (15)	-	100%	Gordon Biersch Brewing Co.
Development			
Santana Row - Retail Portion (16)	42	73%	Crate & Barrel Borders Books
Santana Row - Residential portion San Jose, CA 95128		45%	
Nine buildings in San Antonio, TX (17)	-	37%	The Palm
Total West Main Street Retail Properties		81%	
Total West Region		84%	
Total All Regions		95%	

(1) Overall occupancy is expressed as a percentage of rentable square feet and includes square feet covered by leases for stores not yet opened. Regional and Total Occupancy reflects retail occupancy only.
(2) Represents the physical square feet of the property, which may exceed the rentable square feet used to express occupancy.
(3) Acreage on each individual main street retail building is not significant.
(4) We have a leasehold interest in this property.
(5) We own 99.99% general and limited partnership interests in these properties.
(6) We own a 55.7% general partnership interest in this center.
(7) We own this property in a "downreit" partnership.
(8) All or a portion of this property is subject to a ground lease.
(9) This property contains twelve buildings; seven are subject to a leasehold interest, one is subject to a ground lease and four are owned 100% by us.
(10) We own the controlling interest in this center.
(11) We own 100% of seven buildings and a 90% general partnership interest in two buildings.
(12) We own a 90% general partnership interest in these buildings.
(13) We own 100% of three buildings and a 90% general partnership interest in one building.
(14) We own 100% of one building and a 90% general partnership interest in two buildings.
(15) We own 100% of one building and an 85% partnership interest in the second building.
(16) Square footage and number of tenants apply only to Phase I retail. No future retail phases are included.
(17) We are redeveloping these properties, many of which are currently vacant.

ITEM 3. LEGAL PROCEEDINGS

Neither we nor any of our properties are currently subject to any material legal proceeding nor, to our knowledge, is any material litigation currently threatened against us or any of our properties. Under our leases, tenants are typically obligated to indemnify us from and against all liabilities, costs and expenses imposed upon or asserted against us (1) as owner of the properties due to certain matters relating to the operation of the properties by the tenant, and (2) where appropriate, due to certain matters relating to the ownership of the properties prior to their acquisition by us.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SHAREHOLDERS

No matters were submitted to a vote of our shareholders during the fourth quarter of the fiscal year ended December 31, 2002.

PART II

ITEM 5. MARKET FOR OUR COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

Our common shares trade on the New York Stock Exchange under the symbol "FRT." Listed below are the high and low closing prices of our common shares as reported on the New York Stock Exchange and the dividends declared for each of the periods indicated.

	PRICE PER SHARE		DIVIDENDS DECLARED PER SHARE
	HIGH	LOW	
2002			
Fourth quarter	$ 28.75	$ 24.55	$ 0.485
Third quarter	27.85	23.70	.485
Second quarter	28.50	25.56	.48
First quarter	26.34	22.93	.48
2001			
Fourth quarter	$ 23.67	$ 21.04	$ 0.48
Third quarter	23.71	20.32	.48
Second quarter	21.56	18.98	.47
First quarter	20.20	19.06	.47

On March 20, 2003, we estimate that there were 35,787 holders of record of our common shares.

Our ongoing operations generally will not be subject to federal income taxes as long as we maintain our REIT status and distribute to shareholders at least 100% of our taxable income. Under the Code, REITs are subject to numerous organizational and operational requirements, including the requirement to distribute at least 90% of REIT taxable income. State income taxes are not material.

Future distributions will be at the discretion of our Board of Trustees and will depend on our actual net income available for common shareholders, financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Code and such other factors as the Board of Trustees deems relevant. We have paid quarterly dividends to our shareholders continuously since our founding in 1962 and have increased our annual dividend rate for 35 consecutive years.

Our total annual dividends paid per share for 2002 and 2001 were $1.925 per share and $1.89 per share, respectively. The annual dividend amounts are different from total distributions calculated for tax purposes. Distributions to the extent of our current and accumulated earnings and profits for federal income tax purposes generally will be taxable to a shareholder as ordinary dividend income. Distributions in excess of current and accumulated earnings and profits will be treated as a nontaxable reduction of the shareholder's basis in such shareholder's shares, to the extent thereof, and thereafter as taxable capital gain. Distributions that are treated as a reduction of the shareholder's basis in its shares will have the effect of deferring taxation until the sale of the shareholder's shares. No assurances can be given regarding what portion, if any, of distributions in 2003 or subsequent years will constitute a return of capital for federal income tax purposes. During a year in which a REIT earns a net long-term capital gain, the REIT can elect under Code Sec. 857(b)(3) to designate a portion of dividends paid to shareholders as capital gain dividends. If this election is made, then the capital gain dividends are taxable to the shareholder as long-term capital gains. During 2002, a portion of the distributions was designated as a capital gain dividend.

Following is the income tax status of distributions paid during the years ended December 31, 2002 and 2001 to common shareholders:

	2002	2001
Ordinary dividend income	$ 1.555	$ 1.890
Capital gain	.370	-
Return of capital	-	-
	$ 1.925	$ 1.890

Distributions on our 7.95% Series A Cumulative Redeemable Preferred Shares and our 8.5% Series B Cumulative Redeemable Preferred Shares are payable at the rate of $1.9875 and $2.125 per share per annum, prior to distributions on our common shares. We do not believe that the preferential rights available to the holders of our preferred shares or the financial covenants contained in our debt agreements will have an adverse impact on our ability to pay dividends in the normal course to our common shareholders or to distribute amounts necessary to maintain our qualification as a REIT.

ITEM 6. SELECTED FINANCIAL INFORMATION

The following table includes certain financial information on a consolidated historical basis. You should read this section in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8. Financial Statements and Supplementary Data." Our selected operating, other and balance sheet data for the years ended 1998 through 2001 have been reclassified to conform to the presentation in 2002 as they relate to income from operations of discontinued assets and the presentation of tax loans receivable issued in connection with employee stock plans as contra-equity.

(In Thousands, Except Per Share Data and Ratios)	FOR THE YEARS ENDED DECEMBER 31,				
	2002	2001	2000	1999	1998
OPERATING DATA:					
Rental income	$ 298,085	$ 274,567	$ 255,634	$ 241,356	$ 218,062
Property operating income	214,057	204,047	192,347	182,493	162,372
Income before gain (loss) on sale of real estate	45,833	59,571	56,842	55,493	44,960
Gain (loss) on sale of real estate	9,454	9,185	3,681	(7,050)	-
Net income	55,287	68,756	60,523	48,443	44,960
Net income available for common shareholders	35,862	59,722	52,573	40,493	37,010
Net cash provided by operating activities (1)	119,069	109,448	107,056	102,183	90,427
Net cash (used in) investing activities (1)	(175,744)	(232,138)	(121,741)	(99,313)	(187,646)
Net cash provided by (used in) financing activities (1)	62,235	128,896	14,304	(8,362)	97,406
Dividends declared on common shares	82,273	75,863	72,512	71,630	69,512
Weighted average number of common shares outstanding					
Basic:	41,624	39,164	38,796	39,574	39,174
Diluted:	42,882	40,266	39,910	40,638	40,080
Earnings per share					
Basic:	.86(6)	1.52	1.36	1.02	.94
Diluted:	.85(6)	1.52	1.35	1.02	.94
Dividends declared per common share	1.93	1.90	1.84	1.78	1.74
OTHER DATA:					
Funds from operations (2)(3)	90,503	110,432	102,173	96,795	86,536
Ratio of earnings to fixed charges (4)	1.3x(7)	1.5x	1.5x	1.7x	1.7x
Ratio of earnings to combined fixed charges and preferred share dividends (4)	1.0x(7)	1.3x	1.4x	1.5x	1.5x
Ratio of EBITDA to combined fixed charges and preferred share dividends (4)(5)	1.6x(7)	1.9x	2.0x	2.1x	2.1x

	FOR THE YEARS ENDED DECEMBER 31,				
	2002	2001	2000	1999	1998
BALANCE SHEET DATA:					
Real estate at cost	$ 2,306,826	$ 2,104,304	$ 1,854,913	$ 1,721,459	$ 1,642,136
Total assets	1,999,378	1,834,881	1,618,885	1,532,764	1,483,170
Mortgage, construction loans and capital lease obligations	393,212	450,336	340,152	172,573	173,480
Notes payable	198,311	174,843	209,005	162,768	263,159
Senior notes	535,000	410,000	410,000	510,000	335,000
Convertible subordinated debentures	75,000	75,289	75,289	75,289	75,289
Redeemable preferred shares	235,000	235,000	100,000	100,000	100,000
Shareholders' equity	644,287	589,291	465,460	500,543	528,800
Number of common shares outstanding	43,535	40,071	39,469	40,201	40,080

1) Determined in accordance with Financial Accounting Standards Board, which we refer to as FASB, Statement No. 95, Statement of Cash Flows.
2) We have historically reported our funds from operations ("FFO") in addition to our net income and net cash provided by operating activities. FFO is a supplemental non-GAAP financial measure of real estate companies' operating performance. The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as follows: income available for common shareholders before

depreciation and amortization of real estate assets and before extraordinary items less gains on sale of real estate. NAREIT developed FFO as a relative measure of performance and liquidity of an equity REIT in order to recognize that the value of income-producing real estate historically has not depreciated on the basis determined under GAAP. However, FFO does not represent cash flows from operating activities in accordance with GAAP (which, unlike FFO, generally reflects all cash effects of transactions and other events in the determination of net income); should not be considered an alternative to net income as an indication of our performance; and is not necessarily indicative of cash flow as a measure of liquidity or ability to pay dividends. We consider FFO a meaningful, additional measure of operating performance because it primarily excludes the assumption that the value of the real estate assets diminishes predictably over time, and because industry analysts have accepted it as a performance measure. Comparison of our presentation of FFO to similarly titled measures for other REITs may not necessarily be meaningful due to possible differences in the application of the NAREIT definition used by such REITs. For a reconciliation of net income available for common shareholders to FFO, please see "Item 7. Management's Discussion and Analysis of Results of Financial Condition and Results of Operations- Funds From Operations."

3) Includes a $8.5 million restructuring charge incurred in the first quarter of 2002 and a $13.8 million restructuring charge incurred in the fourth quarter of 2002. Excluding these charges, Funds from Operations would have been $112.8 million.

4) Earnings consist of income before gain (loss) on sale of real estate and fixed charges. Fixed charges consist of interest on borrowed funds (including capitalized interest), amortization of debt discount and expense and the portion of rent expense representing an interest factor. Preferred share dividends consist of dividends paid on our outstanding Series A preferred shares and Series B preferred shares.

5) EBITDA is a non-GAAP measure that means net income or loss plus interest expense, income taxes, depreciation and amortization; adjusted for gain or loss on sale of assets, impairment provisions, provision for loss on equity securities and other nonrecurring expenses. EBITDA is presented because it provides useful information regarding our ability to service debt, EBITDA should not be considered an alternative measure of operating results or cash flow from operations as determined in accordance with GAAP. EBITDA as presented may not be comparable to other similarly titled measures used by other REITs.

6) Includes an $8.5 million restructuring charge incurred in the first quarter of 2002 and a $13.8 million restructuring charge incurred in the fourth quarter of 2002. Excluding these charges, Earnings per Share - Basic would have been $1.40 and Earnings per Share - Diluted would have been $1.37.

7) Excluding the restructuring charges the ratio of earnings to fixed charges would have been 1.5x, the ratio of earnings to combined fixed charges and preferred share dividends would have been 1.2x, and the ratio of EBITDA to combined fixed charges and preferred share dividends would have been 1.8x.

The reconciliation of EBITDA, adjusted for discontinued operations, to net income for the period presented is as follows:

(In thousands)	2002	2001	2000	1999	1998
Net income	$ 55,287	$ 68,756	$ 60,523	$ 48,443	$ 44,960
Depreciation and amortization	64,529	59,914	53,259	50,011	46,047
Interest	65,058	69,313	66,418	61,492	55,125
(Gain) loss on sale of real estate	(9,454)	(9,185)	(3,681)	7,050	--
EBITDA	$ 175,420	$ 188,798	$ 176,519	$ 166,996	$ 146,132

ITEM 7. 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 appearing in Item 8 of this report. Historical results set forth in Selected Financial Information, the Financial Statements and Supplemental Data included in Item 6 and Item 8 and this section should not be taken as indicative of our future operations.

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Also, documents that we "incorporate by reference" into this Annual Report on Form 10-K, including documents that we subsequently file with the Securities and Exchange Commission, which we refer to as the SEC, will contain forward-looking statements. When we refer to forward-looking statements or information, sometimes we use words such as "may," "will," "could," "should," "plans," "intends," "expects," "believes," "estimates," "anticipates" and "continues." In particular, the risk factors included or incorporated by reference in this Annual Report on Form 10-K describe forward-looking information. The risk factors describe risks that may affect these statements but are not all-inclusive, particularly with respect to possible future events. Many things can happen that can cause actual results to be different from those we describe. These factors include, but are not limited to:

- risks that our tenants will not pay rent;

- risks of financing, such as our ability to consummate additional financings or obtain replacement financing on terms which are acceptable to us, our ability to comply with our existing financial covenants and the possibility of increases in interest rates that would result in increased interest expense;

- risks normally associated with the real estate industry, including risks that we may be unable to renew leases or relet space at favorable rents as leases expire, that new acquisitions and our development, construction and renovation projects, including our Santana Row project, may fail to perform as expected, that competition for acquisitions could result in increased prices, environmental risks, and, because real estate is illiquid, that we may not be able to sell properties when appropriate;

- risks that our growth will be limited if we cannot obtain additional capital; and

- risks related to our status as a real estate investment trust, commonly referred to as a REIT, for federal income tax purposes, such as our obligation to comply with complex tax regulations relating to our status as a REIT, the effect of future changes in REIT requirements as a result of new legislation and the adverse consequences if we fail to qualify as a REIT.

Given these uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements or those incorporated into this Annual Report on Form 10-K. We also make no promise to update any of the forward-looking statements. You should carefully review the risks and the risk factors incorporated herein by reference from our Form 8-K filed on March 25, 2003, as well as the other information in this Annual Report on Form 10-K or referred to in this Annual Report on Form 10-K, before making any investment in us.

OVERVIEW

We are an equity real estate investment trust specializing in the ownership, management, development and redevelopment of high quality retail and mixed-use properties. As of December 31, 2002, we owned or had an interest in 58 community and neighborhood shopping centers comprising over 12 million square feet, primarily located in densely populated and affluent communities throughout the Northeast and Mid-Atlantic United States. In addition, we owned 55 urban and retail mixed-use properties comprising over 2 million square feet and one apartment complex, all located in strategic metropolitan markets across the United States. Our properties, excluding Santana Row were 95.5% leased at December 31, 2002 and December 31, 2001. Including Santana Row our occupancy was 94.7% at December 31, 2002.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, which we refer to as GAAP, requires management to make estimates and assumptions that in certain circumstances affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and revenues and expenses. These estimates are prepared using management's best judgment, after considering past and current events and economic conditions. In addition, information relied upon by management in preparing such estimates includes internally generated financial and operating information, external market information when available, and when necessary, information obtained from consultations with third party experts. Actual results could differ from these estimates. The most significant accounting policies which involve the use of estimates and assumptions as to future uncertainties and, therefore, may result in actual amounts that differ from estimates, are as follows.

Revenue Recognition and Accounts Receivable

Leases with tenants are classified as operating leases. Base rents are recognized on a straight-line basis over the terms of the related leases, net of valuation adjustments, based on management's assessment of credit, collection and other business risk. We make estimates of the collectibility of our accounts receivable related to base rents, including straight line rentals, expense reimbursements and other revenue or income. In some cases the ultimate collectibility of these claims extends beyond one year. These estimates have a direct impact on our net income. We believe that our revenue recognition policies comply with both generally accepted accounting principles and the Securities and Exchange Commissions Staff Accounting Bulletin No. 101, Revenue Recognition.

Real Estate

Land, buildings and real estate under development are recorded at cost. Depreciation is computed using the straight-line method with useful lives ranging from three to 50 years on buildings and improvements. Maintenance and repair costs are charged to operations as incurred. Tenant work and other major improvements, which improve or extend the life of the asset, are capitalized and depreciated over the life of the lease or the estimated useful life of the improvements, whichever is shorter. Certain external and internal costs directly related to the development, redevelopment and leasing of real estate, including applicable salaries and the related direct costs, are capitalized. The capitalized costs associated with developments, redevelopments and leasing are depreciated or amortized over the life of the improvement and lease, respectively. Unamortized leasing costs are charged to operations if the applicable tenant vacates before the expiration of its lease. Undepreciated tenant work is charged to operations if the applicable tenant vacates and the tenant work is replaced.

When applicable as lessee, we classify our leases of land and building as operating or capital leases in accordance with the provisions of Statement of Financial Accounting Standard (SFAS) No. 13, "Accounting for Leases." We are required to use judgment and make estimates in determining the lease term, the estimated economic life of the property and the interest rate to be used in applying the provisions of SFAS No. 13. These estimates determine whether or not the lease meets the qualification of a capital lease and is recorded as an asset.

We are required to make subjective assessments as to the useful lives of our real estate for purposes of determining the amount of depreciation to reflect on an annual basis. These assessments have a direct impact on net income. Should we lengthen the expected useful life of an asset, it would be depreciated over a greater number of years, resulting in less annual depreciation expense and higher annual net income. Likewise, we must make subjective assumptions as to which costs should be capitalized. These assumptions also have a direct impact on net income.

Interest costs on developments and major redevelopments are capitalized as part of developments and redevelopments not yet placed in service. Capitalization of interest commences when development activities and expenditures begin and end upon completion, which is when the asset is ready for its intended use. Generally, rental property is considered substantially complete and ready for its intended use upon completion of tenant improvements, but no later than one year from completion of major construction activity. We make judgments as to the time period over which to capitalize such costs and these assumptions have a direct impact on net income because capitalized costs are not subtracted in calculating net income. If the time period is extended, more interest is capitalized, thereby increasing net income.

Long-Lived Assets

Through December 31, 2001, we evaluated the carrying value of our long-lived assets in accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." In cases where particular assets are being held for sale, impairment is based on whether the fair value (estimated sales price less costs of disposal) of each individual property to be sold is less than the net book value. Otherwise, impairment is based on whether it is probable that undiscounted future cash flows from each property will be less than its net book value. If a property is impaired, its basis is adjusted to its estimated fair market value.

In August 2001 the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (effective for us on January 1, 2002). SFAS No. 144 requires that one accounting model be used for long-lived assets to be disposed of by sale, whether previously held and used or newly-acquired, and broadens the presentation of discontinued operations to include components of an entity comprising operations and cash flows that can be distinguished, operationally and for financial reporting purposes from the rest of the entity.

We are required to make estimates of undiscounted cash flows in determining whether there is an impairment. Actual results could be significantly different from the estimates. These estimates have a direct impact on net income, because recording an impairment charge results in a negative adjustment to net income.

Contingencies

We are sometimes involved in lawsuits and environmental matters arising in the ordinary course of business. Management makes assumptions and estimates concerning the amount and likelihood of loss relating to these matters. These estimates and assumptions have a direct impact on net income.

OUTLOOK

Growth in net income and FFO during 2003 will depend primarily on growth in the core portfolio. Growth of net income from the core portfolio depends, in part, on the general economy, the financial health of our tenants and on our ability, directly or indirectly, to control expenses, some of which are beyond our complete control, such as snow removal, insurance and real estate tax assessments. The current weakening of the retail and overall economic environment could adversely impact us by increasing vacancies and decreasing rents. In past weak retail and real estate environments, however, we have been able to replace weak and bankrupt tenants with stronger tenants. Management believes that due to the quality of our properties there will continue to be demand for our space. Our properties, excluding Santana Row were 95.5% leased at December 31, 2002 and December 31, 2001. Including Santana Row our occupancy was 94.7% at December 31, 2002.

Growth in the core portfolio, however, will be offset by expenses at Santana Row. Operating and marketing expenses, as well as additional depreciation and interest expense as the project is phased into operations will have a dilutive effect on 2003 earnings. As a result of the August 2002 fire at Santana Row, as more fully described in this section at "Santana Row", the projected opening of certain retail spaces have been delayed and approximately 50% of the total residential units for the project scheduled to be phased into service throughout 2003 were destroyed. These delayed openings, while lowering the income we will receive, will not substantially reduce the costs associated with maintaining and operating the infrastructure of the project.

Growth in net income is also dependent on the amount of our leverage and interest rates. Our leverage has increased as we financed our development projects. In addition, to the extent variable-rate debt is unhedged, we will continue to have exposure to changes in market interest rates although we have reduced this exposure as of December 31, 2002 as compared to December 31, 2001. If interest rates increase, net income and FFO, as well as the ultimate cost of our development and redevelopment projects, will be negatively impacted.

2002 PROPERTY ACQUISITIONS AND DISPOSITIONS

Acquisitions

We did not acquire any properties in 2002.

Dispositions

On April 11, 2002, we sold the street retail property located at 252 Greenwich Avenue in Greenwich, Connecticut for $16.5 million, resulting in a gain of $7.0 million.

On April 30, 2002, we sold three street retail properties, two in Westport, Connecticut and one in Westfield, New Jersey, for $19.2 million, resulting in a gain of $6.9 million.

On June 6, 2002, we sold the Uptown Shopping Center located in Portland, Oregon for $20.8 million, resulting in a gain of $4.5 million.

The proceeds from the sales of the four street retail properties and the Uptown Shopping Center were used to pay down our syndicated credit facility except $16.0 million which was used to pay down the Santana Row construction loan. As of December 31, 2002 all of the proceeds previously held by the qualified intermediary have been released to us.

On June 18, 2002, a partnership, in which one of our subsidiaries is the general partner, sold the street retail property located at 6410 Hollywood Boulevard in Hollywood, California for $2.3 million, resulting in a gain of $700,000.

On June 20, 2002, the proceeds of $6 million previously held by a qualified intermediary from the 2001 sale of the street retail property located at 101 East Oak Street in Chicago, Illinois were released to us.

2002 FINANCING DEVELOPMENTS

On February 1, 2002, we received the minority partner's interest in Santana Row in exchange for a $2.6 million investment in a partnership. We made a $5.9 million loan to the partnership on January 12, 2001, that is due February 28, 2003. The loan was not repaid on the due date. We are currently exploring all available options we may have as a result of the borrowers failure to pay at maturity.

On June 12, 2002 we issued 2.2 million common shares at $25.98 per share netting $56.6 million, after all expenses of the offering.

On November 19, 2002, we completed the sale of $150 million of senior notes in an underwritten public offering under our shelf registration statement declared effective by the SEC on September 30, 1998. Net proceeds, after deducting the discounts and commissions to the underwriters and other expenses of this offering, totaled approximately $148.7 million. We used the net proceeds, together with $20 million in available insurance proceeds relating to the Santana Row fire, and approximately $7.1 million in borrowings under our credit facility, to pay in full and retire the Santana Row construction loan, including all interest owed on the loan.

SANTANA ROW

In 2002, our single largest capital need was the development of Santana Row, a multi-phase mixed-use project being built on 42 acres in San Jose, California in the heart of Silicon Valley. The project will consist of residential, retail and hotel components, creating a community with the feel of an urban district.

Phase I of the project includes Santana Row, the "1,500 foot long main street" and eight buildings which will contain approximately 444,000 square feet of retail space, 255 residential units, a 213 room hotel and the supporting infrastructure. The first building, containing 40,000 square feet and occupied by Crate & Barrel, opened on June 27, 2002. Six buildings comprising approximately 317,000 square feet of retail space opened on November 7, 2002. Tenants in the final 87,000 square foot building in Phase I are expected to begin opening in early 2003. As of February 4, 2003, approximately 320,000 square feet, or 73%, of the Phase I retail space is leased, of which approximately 200,000 square feet, or 46%, of the Phase I retail space is open.

On August 19, 2002 a fire broke out at Building Seven in the Santana Row project. Building Seven contained approximately 87,000 square feet of retail space, approximately 1,000 parking spaces and 246 residential units. All but eleven of the residential units in the building, which were originally scheduled to open in early 2003, were destroyed. The retail units and parking structure sustained water and smoke damage but were not structurally impaired. The opening of these retail units, originally scheduled for September 2002, will be delayed until early 2003. The damage related to the fire was limited almost entirely to this single building. We believe that our insurance coverage will substantially cover our losses from the fire. We estimate the insurance claim to be in the range of $70 million to $90 million which includes costs to clean-up, repair and rebuild as well as soft (non-construction) costs and lost rents. The cause of the fire is unknown but will not affect our insurance claim. On October 22, 2002, a $20 million insurance reimbursement was advanced by the insurance carrier bringing the total amount received to date to $21 million. This advance, along with the proceeds from the November 19, 2002 note offering and borrowings under our credit facility, were used to pay in full and retire the Santana Row construction loan. Because our final insurance claim has not yet been submitted, insurance proceeds expected to be received over and above those received to date have not been recorded in our December 31, 2002 financial statements.

We estimate the total cost of Phase I to be approximately $445 million, net of anticipated insurance proceeds. Insurance proceeds could exceed our $70 to $90 million estimate due to increased fire related costs. Insurance proceeds increased by such costs would therefore not reduce our anticipated Phase I investment below $445 million. As of December 31, 2002, before applying the $21 million of insurance proceeds received to date, we have incurred costs of $434 million including the purchase of all of the project's, land, the construction of Phase I, costs associated with the Building Seven fire and related cleanup and costs related to future phases of the project. We estimate that we will spend approximately $38 million, before insurance reimbursements, in 2003 relating to the completion of Phase I of the project.

We are evaluating our Building Seven residential options and alternatives taking into account costs incurred to date, costs to rebuild and market conditions and believe that we will be able to rebuild a residential component for Building Seven on economically favorable terms as part of a future phase of the project.

The success of Santana Row will depend on many factors which cannot be assured and are not entirely within our control. These factors include among others, the demand for retail and residential space, the cost of operations, including utilities and insurance, the availability and cost of capital and the general economy, particularly in the Silicon Valley.

On February 7, 2003, we announced plans for Phase II of Santana Row, which includes 84,000 square feet of retail space on two pad sites and 275 additional parking spaces. 95% of the Phase II retail space has been pre-leased to Best Buy and The Container Store. Total development costs are expected to be approximately $27 million.

We have not determined the scope of future phases of Santana Row and will not do so until the success of Phase I, Phase II and future demand for rental space is determined. However, as Phases I and II utilize only part of the retail and residential entitlements of the property, and as Phase I includes the costs of land and infrastructure for future phases, we expect to identify and execute relatively small, additional phases on economically favorable terms.

NEW BUSINESS PLAN, RESTRUCTURING CHARGES AND CEO TRANSITION

On February 28, 2002, we adopted a new business plan which returned our primary focus to our traditional business of acquiring and redeveloping community and neighborhood shopping centers that are anchored by supermarkets, drug stores, or high volume, value oriented retailers that provide consumer necessities. We will complete Bethesda Row and Santana Row (Pentagon Row was completed in 2002) but do not plan to develop any new large-scale, mixed-use, ground-up development projects. Rather, we will seek to acquire income producing centers around our existing markets and will identify and execute redevelopment opportunities in our existing portfolio. Concurrent with the adoption of the business plan, we adopted a management succession plan and restructured our management team.

In connection with this change in our business plan, we recorded a charge of $18.2 million. This charge included a reserve for a restructuring charge of $8.5 million made up of $6.9 million of severance and other compensation costs for several of our senior officers related to the management restructuring, as well as the write-off of $1.6 million of development costs. All charges against the reserve, totaling $8.5 million, were expended during 2002. An additional component of the restructuring charge is an impairment loss of $9.7 million representing the estimated loss on the abandonment of development projects held for sale, primarily the Tanasbourne development project located in Portland, Oregon, thereby adjusting the value of these assets to their estimated fair value. We are marketing these properties for sale. The carrying value of these properties as of December 31, 2002, classified on our consolidated balance sheet as real estate under development, is $8.5 million.

On December 20, 2002, we announced the resignation of Steven J. Guttman as Trustee, Chief Executive Officer and Chairman of the Board of Trustees effective January 1, 2003. Donald C. Wood, our then President and Chief Operating Officer, was named Chief Executive Officer and a member of the Board of Trustees. Mark Ordan, a member of the Board of Trustees since 1996, was named non-executive chairman of the board. As a result of this transition, we recorded a charge of $13.8 million in the fourth quarter of 2002 for payments and benefits to Mr. Guttman pursuant to his contractual arrangements with us and for other transition related costs. Of this amount, $7.9 had not been paid as of December 31, 2002, the majority of which was paid in the first quarter of 2003.

RESULTS OF OPERATIONS

Comparison of 2002 to 2001

Throughout this section, we have provided certain information on a "same center" basis. Information provided on a same center basis is provided only for those properties owned and operated in the periods being compared and includes properties which were redeveloped or expanded during the periods being compared. Properties purchased or sold and properties under development during the periods being compared are excluded.

REVENUE

Total revenues increased $23.7 million, or 8.0%, to $318.8 million for the year ended December 31, 2002, as compared to $295.1 million for the year ended December 31, 2001. The primary components of the increase in total revenues are discussed below.

Rental Income. Rental income consists of minimum rent, percentage rent and cost recoveries for common area maintenance and real estate taxes. The increase in rental income of $23.5 million, or 8.6%, for the year ended December 31, 2002, as compared to the year ended December 31, 2001, is attributable to:

- an increase of $8.1 million in rental income attributable to the properties acquired subsequent to January 1, 2001 and properties under development in 2001 and 2002 which phased into service during 2001 and 2002, specifically Santana Row and Pentagon Row. These increases were offset by properties sold in 2001; and

- an increase of $15.4 million, or 5.7%, on a same center basis due primarily to the increased rental rates at redeveloped and retenanted centers, as well as increased rental rates associated with lease rollovers and higher cost recoveries as a result of increased rental expenses and real estate tax expenses.

Same center basis for the year ended December 31, 2002 excludes the six properties sold in 2002, the Williamsburg Shopping Center in Williamsburg, Virginia, 101 E. Oak Street in Chicago, Illinois and 70/10 Austin Street in Forest Hills, New York which were sold in 2001, Friendship Center in Washington, D.C. which was purchased on September 21, 2001, the office building located at 580 Market Street in San Francisco, California which was exchanged for the minority partner's interest in Santana Row and properties under development in 2001 and 2002, including Pentagon Row in Arlington, Virginia and Santana Row in San Jose, California. Same center rental income, excluding the contribution from property redevelopments and expansions, for the year ended December 31, 2002 increased 5.1% from 2001, reflecting increases due to retenanting, lease rollovers and cost recoveries.

Interest and Other Income. Interest and other income includes interest earned on mortgage notes receivable, overnight cash investments, including tax-deferred exchange escrow deposits, as well as a provision for estimated losses related to various unconsolidated restaurant joint ventures at Santana Row. The decrease in interest and other income of $1.4 million, or 21.8% for the year ended December 31, 2002, as compared to the year ended December 31, 2001, is attributable to a write down associated with the estimated impairment of $1.3 million which represents our best estimate of the diminution of value based upon the current economic climate surrounding these joint ventures.

Other Property Income. Other property income includes items, which although recurring, tend to fluctuate more than rental income from period to period, such as utility reimbursements, telephone income, merchant association dues, late fees, lease termination fees and temporary tenant income. The increase in other property income of $1.6 million, or 11.8%, for the year ended December 31, 2002, as compared to the year ended December 31, 2001, is attributable to:

- a one-time $800,000 perpetual easement payment from a residential developer that has commenced development on an adjacent site at the Pentagon Row project;

- increases of $1.3 million in parking income, utility reimbursements and lease termination fees at Pentagon Row, which began phasing into service in the second quarter of 2001, Santana Row, which began phasing into service in the fourth quarter of 2002 and Friendship Center which was purchased in the third quarter of 2001; partially offset by

- lower lease termination fees and parking income from properties owned and operated in both periods.

On a same center basis, other property income decreased $500,000 in 2002 as compared to 2001, as explained above.

EXPENSES

Total expenses increased $36.3 million to $270.1 million for the year ended December 31, 2002, as compared to $233.8 million for the year ended December 31, 2001. The primary components of the increase in total expenses are discussed below.

Rental Expense. The increase in rental expense of $10.9 million, or 17.3%, for the year ended December 31, 2002, as compared to the year ended December 31, 2001, is attributable to:

- an increase of $9.1 million in non-capitalized operating, leasing and marketing costs associated with our development projects, primarily operating, pre-opening and marketing expenses at our Santana Row project, as well as increased costs reflecting a full year of operating activity at the Pentagon Row project; and

- an increase of $1.8 million, or 3.1%, on a same center basis due primarily to increased maintenance, insurance and utility costs, offset by lower bad debt and property management costs.

Rental expense as a percentage of rental income and other property income, which we refer to as property income, increased slightly from 21.7% in 2001 to 23.5% in 2002 due primarily to increased marketing and pre-opening expenses at Santana Row. Same center rental expense, excluding the effect of property redevelopments and expansions, as a percentage of property income decreased slightly from 20.0% in 2001 to 19.6% in 2002 and overall for the year ended December 31, 2002 increased 2.2% from 2001.

Real Estate Taxes. The increase in real estate taxes of $2.8 million, or 10.0%, for the year ended December 31, 2002, as compared to the year ended December 31, 2001, is attributable to increased taxes on new development projects, recently redeveloped properties and overall increases in tax assessments. On a same center basis, real estate taxes increased 7.0% due primarily to increased taxes on recently redeveloped properties and overall increases in tax assessments at various projects, principally Woodmont East, Fresh Meadows, Garden Market and Mid-Pike. Same center real estate taxes, excluding the effect of property redevelopments and expansions, for the year ended December 31, 2002 increased 6.1% from 2001.

Property Operating Income. As a result of the changes and variances explained above, operating property income, total income less rental expenses and real estate taxes, increased $10.1 million, or 4.9%, to $214.1 million for the year ended December 31, 2002 as compared to $204.0 million for the year ended December 31, 2001.

Interest Expense. In 2002, we incurred interest expense of $88.6 million, of which $23.5 million was capitalized yielding interest expense of $65.1 million, as compared to interest of $87.1 million in 2001, of which $17.8 million was capitalized yielding interest expense of $69.3 million. The decrease in interest expense of $4.2 million, or 6.1%, for the year ended December 31, 2002, as compared to the year ended December 31, 2001, is attributable to:

- a decrease in the weighted-average interest rate on our debt from 7.6% in 2001 to 7.4% in 2002, primarily as a result of decrease in interest rates on our variable rate debt; and

- increased capitalized interest at the Santana Row project which was under construction for the majority of 2002 and began to be phased into service beginning with the first tenant opening in June 2002.

Administrative Expense. The decrease in administrative expense of $500,000, or 3.4%, for the year ended December 31, 2002, as compared to the year ended December 31, 2001, is mostly attributable to lower payroll costs in 2002 as a result of our corporate restructuring. As a result, administrative expenses as a percentage of revenue decreased from 4.8% in the year ended December 31, 2001 to 4.3% in the year ended December 31, 2002.

Restructuring Charge. On February 28, 2002, we adopted a new business plan which returned our primary focus to our traditional business of acquiring and redeveloping community and neighborhood shopping centers that are anchored by supermarkets, drug stores, or high volume, value oriented retailers that provide consumer necessities. Concurrently with the adoption of the business plan, we adopted a management succession plan and restructured our management team. In connection with this change in business plan, we recorded a charge of $18.2 million. This charge included a reserve for a restructuring charge of $8.5 million made up of $6.9 million of severance and other compensation costs for several of our senior officers related to the management restructuring, as well as the write-off of $1.6 million of our development costs. All charges against the reserve, totaling $8.5 million, were expended during 2002. Please see "New Business Plan, Restructuring Charges and CEO Transition" for additional information.

In addition, in the fourth quarter of 2002 we recorded a charge of $13.8 million as a result of the accelerated executive transition whereby Donald C. Wood, the Trust's President and Chief Operating Officer, replaced Steven Guttman as Chief Executive Officer of the Trust. The fourth quarter charge, which includes an accrual of $7.9 million at December 31, 2002 for payments and benefits due to Mr. Guttman pursuant to his contractual arrangements with us and for other transition related costs. No cash payments were made against this charge in 2002 and we expect to expend the majority of the accrual in 2003.

Depreciation and Amortization Expense. The increase in depreciation and amortization expense of $5.1 million, or 8.6%, for the year ended December 31, 2002, as compared to the year ended December 31, 2001 reflects the impact of recent new developments, tenant improvements and property redevelopments which were placed into service throughout 2001 and 2002.

OTHER

Investors' Share of Operations. Investors' share of operations represents the minority partner's interest in the income of certain properties. The decrease in investors' share of operations of $1.1 million, or 20.5%, for the year ended December 31, 2002, as compared to the year ended December 31, 2001, is attributable to our 2001 purchase of the minority interest in nine street retail buildings in southern California and three street retail buildings in Forest Hills, New York and the operating unit holders share of the decrease in operating income in 2002.

Gain on Sale of Real Estate Net of Loss on Abandoned Developments Held for Sale. The approximately $300,000 increase in gain on sale of real estate, net of loss on abandoned developments held for sale for the year ended December 31, 2002, as compared to the year ended December 31, 2001, is attributable to:

- an increase in net gains recognized in 2002 from the sale of six properties for a combined gain of $19.1 million in the second quarter of 2002, as compared to the sale of one shopping center in the second quarter of 2001 for a gain of $7.9 million, the sale of one street retail property in the fourth quarter of 2001 for a gain of $1.8 million and the exchange of a 90% interest in a street retail building for a 10% interest in three street retail buildings with a minority partner which resulted in an accounting loss of $500,000 in the fourth quarter of 2001; primarily offset by

- the impairment loss of $9.7 million on the abandonment of developments held for sale as described under "New Business Plan, Restructuring Charges and CEO Transition."

Income from Operations of Discontinued Assets. Beginning in 2002, SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," requires that gains and losses from dispositions of properties and all operating earnings from these properties be reported as income from operations of discontinued assets. This also requires that all past earnings applicable to a property disposed of subsequent to January 1, 2002 be reported as income from operations of discontinued assets. As a result, previously reported income will be updated each time a property is sold. This requirement is for presentation only and has no impact on net income. As described above, in 2002, we sold six properties for a combined gain of $19.1 million. The earnings generated from these properties have been reported as income from operations of discontinued assets in accordance with SFAS No. 144. Income from operations of discontinued assets for the years ended December 31, 2002 and 2001 was $1.3 million and $3.5 million, respectively with the decrease being primarily due to the fact that these properties were owned for less than a full year in 2002.

Comparison of 2001 to 2000

REVENUE

Total revenues increased $20.9 million, or 7.6%, to $295.1 million for the year ended December 31, 2001, as compared to $274.2 million for the year ended December 31, 2000. The primary components of the increase in total revenues are discussed below.

Rental Income. The increase in rental income of $18.9 million, or 7.4%, for the year ended December 31, 2001, as compared to the year ended December 31, 2000, is attributable to:

- an increase of $2.9 million in rental income attributable to the properties acquired subsequent to January 1, 2000 and properties under development in 2000 and 2001 which began phasing into service during 2001, specifically Pentagon Row and Woodmont East. These increases were offset by properties sold in 2001 and 2000; and

- an increase of $16.0 million, or 6.4%, on a same center basis due primarily to the increased rental rates at redeveloped and retenanted centers, as well as increased rental rates associated with lease rollovers and higher cost recoveries.

Same center basis for the year ended December 31, 2001 excludes the six properties sold in 2002 because they have been reclassified to Income from Operations of Discontinued Assets on the Consolidated Statements of Operations, the Williamsburg Shopping Center in Williamsburg, Virginia and Peninsula Shopping Center in Palos Verdes, California which were sold on April 27, 2001 and June 30, 2000, respectively, as well as, properties acquired and properties under development in 2000 and 2001, including Friendship Center in Washington, D.C., Woodmont East in Bethesda, Maryland, Pentagon Row in Arlington, Virginia, 214 Wilshire Boulevard in Santa Monica, California and Town & Country Shopping Center in San Jose, California, which was demolished to make way for the Santana Row development.

Interest and Other Income. The decrease in interest and other income of $900,000, or 12.5%, for the year ended December 31, 2001, as compared to the year ended December 31, 2000, is attributable to a decrease in interest earned on mortgage notes receivable which reflects the $11.8 million decrease in mortgage notes receivable from December 31, 2000 to December 31, 2001.

Other Property Income. The increase in other property income of $2.9 million, or 26.6%, for the year ended December 31, 2001, as compared to the year ended December 31, 2000, is attributable to:

- an approximate $1.2 million increase in lease termination fees; and

- increased parking income and utility reimbursements.

On a same center basis, other property income during the year ended December 31, 2001 increased 18.7% from the year ended December 31, 2000.

EXPENSES

Total expenses increased $19.7 million, or 9.2%, to $233.8 million for the year ended December 31, 2001, as compared to $214.1 million for the year ended December 31, 2000. The primary components of the decrease in total expenses are discussed below.

Rental Expense. The increase in rental expense of $7.1 million, or 12.7%, for the year ended December 31, 2001, as compared to the year ended December 31, 2000, is attributable to:

- an increase of $5.7 million in operating, leasing and marketing costs associated with our development projects, primarily leasing and marketing expenses at our Santana Row project, as well as increased costs reflecting the increased operating activity at the Pentagon Row and Woodmont East projects; and

- an increase of $2.3 million, or 4.3%, on a same center basis due primarily to general cost increases along with increased property management costs in 2001; partially offset by

- a decrease of $900,000 in operating costs related to properties acquired and sold during the two periods.

Rental expense as a percentage of rental income and other property income, which we refer to as property income, increased slightly from 20.9% in 2000 to 21.7% in 2001 due primarily to the increased leasing and marketing expenses at Santana Row.

Real Estate Taxes. The increase in real estate taxes of $2.1 million, or 8.2%, for the year ended December 31, 2001, as compared to the year ended December 31, 2000, is attributable primarily to increased tax assessments on recently redeveloped properties partially offset by taxes on properties sold in 2001 and 2000. On a same center basis, real estate taxes increased 9.4%, reflecting the increases on redeveloped properties.

Property Operating Income. As a result of the changes and variances explained above, property operating income, total income less rental expenses and real estate taxes, increased $11.7 million, or 6.1%, to $204.0 million for the year ended December 31, 2001 as compared to $192.3 million for the year ended December 31, 2000.

Interest Expense. In 2001, we incurred interest expense of $87.1 million, of which $17.8 million was capitalized, as compared to 2000's $79.7 million, of which $13.3 million was capitalized. The increase in interest expense of $2.9 million, or 4.4%, for the year ended December 31, 2001, as compared to the year ended December 31, 2000, is attributable to:

- increased mortgage interest, primarily due to the $152 million of mortgages placed on five properties in the fourth quarter of 2000; partially offset by

- a decrease in the weighted-average interest rate on our debt from 7.9% in 2000 to 7.6% in 2001, primarily as a result of the decrease in interest rates on our variable rate debt; and

- increased capitalized interest at the Santana Row project which was under construction during 2001.

Administrative Expense. The increase in administrative expense of $1.0 million, or 7.2%, for the year ended December 31, 2001, as compared to the year ended December 31, 2000, is attributable to increased personnel costs, legal and accounting fees. However, administrative expenses as a percentage of revenue decreased slightly in 2001 to 4.8% from 4.9% in 2000.

Depreciation and Amortization Expense. The increase in depreciation and amortization expense of $6.6 million, or 12.6%, for the year ended December 31, 2001, as compared to the year ended December 31, 2000, reflects the impact of recent new development, tenant improvements and property redevelopments which were placed in service during the year, specifically the Pentagon Row and Woodmont East developments.

OTHER

Investors' Share of Operations. The decrease in investors' share of operations of $1.3 million, or 21.0%, for the year ended December 31, 2001, as compared to the year ended December 31, 2000, is attributable to our buy-out of the minority partners' in nine street retail buildings in southern California, thereby increasing our ownership in these buildings to 100%.

Gain on Sale of Real Estate Net of Loss on Abandoned Developments Held for Sale. The increase in gain on sale of real estate, net of loss on abandoned developments held for sale, of $5.5 million for the year ended December 31, 2001, as compared to the year ended December 31, 2000, is attributable to an increase in net gains recognized in 2001 from:

- the sale of one shopping center in the second quarter of 2001 for a gain of $7.9 million; and

- the sale of one street retail property in the fourth quarter of 2001 for a gain of $1.8 million; partially offset by

- the exchange of our 90% interest in a street retail building to the minority partner in exchange for the minority partner's 10% interest in three other street retail buildings in the fourth quarter of 2001 resulting in a loss of approximately $500,000; as compared to

- the sale of one shopping center in the second quarter of 2000 for a gain of $3.7 million

Income from Operations of Discontinued Assets. Beginning in 2002, SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," requires that gains and losses from dispositions of properties and all operating earnings from these properties be reported as income from operations of discontinued assets. This also requires that all past earnings applicable to a property disposed of subsequent to January 1, 2002 be reported as income from operations of discontinued assets. As a result, previously reported income will be updated each time a property is sold. This requirement is for presentation only and has no impact on net income. As described above, in 2002, we sold six properties for a combined gain of $19.1 million. The earnings generated from these properties have been reported as income from operations of discontinued assets in accordance with SFAS No. 144. Income from operations of discontinued assets for the years ended December 31, 2001 and 2000 was $3.5 million and $3.3 million, respectively.

SEGMENT RESULTS

We operate our business on an asset management model, where small focused teams are responsible for a portfolio of assets. We have divided our portfolio of properties into three operating regions: the Northeast, Mid-Atlantic and West. Each region is operated under the direction of an asset manager, with dedicated leasing, property management and financial staff and operates largely autonomously with respect to day to day operating decisions. Incentive compensation, throughout the regional teams, is tied to the net operating income of the respective portfolios.

Historical operating results for the three regions are as follows (in thousands):

	FOR THE YEARS ENDED DECEMBER 31,		
	2002	2001	2000
Rental Income			
Northeast	$ 123,093	$ 117,353	$ 110,256
Mid-Atlantic	139,596	124,765	114,371
West	35,396	32,449	31,007
Total	$ 298,085	$ 274,567	$ 255,634
Property Operating Income (1)			
Northeast	$ 92,399	$ 87,831	$ 81,633
Mid-Atlantic	103,429	92,086	84,346
West	18,269	21,982	24,212
Total	$ 214,097	$ 201,899	$ 190,191

(1) Property operating income consists of rental income, other property income and interest income on mortgage notes receivable, less rental expense and real estate taxes.

NORTHEAST

As of December 31, 2002, 48 of our properties were located in the Northeast region. The Northeast region extends from suburban Philadelphia north through New York and its suburbs into New England and west to Illinois and Michigan.

Rental Income. The increase in rental income of $5.7 million, or 4.9%, for the year ended December 31, 2002 as compared to the year ended December 31, 2001, is attributable to:

- an increase of $6.8 million, or 5.9%, on a same center basis due primarily to the increased rental rates at redeveloped, expanded and retenanted centers, such as Bala Cynwyd, Brunswick, Dedham, Fresh Meadows, Rutgers and Wynnewood, as well as increased rental rates associated with lease rollovers; partially offset by

- a decrease of $1.1 million due to the disposition of 101 E. Oak Street and 70/10 Austin Street in 2001.

Same center basis for the year ended December 31, 2002 excludes 101 E. Oak Street and 70/10 Austin Street which were sold in 2001. Same center rental income, excluding the contribution from property redevelopments and expansions, for the year ended December 31, 2002 increased 5.7% from 2001.

When comparing 2001 with 2000, rental income, on an overall and same center basis, increased $7.1 million, or 6.4%, primarily due to increases at recently redeveloped and retenanted shopping center and street retail properties such as Greenlawn, Blue Star, Brunswick, Ellisburg, Fresh Meadows and Austin Street.

Property Operating Income. Property operating income consists of rental income, other property income and interest income on mortgage notes receivable, less rental expense and real estate taxes. The increase in property operating income of $4.6 million, or 5.2%, for the year ended December 31, 2002 as compared to the year ended December 31, 2001, is attributable to:

- an increase of $5.7 million in rental revenue as described above; offset by

- a decrease of $600,000 in interest income on mortgage notes receivable as a result of a payoff of a $10 million mortgage note in July 2002; and

- an increase of $500,000 in real estate taxes primarily as a result of increased taxes on recently redeveloped and retenanted properties.

Same center property operating income in the year ended December 31, 2002 increased 7.2% from 2001. Same center property operating income, excluding the contribution from property redevelopments and expansions, for the year ended December 31, 2002 increased 7.1% from 2001.

Property operating income increased $6.2 million, or 7.6%, for the year ended December 31, 2001 as compared to December 31, 2000. This increase is attributable to:

- an increase of $7.1 million in rental revenue as described above;

- an increase in other property income of $1.4 million due primarily to increased lease termination fees of $1.0 million; partially offset by

- an increase of $1.5 million in real estate taxes primarily as a result of increased taxes on redeveloped and retenanted properties;

- an increase in rental expenses of $300,000; and

- decreased interest income on mortgage notes receivable of $500,000 as a result of mortgage notes of approximately $10 million being paid off in late 2000 and early 2001.

MID-ATLANTIC

As of December 31, 2002, 32 of our properties, including Pentagon Row, were located in the Mid-Atlantic region. The Mid-Atlantic region extends from Baltimore south to metropolitan Washington, D.C. and further south through Virginia and North Carolina into Florida.

Rental Income. The increase in rental income of $14.8 million, or 11.9%, for the year ended December 31, 2002 as compared to the year ended December 31, 2001, is attributable to:

- an increase of $9.4 million from Friendship Center which was purchased in 2001 and from Pentagon Row which was phased into service throughout 2001 and 2002;

- a net increase of $6.1 million, or 5.0%, on a same center basis due primarily to the increased rental rates attributable to retenanting at several shopping centers and street retail properties, as well as the increased rental income from the Trust's Woodmont East project in Bethesda, Maryland which was open and occupied for a full year in 2002. These increases were partially offset by higher vacancy levels at three of the region's shopping centers; offset by

- a decrease of $700,000 from the Williamsburg Shopping Center which was sold in 2001.

Same center basis for the year ended December 31, 2002 excludes Williamsburg Shopping Center which was sold in 2001, Friendship Center which was purchased in 2001 and Pentagon Row which was being phased into service throughout 2001 and 2002. There were no significant contributions from redevelopments or expansions in this region during 2001 and 2002.

When comparing 2001 with 2000, rental income increased $10.4 million, or 9.1%, reflecting the contribution from the recently completed Woodmont East project, the rental income generated from the first three buildings at the Pentagon Row project, as well as Friendship Center which was acquired on September 21, 2001. On a same center basis, which excludes Woodmont East, Pentagon Row, Friendship Center and Williamsburg shopping center which was sold on April 27, 2001, rental income increased $4.8 million, or 4.3%, due to successful retenanting at several of the regions properties.

Property Operating Income. The increase in property operating income of $11.3 million, or 12.3%, for the year ended December 31, 2002 as compared to the year ended December 31, 2001, is attributable to:

- an increase of $14.8 million in rental revenue as described above; and

- an increase of $1.8 million in other income primarily from Pentagon Row and Friendship Center, as both of these properties were owned and operated for a full year in 2002; partially offset by

- an increase of $3.5 million in rental expense, primarily due to the Pentagon Row and Friendship Center properties as well as increased insurance costs; and

- an increase of $1.8 million in real estate taxes, of which approximately $800,000 was attributable to Pentagon Row and Friendship Center with the remaining increase primarily as a result of increased taxes on recently redeveloped properties and overall increases in tax assessments.

Same center property operating income in the year ended December 31, 2002 increased 4.8% from 2001.

Property operating income increased $7.7 million, or 9.2%, for the year ended December 31, 2001 when compared to the year ended December 31, 2000. This increase is attributable to:

- an increase of $10.4 million in rental revenue as described above;

- an increase in other property income of $1.8 million due primarily to increased lease termination fees and other miscellaneous income; partially offset by

- an increase of $3.7 million in rental expenses primarily at Pentagon Row and Woodmont East; and

- an increase in real estate taxes of $800,000, approximately $400,000 of which was related to Pentagon Row, Woodmont East and Friendship Center with the remainder attributable to increases in tax assessments throughout the portfolio.

WEST

As of December 31, 2002, 34 of our properties, including Santana Row, were located in the West region. The West region extends from Texas to the West Coast.

Rental. The increase in rental income of $2.9 million, or 9.1%, for the year ended December 31, 2002 as compared to the year ended December 31, 2001, is attributable to:

- an increase of $2.5 million, or 7.9%, on a same center basis due primarily to the increased rental rates at redeveloped and retenanted properties in the Los Angeles area, San Francisco and Los Gatos, California, as well as the increased rental income associated with lease rollovers;

- an increase of approximately $800,000 of rental income generated at Santana Row; offset by

- a decrease of approximately $400,000 due to the exchange of 580 Market Street in 2002.

Same center basis for the year ended December 31, 2002 excludes 580 Market Street which was exchanged for the minority partner's interest in Santana Row and Santana Row, which was under development in 2001 and 2002. Same center rental income, excluding the contribution from property redevelopments and expansions, for the year ended December 31, 2002 increased 5.1% from 2001.

When comparing 2001 with 2000, rental income increased $1.4 million, or 4.7%, reflecting the recently redeveloped and retenanted properties in Los Angeles and San Francisco, California, offset by the impact of the sale of Peninsula Shopping Center on June 30, 2000. On a same center basis, which excludes properties acquired and sold in 2001 and 2000 and Santana Row, which is under development, rental income increased $4.1 million, or 15.4%, due to the successful redevelopment and retenanting mentioned above.

Property Operating Income. The decrease in property operating income of $3.7 million, or 16.9%, for the year ended December 31, 2002 as compared to the year ended December 31, 2001, is attributable to:

- an increase of $7.4 million in rental expense primarily as a result of leasing, marketing and other start-up costs associated with our Santana Row project;

- an increase of $500,000 in real estate taxes primarily as a result of increased taxes on recently redeveloped properties and real estate tax expense on Santana Row reflecting the period the project was operating in 2002; and

- a decrease of $100,000 in other property income primarily as a result of lower parking income which offset the increase associated with Santana Row; partially offset by

- an increase of $2.9 million in rental income as described above; and

- an increase of $1.4 million in interest income on mortgage notes receivable primarily as a result of additional loans funded during 2002 and higher participating interest on loans outstanding.

Same center property operating income in the year ended December 31, 2002 increased 5.4% from 2001. Same center property operating income, excluding the contribution from property redevelopments and expansions, for the year ended December 31, 2002 increased 4.0% from 2001.

Property operating income decreased $2.2 million, or 9.2%, for the year ended December 31, 2001 when compared to the year ended December 31, 2000. This decrease is attributable to:

- an increase of $3.1 million in rental expenses, consisting primarily of the marketing and leasing costs associated with the Santana Row development;

- a decrease in interest and other income of $400,000 reflecting the payoff of a note in 2001 and higher participation interest in 2000;

- a decrease in other property income of $300,000 due primarily to the reduction in earnings when the old Town & Country Shopping Center was demolished to make way for the new Santana Row project; offset by

- an increase of $1.4 million in rental income as described above; and

- a net decrease in real estate taxes of $200,000 attributable to the June 30, 2000 sale of Peninsula Shopping Center, which offsets increased assessments on redeveloped properties and overall increases in tax assessments.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $23.1 million and $17.5 million at December 31, 2002 and December 31, 2001, respectively. This $5.6 million increase is attributable to $119.1 million and $62.2 million provided by operating and financing activities, respectively, partially offset by $175.7 million used in investing activities.

(in thousands)	FOR THE YEAR ENDED DECEMBER 31, 2002
Cash Provided by Operating Activities	$ 119,069
Cash Provided by Financing Activities	62,235
Cash Used in Investing Activities	(175,744)
Increase in Cash and Cash Equivalents	5,560
Cash and Cash Equivalents, Beginning of Period	17,563
Cash and Cash Equivalents, End of Period	$ 23,123

Operating Activities

The cash provided by operating activities for the year ended December 31, 2002 of $119.1 million is attributable to:

- $99.5 million from property operations; and

- $19.6 million from the non-cash portion of our restructuring expense.

Financing Activities

The cash provided by financing activities for the year ended December 31, 2002 of $62.2 million is attributable to:

- $148.7 million of proceeds, net of costs, from the November 2002 note issuance;

- $130.6 million of proceeds under the Santana Row and Woodmont East construction loans;

- $56.6 million of proceeds, net of costs, received from the issuance of 2,200,000 common shares in an underwritten public offering in June 2002;

- $27.0 million of net proceeds under our credit facility; and

- $20.1 million of net proceeds received from the issuance of common shares under our dividend reinvestment plan and exercise of common stock options.

The cash provided by financing activities was partially offset by:

- $191.3 million payoff and retirement of the Santana Row construction loan;

- $96.5 million of distributions to shareholders;

- the repayment and retirement of our 8% Senior Notes of $25 million;

- the repayment and retirement of a $3.4 million note;

- the repayment of $289,000 of our 5.25% Convertible Subordinated Debentures;

- $900,000 of principal payments on mortgages, capital leases and notes payable; and

- a $3.4 million decrease in minority interest.

Investing Activities

The cash used in investing activities for the year ended December 31, 2002 of $175.7 million is attributable to:

- $200.3 million for the development of Santana Row and Pentagon Row; and

- $43.6 million of capital expenditures relating to improvements to common areas, tenant work and various redevelopments including the Congressional Apartments in Rockville, Maryland, the redevelopment of retail buildings in San Antonio, Texas and the completion of tenant work at our Woodmont East development in Bethesda, Maryland.

The cash used in investing activities was partially offset by:

- $62.5 million of net proceeds from the disposition of the six properties sold in the second quarter of 2002 and the 1 street retail property sold in the fourth quarter of 2001; and

- the repayment, net of additional loans to existing borrowers, of mortgage notes receivable of $5.7 million.

Debt Financing Arrangements

As of December 31, 2002, we had total debt outstanding of $1.1 billion. Of this debt, approximately $289 million (consisting of $238 million of fixed rate and $51 million of variable rate debt) was secured by approximately 12 of our properties.

The following is a summary of our total debt outstanding as of December 31, 2002 and 2001 (dollars in thousands):

DESCRIPTION OF DEBT	ORIGINAL DEBT ISSUED OR AVAILABLE	PRINCIPAL BALANCE AS OF DECEMBER 31, 2002	PRINCIPAL BALANCE AS OF DECEMBER 31, 2001	INTEREST RATE AS OF DECEMBER 31, 2002	MATURITY DATE
MORTGAGE AND CONSTRUCTION LOANS					
Secured Fixed Rate					
Leesburg Plaza (1)	$ 9,900	$ 9,900	$ 9,900	6.510%	October 1, 2008
164 E. Houston Street (2)	345	268	304	7.500%	October 6, 2008
Federal Plaza (3)	36,500	35,936	36,304	6.750%	June 1, 2011
Tysons Station (4)	7,000	6,864	6,967	7.400%	September 1, 2011
Barracks Road (5)	44,300	44,300	44,300	7.950%	November 1, 2015
Hauppauge (6)	16,700	16,700	16,700	7.950%	November 1, 2015
Lawrence Park (7)	31,400	31,400	31,400	7.950%	November 1, 2015
Wildwood (8)	27,600	27,600	27,600	7.950%	November 1, 2015
Wynnewood (9)	32,000	32,000	32,000	7.950%	November 1, 2015
Brick Plaza (10)	33,000	33,000	33,000	7.415%	November 1, 2015
Secured Variable Rate					
Woodmont East Construction (11)	24,500	24,449	23,164	Libor + 1.20%	August 29, 2003
Friendship Center (11)	17,000	17,000	17,000	Libor + 1.35%	September 22, 2003
Santana Row Construction (12)	295,000	-	62,004	Libor + 2.125%	April 16, 2004
Unsecured Variable Rate					
Escondido (Municipal Bonds) (13)	9,400	9,400	9,400	3.140%	November 1, 2015
Total Mortgage and Construction Loans		$ 288,817	$ 350,043		
NOTES PAYABLE					
Unsecured Fixed Rate					
Term note with banks (14)	$ 125,000	$ 125,000	$ 125,000	6.22%	December 19,2003
Perring Plaza Renovation (15)	3,087	2,266	2,389	10.00%	January 31, 2013
Other	295	45	54	Various	Various
Unsecured Variable Rate					
Land purchase note (16)	3,400	-	3,400	Libor + 1.25%	June 30, 2002
Revolving credit facilities (17)	300,000	71,000	44,000	Libor + .80%	December 19, 2003
Total Notes Payable		$ 198,311	$ 174,843		
SENIOR NOTES AND DEBENTURES					
Unsecured Fixed Rate					
8.00% Notes (18)	$ 25,000	-	$ 25,000	8.000%	April 21,2002
5.25% Convertible Subordinated Debentures (19)	289	-	289	5.250%	April 30, 2002
5.25% Convertible Subordinated Debentures (20)	75,000	$ 75,000	75,000	5.250%	October 28, 2003
6.74% Medium Term Notes (21) (22)	39,500	39,500	39,500	6.370%	March 10, 2004
6.625% Notes (21)	40,000	40,000	40,000	6.625%	December 1, 2005
6.99% Medium Term Notes (21) (23)	40,500	40,500	40,500	6.894%	March 10, 2006
6.125% Notes (21) (24)	150,000	150,000	-	6.325%	November 15, 2007
8.75% Notes (21)	175,000	175,000	175,000	8.750%	December 1, 2009
7.48% Debentures (21)(25)	50,000	50,000	50,000	7.480%	August 15, 2026
6.82% Medium Term Notes (21)(26)	40,000	40,000	40,000	6.820%	August 1, 2027
Total Senior Notes and Debentures		$ 610,000	$ 485,289		
Total Debt Outstanding		$ 1 ,097,128	$ 1,010,175		

(1) The loan requires monthly payments of principal and interest with a final balloon payment at maturity of approximately $9.5 million.

(2) The loan requires monthly payments of principal and interest.

(3) The loan requires monthly payments of principal and interest with a final balloon payment at maturity of approximately $31.7 million.

(4) The loan requires monthly payments of principal and interest with a final balloon payment at maturity of approximately $5.6 million.

(5) The loan requires monthly payments of principal and interest with a final balloon payment at maturity of approximately $35.0 million.

(6) The loan requires monthly payments of principal and interest with a final balloon payment at maturity of approximately $13.2 million.

(7) The loan requires monthly payments of principal and interest with a final balloon payment at maturity of approximately $24.8 million.

(8) The loan requires monthly payments of principal and interest with a final balloon payment at maturity of approximately $21.8 million.

(9) The loan requires monthly payments of principal and interest with a final balloon payment at maturity of approximately $25.3 million.

(10) The loan requires monthly payments of principal and interest with a final balloon payment at maturity of approximately $25.7 million.

(11) The loans require monthly interest only payments through maturity. The loans were paid off on February 11, 2003 through borrowings under the revolving credit facility.

(12) The loan was repaid on November 19, 2002.

(13) The loan requires monthly interest only payments through maturity. This loan bears interest at a variable rate determined weekly to be the interest rate which would enable the bonds to be remarketed at 100% of their principal amount. The weighted average interest rate for the year ended December 31, 2002 was 3.14%. The property is not encumbered by a lien.

(14) The loan requires monthly interest only payments through maturity. This loan bears interest at LIBOR plus 95 basis points. We purchased interest rate swaps or hedges on this note, thereby locking in the LIBOR rate at 5.27%. As a result, the interest rate on this loan is currently fixed at 6.22%.

(15) The loan requires monthly payments of principal and interest.

(16) The loan was repaid on June 18, 2002.

(17) Amounts borrowed under the facility bear interest at LIBOR plus 80 basis points. The maximum amount drawn under the facility during 2002 was $100 million. The weighted average interest rate on borrowings under the facility for the year ended December 31, 2002 was 2.59%.

(18) The notes were paid off on April 22, 2002.

(19) The debentures were paid off on April 29, 2002.

(20) The debentures require semi-annual interest payments with principal due at maturity. The debentures are convertible into our common shares at $36 per share. The debentures are redeemable by us, in whole, at any time, at 100% of the principal amount plus accrued interest.

(21) The notes require semi-annual payments of interest only during their terms.

(22) We purchased interest rate swaps at issuance, thereby reducing the effective interest rate from 6.74% to 6.37%.

(23) We purchased interest rate swaps at issuance, thereby reducing the effective interest rate from 6.99% to 6.894%.

(24) The Trust purchased an interest rate lock to hedge the planned note offering. A hedge loss of $1.5 million associated with this hedge is being amortized into the November 2002 note offering thereby increasing the effective interest rate on these notes to 6.325%.

(25) Beginning on August 15, 2008, the debentures are redeemable by the holders thereof at the original purchase price.

(26) Beginning on August 1, 2007, the notes are redeemable by the holders thereof at the original purchase price.

Our credit facility and other debt agreements include financial covenants that may limit our operating activities in the future. These covenants require us to:

- limit the amount of debt as a percentage of gross asset value to less than .6 to 1 (we maintained a ratio of .41 to 1 as of December 31, 2002);

- limit the amount of secured debt as a percentage of gross asset value to less than .35 to 1 (we maintained a ratio of .13 to 1 as of December 31, 2002);

- limit the amount of debt so that our interest coverage will exceed 1.75 to 1 on a rolling four quarter basis (we maintained a ratio of 2.45 to 1 as of December 31, 2002);

- limit the amount of secured debt so that unencumbered asset value to unsecured debt will equal or exceed 1.67 to 1 (we maintained a ratio of 1.81 to 1 as of December 31, 2002); and

- limit the total cost of development projects under construction to 30% or less of gross asset value (the budgeted total cost of our projects under construction represented 15.4% of gross asset value as of December 31, 2002).

We are also obligated to comply with other covenants, including, among others, provisions:

- relating to the maintenance of property securing a mortgage;

- restricting our ability to pledge assets or create liens;

- restricting our ability to incur additional debt;

- restricting our ability to amend or modify existing leases;

- restricting our ability to enter into transactions with affiliates; and

- restricting our ability to consolidate, merge or sell all or substantially all of our assets.

As of December 31, 2002, we were in compliance with all of the listed financial covenants. If we were to breach any of our debt covenants, including the listed covenants, and did not cure the breach within any applicable cure period, our lenders could require us to repay the debt immediately, and, if the debt is secured, could immediately begin proceedings to take possession of the property securing the loan. Many of our debt arrangements, including our public notes and our credit facility are cross-defaulted which means that the lenders under those debt arrangements can put us in default and require immediate repayment of their debt if we breach and fail to cure a covenant under certain of our other debt obligations. As a result, any default under our debt covenants could have an adverse effect on our financial condition, our results of operations, our ability to meet our obligations and the market value of our shares.

Below are the aggregate principal payments required as of December 31, 2002 under our debt financing arrangements by year. Scheduled principal installments and amounts due at maturity are included.

(in thousands)	SECURED	UNSECURED	TOTAL
2003	$ 42,149	$ 271,137	$ 313,286
2004	2,659	39,652	42,311
2005	2,896	40,168	43,064
2006	3,227	40,685	43,912
2007	3,482	150,204	153,686
2008 and thereafter	234,404	266,465	500,869
	$ 288,817	$ 808,311	$1,097,128

Our organizational documents do not limit the level or amount of debt that we may incur. Also see "Liquidity Requirements" in this section regarding management's plans with respect to debt maturing in 2003.

Interest Rate Hedging

We enter into derivative contracts, which qualify as cash flow hedges under SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities", in order to manage interest rate risk. Derivatives are not purchased for speculation.

During 2001, to hedge our exposure to interest rates on our $125 million term loan, we entered into interest rate swaps, which fixed the LIBOR interest rate on the term loan at 5.27%. The current interest rate on the term loan is LIBOR plus 95 basis points, thus fixing the interest rate at 6.22% on notional amounts totaling $125 million. We are exposed to credit loss in the event of non-performance by the counterparties to the interest rate protection agreement should interest rates exceed the cap. However, management does not anticipate non-performance by the counterparties. The counterparties have long-term debt ratings of A- or above by Standard and Poor's Ratings Service ("S&P") and Aa2 or above by Moody's Investors Service ("Moody's"). Although our cap is not exchange traded, there are a number of financial institutions which enter into these types of transactions as part of their day-to-day activities. The interest rate swaps mature concurrently with the $125 million term loan on December 19, 2003. The swaps were documented as cash flow hedges and designated as effective at inception of the swap contract. Consequently, the unrealized gain or loss upon measuring the swaps at their fair value is recorded as a component of other comprehensive income within shareholders' equity and either a derivative instrument asset or liability is recorded on the balance sheet. At December 31, 2002, a cumulative unrealized loss of $4.6 million, representing the difference between the current market value and the 6.22% fixed interest rate on the swap, was recorded in other comprehensive income with a corresponding derivative liability on the balance sheet. Interest expense of approximately $4.6 million will be reclassified from other comprehensive income into current earnings during 2003 to bring the effective interest rate up to 6.22%.

In anticipation of a $150 million Senior Unsecured Note offering, on August 1, 2002, we entered into a treasury rate lock that fixed the benchmark five year treasury rate at 3.472% through August 19, 2002. The rate lock was documented as a cash flow hedge of a forecasted transaction and designated as effective at the inception of the contract. On August 16, 2002, we priced the Senior Unsecured Notes with a scheduled closing date of August 21, 2002 and closed out the associated rate lock. Five year treasury rates declined between the pricing period and the settlement of the hedge purchase; therefore, to settle the rate lock, we paid $1.5 million. As a result of the August 19, 2002 fire at Santana Row, we elected not to proceed with the note offering at that time. However, we consummated a $150 Senior Unsecured Note offering on November 15, 2002, and thus, the hedge loss will be amortized into interest expense over the life of these Notes.

Liquidity Requirements

As of December 31, 2002, we had unfunded contractual payment obligations of approximately $403 million due within the next twelve months. The table below specifies our total contractual payment obligations as of December 31, 2002.

(in thousands)

CONTRACTUAL OBLIGATIONS(1)(2)(3)(4)	TOTAL COST	LESS THAN 1 YEAR	1 - 3 YEARS	4 - 5 YEARS	AFTER 5 YEARS
Notes and loans payable	$ 1,097,128	$ 313,286	$ 85,375	$ 197,598	$ 500,869
Capital lease obligations, principal only	104,395	254	591	722	102,828
Operating leases	265,944	3,910	7,849	7,999	246,186
Development and redevelopment obligations......	78,403	78,403	-	-	-
Joint venture obligations.......	2,991	2,991	-	-	-
Contractual operating obligations	5,104	4,381	723	-	-
Total contractual cash obligations	$ 1,553,965	$ 403,225	$ 94,538	$ 206,319	$ 849,883

(1) Under the terms of the Congressional Plaza partnership agreement, from and after January 1, 1986 Rockville Plaza Company ("RPC"), an unaffiliated third party, has the right to require us and the two other minority partners to purchase from half to all of RPC's 37.5% interest in Congressional Plaza at the interest's then-current fair market value. Based on management's current estimate of fair market value, our estimated liability upon exercise of the put option is approximately $27.5 million. Since the timing of this transaction is unknown, the put option is excluded from our capital requirements.

In conjunction with a redevelopment currently taking place at the property, we have agreed to acquire an additional 7.5% interest in Congressional Plaza from RPC, thereby lowering their ownership percentage to 30%, in exchange for funding approximately $7 million of RPC's share of the redevelopment cost. The funding will take place through the first quarter of 2003 and the transaction will be completed in 2003. After the completion of this transaction, our estimated liability upon the exercise of the put option will be approximately $22 million.

(2) Under the terms of four partnerships which own street retail properties in southern California with a cost of approximately $61 million, if certain leasing and revenue levels are obtained for the properties owned by the partnerships, the other partners may require us to purchase their partnership interests at a formula price based upon net operating income. The purchase price may be paid in cash or, for two of the partnerships, a limited number of our common shares at the election of the other partners. Because we may elect to issue common shares in settlement of part of our obligations, we have excluded these amounts from our capital requirements. In certain of these partnerships, if the other partners do not redeem their interest, we may choose to purchase the limited partnership interests upon the same terms.

(3) Under the terms of various other partnerships which own shopping center properties with a cost of approximately $71 million, the partners may exchange their 796,773 operating units for cash or the same number of our common shares, at our option. Because we may elect to issue common shares in settlement of our obligation we have excluded these amounts from our capital requirements. During the second quarter of 2002 we issued 100,000 of our common shares valued at $2.8 million in exchange for 100,000 operating units and cash of $205,000 in exchange for an additional 7,816 operating units. On February 14, 2003 we paid $333,000 to redeem an additional 12,000 operating units.

(4) Street Retail San Antonio LP, a wholly-owned subsidiary of the Trust, entered into a Development Agreement (the "Agreement") on March 13, 2000 with the City of San Antonio, Texas (the "City") related to the redevelopment of land and buildings that we own along Houston Street in the City. Houston Street and the surrounding area have been designated by the City as a Reinvestment Zone (the "Zone"). The City has agreed to facilitate redevelopment of the Zone by undertaking and financing certain public improvements based on our agreement to redevelop our properties in the Zone. Under the terms of the Agreement, the City issued debt to fund specific public improvements within the Zone. The initial and primary source of funding to the City for repayment of the debt and debt service is the incremental tax revenue that accretes to the City as the taxable value of the redeveloped properties within the Zone increase. We are required to issue an annual letter of credit, commencing on October 1, 2002 through September 30, 2014, that covers our designated portion of the debt service should the incremental tax revenue generated not cover the debt service. We posted a letter of credit with the City on September 25, 2002 for $795,000. Our obligation under this agreement cannot be determined at this time because it is dependent on the annual assessed value of the properties in the Zone and the related tax revenue generated. We were not required to provide any funding in 2002 or for the semi-annual payment due March 15, 2003. Based on the current assessed value of the properties in the Zone, we expect to provide some funding under the Agreement prior to its expiration on September 30, 2014, but anticipate that our obligation will not exceed $600,000 in any year and will be between $2 million

and $3 million in total. If the Zone creates sufficient tax increment funding to repay the City's debt prior to the expiration of the Agreement, we will be eligible to receive reimbursement of amounts paid for debt service shortfalls together with interest thereon.

As of December 31, 2002, our current contractual payment obligations due within one year total approximately $403 million. Included in this amount is $196 million that represents our revolving credit facility and term loan which mature on December 19, 2003, which we plan to renew.

In addition to our contractual obligations we have other short-term liquidity requirements consisting primarily of normal recurring operating expenses, regular debt service requirements (including debt service relating to additional and replacement debt), recurring corporate expenditures, non-recurring corporate expenditures (such as tenant improvements and redevelopments) and dividends to common and preferred shareholders. Overall capital requirements in 2003 will depend upon acquisition opportunities, the level of improvements and redevelopments on existing properties and the timing and cost of future phases of Santana Row. We expect to fund the remaining capital requirements of $207 million, as well as our development and redevelopment costs, acquisitions and normal recurring operating costs through a combination of cash provided by operating activities, borrowings under our credit facility and other funding sources which may consist of additional debt, both secured and unsecured, additional equity, joint venture relationships and property dispositions.

We expect to fund our long-term capital requirements, which consist primarily of maturities under our long-term debt, development and redevelopment costs and potential acquisition opportunities through a combination of funding sources which we believe will be available to us including debt, both secured and unsecured, additional equity, joint venture relationships and property dispositions.

The following factors could affect our ability to meet our liquidity requirements:

- we may be unable to obtain debt or equity financing on favorable terms, or at all, as a result of our financial condition or market conditions at the time we seek additional financing;

- restrictions on our debt instruments or outstanding equity may prohibit us from incurring debt or issuing equity at all, or on terms available under then-prevailing market conditions; and

- we may be unable to service additional or replacement debt due to increases in interest rates or a decline in our operating performance.

Dividend Reinvestment and Share Purchase Plan

We have implemented a Dividend Reinvestment and Share Purchase Plan, which was subsequently amended in March 2002 (the "DRIP"). Under the DRIP, current shareholders are permitted to elect to reinvest all, a portion or none of their cash dividends to purchase common shares. The DRIP also allows both new investors and existing shareholders to make optional cash payments to purchase common shares.

The DRIP permits current shareholders and new investors to invest a minimum of $25 up to a maximum of $10,000 in common shares per month. Shares purchased under the DRIP through reinvestment of dividends and optional cash payments are purchased at market price.

Common shares may be purchased directly from the Company or in open market purchases, as we determine from time to time, to fulfill the requirements for the DRIP. We issued 134,247 and 159,234 common shares under the DRIP and received approximately $3.5 million and $3.3 million in proceeds for the years ended December 31, 2002 and 2001, respectively.

Stock Purchase Plan

In 1991, the Board of Trustees of the Company approved a Stock Purchase Plan (the "ESPP") under Section 423 of the Code. The ESPP is regarded as a noncompensatory plan under APB No. 25, because it meets the qualifications under IRC 423. Under the terms of the ESPP, eligible employees may purchase common shares of the Company at a price that is equal to 90% of the lower of the common shares' fair market value at the beginning or the end of a quarterly period. The fair market value of a common share is equal to the last sale price of the common shares on the New York Stock Exchange. Eligible employees may purchase the common shares through payroll deductions of up to 10% of eligible compensation. The ESPP is not subject to the provisions of ERISA. The ESPP terminated on January 31, 2001.

Under the terms of the ESPP, eligible employees had purchased 446,000 common shares at $15.125 per share with the assistance of loans of $6.7 million from us. Originally, ESPP called for one sixteenth of the loan to be forgiven each year for eight years, as long as the participant was still employed by us. The loans for all participants, but two, were modified in 1994 to extend the term an additional four years and to tie forgiveness in 1995 and thereafter to certain criteria related to our performance. One sixteenth of the loan has been forgiven during each year of the plan. At December 31, 2002, we had outstanding purchase loans to participants of approximately $830,000. The purchase 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 associated with the plan are satisfied and the term has expired, without the consent of the Compensation Committee of the Board of Trustees. On January 24, 2003, a $750,000 loan was repaid.

REIT Qualification

We intend to maintain our qualification as a REIT under Section 856(c) of the Code. As a REIT, we generally will not be subject to corporate federal income taxes as long as we satisfy certain technical requirements of the Code, including the requirement to distribute 90% of our REIT taxable income to our shareholders.

FUNDS FROM OPERATIONS

We have historically reported our FFO in addition to our net income and net cash provided by operating activities. FFO is a supplemental non-GAAP financial measure of real estate companies' operating performance. NAREIT defines FFO as follows: income available for common shareholders before depreciation and amortization of real estate assets and before extraordinary items less gains on sale of real estate. NAREIT developed FFO as a relative measure of performance and liquidity of an equity REIT in order to recognize that the value of income-producing real estate historically has not depreciated on the basis determined under GAAP. However, FFO:

- does not represent cash flows from operating activities in accordance with GAAP (which, unlike FFO, generally reflects all cash effects of transactions and other events in the determination of net income);

- should not be considered an alternative to net income as an indication of our performance; and

- is not necessarily indicative of cash flow as a measure of liquidity or ability to pay dividends.

We consider FFO a meaningful, additional measure of operating performance because it primarily excludes the assumption that the value of the real estate assets diminishes predictably over time, and because industry analysts have accepted it as a performance measure. Comparison of our presentation of FFO to similarly titled measures for other REITs may not necessarily be meaningful due to possible differences in the application of the NAREIT definition used by such REITs.

An increase or decrease in FFO does not necessarily result in an increase or decrease in aggregate distributions because our Board of Trustees is not required to increase distributions on a quarterly basis unless necessary for us to maintain REIT status. However, we must distribute 90% of our REIT taxable income (as defined in the Code). Therefore, a significant increase in FFO will generally require an increase in distributions to shareholders although not necessarily on a proportionate basis.

The reconciliation of net income available for common shareholders to funds from operations for the years ended December 31, 2002 and 2001 is as follows:

(in thousands)

	FOR THE YEARS ENDED DECEMBER 31, 2002	2001
Net income available for common shareholders - basic	$ 35,862	$ 59,722
(Gain) on sale of real estate net of loss on abandoned developments held for sale	(9,454)	(9,185)
Depreciation and amortization of real estate assets	58,605	54,350
Amortization of initial direct costs of leases	4,750	4,161
Income attributable to operating partnership units	740	1,384
Funds from operations for common shareholders	$ 90,503	$ 110,432
Weighted average number of common shares used to compute basic FFO per share	41,624	39,164
Weighted average number of common shares used to compute diluted FFO per share	42,882	40,266

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our use of financial instruments, such as debt instruments, subject us to market risk which may affect our future earnings and cash flows as well as the fair value of our assets. Market risk generally refers to the risk of loss from changes in interest rates and market prices. We manage our market risk by attempting to match anticipated inflow of cash from our operating, investing and financing activities with anticipated outflow of cash to fund debt payments, dividends to common and preferred shareholders, investments, capital expenditures and other cash requirements. We also enter into derivative financial instruments such as interest rate swaps to mitigate our interest rate risk on a related financial instrument or to effectively lock the interest rate on a portion of our variable rate debt.

The following discussion of market risk is based solely on hypothetical changes in interest rates related to our variable rate debt. This discussion does not purport to take into account all of the factors that may affect the financial instruments discussed in this section.

INTEREST RATE RISK

Our interest rate risk is most sensitive to fluctuations in interest rates on our variable rate debt. At December 31, 2002, we had $121.8 million of variable rate debt. Based upon this balance of variable operating debt, if interest rates increased 1%, our earnings and cash flows would decrease by approximately $1.2 million. If interest rates decreased 1%, our earnings and cash flows would increase by approximately $1.2 million. We believe that the change in the fair value of our financial instruments resulting from a foreseeable fluctuation in interest rates would be immaterial to our total assets and total liabilities.

INTEREST RATE HEDGING

We use derivative financial instruments to convert a portion of our variable rate debt to fixed rate debt and to manage our fixed to variable rate debt ratio. A description of these derivative financial instruments is contained in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Interest Rate Hedging." and is incorporated by reference into this Item 7A.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

NOTICE REGARDING ARTHUR ANDERSEN LLP

Section 11(a) of the Securities Act of 1933, as amended, provides that if any part of a registration statement at the time it becomes effective contains an untrue statement of a material fact or an omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, any person acquiring a security pursuant to the registration statement (unless it is proved that at the time of the acquisition the person knew of the untruth or omission) may sue, among others, every accountant who has consented to be named as having prepared or certified any part of the registration statement or as having prepared or certified any report or valuation which is used in connection with the registration statement with respect to the statement in the registration statement, report or valuation which purports to have been prepared or certified by the accountant.

Prior to the date of the filing of this Form 10-K, the Arthur Andersen LLP partners who reviewed our audited financial statements contained herein resigned from Arthur Andersen LLP and Arthur Andersen LLP was convicted for obstruction of justice and elected to cease practicing before the SEC in August 2002. As a result, after reasonable efforts, we have been unable to obtain Arthur Andersen LLP's written consent to the incorporation by reference into our previously filed Registration Statements File No. 333-100819, 333-84210, 333-97945, 333-63619, File No. 33-63687, File No. 33-63955, File No. 33-15264 and File No. 33-55111 and in their related prospectuses (the "Prior Registration Statements") of its audit report with respect to our financial statements for the fiscal years ended December 31, 2001 and 2000.

Under these circumstances, Rule 437a under the Securities Act permits us to file this Form 10-K without a written consent from Arthur Andersen LLP. Accordingly, Arthur Andersen LLP will not be liable to persons acquiring our securities registered pursuant to the Prior Registration Statements under Section 11(a) of the Securities Act because it has not consented to being named as an expert in the Prior Registration Statements.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT CERTIFIED ACCOUNTANTS

Trustees and Shareholders of Federal Realty Investment Trust:

We have audited the accompanying consolidated balance sheet of Federal Realty Investment Trust (a Maryland real estate investment trust) and subsidiaries as of December 31, 2002 and the related consolidated statements of operations, common shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of Federal Realty Investment Trust and subsidiaries as of December 31, 2001 and for the two years then ended were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial statements in their report dated February 12, 2002.

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

In our opinion, the 2002 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Federal Realty Investment Trust and subsidiaries as of December 31, 2002 and the consolidated results of its operations and its consolidated cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We have also audited Schedules III and IV for the year ended December 31, 2002. In our opinion, these schedules present fairly, when considered in relation to the basic financial statements taken as a whole, in all material respects, the information therein.

As discussed above, the consolidated financial statements of Federal Realty Investment Trust and subsidiaries as of December 31, 2001 and for the two years then ended were audited by other auditors, who have ceased operations. As described in Note 1, these financial statements have been restated. We audited the adjustments described in Note 1 that were applied to restate the 2000 and 2001 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. However, we were not engaged to audit, review or apply any procedures to the 2000 and 2001 financial statements of the Company other than with respect to such adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2000 and 2001 financial statements taken as a whole.

/s/ GRANT THORNTON LLP

Washington, D.C.
February 6, 2003

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Trustees and Shareholders of Federal Realty Investment Trust:

We have audited the accompanying consolidated balance sheets of Federal Realty Investment Trust (a Maryland real estate investment trust) and subsidiaries as of December 31, 2001 and 2000 and the related consolidated statements of operations, common shareholders' equity and cash flows for each of the years in the three year period ended December 31, 2001. 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 auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Federal Realty Investment Trust and subsidiaries as of December 31, 2001 and 2000 and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The financial statement schedules included on pages F-29 through F-34 of the Form 10-K are presented for purposes of complying with the Securities and Exchange Commission's rules and are not a required part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

/s/ ARTHUR ANDERSEN LLP

Vienna, Virginia
February 12, 2002

Note: As permitted by Rule 2-02(e) of Regulation S-X promulgated under the Securities Act, this is a copy of the audit report previously issued by Arthur Andersen LLP in connection with the filing of our Form 10-K for the fiscal year ended December 31, 2001. After reasonable efforts, we have been unable to have Arthur Andersen LLP reissue this audit report in connection with the filing of this Form 10-K. See "Item 8. Financial Statements and Supplemental Data - Notice Regarding Arthur Andersen LLP" for a further discussion. The consolidated balance sheet as of December 31, 2000, and the related consolidated statements of operations, changes in shareholders' equity and other comprehensive income, and cash flows for the fiscal years ended December 31, 1999 referred to in this report have not been included in the accompanying financial statements or schedule. In addition, Arthur Andersen's audit report relates to the financial statements of the trust for 2000 and 2001 before restatement adjustments to reflect discontinued operations. The restatement adjustments for these years have been audited by Grant Thornton LLP.

Federal Realty Investment Trust

CONSOLIDATED BALANCE SHEETS

	December 31, 2002	December 31, 2001
	(in thousands, except share data)	
ASSETS		
Real estate, at cost		
Operating	$ 1,864,244	$ 1,741,385
Development	442,582	321,986
Discontinued operations	-	40,933
	2,306,826	2,104,304
Less accumulated depreciation and amortization	(450,697)	(395,767)
	1,856,129	1,708,537
Other Assets		
Cash	23,123	17,563
Mortgage notes receivable	35,577	35,607
Accounts and notes receivable	18,722	15,483
Prepaid expenses and other assets, principally property taxes and lease commissions	57,257	44,733
Tax deferred exchange escrows	-	6,006
Debt issue costs, net of accumulated amortization of $6,344 and $4,840, respectively	8,570	6,952
	$ 1,999,378	$ 1,834,881
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Obligations under capital leases	$ 104,395	$ 100,293
Mortgages and construction loans payable	288,817	350,043
Notes payable	198,311	174,843
Accounts payable and accrued expenses	79,517	64,014
Dividends payable	24,356	21,664
Security deposits	6,685	6,026
Prepaid rents	13,644	10,400
Senior notes and debentures	535,000	410,000
5 1/4% Convertible subordinated debentures	75,000	75,289
Investors' interest in consolidated assets	29,366	33,018
Commitments and contingencies		
Shareholders' equity		
Preferred stock, authorized 15,000,000 shares, $.01 par		
7.95% Series A Cumulative Redeemable Preferred Shares, (stated at liquidation preference $25 per share), 4,000,000 shares issued in 1997	100,000	100,000
8.5% Series B Cumulative Redeemable Preferred Shares, (stated at liquidation preference $25 per share), 5,400,000 shares issued in 2001	135,000	135,000
Common shares of beneficial interest, $.01 par, 100,000,000 shares authorized, 44,996,382 and 41,524,165 issued, respectively	450	417
Additional paid in capital	818,290	730,835
Accumulated dividends in excess of Trust net income	(368,839)	(322,428)
	684,901	643,824
Less:1,461,147 and 1,452,926 common shares in treasury - at cost, respectively	(28,193)	(27,990)
Deferred compensation on restricted shares	(2,657)	(15,005)
Notes receivable from employee stock plans	(5,151)	(7,245)
Accumulated other comprehensive income (loss)	(4,613)	(4,293)
	644,287	589,291
	$ 1,999,378	$ 1,834,881

The accompanying notes are an integral part of these consolidated statements.

Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)	Year ended December 31, 2002	2001	2000
Revenue			
Rental income	$ 298,085	$ 274,567	$ 255,634
Interest and other income	5,156	6,590	7,532
Other property income	15,593	13,953	11,023
	318,834	295,110	274,189
Expenses			
Rental	73,591	62,715	55,631
Real estate taxes	31,186	28,348	26,211
Total property operating expenses	104,777	91,063	81,842
Property operating income	214,057	204,047	192,347
Interest	65,054	69,313	66,418
Administrative	13,790	14,281	13,318
Restructuring expenses	22,269	-	-
Depreciation and amortization	64,251	59,171	52,559
Total other expenses	165,364	142,765	132,295
Income before investors' share of operations and discontinued operations	48,693	61,282	60,052
Investors' share of operations	(4,112)	(5,170)	(6,544)
Income before gain on sale of real estate net of loss on abandoned developments held for sale and discontinued operations	44,581	56,112	53,508
Income from discontinued operations	1,252	3,459	3,334
Income before gain on sale of real estate net of loss on abandoned developments held for sale	45,833	59,571	56,842
Gain on sale of real estate net of loss on abandoned developments held for sale	9,454	9,185	3,681
Net income	55,287	68,756	60,523
Dividends on preferred stock	(19,425)	(9,034)	(7,950)
Net income available for common shareholders	$ 35,862	$ 59,722	$ 52,573
Earnings per common share, basic			
Income before gain on sale of real estate net of loss on abandoned developments held for sale and discontinued operations	$ 0.60	$ 1.20	$ 1.17
Discontinued operations	0.03	0.09	0.09
Gain on sale of real estate net of loss on abandoned developments held for sale	0.23	0.23	0.10
	$ 0.86	$ 1.52	$ 1.36
Weighted average number of common shares, basic	41,624	39,164	38,796
Earnings per common share, diluted			
Income before gain on sale of real estate net of loss on abandoned developments held for sale and discontinued operations	$ 0.60	$ 1.20	$ 1.18
Discontinued operations	0.03	0.09	0.08
Gain on sale of real estate net of loss on abandoned developments held for sale	0.22	0.23	0.09
	$ 0.85	$ 1.52	$ 1.35
Weighted average number of common shares, diluted	42,882	40,266	39,910

The accompanying notes are an integral part of these consolidated statements.

Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY

	Year ended December 31,				
	2002			2001	
(In thousands, except share data)	Shares	Amount	Additional Paid-in Capital	Shares	Amount
Common Shares of Beneficial Interest					
Balance, beginning of year	41,524,165	$ 417	$ 730,835	40,910,972	$ 410
Exercise of stock options	951,971	9	20,857	22,066	-
Shares issued to purchase partnership interest	2,907	-	77	335,236	3
Shares issued under dividend reinvestment plan	134,247	1	3,488	159,234	2
Performance and Restricted Shares granted, net of Restricted Shares retired	98,092	-	2,468	96,657	2
Net proceeds from sale of shares	2,185,000	22	56,631	-	-
Shares issued to purchase operating partnership units	100,000	1	2,769	-	-
Cost of 8.5% Series B Cumulative Preferred Shares				-	-
Accelerated vesting of options and restricted shares	-	-	1,165	-	-
Balance, end of year	44,996,382	$ 450	$ 818,290	41,524,165	$ 417
Accumulated Dividends in Excess of Trust Net Income					
Balance, beginning of year		$ (322,428)			$ (306,287)
Net income		55,287			68,756
Dividends declared to common shareholders		(82,273)			(75,863)
Dividends declared to preferred shareholders		(19,425)			(9,034)
Balance, end of year		$ (368,839)			$ (322,428)
Common Shares of Beneficial Interest in Treasury					
Balance, beginning of year	(1,452,926)	$ (27,990)		(1,441,594)	$ (27,753)
Performance and Restricted Shares forfeited	(8,221)	(203)		(11,322)	(237)
Purchase of treasury shares	-	-		-	-
Balance, end of year	(1,461,147)	$ (28,193)		(1,452,916)	$ (27,990)
Deferred Compensation on Restricted Shares					
Balance, beginning of year	(666,656)	$ (15,005)		(735,875)	$ (17,254)
Performance and Restricted Shares issued, net of forfeitures	(73,821)	(1,763)		(61,369)	(830)
Vesting of Performance and Restricted Shares	586,484	14,111		130,588	3,079
Balance, end of year	(153,993)	$ (2,657)		(666,656)	$ (15,005)
Subscriptions receivable from employee stock plans					
Balance, beginning of year	(218,555)	$ (7,245)		(242,638)	$ (6,734)
Subscription and tax loans issued	(93,469)	(2,986)		(3,333)	(973)
Subscription and tax loans paid or forgiven	127,961	5,080		27,416	462
Balance, end of year	(184,063)	$ (5,151)		(218,555)	$ (7,245)
Accumulated other comprehensive income (loss)					
Balance, beginning of year		$ (4,293)			-
Change due to recognizing gain (loss) on securities		(44)			$ 49
Change in valuation on interest rate swap		(276)			(4,342)
Balance, end of year		$ (4,613)			$ (4,293)
Comprehensive income					
Net income		$ 55,287			$ 68,756
Change due to recognizing gain (loss) on securities		(44)			49

Change in valuation on interest rate swap	(276)	(4,342)
Total comprehensive income	$ 54,967	$ 64,463

	Year ended December 31, 2001	2000		
(In thousands, except share data)	Additional Paid-in Capital	Shares	Amount	Additional Paid-in Capital
Common Shares of Beneficial Interest				
Balance, beginning of year	$ 723,078	40,418,766	$ 404	$ 713,354
Exercise of stock options	459	67,684	1	1,398
Shares issued to purchase partnership interest	6,919	-	-	-
Shares issued under dividend reinvestment plan	3,277	153,713	2	3,136
Performance and Restricted Shares granted, net of Restricted Shares retired	1,877	270,809	3	5,190
Net proceeds from sale of shares	-	-	-	-
Shares issued to purchase operating partnership units	-	-	-	-
Cost of 8.5% Series B Cumulative Preferred Shares	(4,775)	-	-	-
Accelerated vesting of options and restricted shares	-	-	-	-
Balance, end of year	$ 730,835	40,910,972	$ 410	$ 723,078
Accumulated Dividends in Excess of Trust Net Income				
Balance, beginning of year			$ (286,348)	
Net income			60,523	
Dividends declared to common shareholders			(72,512)	
Dividends declared to preferred shareholders			(7,950)	
Balance, end of year			$ (306,287)	
Common Shares of Beneficial Interest in Treasury				
Balance, beginning of year		(217,644)	$ (4,334)	
Performance and Restricted Shares forfeited		(38,550)	(787)	
Purchase of treasury shares		(1,185,400)	(22,632)	
Balance, end of year		(1,441,594)	$ (27,753)	
Deferred Compensation on Restricted Shares				
Balance, beginning of year		(599,427)	$ (15,219)	
Performance and Restricted Shares issued, net of forfeitures		(218,771)	(4,151)	
Vesting of Performance and Restricted Shares		82,323	2,116	
Balance, end of year		(735,875)	$ (17,254)	
Subscriptions receivable from employee stock plans				
Balance, beginning of year		(317,606)	$ (7,314)	
Subscription and tax loans issued		(5,500)	(1,025)	
Subscription and tax loans paid or forgiven		80,468	1,605	
Balance, end of year		(242,638)	$ (6,734)	
Accumulated other comprehensive income (loss)				
Balance, beginning of year			-	
Change due to recognizing gain (loss) on securities			-	
Change in valuation on interest rate swap			-	
Balance, end of year			$ 0	
Comprehensive income				
Net income			-	
Change due to recognizing gain (loss) on securities			-	
Change in valuation on interest rate swap			-	
Total comprehensive income			$ 0	

The accompanying notes are an integral part of these consolidated statements.

Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Year ended December 31, 2002	2001	2000
OPERATING ACTIVITIES			
Net income	$ 55,287	$ 68,756	$ 60,523
Items not requiring cash outlays			
Depreciation and amortization, including discontinued operations	64,529	59,914	53,259
Gain on sale of real estate	(19,101)	(9,185)	(3,681)
Loss on abandoned developments held for sale	9,647	-	-
Non-cash portion of restructuring expense	19,586	-	-
Other, net	4,792	1,041	1,634
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	(3,239)	(4,641)	1,233
Increase in prepaid expenses and other assets before depreciation and amortization	(19,762)	(18,305)	(6,834)
Increase in operating accounts payable, security deposits and prepaid rent	2,996	4,132	3,342
Increase (decrease) in accrued expenses	4,334	7,736	(2,420)
Net cash provided by operating activities	119,069	109,448	107,056
INVESTING ACTIVITIES			
Acquisition of real estate	-	(61,415)	(23,554)
Capital expenditures - development	(200,357)	(158,048)	(81,023)
Capital expenditures - other	(43,579)	(41,013)	(64,815)
Proceeds from sale of real estate	62,544	25,063	47,157
Repayment of mortgage notes receivable, net	5,648	3,275	494
Net cash used in investing activities	(175,744)	(232,138)	(121,741)
FINANCING ACTIVITIES			
Borrowing (repayment) of short-term debt, net	27,000	(34,000)	47,400
(Repayment) proceeds from mortgage and construction financing, net of costs	(60,718)	145,427	166,383
Note issuance (repayment), net of costs	148,746	-	(100,000)
Issuance of Series B Preferred shares, net of costs	-	130,225	-
Issuance of common shares, net of subscriptions receivable	76,701	398	2,518
Common shares repurchased	-	-	(22,632)
Payments on mortgages, capital leases and notes payable	(29,627)	(31,550)	(2,169)
Dividends paid	(96,461)	(80,593)	(77,499)
(Decrease) increase in minority interest, net	(3,406)	(1,011)	303
Net cash provided by financing activities	62,235	128,896	14,304
Increase (decrease) in cash	5,560	6,206	(381)
Cash at beginning of year	17,563	11,357	11,738
Cash at end of year	$ 23,123	$ 17,563	$ 11,357

The accompanying notes are an integral part of these consolidated statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Federal Realty Investment Trust (the "Trust") is a full-service equity real estate investment trust specializing in the ownership, management, development and redevelopment of high quality community and neighborhood shopping centers and main street mixed-use properties located in densely developed urban and suburban areas in strategic metropolitan markets across the United States.

We operate in a manner intended to enable us to qualify as a real estate investment trust for federal income tax purposes. A trust which distributes at least 90% 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. Therefore, Federal income taxes have been and are generally expected to be immaterial. We are obligated for state taxes, generally consisting of franchise or gross receipts taxes in certain states. Such state taxes have not been material.

Our consolidated financial statements include the accounts of the Trust, its wholly owned corporate subsidiaries, several corporations where we have a majority ownership, and numerous partnerships, all of which we control. The equity interests of other investors are reflected as investors' interest in consolidated assets. All significant intercompany transactions and balances are eliminated in consolidation. We account for our interest in joint ventures which we do not control or manage using the equity method of accounting.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, which we refer to as GAAP, requires management to make estimates and assumptions that in certain circumstances affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and revenues and expenses. These estimates are prepared using management's best judgment, after considering past and current events and economic conditions. Actual results could differ from these estimates.

Revenue Recognition and Accounts Receivable. Leases with tenants are classified as operating leases. Minimum rents are recognized on a straight-line basis over the terms of the related leases net of valuation adjustments based on management's assessment of credit, collection and other business risk. Percentage rents, which represent additional rents based on gross tenant sales, are recognized at the end of the lease year or other period in which tenant sales' thresholds have been reached and the percentage rents are due. Real estate tax and other cost reimbursements are recognized on an accrual basis over the periods in which the expenditures occurred. We make estimates of the collectibility of our accounts receivable related to base rents, including straight line rentals, expense reimbursements and other revenue or income. In some cases the ultimate collectibility of these claims extends beyond one year.

Real Estate. Land, buildings and real estate under development are recorded at cost. Depreciation is computed using the straight-line method. Estimated useful lives range from three to 50 years on apartment buildings and improvements, and from three to 50 years on retail properties and improvements. Maintenance and repair costs are charged to operations as incurred. Tenant work and other major improvements are capitalized and depreciated over the life of the lease or their estimated useful life, respectively. In accordance with Statement of Financial Accounting Standard ("SFAS") No. 66, "Accounting for Sales of Real Estate", sales are recognized at closing only when sufficient down payments have been obtained, possession and other attributes of ownership have been transferred to the buyer and we have no significant continuing involvement. The gain or loss resulting from the sale of properties is included in net income at the time of sale. Upon termination of a lease, undepreciated tenant improvement costs are charged to operations if the assets are replaced and the asset and the corresponding accumulated depreciation are retired.

We evaluate the carrying value of our long-lived assets in accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". In cases where particular assets are being held for sale, impairment is based on whether the fair value (estimated sales price less costs of disposal) of each individual property to be sold is less than the net book value. Otherwise, impairment is based on whether it is probable that undiscounted future cash flows from each property will be less than its net book value. If a property is impaired, its basis is adjusted to its estimated fair market value.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (effective for us on January 1, 2002). SFAS No. 144 requires that one accounting model be used for long-lived assets to be disposed of by sale, whether previously held and used or newly-acquired, and broadens the presentation of discontinued operations to include components of an entity comprising operations and cash flows that can be distinguished, operationally and for financial reporting purposes from the rest of the entity.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which addresses accounting and processing for costs associated with exit or disposal activities. SFAS No. 146 requires the recognition of a liability for a cost associated with an exit or disposal activity when the liability is incurred verses the date the Company commits to an exit plan. In addition, SFAS No. 146 states that the liability should be initially measured at fair value. The requirements of SFAS No. 146 are effective for exit or disposal activities that are initiated after December 31, 2002. This pronouncement is not expected to have a material impact on our financial position or results of operations.

When applicable as lessee, we classify our leases of land and buildings as operating or capital leases in accordance with the provisions of SFAS No. 13, "Accounting for Leases".

Certain external and internal costs directly related to the development, redevelopment and leasing of real estate including applicable salaries and their related direct costs are capitalized. The capitalized costs associated with developments, redevelopments and leasing are depreciated or amortized over the life of the improvement or lease, whichever is shorter. Unamortized leasing costs are charged to operations if the applicable tenant vacates before the expiration of their lease.

Interest costs on developments and major redevelopments are capitalized as part of the development and redevelopment until it is placed in service. Capitalization of interest commences when development activities and expenditures begin and end upon completion, i.e. when the asset is ready for its intended use. Generally rental property is considered substantially complete and ready for its intended use upon completion of tenant improvements, but no later than one year from the completion of major construction activity.

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

Cash and Cash Equivalents. We define cash as cash on hand, demand deposits with financial institutions and short term liquid investments with an initial maturity under three months. Cash balances in individual banks may exceed insurable amounts from time to time.

Risk Management. We enter into derivative contracts, which qualify as cash flow hedges under SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities", in order to manage interest rate risk. Derivatives are not purchased for speculation. During 2001, to hedge our exposure to interest rates on our $125 million term loan, we entered into interest rate swaps, which fixed the LIBOR interest rate on the term loan at 5.27%. The current interest rate on the term loan is LIBOR plus 95 basis points, thus fixing the interest rate at 6.22% on notional amounts totaling $125 million. We are exposed to credit loss in the event of non-performance by the counterparties to the interest rate protection agreement should interest rates exceed the cap. However, management does not anticipate non-performance by the counterparties. The counterparties have long-term debt ratings of A- or above by Standard & Poor's Ratings Service ("S&P") and Aa2 or above by Moody's Investor Service ("Moody's"). Although our cap is not exchange-traded, there are a number of financial institutions which enter into these types of transactions as part of their day-to-day activities. The interest rate swaps mature concurrently with the $125 million term loan on December 19, 2003. The swaps were documented as cash flow hedges and designated as effective at inception of the swap contract. Consequently, the unrealized gain or loss upon measuring the swaps at their fair market value is recorded as a component of other comprehensive income within shareholders' equity and either a derivative instrument asset or liability is recorded on the balance sheet. At December 31, 2002, a cumulative unrealized loss of $4.6 million, representing the difference between the current market value and the 6.22% fixed interest rate on the swap, was recorded in other comprehensive income with a corresponding derivative liability on the balance sheet. Interest expense of approximately $4.6 million will be reclassified from other comprehensive income into current earnings during 2003 to bring the effective interest rate up to 6.22%. There were no open derivative contracts at December 31, 1999.

In anticipation of a $150 million Senior Unsecured Note offering, on August 1, 2002, we entered into a treasury rate lock that fixed the benchmark five year treasury rate at 3.472% through August 19, 2002. The rate lock was documented as a cash flow hedge of a forecasted transaction and designated as effective at the inception of the contract. On August 16, 2002, we priced the Senior Unsecured Notes with a scheduled closing date of August 21, 2002 and closed out the associated rate lock. Five year treasury rates declined between the pricing period and the settlement of the hedge purchase; therefore, to settle the rate lock, we paid $1.5 million. As a result of the August 19, 2002 fire at Santana Row, we elected not to proceed with the note offering at that time. However, we consummated a $150 Senior Unsecured Note offering on November 15, 2002, and thus, the hedge loss will be amortized into interest expense over the life of the Notes.

Acquisition, Development and Construction Loan Arrangements. We have made certain mortgage loans that, because of their nature, qualify as loan receivables. At the time the loans were made we did not intend for the arrangement to be anything other than a financing and did not contemplate a real estate investment. Using guidance set forth in the Third Notice to

Practitioners issued by the AICPA in February 1986 entitled "ADC Arrangements" ("the Third Notice"), we evaluate each investment to determine whether the loan arrangement qualifies under the Third Notice as a loan, joint venture or real estate investment and the appropriate accounting thereon; such determination affects our balance sheet classification of these investments and the recognition of interest income derived therefrom. Generally, we receive additional interest on these loans, however we never receive in excess of 50% of the residual profit in the project (as defined in the Third Notice) and because the borrower has either a substantial investment in the project or has guaranteed all or a portion of our loan (or a combination thereof) the loans qualify for loan accounting. The amounts under ADC arrangements at December 31, 2002 and 2001 were $35.6 million and interest income recognized thereon was $4.3 million and $3.9 million, respectively.

Comprehensive Income. Our interest rate swaps were documented as cash flow hedges and designated as effective at inception of the swap contract, therefore, the unrealized gain or loss upon measuring the swaps at their fair market value is recorded as a component of other comprehensive income within shareholders' equity. In accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities", investments purchased in connection with our nonqualified deferred compensation plan are classified as available for sale securities and reported at fair value. Unrealized gains or losses on these investments purchased to match our obligation to the participants is also recorded as a component of other comprehensive income. At December 31, 2002 these investments consisted of mutual funds and are stated at market value.

Earnings Per Share. We calculate basic and diluted earnings per share in accordance with SFAS No. 128, "Earnings Per Share". Basic EPS excludes dilution and is computed by dividing net income available for common shareholders by the weighted number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares and then shared in the our earnings.

The following table sets forth the reconciliation between basic and diluted EPS (in thousands, except per share data):

	2002	2001	2000
Numerator			
Net income available for common shareholders - basic	$ 35,862	$ 59,722	$ 52,573
Income attributable to operating partnership units	740	1,384	1,311
Net income available for common shareholders - diluted	$ 36,602	$ 61,106	$ 53,884
Denominator			
Denominator for basic EPS- weighted average shares	41,624	39,164	38,796
Effect of dilutive securities, stock options and awards	417	197	155
Operating partnership units	841	905	959
Weighted average shares - diluted	42,882	40,266	39,910
Earnings per common share - basic	$ .86	$ 1.52	$ 1.36
Earnings per common share - diluted	$ .85	$ 1.52	$ 1.35

Stock-Based Compensation. In December 2002 the FASB issued SFAS No. 148, "Accounting for Stock Based Compensation-Transition and Disclosure" an amendment of FASB Statement No. 123, "Accounting for Stock-Based Compensation". SFAS No. 148 amends the disclosure provisions to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based compensation. Stock options are accounted for using the intrinsic method in accordance with APB No. 25, "Accounting for Stock Issued to Employees, as interpreted, whereby if options are priced at fair market value or above at the date of grant, no compensation expense is recognized. The pro forma information is as follows (in thousands except for earnings per share):

	2002	2001	2000
Net income as reported	$ 55,287	$ 68,756	$ 60,523
Stock-based employee compensation cost included in net income as reported	-	-	-
Stock-based employee compensation cost under the fair value method of SFAS No. 123	$ 432	$ 680	$ 1,078
Pro forma net income	$ 54,855	$ 68,076	$ 59,445
Earnings per common share, basic	$ 0.86	$ 1.52	$ 1.36
Earnings per common share, diluted	$ 0.85	$ 1.52	$ 1.35
Pro forma earnings per share, basic	$ 0.85	$ 1.51	$ 1.33
Pro forma earnings per share, diluted	$ 0.84	$ 1.50	$ 1.32

Reclassifications. Certain components of rental income, other property income, rental expense, real estate tax expense and depreciation and amortization on the December 31, 2001 and 2000 Consolidated Statements of Operations have been reclassified to Income from operations of discontinued assets to assure comparability of all periods presented. In addition, certain balance sheet accounts have been reclassified to assure comparability of all periods presented.

Guarantor's Accounting. In November 2002, the FASB issued FASB Interpretation No. 45 ("FIN 45"), Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Guarantees of Indebtedness of Others. FIN 45 addresses the disclosure requirements of a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. FIN 45 also requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The disclosure requirements of FIN 45 are effective for the Company effective December 31, 2002. The liability recognition requirements will be applicable prospectively to all guarantees issued or modified after December 31, 2002. This pronouncement is not expected to have a material impact on our financial position or results of operations.

Variable Interest Entities. On January 31, 2003, the FASB issued FASB Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN 46"). FIN 46 clarifies existing accounting for whether interest entities should be consolidated in financial statements based upon the investees ability to finance its activities without additional financial support and whether investors possess characteristics of a controlling financial interest. FIN 46 applies to years or interim periods beginning after June 15, 2003 with certain disclosure provisions required for financial statements issued after January 31, 2003. We are currently evaluating the applicability of FIN 46 to our investments in certain restaurant joint ventures established in 2001 and 2002 at Santana Row and have complied with the disclosure provisions of FIN 46 in these financial statements.

Investment in Restaurant Ventures at Santana Row. In lieu of tenant allowances, we have a member interest in six restaurant joint ventures which we account for using the equity method of accounting based on current authoritative generally accepted accounting principles. Our member interests currently range from 20% to 88% and in each venture an unrelated third party member controls and manages the day-to-day operations of each restaurant. We are currently evaluating the applicability of the recently issued FIN 46 on our accounting for these ventures. It is possible that some of these ventures in which we are members may require consolidation in our financial statements, beginning in the third quarter of fiscal 2003. All of the joint venture agreements in which we currently have an interest greater than 50% provide for a reduction in our membership interest upon the distribution, by the joint venture, of our initial capital contributions. These distributions are based on the cash flow of each venture.

As of December 31, 2002, we have invested approximately $5.0 million in these ventures, principally to fund buildout costs of each restaurant. Of this amount, $3.7 million has been capitalized as an investment in these ventures and $1.3 million was expensed in 2002 to reflect our estimate of the permanent impairment of our investment in two of these ventures due principally to declining economic conditions. We are currently committed to invest a total of $8.0 million in these ventures and as such, our maximum exposure to further losses as a result of involvement in these ventures is $6.7 million at December 31, 2002.

Because the restaurants have either opened in late 2002 or have not yet opened, operating activity of these ventures and our share of profits and losses earned or incurred through December 31, 2002 is not material.

NOTE 2: REAL ESTATE AND ENCUMBRANCES

A summary of our properties at December 31, 2002 and 2001 is as follows (in thousands):

	Cost	Accumulated depreciation and amortization	Encumbrances
2002			
Retail properties	$ 2,123,890	$ 378,148	$ 288,817
Retail properties under capital leases	176,253	66,538	104,395
Apartments	6,683	6,011	-
	$ 2,306,826	$ 450,697	$ 393,212
2001			
Retail properties	$ 1,928,554	$ 329,911	$ 350,043
Retail properties under capital leases	169,072	59,967	100,293
Apartments	6,678	5,889	-
	$ 2,104,304	$ 395,767	$ 450,336

During 2002 we expended cash of $243.9 million to improve, redevelop and develop our existing real estate. No properties were acquired during 2002. Of the $243.9 million spent in 2002 on our existing real estate portfolio, approximately $200.3 million was invested in our Santana Row, located in San Jose, California, and Pentagon Row, located in Arlington, Virginia, development projects. The remaining $43.6 million of capital expenditures relates to improvements to common areas, tenant work and various redevelopments, including the Congressional Apartments in Rockville, Maryland, the redevelopment of retail buildings in San Antonio, Texas and the completion of tenant work at the Woodmont East development in Bethesda, Maryland.

On April 11, 2002, we sold the street retail property located at 252 Greenwich Avenue in Greenwich, Connecticut for $16.5 million, resulting in a gain of $7.0 million.

On April 30, 2002, we sold three street retail properties, two in Westport, Connecticut and one in Westfield, New Jersey, for $19.2 million, resulting in a gain of $6.9 million.

On June 6, 2002, we sold the Uptown Shopping Center located in Portland, Oregon for $20.8 million, resulting in a gain of $4.5 million.

The proceeds from the sales of the four street retail properties and the Uptown Shopping Center were used to pay down our syndicated credit facility except $16.0 million which was used to pay down the Santana Row construction loan. As of December 31, 2002 all of the proceeds previously held by the qualified intermediary have been released to us.

On June 18, 2002, a partnership, in which one of our subsidiaries is the general partner, sold the street retail property located at 6410 Hollywood Boulevard in Hollywood, California for $2.3 million, resulting in a gain of $700,000.

On June 20, 2002, the proceeds of $6 million previously held by a qualified intermediary from the 2001 sale of the street retail property located at 101 East Oak Street in Chicago, Illinois were released to us.

These property sales constitute discontinued operations and as such, the accompanying financial statements have been restated to reclassify the operations of these properties as discontinued operations. A summary of the financial information for the discontinued operations is as follows:

	2002	2001	2000
Revenue	$ 2,134	$ 5,392	$ 5,092
Income from operations of discontinued operations	1,252	3,459	3,334

On February 1, 2002, we received the minority partner's interest in Santana Row in exchange for a $2.6 million investment in a partnership. We made a $5.9 million loan to the partnership on January 12, 2001, that is due February 28, 2003. The loan was not repaid on the due date. We are currently exploring all available options we may have as a result of the borrowers failure to pay at maturity.

Our 113 retail properties at December 31, 2002 are located in 14 states and the District of Columbia. There are approximately 2,100 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 more than 2.5% of revenue.

Mortgage notes receivable of $35.6 million are due over various terms from February 2003 to May 2021 and have an average weighted interest rate of 10.2%. Under the terms of certain of these mortgages, we will receive additional interest based upon the gross income of the secured properties and, upon sale of the properties, we will share in the appreciation of the properties.

Mortgages and construction loans payable and capital lease obligations are due in installments over various terms extending to 2016 and 2060, respectively, with interest rates ranging from 3.14% to 11.25%. Certain of the capital lease obligations require additional interest payments based upon property performance.

On April 17, 2001 we closed on a $295 million construction loan for Santana Row in San Jose, California. The loan, which initially bore interest at LIBOR plus 212.5 basis points, was scheduled to mature on April 16, 2004 with two one-year extension options, subject to obtaining certain operating targets. The construction loan required fees and had various covenants including the maintenance of a minimum shareholders' equity and a maximum ratio of debt to gross asset value. The initial funding of the construction loan took place on August 23, 2001 when the equity and pre-leasing requirements were met. On November 19, 2002 we used the proceeds from our $150 million public note offering, as well as $20 million of available insurance proceeds relating to the Santana Row fire and approximately $7.1 million in borrowings under our credit facility, to pay in full and retire the Santana Row construction loan.

At December 31, 2002 there was $24.4 million borrowed under the construction loan for our Woodmont East development in Bethesda, Maryland. The loan had a floating interest rate of LIBOR plus 120 basis points. On February 11, 2003 the $24.4 million Woodmont East construction loan and the $17.0 million Friendship Center mortgage were paid off through borrowings under our revolving credit facility.

Scheduled principal payments on mortgage and construction loan indebtedness as of December 31, 2002 are as follows (in thousands):

Year ending December 31,	
2003	$ 42,149
2004	2,659
2005	2,896
2006	3,227
2007	3,481
Thereafter	234,405
	$ 288,817

Future minimum lease payments and their present value for property under capital leases as of December 31, 2002, are as follows (in thousands):

Year ending December 31,	
2003	$ 9,345
2004	9,301
2005	9,252
2006	9,199
2007	9,159
Thereafter	398,402
	444,658
Less amount representing interest	(340,263)
Present value	$ 104,395

Leasing Arrangements

Our leases with retail property and apartment tenants are classified as operating leases. Leases on apartments are generally for a period of one year of less. Retail property leases generally range from three to 10 years (certain leases with anchor tenants may be longer), and usually provide for contingent rentals based on sales and sharing of certain operating costs.

The components of rental income are as follows (in thousands):

	Year ended December 31, 2002	2001	2000
Retail and mixed-use properties			
Minimum rents	$ 236,451	$ 219,071	$ 204,346
Cost reimbursements	52,669	46,619	42,292
Percentage rent	5,637	5,892	6,206
Apartments - rents	3,328	2,985	2,790
	$ 298,085	$ 274,567	$ 255,634

The components of rental expense are as follows (in thousands):

	Year ended December 31, 2002	2001	2000
Repairs and maintenance	$ 18,804	$ 17,177	$ 16,404
Management fees and costs	12,342	11,764	9,684
Utilities	9,011	8,061	8,018
Payroll - properties	5,947	4,558	4,364
Ground rent	4,801	3,698	3,190
Insurance	4,226	3,104	2,853
Other operating	18,460	14,353	11,118
	$ 73,591	$ 62,715	$ 55,631

Minimum future retail property rentals on noncancelable operating leases, before any reserve for uncollectible amounts, on operating properties as of December 31, 2002 are as follows (in thousands):

Year ending December 31,	
2003	$ 246,447
2004	231,629
2005	210,896
2006	187,169
2007	160,751
Thereafter	928,069
	$ 1,964,961

NOTE 3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following disclosure of estimated fair value was determined by us, using available market information and appropriate valuation methods. Considerable judgment is necessary to develop estimates of fair value. The estimates presented herein are not necessarily indicative of the amounts that could be realized upon disposition of the financial instruments.

We estimate the fair value of our financial instruments using the following methods and assumptions: (1) quoted market prices, when available, are used to estimate the fair value of investments in marketable debt and equity securities; (2) quoted market prices are used to estimate the fair value of our marketable convertible subordinated debentures; (3) discounted cash flow analyses are used to estimate the fair value of mortgage notes receivable and payable, using our estimate of current interest rates for similar notes, in 2002 the carrying amount on the balance sheet was used to approximate fair value for mortgage notes receivable since these notes are for specific deals, some contain participation provisions based on the property performance and also are convertible into ownership of the properties; (4) carrying amounts on the balance sheet approximate fair value for cash, accounts payable, accrued expenses 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.

	December 31, 2002		December 31, 2001	
(in thousands)	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash & equivalents	$ 23,123	$ 23,123	$ 17,563	$ 17,563
Investments	5,929	5,929	2,739	2,739
Mortgage notes receivable	35,577	35,577	35,607	36,427
Mortgages and construction loans and notes payable	487,128	543,535	524,886	559,179
Convertible debentures	75,000	75,103	75,289	70,696
Senior notes	535,000	581,293	410,000	425,970

NOTE 4. NOTES PAYABLE

Our notes payable consist of the following (in thousands):

	2002	2001
Revolving credit facilities	$ 71,000	$ 44,000
Term note with banks	125,000	125,000
Other	2,311	5,843
	$ 198,311	$ 174,843

In December 1997, we obtained a five year syndicated revolving credit facility for $300 million due December 2002. The syndicated facility requires fees and has various covenants including the maintenance of a minimum shareholders' equity and a maximum ratio of debt to net worth. In June 2000, we modified certain covenants and extended the maturity date to December 19, 2003. The current borrowing rate on the syndicated credit facility is LIBOR plus 80 basis points.

In December 1998, we obtained a four year loan of $125 million from five institutional lenders. The loan was originally due December 2002 and was extended to December 19, 2003 along with the syndicated credit facility. The loan requires the payment of certain fees and has the same covenants as the syndicated credit facility. The current borrowing rate on the term loan is LIBOR plus 95 basis points.

The maximum amount drawn under these facilities during 2002, 2001 and 2000 was $225.0 million, $308.5 million and $343.1 million, respectively. In 2002, 2001 and 2000 the weighted average interest rate on borrowings was 5.0%, 5.6% and 7.2%, respectively, and the average amount outstanding was $189.1 million, $269.7 million and $283.2 million, respectively.

A $3.4 million note issued in connection with the land held for future development in Hillsboro, Oregon was repaid on June 18, 2002.

NOTE 5. 5 1/4% CONVERTIBLE SUBORDINATED DEBENTURES

In October 1993, we 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 on October 28, 2003, are convertible into shares of beneficial interest at $36 per share. The debentures are redeemable by us, in whole, at any time after October 28, 1998 at 100% of the principal amount plus accrued interest.

At December 2001, we had outstanding $289,000 of 5 1/4% convertible subordinated debentures which were paid off on April 29, 2002. The debentures which were convertible into shares of beneficial interest at $30.625 were not registered under the Securities Act of 1933 and were not publicly distributed within the United States.

There are no significant financial covenants on these debentures. We are in compliance with the terms and covenants of these borrowings. No principal is due on these notes prior to maturity.

NOTE 6. SENIOR NOTES AND DEBENTURES

Unsecured senior notes and debentures at December 31, 2002 and 2001 consist of the following (in thousands):

	2002	2001
8% Notes due April 21, 2002	$ --	$ 25,000
6.74% Medium-Term Notes due March 10, 2004	39,500	39,500
6.625% Notes due December 1, 2005	40,000	40,000
6.99% Medium-Term Notes due March 10, 2006	40,500	40,500
6.82% Medium-Term Notes due August 1, 2027, redeemable at par by holder August 1, 2007	40,000	40,000
6.125% Notes due November 15, 2007	150,000	--
7.48% Debentures due August 15, 2026, redeemable at par by holder August 15, 2008	50,000	50,000
8.75% Notes due December 1, 2009	175,000	175,000
	$ 535,000	$ 410,000

On April 22, 2002 our $25 million 8.0% Notes matured and were paid with borrowings from our syndicated credit facilities.

On November 19, 2002, we completed the sale of $150 million of senior notes in an underwritten public offering under its shelf registration statement declared effective by the SEC on September 30, 1998. Net proceeds, after deducting the discounts and commissions to the underwriters and other expenses of this offering, totaled approximately $148.7 million. The net proceeds, together with $20 million in available insurance proceeds relating to the Santana Row fire, and approximately $7.1 million in borrowings under our credit facility, to pay in full and retire the Santana Row construction loan, including all interest owed on the loan.

The loan agreements contain various covenants, including limitations on the amount of debt and minimum debt service coverage ratios. We are in compliance with all covenants. No principal is due on these notes prior to maturity.

In October 2002, we filed a $500 million shelf registration statement, declared effective on November 6, 2002, with the Securities and Exchange Commission which allows the issuance of debt securities, preferred shares and common shares. As of December 31, 2002, the entire $500 million is available under the shelf registration.

NOTE 7. DIVIDENDS

On October 29, 2002 the Trustees declared a quarterly cash dividend of $.485 per common share, payable January 15, 2003 to common shareholders of record January 2, 2003. The total dividend declared per common share for 2002 was $1.93.

Also on October 29, 2002 and December 12, 2002 the Trustees declared a quarterly cash dividend of $.49688 per share on its Series A Cumulative Redeemable Preferred Shares, payable on January 31, 2003 to shareholders of record on January 15, 2003 and a quarterly cash dividend of $.532 per share on its Series B Cumulative Redeemable Preferred Shares, payable on January 31, 2003 to shareholders of record on January 15, 2003, respectively.

For the year ended December 31, 2002 $.37 of dividends paid per common share and per Series B preferred share represent a capital gain. $.38 of dividends paid per Series A preferred share represents a capital gain. There were no capital gains in 2001.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Pentagon Row is a mixed-use project with the retail component developed by the Trust and the residential component developed by an unrelated developer. In October 2000 the general contractor on the project was replaced because of schedule delays and other events that caused both the residential developer and us to conclude that the original contractor was either unable or unwilling to comply with its contractual obligations. We both filed suit against the original contractor to recover damages that were being incurred as a result of defaults under the contract. The original contractor filed a counterclaim against both of us. On May 9, 2002 the residential developer and ourselves entered into a settlement agreement with the original contractor in which a full settlement, totaling $5 million payable to us and the residential developer, was reached for all claims and counterclaims between the parties involved. On June 7, 2002 the original contractor paid into an escrow account the agreed upon settlement amount. This settlement was distributed, $3 million to us, which offset our cost of the development, and $2 million to the residential developer, in July 2002.

In addition, we are involved in various other lawsuits and environmental matters arising in the normal course of business. Management believes that such matters will not have a material effect on our financial condition or results of operations.

As detailed at Note 1, "Summary of Significant Accounting Policies - Investment in Restaurant Joint Ventures at Santana Row," we are currently committed to invest approximately $8.0 million in these joint ventures. As of December 31, 2002 we have invested approximately $5.0 million. We anticipate investing the remaining commitment of $3.0 million in the first six months of 2003.

Under the terms of the Congressional Plaza partnership agreement, from and after January 1, 1986 Rockville Plaza Company ("RPC"), an unaffiliated third party, has the right to require us and the two other minority partners to purchase from half to all of RPC's 37.5% interest in Congressional Plaza at the interest's then-current fair market value. Based on management's current estimate of fair market value, our estimated liability upon exercise of the put option is approximately $27.5 million. In conjunction with a redevelopment currently taking place at the property, we have agreed to acquire an additional 7.5% interest in Congressional Plaza from RPC, thereby lowering their ownership percentage to 30%, in exchange for funding approximately $7 million of RPC's share of the redevelopment cost. The funding will take place through the first quarter of 2003 and the transaction will be completed in 2003. After the completion of this transaction, our estimated liability upon the exercise of the put option will be approximately $22 million.

Under the terms of various other partnerships which own shopping center properties with a cost of approximately $71 million, the partners may exchange their 796,773 operating units for cash or the same number of our common shares, at our option. During the second quarter of 2002 we issued 100,000 of our common shares valued at $2.8 million in exchange for 100,000 operating units and cash of $205,000 in exchange for an additional 7,816 operating units. On February 14, 2003 we paid $333,000 to redeem an additional 12,000 operating units.

Under the terms of four other partnerships which own street retail properties in southern California with a cost of approximately $61 million, if certain leasing and revenue levels are obtained for the properties owned by the partnerships, the other partners may require us to purchase their partnership interests at a formula price based upon net operating income. The purchase price may be paid in cash or for two of the partnerships, a limited number of our common shares at the election of the other partners. In certain of the partnerships, if the other partners do not redeem their interest, we may choose to purchase the limited partnership interests upon the same terms.

Street Retail San Antonio LP, a wholly-owned subsidiary of the Trust, entered into a Development Agreement (the "Agreement") on March 13, 2000 with the City of San Antonio, Texas (the "City") related to the redevelopment of land and buildings that we own along Houston Street in the City. Houston Street and the surrounding area have been designated by the City as a Reinvestment Zone (the "Zone"). The City has agreed to facilitate redevelopment of the Zone by undertaking and financing certain public improvements based on our agreement to redevelop our properties in the Zone. Under the terms of the Agreement, the City issued debt to fund specific public improvements within the Zone. The initial and primary source of funding to the City for repayment of the debt and debt service is the incremental tax revenue that accretes to the City as the taxable value of the redeveloped properties within the Zone increase. We are required to issue an annual letter of credit, commencing on October 1, 2002 through September 30, 2014, that covers our designated portion of the debt service should the incremental tax revenue generated not cover the debt service. We posted a letter of credit with the City on September 25, 2002 for $795,000. Our obligation under this agreement cannot be determined at this time because it is dependent on the annual assessed value of the properties in the Zone and the related tax revenue generated. We were not required to provide any funding in 2002 or for the semi-annual payment due March 15, 2003. Based on the current assessed value of the properties in the Zone, we expect to provide some funding under the Agreement prior to its expiration on September 30, 2014, but anticipate that our obligation will not exceed $600,000 in any year and will be between $2 million and $3 million in total. If the Zone creates sufficient tax increment funding to repay the City's debt prior to the expiration of the Agreement, we will be eligible to receive reimbursement of amounts paid for debt service shortfalls together with interest thereon.

As of December 31, 2002 in connection with renovation and development projects, the Trust has contractual obligations of approximately $78 million, including approximately $71 million for Santana Row Phase I and Phase II.

We are obligated under ground lease agreements on several shopping centers requiring minimum annual payments as follows (in thousands):

2003	3,910
2004	3,920
2005	3,929
2006	3,976
2007	4,023
Thereafter	246,186
	$ 265,944

NOTE 9. SHAREHOLDERS' EQUITY

In May 1999, we reorganized as a Maryland real estate investment trust by amending and restating our declaration of trust and bylaws. The Amended Declaration of Trust changed the number of authorized shares of common and preferred shares from unlimited to 100,000,000 and 15,000,000, respectively. In addition, all common shares of beneficial interest, no par value, which were issued and outstanding were changed to common shares of beneficial interest, $0.01 par value per share and all Series A Cumulative Redeemable Preferred Shares of beneficial interest, no par value, which were issued and outstanding were changed to Series A Cumulative Redeemable Preferred Shares of beneficial interest, $0.01 par value per share.

On October 6, 1997 we issued four million 7.95% Series A Cumulative Redeemable Preferred Shares at $25 per share in a public offering, realizing cash proceeds of approximately $96.6 million after costs of $3.4 million. The Series A Preferred Shares were not redeemable prior to October 6, 2002. On or after that date, the Preferred Shares may be redeemed, in whole or in part, at our option, at a redemption price of $25 per share plus all accrued and unpaid dividends. Dividends on the Preferred Shares are payable quarterly in arrears on the last day of January, April, July and October.

On November 19, 2001 we issued 5.4 million 8.5% Series B Cumulative Redeemable Preferred Shares at $25 per share in a public offering, realizing cash proceeds of approximately $130.2 million after costs of $4.8 million. The Series B Preferred Shares are not redeemable prior to November 27, 2006. On or after that date, the Preferred Shares may be redeemed, in whole or in part, at our option, at a redemption price of $25 per share plus all accrued and unpaid dividends. Dividends on the Preferred Shares are payable quarterly in arrears on the last day of January, April, July and October.

On June 12, 2002 we issued 2.2 million common shares at $25.98 per share netting $56.6 million, after all expenses of the offering.

We have a Dividend Reinvestment Plan, whereby shareholders may use their dividends and make optional cash payments to purchase shares. In 2002, 2001 and 2000, 134,247 shares, 159,234 shares and 153,713 shares, respectively, were issued under the Plan.

In December 1999, the Trustees authorized a share repurchase program for calendar year 2000 of up to an aggregate of 4 million of our common shares. During 2000, a total of 1,325,900 shares were repurchased, at a cost of $25.2 million. We did not repurchase shares in 2002 or 2001.

In 2002, 2001 and 2000, 98,092 common shares, 96,657 common shares and 270,809 common shares, respectively, were awarded to our former Chief Executive Officer and other key employees under various incentive compensation programs designed to directly link a significant portion of their current and long term compensation to the prosperity of the Trust and its shareholders. The shares vest over terms from 3 to 8 years. Vesting of common shares awarded to the former Chief Executive Officer was accelerated pursuant to his contractual arrangement.

In January 1994 under the terms of the 1993 Long Term Incentive Plan, Ronald Kaplan, an ex-officer of the Trust purchased 40,000 common shares at $25 per share with the assistance of a $1.0 million loan from us. The loan, which had a term of 12 years and a current balance of $375,000, bore interest at 6.24%. Forgiveness of up to 75% of the loan was subject to our future performance. One eighth of the loan was forgiven on January 31, 1995 and an additional one sixteenth has been forgiven each January 31 since then as we met certain performance criteria. The loan was paid in full on October 18, 2002.

On January 26, 1998, we granted 75,000 Performance Shares to an employee for which vesting was tied to leasing performance as it relates to Santana Row and other projects. Performance was to be measured at three separate dates extending into 2003. By December 31, 2002, the first two performance measures had been met. In connection with the restructuring (See Note 13), the 2003 performance measure was accelerated and granted as of December 31, 2002. We applied variable accounting to these awards by valuing the shares at each date the performance measures were either met or accelerated and recorded a charge of $712,000 as part of the restructuring charge.

In 1991, the Board of Trustees of the Company approved a Stock Purchase Plan (the "ESPP") under Section 423 of the Code. The ESPP is regarded as a noncompensatory plan under APB No. 25, because it meets the qualifications under IRC 423. Under the terms of the ESPP, eligible employees may purchase common shares of the Company at a price that is equal to 90% of the lower of the common shares' fair market value at the beginning or the end of a quarterly period. The fair market value of a common share is equal to the last sale price of the common shares on the New York Stock Exchange. Eligible employees may purchase the common shares through payroll deductions of up to 10% of eligible compensation. The ESPP is not subject to the provisions of ERISA. The ESPP terminated on January 31, 2001.

Under the terms of the ESPP, eligible employees have purchased 446,000 common shares at $15.125 per share with the assistance of loans of $6.7 million from us. Originally, ESPP called for one sixteenth of the loan to be forgiven each year for eight years, as long as the participant was still employed by us. The loans for all participants, but two, were modified in 1994 to extend the term an additional four years and to tie forgiveness in 1995 and thereafter to certain criteria related to our performance. One sixteenth of the loan has been forgiven during each year of the plan. At December 31, 2002, we had outstanding purchase loans to participants of approximately $830,000. The purchase 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 associated with the plan are satisfied and the term has expired, without the consent of the Compensation Committee of the Board of Trustees. On January 24, 2003 a $750,000 note was repaid.

Tax loans with a balance of $1.8 million in 2002, $3.1 million in 2001 and $2.2 million in 2000 have been made in connection with restricted share grants to certain of our officers and in connection with the Share Purchase Plans. The loans, which bear interest ranging from 6.36% to 9.39%, are due over periods ranging from 8 to 13 years from the date of the loan. On January 24, 2003 a $908,000 tax loan was repaid.

On April 13, 1999, the Shareholder Rights Plan adopted in 1989 expired. On March 11, 1999 we entered into an Amended and Restated Rights Agreement with American Stock Transfer and Trust Company, pursuant to which (i) the expiration date of our shareholder rights plan was extended for an additional ten years to April 24, 2009, (ii) the beneficial ownership percentage at which a person becomes an "Acquiring Person" under the plan was reduced from 20% to 15%, and (iii) certain other amendments were made.

NOTE 10. STOCK OPTION PLAN

The 1993 Long Term Incentive Plan ("Plan") has been amended to authorize the grant of options and other stock based awards for up to 5.5 million shares. Options granted under the Plan have ten year terms and vest in one to five years. Under the Plan, on each annual meeting date during the term of the Plan, each nonemployee Trustee will be awarded 2,500 options.

In May 2001 our shareholders' approved the 2001 Long Term Incentive Plan ("2001 Plan") which authorized an additional 1,750,000 shares for future option and other stock based awards.

The option price to acquire shares under the 2001 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, we had outstanding from our officers and employees notes for $2.5 million, $2.5 million and $2.6 million at December 31, 2002, 2001 and 2000, respectively. Notes issued after 2001 bear interest at LIBOR plus 200 basis points with the rate adjusted annually. Notes issued prior to 2002 under the 1993 Plan bear interest at the lesser of (i) our borrowing rate on the date of exercise or (ii) the dividend rate on the date of exercise divided by the purchase price of such shares. The notes issued under the previous plans bear interest at the lesser of (i) our 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 and have five-year terms.

SFAS No. 123, "Accounting for Stock-Based Compensation" requires pro forma information regarding net income and earnings per share as if we accounted for our stock options under the fair value method of that Statement. The fair value for options issued in 2002, 2001 and 2000 has been estimated as $536,000, $350,000 and $549,000, respectively, as of the date of grant, using a Black Scholes model with the following weighted-average assumptions for 2002, 2001 and 2000, respectively: risk-free interest rates of 4.5%, 4.9% and 5.2%; volatility factors of the expected market price of our shares of 16%, 20% and 14%; and a weighted average expected life of the option of 6.9 years, 6.9 years and 5.7 years. Our assumed weighted average dividend yield used to estimate the fair value of the options issued was 7.70% in 2002.

Because option valuation models require the input of highly subjective assumptions, such as the expected stock price volatility, and because changes in these subjective input assumptions can materially affect the fair value estimate, the existing model may not necessarily provide a reliable single measure of the fair value of its stock options.

For purposes of pro forma disclosures, the estimated fair value of the options are amortized to expense over the options' vesting period. The pro forma information is as follows (in thousands, except for earnings per share):

	Year ended December 31, 2002	2001	2000
Pro forma net income	$ 54,855	$ 68,076	$ 59,445
Pro forma earnings per share, basic	$ .85	$ 1.51	$ 1.33
Pro forma earnings per share, diluted	$ .84	$ 1.50	$ 1.32

A summary of our stock option activity for the years ended December 31, is as follows:

	Shares Under Option	Weighted Average Exercise Price
January 1, 2000	3,895,514	$ 24.31
Options granted	737,500	19.75
Options exercised	(67,684)	20.50
Options forfeited	(847,049)	24.27
December 31, 2000	3,718,281	23.46
Options granted	417,500	19.80
Options exercised	(27,566)	20.81
Options forfeited	(351,834)	22.88
December 31, 2001	3,756,381	23.12
Options granted	435,500	25.26
Options exercised	(951,971)	21.92
Options forfeited	(19,168)	23.95
December 31, 2002	3,220,742	23.76

At December 31, 2002 and 2001, options for 2.5 million and 2.7 million shares, respectively, were exercisable. The average remaining contractual life of options outstanding at December 31, 2002 and 2001 was 5.4 years and 5.8 years, respectively. The weighted average grant date fair value per option for options granted in 2002 and 2001 was $1.23 and $1.04, respectively. The exercise price of options outstanding at December 31, 2002 ranged from $18.00 per share to $27.75 per share.

NOTE 11. SAVINGS AND RETIREMENT PLANS

We have a savings and retirement plan in accordance with the provisions of Section 401(k) of the Internal Revenue Code. Employees' contributions range, at the discretion of each employee, from 1% to 20% of compensation up to a maximum of $11,000. Under the plan, we contribute out of our current net income, 50% of each employee's first 5% of contributions. In addition, we may make discretionary contributions within the limits of deductibility set forth by the Code. Our employees are immediately eligible to become plan participants. Employees are not eligible to receive matching contributions until their first anniversary of employment. Our expense for the years ended December 31, 2002, 2001 and 2000 was $271,000, $243,000 and $216,000, respectively.

A nonqualified deferred compensation plan for our officers and directors was established in 1994. The plan allows the participants to defer future income until the earlier of age 65 or termination of employment. As of December 31, 2002, we are liable to participants for approximately $2.2 million under this plan. Although this is an unfunded plan, we have purchased certain investments with which to match this obligation.

NOTE 12. INTEREST EXPENSE

We incurred interest totaling $88.6 million, $87.1 million and $79.7 million in 2002, 2001 and 2000, respectively, of which $23.5 million, $17.8 million, and $13.3 million respectively, was capitalized. Interest paid was $86.2 million in 2002, $84.1 million in 2001 and $83.1 million in 2000.

NOTE 13. CHANGE IN BUSINESS PLAN

On February 28, 2002, we adopted a new business plan which returned our primary focus to our traditional business of acquiring and redeveloping community and neighborhood shopping centers that are anchored by supermarkets, drug stores, or high volume, value oriented retailers that provide consumer necessities. We will complete Bethesda Row and Santana Row (Pentagon Row was completed in 2002) but do not plan to develop any new large-scale, mixed-use, ground-up development projects. Rather, we will seek to acquire income producing centers around our existing markets and will identify and execute redevelopment opportunities in our existing portfolio. Concurrent with the adoption of the business plan, we adopted a management succession plan and restructured our management team.

In connection with this change in our business plan, we recorded a charge of $18.2 million. This charge included a reserve for a restructuring charge of $8.5 million made up of $6.9 million of severance and other compensation costs for several of our senior officers related to the management restructuring, as well as the write-off of $1.6 million of our development costs. All charges against the reserve, totaling $8.5 million, were expended during 2002. An additional component of the restructuring charge is an impairment loss of $9.7 million representing the estimated loss on the abandonment of development projects held for sale, primarily the Tanasbourne development project located in Portland, Oregon, thereby adjusting the value of these assets to their estimated fair value. We are marketing these properties, components of our Western region, for sale. The carrying value of these properties as of December 31, 2002, classified on our consolidated balance sheet as real estate under development, is $8.5 million.

On December 20, 2002, we announced the resignation of Steven J. Guttman as Trustee, Chief Executive Officer and Chairman of the Board of Trustees effective January 1, 2003. Donald C. Wood, our then President and Chief Operating Officer, was named Chief Executive Officer and a member of the Board of Trustees. Mark Ordan, a member of the Board of Trustees since 1996, was named non-executive chairman of the board. As a result of this transition, we recorded a charge of $13.8 million in the fourth quarter of 2002 for payments and benefits to Mr. Guttman pursuant to his contractual arrangements with the Trust and for other transition related costs. Of this amount, $7.9 million had not been paid as of December 31, 2002, the majority of which was paid in the first quarter of 2003.

NOTE 14. SUBSEQUENT EVENTS

On February 11, 2003 the $24.4 million Woodmont East construction loan and the $17.0 million Friendship Center mortgage were paid off through borrowings under our revolving credit facility.

Pursuant to the 2001 Incentive Bonus Plan, vice presidents and certain key employees receive part of their 2002 bonus in Federal Realty shares which vest over three years. Consequently, on February 12, 2003, 16,496 shares were awarded under this plan.

Also in February 2003, 265,000 options and 113,500 performance shares were granted to certain officers and key employees.

NOTE 15. RELATED PARTY TRANSACTIONS

Our former Chairman and CEO, Steven J. Guttman, has an ownership interest in three retailers, comprising approximately 3,500 square feet, at Santana Row. The leases were negotiated at what management believes to be arms length at market terms.

In addition, Nate Fishsin one of our officers, whose last day of employment with the Trust will be March 31, 2003, has an ownership interest in a retailer occupying approximately 2,600 square feet at Santana Row. This lease was also negotiated at what management believes to be arms length at market terms.

NOTE 16. SEGMENT INFORMATION

We operate our portfolio of assets in three geographic operating regions: Northeast, Mid-Atlantic and West.

A summary of our operations by geographic region is presented below (in thousands):

2002	Northeast	Mid Atlantic	West	Other	Consolidated
Rental income	$ 123,093	$ 139,596	$ 35,396		$ 298,085
Other income	5,604	7,509	2,480		15,593
Interest income - mortgage notes	3,294		1,902		5,196
Rental expense	(23,447)	(31,897)	(18,247)		(73,591)
Real estate tax	(16,145)	(11,779)	(3,262)		(31,186)
Property operating income	92,399	103,429	18,269		214,097
Interest and other income (expense)				$ (40)	(40)
Interest expense				(65,054)	(65,054)
Administrative expense				(13,790)	(13,790)
Restructuring expense				(22,269)	(22,269)
Depreciation and amortization	(27,784)	(27,073)	(8,583)	(811)	(64,251)
Income before investors' share of operations and discontinued operations	$ 64,615	$ 76,356	$ 9,686	$ (101,964)	$ 48,693
Capital expenditures	$ 10,539	$ 34,265	$ 220,539		$ 265,343
Real estate assets	$ 747,778	$ 827,090	$ 731,958		$ 2,306,826

2001	Northeast	Mid Atlantic	West	Other	Consolidated
Rental income	$ 117,353	$ 124,765	$ 32,449		$ 274,567
Other income	5,657	5,715	2,581		13,953
Interest income - mortgage notes	3,908	-	534		4,442
Rental expense	(23,442)	(28,443)	(10,830)		(62,715)
Real estate tax	(15,645)	(9,951)	(2,752)		(28,348)
Property operating income	87,831	92,086	21,982		201,899
Interest and other income (expense)				$ 2,148	2,148
Interest expense				(69,313)	(69,313)
Administrative expense				(14,281)	(14,281)
Depreciation and amortization	(27,118)	(23,921)	(7,098)	(1,034)	(59,171)
Income before investors' share of operations and discontinued operations	$ 60,713	$ 68,165	$ 14,884	$ (82,480)	$ 61,282
Capital expenditures	$ 15,386	$ 87,706	$ 169,278		$ 272,370
Real estate assets	$ 760,849	$ 793,566	$ 549,889		$ 2,104,304

2000	Northeast	Mid Atlantic	West	Other	Consolidated
Rental income	$ 110,256	$ 114,371	$ 31,007		$ 255,634
Other income	4,206	3,900	2,917		11,023
Interest income - mortgage notes	4,433	-	943		5,376
Rental expense	(23,131)	(24,766)	(7,734)		(55,631)
Real estate tax	(14,131)	(9,159)	(2,921)		(26,211)
Property operating income	81,633	84,346	24,212		190,191
Interest and other income (expense)				$ 2,156	2,156
Interest expense				(66,418)	(66,418)
Administrative expense				(13,318)	(13,318)
Depreciation and amortization	(24,715)	(21,915)	(4,996)	(933)	(52,559)
Income before investors' share of operations and discontinued operations	$ 56,918	$ 62,431	$ 19,216	$ (78,513)	$ 60,052
Capital expenditures	$ 38,696	$ 60,783	$ 83,205		$ 182,684
Real estate assets	$ 754,048	$ 720,208	$ 380,657		$ 1,854,913

There are no transactions between geographic areas.

NOTE 17. QUARTERLY DATA (UNAUDITED)

The following summary represents the results of operations for each quarter in 2002 and 2001 (in thousands, except per share data):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter (5)
2002				
Revenue (1)	$ 75,236	$ 75,828	$ 78,333	$ 89,437
Net income (loss) available for common shares	(6,187)(2)	30,479(3)	13,648	(2,078)(4)
Earnings (loss) per common share - basic (6)	(.15)	.75	.32	(.05)
Earnings (loss) per common share - diluted	(.15)	.74	.31	(.05)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2001				
Revenue (1)	$ 70,399	$ 72,093	$ 74,149	$ 78,469
Net income available for common shares	12,245	20,180(7)	13,194	14,103(8)
Earnings per common share - basic	.32	.51	.34	.35
Earnings per common share - diluted (9)	.32	.51	.33	.35

(1) As required by SFAS No. 144, revenue in the first quarter of 2002 and for all of 2001 has been reduced to reflect the discontinued assets sold in the second quarter of 2002. Total revenue from these discontinued assets, by quarter, is summarized as follows (in thousands):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2002 Revenue from discontinued assets	$ 1,415	$ 688	$ 6	$ 25
2001 Revenue from discontinued assets	1,304	1,305	1,375	1,408

(2) Net income includes an $8.5 million restructuring charge ($.21 per share expense - basic and diluted) and a $9.6 million loss on abandoned developments held for sale ($.24 loss per share - basic and diluted).

(3) Net income includes a $19.1 million gain on sale of real estate ($.47 gain per share - basic and $.46 gain per share - diluted).

(4) Net income includes a $13.8 million restructuring charge ($.32 per share expense - basic and $.31 per share expense - diluted).

(5) In the fourth quarter of 2002 we recorded adjustments to increase revenue accruals for estimated tenant expense reimbursements by $3.3 million and decrease certain expense accruals by $1.0 million. These adjustments were offset by a revision to the cumulative amount of interest capitalized on development projects in the amount of $4.2 million. The net effect of such adjustments did not have a material effect on net income or net income per share for the year ended December 31, 2002.

(6) The sum of the quarterly earnings per common share - basic, $.87 differs from the annual earnings per common share - basic, $.86, due to rounding.

(7) Net income includes a $7.9 million gain on sale of real estate ($.20 gain per share - basic and diluted).

(8) Net income includes a net $1.3 million gain on sale of real estate ($.03 gain per share - basic and $.02 gain per share - diluted).

(9) The sum of the quarterly earnings per common share - diluted, $1.51 differs from the annual earnings per common share - diluted, $1.52, due to rounding.

FEDERAL REALTY INVESTMENT TRUST
SCHEDULE III
SUMMARY OF REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2002

COLUMN A	COLUMN B	COLUMN C		COLUMN D
		Initial cost to company		
Descriptions	Encumbrance	Land	Building and Improvements	Cost Capitalized Subsequent to Acquisition
ALLWOOD (New Jersey)	$ 3,513,000	$	$ 3,920,000	$ 345,000
ANDORRA (Pennsylvania)		2,432,000	12,346,000	4,308,000
ARIZONA BUILDINGS (2)		1,334,000	9,104,000	598,000
BALA CYNWYD (Pennsylvania)		3,565,000	14,466,000	5,865,000
BARRACKS ROAD (Virginia)	44,300,000	4,363,000	16,459,000	18,686,000
BETHESDA ROW (Maryland)	37,025,000	9,114,000	20,821,000	48,377,000
BLUESTAR (New Jersey)	26,812,000		29,922,000	8,949,000
BRICK PLAZA (New Jersey)	33,000,000		24,715,000	29,020,000
BRISTOL (Connecticut)		3,856,000	15,959,000	1,978,000
BRUNSWICK (New Jersey)	11,162,000		12,456,000	8,616,000
CALIFORNIA RETAIL BUILDINGS				
SANTA MONICA (9)		22,645,000	12,709,000	35,924,000
SAN DIEGO (4)		3,844,000	1,352,000	6,894,000
150 POST STREET (San Francisco)		11,685,000	9,181,000	7,061,000
OTHER (5)		19,496,000	25,752,000	(289,000)
CLIFTON (New Jersey)	3,267,000		3,646,000	1,290,000
CONGRESSIONAL PLAZA (Maryland)		2,793,000	7,424,000	50,012,000
CONNECTICUT RETAIL BUILDINGS (10)		25,061,000	27,739,000	(17,279,000)
COURTHOUSE CENTER (Maryland)		1,750,000	1,869,000	573,000
CROSSROADS (Illinois)		4,635,000	11,611,000	5,457,000
DEDHAM PLAZA (Massachusetts)		12,369,000	12,918,000	3,997,000
EASTGATE (North Carolina)		1,608,000	5,775,000	7,261,000
ELLISBURG CIRCLE (New Jersey)		4,028,000	11,309,000	10,664,000
ESCONDIDO PROMENADE (California)	9,400,000	11,505,000	12,147,000	972,000
FALLS PLAZA (Virginia)		1,260,000	735,000	6,150,000
FALLS PLAZA - East (Virginia)		538,000	535,000	2,278,000
FEASTERVILLE (Pennsylvania)		1,431,000	1,600,000	8,539,000
FEDERAL PLAZA (Maryland)	35,936,000	10,216,000	17,895,000	33,657,000
FINLEY SQUARE (Illinois)		9,252,000	9,544,000	7,313,000
FLORIDA RETAIL BUILDINGS (2)		5,206,000	1,631,000	38,000
FLOURTOWN (Pennsylvania)		1,345,000	3,943,000	3,410,000
FRESH MEADOWS (New York)		24,625,000	25,255,000	14,501,000
FRIENDSHIP CTR (District of Columbia)	17,000,000	12,696,000	20,803,000	(47,000)
GAITHERSBURG SQUARE (Maryland)		7,701,000	5,271,000	10,606,000
GARDEN MARKET (Illinois)		2,677,000	4,829,000	3,107,000
GOVERNOR PLAZA (Maryland)		2,068,000	4,905,000	10,930,000
GRATIOT PLAZA (Michigan)		525,000	1,601,000	14,520,000
GREENLAWN (New York)		2,294,000	3,864,000	4,426,000
HAMILTON (New Jersey)	4,843,000		5,405,000	2,257,000
HAUPPAUGE (New York)	16,700,000	8,791,000	15,262,000	2,129,000
HUNTINGTON (New York)	14,344,000		16,008,000	6,513,000
IDYLWOOD PLAZA (Virginia)		4,308,000	10,026,000	475,000
ILLINOIS RETAIL BUILDINGS (2)		1,291,000	2,325,000	661,000
KINGS COURT (California)			10,714,000	207,000
LANCASTER (Pennsylvania)	4,907,000		2,103,000	7,659,000
LANGHORNE SQUARE (Pennsylvania)		720,000	2,974,000	13,848,000
LAUREL (Maryland)		7,458,000	22,525,000	15,497,000
LAWRENCE PARK (Pennsylvania)	31,400,000	5,723,000	7,160,000	10,719,000
LEESBURG PLAZA (Virginia)	9,900,000	8,184,000	10,722,000	1,437,000
LOEHMANN'S PLAZA (Virginia)		1,237,000	15,096,000	8,799,000

COLUMN A	COLUMN E			COLUMN F
	Gross amount at which carried at close of period			
Descriptions	Land	Building and Improvements	Total	Accumulated Depreciation and Amortization
ALLWOOD (New Jersey)	$	$ 4,265,000	$ 4,265,000	$ 1,793,000
ANDORRA (Pennsylvania)	2,432,000	16,654,000	19,086,000	7,752,000
ARIZONA BUILDINGS (2)	1,334,000	9,702,000	11,036,000	1,268,000
BALA CYNWYD (Pennsylvania)	3,565,000	20,331,000	23,896,000	5,893,000
BARRACKS ROAD (Virginia)	4,363,000	35,145,000	39,508,000	19,705,000
BETHESDA ROW (Maryland)	9,127,000	69,185,000	78,312,000	11,479,000
BLUESTAR (New Jersey)		38,871,000	38,871,000	14,772,000
BRICK PLAZA (New Jersey)	3,788,000	49,947,000	53,735,000	18,689,000
BRISTOL (Connecticut)	3,856,000	17,937,000	21,793,000	4,097,000
BRUNSWICK (New Jersey)		21,072,000	21,072,000	7,020,000
CALIFORNIA RETAIL BUILDINGS				
SANTA MONICA (9)	22,645,000	48,633,000	71,278,000	6,219,000
SAN DIEGO (4)	3,844,000	8,246,000	12,090,000	808,000
150 POST STREET (San Francisco)	11,685,000	16,242,000	27,927,000	2,410,000
OTHER (5)	19,496,000	25,463,000	44,959,000	2,659,000
CLIFTON (New Jersey)		4,936,000	4,936,000	2,002,000
CONGRESSIONAL PLAZA (Maryland)	2,793,000	57,436,000	60,229,000	18,051,000
CONNECTICUT RETAIL BUILDINGS (10)	25,061,000	10,460,000	35,521,000	4,408,000
COURTHOUSE CENTER (Maryland)	1,750,000	2,442,000	4,192,000	310,000
CROSSROADS (Illinois)	4,635,000	17,068,000	21,703,000	5,308,000
DEDHAM PLAZA (Massachusetts)	12,369,000	16,915,000	29,284,000	4,595,000
EASTGATE (North Carolina)	1,608,000	13,036,000	14,644,000	6,175,000

ELLISBURG CIRCLE (New Jersey)	4,028,000	21,973,000	26,001,000	9,791,000
ESCONDIDO PROMENADE (California)	11,505,000	13,119,000	24,624,000	2,339,000
FALLS PLAZA (Virginia)	1,260,000	6,885,000	8,145,000	2,396,000
FALLS PLAZA - East (Virginia)	559,000	2,792,000	3,351,000	2,644,000
FEASTERVILLE (Pennsylvania)	1,431,000	10,139,000	11,570,000	5,022,000
FEDERAL PLAZA (Maryland)	10,216,000	51,552,000	61,768,000	18,151,000
FINLEY SQUARE (Illinois)	9,252,000	16,857,000	26,109,000	5,011,000
FLORIDA RETAIL BUILDINGS (2)	5,206,000	1,669,000	6,875,000	322,000
FLOURTOWN (Pennsylvania)	1,345,000	7,353,000	8,698,000	3,685,000
FRESH MEADOWS (New York)	24,625,000	39,756,000	64,381,000	6,167,000
FRIENDSHIP CTR (District of Columbia)	12,696,000	20,756,000	33,452,000	792,000
GAITHERSBURG SQUARE (Maryland)	6,012,000	17,566,000	23,578,000	6,521,000
GARDEN MARKET (Illinois)	2,677,000	7,936,000	10,613,000	1,883,000
GOVERNOR PLAZA (Maryland)	2,068,000	15,835,000	17,903,000	9,353,000
GRATIOT PLAZA (Michigan)	525,000	16,121,000	16,646,000	4,918,000
GREENLAWN (New York)	2,294,000	8,290,000	10,584,000	823,000
HAMILTON (New Jersey)		7,662,000	7,662,000	3,846,000
HAUPPAUGE (New York)	8,791,000	17,391,000	26,182,000	2,188,000
HUNTINGTON (New York)		22,521,000	22,521,000	10,051,000
IDYLWOOD PLAZA (Virginia)	4,308,000	10,501,000	14,809,000	2,745,000
ILLINOIS RETAIL BUILDINGS (2)	1,291,000	2,986,000	4,277,000	734,000
KINGS COURT (California)		10,921,000	10,921,000	1,851,000
LANCASTER (Pennsylvania)		9,762,000	9,762,000	4,150,000
LANGHORNE SQUARE (Pennsylvania)	720,000	16,822,000	17,542,000	6,370,000
LAUREL (Maryland)	7,458,000	38,022,000	45,480,000	18,761,000
LAWRENCE PARK (Pennsylvania)	5,734,000	17,868,000	23,602,000	14,593,000
LEESBURG PLAZA (Virginia)	8,184,000	12,159,000	20,343,000	1,594,000
LOEHMANN'S PLAZA (Virginia)	1,248,000	23,884,000	25,132,000	3,023,000

COLUMN A Descriptions	COLUMN G Date of Construction	COLUMN H Date Acquired	COLUMN I 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
ARIZONA BUILDINGS (2)	1995-1998	05/07/98	35 years
BALA CYNWYD (Pennsylvania)	1955	09/22/93	35 years
BARRACKS ROAD (Virginia)	1958	12/31/85	35 years
BETHESDA ROW (Maryland)	1945-2000	12/31/93	35 - 50 years
BLUESTAR (New Jersey)	1959	12/12/88	35 years
BRICK PLAZA (New Jersey)	1958	12/28/89	35 years
BRISTOL (Connecticut)	1959	9/22/95	35 years
BRUNSWICK (New Jersey)	1957	12/12/88	35 years
CALIFORNIA RETAIL BUILDINGS			
SANTA MONICA (9)	1888-2000	1996-2000	35 years
SAN DIEGO (4)	1888-1995	1996-1997	35 years
150 POST STREET (San Francisco)	1908	10/23/97	35 years
OTHER (5)	var	1996-1999	35 years
CLIFTON (New Jersey)	1959	12/12/88	35 years
CONGRESSIONAL PLAZA (Maryland)	1965	04/01/65	35 years
CONNECTICUT RETAIL BUILDINGS (10)	1900-1991	1994-1996	35 years
COURTHOUSE CENTER (Maryland)	1975	12/17/97	35 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
ESCONDIDO PROMENADE (California)	1987	12/31/96	35 years
FALLS PLAZA (Virginia)	1962	09/30/67	22 3/4 years
FALLS PLAZA - East (Virginia)	1960	10/05/72	25 years
FEASTERVILLE (Pennsylvania)	1958	07/23/80	20 years
FEDERAL PLAZA (Maryland)	1970	06/29/89	35 years
FINLEY SQUARE (Illinois)	1974	04/27/95	35 years
FLORIDA RETAIL BUILDINGS (2)	1920	02/28/96	35 years
FLOURTOWN (Pennsylvania)	1957	04/25/80	35 years
FRESH MEADOWS (New York)	1946-1949	12/05/97	35 years
FRIENDSHIP CTR (District of Columbia)	1998	09/21/01	35 years
GAITHERSBURG SQUARE (Maryland)	1966	04/22/93	35 years
GARDEN MARKET (Illinois)	1958	07/28/94	35 years
GOVERNOR PLAZA (Maryland)	1963	10/01/85	35 years
GRATIOT PLAZA (Michigan)	1964	03/29/73	25 3/4 years
GREENLAWN (New York)	1975	01/05/00	35 years
HAMILTON (New Jersey)	1961	12/12/88	35 years
HAUPPAUGE (New York)	1963	08/06/98	35 years
HUNTINGTON (New York)	1962	12/12/88	35 years
IDYLWOOD PLAZA (Virginia)	1991	04/15/94	35 years
ILLINOIS RETAIL BUILDINGS (2)	1900-1927	1995-1997	35 years
KINGS COURT (California)	1960	08/24/98	26 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
LEESBURG PLAZA (Virginia)	1967	09/15/98	35 years
LOEHMANN'S PLAZA (Virginia)	1971	07/21/83	35 years

COLUMN A	COLUMN B	COLUMN C		COLUMN D
		Initial cost to company		
Descriptions	Encumbrance	Land	Building and Improvements	Cost Capitalized Subsequent to Acquisition
MAGRUDERS (Maryland)		4,554,000	4,859,000	975,000
MASSACHUSETTS RETAIL BLDG (1)		1,873,000	1,884,000	265,000
MID PIKE PLAZA (Maryland)	10,041,000		10,335,000	6,648,000
NEW YORK RETAIL BUILDINGS (3)		5,891,000	6,051,000	12,023,000
NORTHEAST (Pennsylvania)		1,152,000	10,596,000	9,696,000
NORTH LAKE COMMONS (Illinois)		2,782,000	8,604,000	1,568,000
OLD KEENE MILL (Virginia)		638,000	998,000	3,408,000
OLD TOWN CENTER (California)		3,420,000	2,765,000	26,315,000
PAN AM SHOPPING CENTER (Virginia)		8,694,000	12,929,000	3,174,000
PENTAGON ROW (Virginia)			2,955,000	82,610,000
PERRING PLAZA (Maryland)		2,800,000	6,461,000	14,714,000
PIKE 7 (Virginia)		9,709,000	22,799,000	862,000
QUEEN ANNE PLAZA (Massachusetts)		3,319,000	8,457,000	2,866,000
QUINCE ORCHARD PLAZA (Maryland)		3,197,000	7,949,000	7,814,000
ROLLINGWOOD APTS. (Maryland)		552,000	2,246,000	3,885,000
RUTGERS (New Jersey)	12,930,000		14,429,000	1,486,000
SAM'S PARK & SHOP (District of Columbia)		4,840,000	6,319,000	577,000
SAUGUS (Massachusetts)		4,383,000	8,291,000	395,000
SHIRLINGTON (Virginia)		9,761,000	14,808,000	7,546,000
TEXAS RETAIL BUILDINGS (9)	268,000	14,680,000	1,976,000	38,342,000
TOWER (Virginia)		7,170,000	10,518,000	405,000
TROY (New Jersey)		3,126,000	5,193,000	12,127,000
TYSONS STATION (Virginia)	6,864,000	388,000	453,000	2,482,000
WILDWOOD (Maryland)	27,600,000	9,111,000	1,061,000	5,844,000
WILLOW GROVE (Pennsylvania)		1,499,000	6,643,000	17,733,000
WILLOW LAWN (Virginia)		3,192,000	7,723,000	51,406,000
WYNNEWOOD (Pennsylvania)	32,000,000	8,055,000	13,759,000	13,320,000
DEVELOPMENT PROJECTS:				
TANASBOURNE (Oregon)		7,502,000		0
SANTANA ROW (California)		41,969,000	1,161,000	390,993,000
TOTALS	$ 393,212,000	$ 429,886,000	$ 728,553,000	$ 1,148,387,000

COLUMN A	COLUMN E			COLUMN F
	Gross amount at which carried at close of period			
Descriptions	Land	Building and Improvements	Total	Accumulated Depreciation and Amortization
MAGRUDERS (Maryland)	4,554,000	5,834,000	10,388,000	847,000
MASSACHUSETTS RETAIL BLDG (1)	1,873,000	2,149,000	4,022,000	534,000
MID PIKE PLAZA (Maryland)		16,983,000	16,983,000	9,228,000
NEW YORK RETAIL BUILDINGS (3)	6,140,000	17,825,000	23,965,000	1,910,000
NORTHEAST (Pennsylvania)	1,153,000	20,291,000	21,444,000	10,755,000
NORTH LAKE COMMONS (Illinois)	2,782,000	10,172,000	12,954,000	2,608,000
OLD KEENE MILL (Virginia)	638,000	4,406,000	5,044,000	3,375,000
OLD TOWN CENTER (California)	3,420,000	29,080,000	32,500,000	4,069,000
PAN AM SHOPPING CENTER (Virginia)	8,694,000	16,103,000	24,797,000	5,857,000
PENTAGON ROW (Virginia)		85,565,000	85,565,000	3,468,000
PERRING PLAZA (Maryland)	2,800,000	21,175,000	23,975,000	10,913,000
PIKE 7 (Virginia)	9,709,000	23,661,000	33,370,000	4,216,000
QUEEN ANNE PLAZA (Massachusetts)	3,319,000	11,323,000	14,642,000	3,597,000
QUINCE ORCHARD PLAZA (Maryland)	2,928,000	16,032,000	18,960,000	5,971,000
ROLLINGWOOD APTS. (Maryland)	572,000	6,111,000	6,683,000	6,011,000
RUTGERS (New Jersey)		15,915,000	15,915,000	6,466,000
SAM'S PARK & SHOP (District of Columbia)	4,840,000	6,896,000	11,736,000	1,647,000
SAUGUS (Massachusetts)	4,383,000	8,686,000	13,069,000	1,678,000
SHIRLINGTON (Virginia)	9,816,000	22,299,000	32,115,000	4,188,000
TEXAS RETAIL BUILDINGS (9)	14,680,000	40,318,000	54,998,000	1,089,000
TOWER (Virginia)	7,129,000	10,964,000	18,093,000	1,419,000
TROY (New Jersey)	3,126,000	17,320,000	20,446,000	11,554,000
TYSONS STATION (Virginia)	475,000	2,848,000	3,323,000	2,396,000
WILDWOOD (Maryland)	9,111,000	6,905,000	16,016,000	6,056,000
WILLOW GROVE (Pennsylvania)	1,499,000	24,376,000	25,875,000	12,054,000
WILLOW LAWN (Virginia)	7,790,000	54,531,000	62,321,000	26,718,000
WYNNEWOOD (Pennsylvania)	8,055,000	27,079,000	35,134,000	5,173,000
DEVELOPMENT PROJECTS:				
TANASBOURNE (Oregon)	7,502,000		7,502,000	
SANTANA ROW (California)	41,969,000	392,154,000	434,123,000	1,763,000
TOTALS	$ 436,741,000	$ 1,870,085,000	$ 2,306,826,000	$ 450,697,000

COLUMN A	COLUMN G	COLUMN H	COLUMN I
Descriptions	Date of Construction	Date Acquired	Life on which depreciation in latest income statements is computed
MAGRUDERS (Maryland)	1955	12/17/97	35 years

MASSACHUSETTS RETAIL BLDG (1)	1930	09/07/95	35 years
MID PIKE PLAZA (Maryland)	1963	05/18/82	50 years
NEW YORK RETAIL BUILDINGS (3)	1937 - 1987	12/16/97	35 years
NORTHEAST (Pennsylvania)	1959	08/30/83	35 years
NORTH LAKE COMMONS (Illinois)	1989	04/27/94	35 years
OLD KEENE MILL (Virginia)	1968	06/15/76	33 1/3 years
OLD TOWN CENTER (California)	1997-1998	10/22/97	35 years
PAN AM SHOPPING CENTER (Virginia)	1979	02/05/93	35 years
PENTAGON ROW (Virginia)	1999 - 2002	1998	35 years
PERRING PLAZA (Maryland)	1963	10/01/85	35 years
PIKE 7 (Virginia)	1968	03/31/97	35 years
QUEEN ANNE PLAZA (Massachusetts)	1967	12/23/94	35 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
SAM'S PARK & SHOP (District of Columbia)	1930	12/01/95	35 years
SAUGUS (Massachusetts)	1976	10/01/96	35 years
SHIRLINGTON (Virginia)	1940	12/21/95	35 years
TEXAS RETAIL BUILDINGS (9)	var	1998-1999	35 years
TOWER (Virginia)	1953-1960	08/24/98	35 years
TROY (New Jersey)	1966	07/23/80	22 years
TYSONS STATION (Virginia)	1954	01/17/78	17 years
WILDWOOD (Maryland)	1958	05/05/69	33 1/3 years
WILLOW GROVE (Pennsylvania)	1953	11/20/84	35 years
WILLOW LAWN (Virginia)	1957	12/05/83	35 years
WYNNEWOOD (Pennsylvania)	1948	10/29/96	35 years
DEVELOPMENT PROJECTS:			
TANASBOURNE (Oregon)	2000		
SANTANA ROW (California)	1999 - 2002	03/05/97	50 years
TOTALS			

FEDERAL REALTY INVESTMENT TRUST
SCHEDULE III
SUMMARY OF REAL ESTATE AND ACCUMULATED
DEPRECIATION - CONTINUED
THREE YEARS ENDED DECEMBER 31, 2002

RECONCILIATION OF TOTAL COST

Balance, January 1, 2000	$ 1,721,459,000
Additions during period	
Acquisitions	26,794,000
Improvements	156,021,000
Deduction during period - disposition of property and miscellaneous retirements and impairments	(49,361,000)
Balance, December 31, 2000	1,854,913,000
Additions during period	
Acquisitions	52,820,000
Improvements	219,549,000
Deduction during period - disposition of property and miscellaneous retirements	(22,978,000)
Balance, December 31, 2001	2,104,304,000
Additions during period	
Acquisitions	-
Improvements	265,531,000
Deduction during period - disposition of property and miscellaneous retirements	(63,009,000)
Balance, December 31, 2002	$ 2,306,826,000

(A) For Federal tax purposes, the aggregate cost basis is approximately $2,090,091,000 as of December 31, 2002.

FEDERAL REALTY INVESTMENT TRUST
SCHEDULE III
SUMMARY OF REAL ESTATE AND ACCUMULATED
DEPRECIATION - CONTINUED
THREE YEARS ENDED DECEMBER 31, 2002

RECONCILIATION OF ACCUMULATED DEPRECIATION AND AMORTIZATION

Balance, January 1, 2000	$ 317,921,000
Additions during period	
Depreciation and amortization expense	49,176,000
Deductions during period - disposition of property and miscellaneous retirements	(15,839,000)
Balance, December 31, 2000	351,258,000
Additions during period	
Depreciation and amortization expense	55,048,000
Deductions during period - disposition of property, miscellaneous retirements and acquisition of minority interest	(10,539,000)
Balance, December 31, 2001	395,767,000
Additions during period	
Depreciation and amortization expense	59,296,000
Deductions during period - disposition of property, miscellaneous retirements and acquisition of minority interest	(4,366,000)
Balance, December 31, 2002	$ 450,697,000

FEDERAL REALTY INVESTMENT TRUST
SCHEDULE IV
MORTGAGE LOANS ON REAL ESTATE
YEAR ENDED DECEMBER 31, 2002

Column A	Column B	Column C
Description of Lien	Interest Rate	Maturity Date
Leasehold mortgage on office building in San Francisco, CA	7.88%	February 2003
Mortgage on Hotel in San Jose, CA	12% to 15%	January 2012
Mortgage on retail buildings in Philadelphia	Greater of prime plus 2% or 10%	May 2021
Mortgage on retail buildings in Philadelphia	10% plus participation	May 2021

Column D	Column E	Column F	Column G
Periodic Payment Terms	Prior Liens	Face Amount of Mortgages	Carrying Amount of Mortgages (1)
Interest only monthly; ballon payment due at maturity	--	$ 5,618,000	$ 5,618,000 (2)
(3)	--	7,200,000	7,200,000
Interest only monthly; balloon payment due at maturity	--	25,000,000	13,509,000 (4)
Interest only; balloon payment due at maturity	--	9,250,000	9,250,000
	--	$ 47,068,000	$ 35,577,000

1) For Federal tax purposes, the aggregate tax basis is approximately $35,577,000 as of December 31, 2002. No payments are delinquent on these mortgages.
2) The loan was not repaid on the due date. We are currently exploring all available options we may have as a result of the borrowers failure to pay at maturity.
3) For the first five years interest is payable from cash flow, if available. If cash flow is not sufficient to pay interest in full, the unpaid amount will accrue and bear interest at the same rate as the principal. After year five, current interest payments are required. After year seven, mortgagee is required to apply 50% of all available cash flow to repayment of principal.
4) This mortgage is available for up to $25,000,000.

FEDERAL REALTY INVESTMENT TRUST
SCHEDULE IV
MORTGAGE LOANS ON REAL ESTATE - CONTINUED
THREE YEARS ENDED DECEMBER 31, 2001

RECONCILIATION OF CARRYING AMOUNT

Balance, January 1, 2000	$ 53,495,000
Additions during period	
Issuance of loan	5,701,000
Deductions during period	
Collection of loan	(11,836,000)
Balance, December 31, 2000	47,360,000
Additions during period	
Issuance of loans	925,000
Deductions during period	
Collection and satisfaction of loans	(12,678,000)
Balance, December 31, 2001	35,607,000
Additions during period	
Issuance of loans	14,362,000
Deductions during period	
Collection and satisfaction of loans	(14,392,000)
Balance, December 31, 2002	$ 35,577,000

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Grant Thornton LLP has been selected as our independent public accountants for the current year and examined our financial statements for the year ended December 31, 2002. On June 4, 2002, Arthur Andersen LLP was dismissed and Grant Thornton LLP was engaged as our principal independent public accountants. The decision to change accountants was approved by the Board of Trustees upon the recommendation of the Audit Committee. The reports of Arthur Andersen LLP for the years ended December 31, 2000 and 2001 and the subsequent interim period through June 4, 2002 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified as to uncertainty, audit scope or accounting principles. During our fiscal years ended December 31, 2000 and 2001 and the subsequent interim period through June 4, 2002, there were no disagreements with Arthur Andersen LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements, if not resolved to the satisfaction of Arthur Andersen LLP, would have caused them to make reference thereto in their reports on the financial statements for those years.

PART III

Certain information required in Part III is omitted from this Report but is incorporated herein by reference from our Proxy Statement for the 2003 Annual Meeting of Shareholders (the "Proxy Statement").

ITEM 10. TRUSTEES AND EXECUTIVE OFFICERS

a.) The table identifying our Trustees under the caption "Election of Trustees" and the section entitled "Executive Officers" of the Proxy Statement is incorporated herein by reference.

b.) The information required by this item is included in this report at Item 1 under the caption "Executive Officers of the Registrant". The information contained in the Proxy Statement under the captions "The Board of Trustees" and "Executive Officers" is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The sections entitled "Summary Compensation Table" and "Aggregated Option Exercises in 2002 and December 31, 2002 Option Values" of the Proxy Statement are incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The sections entitled "Ownership of Shares by Certain Beneficial Owners," "Ownership of Shares by Trustees and Officers" and "Equity Compensation Plan Information" of the Proxy Statement are incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The section entitled "Certain Relationships and Related Transactions" of the Proxy Statement is incorporated herein by reference.

ITEM 14. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our President and Chief Executive Officer and Senior Vice President and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-14(c) promulgated under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) Financial Statements

Report of Independent Public Accountants - Grant Thornton LLP

Report of Independent Public Accountants - Arthur Andersen LLP

Consolidated Balance Sheets - December 31, 2002 and 2001

Consolidated Statements of Operations - Years Ended December 31, 2002, 2001 and 2000

Consolidated Statements of Common Shareholders' Equity - Years Ended December 31, 2002, 2001 and 2000

Consolidated Statements of Cash Flows - Years Ended December 31, 2002, 2001 and 2000

Notes to Consolidated Financial Statements (including selected quarterly data)

(2) Financial Statement Schedules

Schedule III. Schedule of Real Estate and Accumulated Depreciation

Schedule IV. Mortgage Loans on Real Estate

(3) Exhibits

Exhibit No.	Description
3.1	Declaration of Trust of Federal Realty Investment Trust dated May 5, 1999 (previously filed as Exhibit 3.2 to the Trust's Current Report on Form 8-K filed on May 25, 1999 (File No. 1-07533) and incorporated herein by reference)
3.2	Amended and Restated Bylaws of Federal Realty Investment Trust dated February 12, 2003 (filed herewith)
4.1	Specimen Common Share certificate (previously filed as Exhibit 4(i) to the Trust's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 1-07533) (the "1999 Form 10-K") and incorporated herein by reference)
4.2	Specimen 7.95% Series A Cumulative Redeemable Preferred Share certificate (previously filed as Exhibit 4(ii) to the 1999 Form 10-K and incorporated herein by reference)
4.3	Articles Supplementary relating to the 8 1/2% Series B Cumulative Redeemable Preferred Shares (previously filed as Exhibit 4.1 to the Trust's Registration Statement on Form 8-A filed on November 26, 2001 (File No. 1-07533) (the "2001 Form 8-A") and incorporated by reference)
4.4	Specimen 8 1/2% Series B Cumulative Redeemable Preferred Share certificate (previously filed as Exhibit 4.2 to the 2001 Form 8-A and incorporated herein by reference)
4.5	Amended and Restated Rights Agreement, dated March 11, 1999, between the Trust and American Stock Transfer & Trust Company (previously filed as Exhibit 1 to the Trust's Registration Statement on Form 8-A/A filed on March 11, 1999 (File No. 1-07533) and incorporated herein by reference)
4.6	5 1/4% Convertible Subordinated Debenture due 2003 (previously described in Amendment No. 1 to Form S-3 filed on August 4, 1987 (File No. 33-15264) is incorporated herein by reference)
4.7	Indenture dated December 13, 1993 related to the Trust's 7.48% Debentures due August 15, 2026; 6 5/8% Notes due 2005; 6.82% Medium Term Notes due August 1, 2027; 6.74% Medium Term Notes due March 10, 2004; and 6.99% Medium Term Notes due March 10, 2006 (previously filed as Exhibit 4(a) to the Trust's Registration Statement on Form S-3 (File No. 33-51029), and amended on Form S-3 (File No. 33-63687), filed on December 13, 1993 is incorporated herein by reference)
4.8	Indenture dated September 1, 1998 related to the Trust's 8.75% Notes due December 1, 2009 and the Trust's 6 1/8% Notes due November 15, 2007 filed as Exhibit 4(a) to the Trust's Registration Statement on Form S-3 (File No. 333-63619) filed on September 17, 1998 is incorporated herein by reference thereto
10.1	* Deferred Compensation Agreement with Steven J. Guttman dated December 13, 1978 (previously filed as Exhibit 10(iv) to the Trust's Annual Report on Form 10-K for the year ended December 31, 1980 (File No. 1-07533) and incorporated herein by reference)
10.2	Amended and Restated 1983 Stock Option Plan and 1985 Non-Qualified Stock Option Plan of Federal Realty Investment Trust (previously filed as exhibits to the Trust's Registration Statement in Form S-8 (File No. 33-55111), filed on August 17, 1994 and incorporated herein by reference)
10.3	1985 Non-Qualified Stock Option Plan (previously filed as a portion of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1985 (File No. 1-07533) and incorporated herein by reference)
10.4	1991 Share Purchase Plan (previously filed as a portion of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1990 (File No. 1-07533) and incorporated herein by reference)
10.5	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 (previously filed as an exhibit to the Trust's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-07533) and incorporated herein by reference)

Exhibit No.	Description
10.6	Amended and Restated 1993 Long-Term Incentive Plan, as amended on October 6, 1997 and further amended on May 6, 1998 (previously filed as a portion of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 1-07533) and incorporated herein by reference)
10.7	Fiscal Agency Agreement dated as of October 28, 1993 between the Trust and Citibank, N.A. (previously filed as an exhibit to the Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993 (File No. 1-07533) (the "1993 Form 10-Q") and incorporated herein by reference)
10.8	Form of Severance Agreement between the Trust and Certain of its Officers dated December 31, 1994 (previously filed as a portion of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 1-07533) and incorporated herein by reference)
10.9	Credit Agreement dated as of December 19, 1997 by and among the Trust, as Borrower, the financial institutions party thereto and their assignees, as Lenders, Corestates Bank, N.A., as Syndication Agent, First Union National Bank, as Administrative Agent and as Arranger, and Wells Fargo Bank, as Documentation Agent and as Co-Arranger (previously filed as a portion of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1997 (File No. 1-07533) (the "1997 Form 10-K") and incorporated herein by reference)
10.10	* Performance Share Award Agreement between the Trust and Steven J. Guttman, as of January 1, 1998 (previously filed as a portion of Exhibit 10 to the 1997 Form 10-K and incorporated herein by reference)
10.11	* Form of Amended and Restated Restricted Share Award Agreements between the Trust and Steven J. Guttman for the years 1998 through 2002 (previously filed as a portion of Exhibit 10 to the 1997 Form 10-K and incorporated herein by reference)
10.12	* Amended and Restated Employment Agreement between the Trust and Steven J. Guttman as of March 6, 1998 (previously filed as a portion of Exhibit 10 to the 1997 Form 10-K and incorporated herein by reference)
10.13	* Amended and Restated Executive Agreement between the Trust and Steven J. Guttman as of March 6, 1998 (previously filed as a portion of Exhibit 10 to the 1997 Form 10-K and incorporated herein by reference)
10.14	Term Loan Agreement, dated as of December 22, 1998 by and among the Trust, as Borrower, the financial institutions party thereto and their assignees, as Lenders, Commerzbank Aktiengesellschaft, New York Branch as Syndication Agent, PNC, National Association, as Administrative Agent and Fleet National Bank, as documentation agent (previously filed as a portion of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 1-07533) and incorporated herein by reference)
10.15	* Performance Share Award Agreement dated as of February 9, 2000 between the Trust and Donald C. Wood (previously filed as a portion of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 1-07533) (the "1999 Form 10-K") and incorporated herein by reference)
10.16	* Restricted Share Award Agreement dated as of February 9, 2000 between the Trust and Donald C. Wood (previously filed as a portion of Exhibit 10 to the 1999 Form 10-K and incorporated herein by reference)
10.17	* Amendment to Performance Share Award Agreement dated as of February 25, 2000 between the Trust and Steven J. Guttman (previously filed as a portion of Exhibit 10 to the 1999 Form 10-K and incorporated herein by reference)
10.18	* Severance Agreement between the Trust and Donald C. Wood dated February 22, 1999 (previously filed as a portion of Exhibit 10 to the 1999 Form 10-K and incorporated herein by reference)
10.19	* Executive Agreement between Federal Realty Investment Trust and Donald C. Wood dated February 22, 1999 (previously filed as a portion of Exhibit 10 to the 1999 Form 10-K and incorporated herein by reference)
10.20	* Amendment to Restricted Share Award Agreement dated December 8, 2000 the Trust and Donald C. Wood (previously filed as a portion of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 2000 (File No. 1-07533) (the "2000 Form 10-K") and incorporated herein by reference)
10.21	* Split Dollar Life Insurance Agreement dated June 7, 1998 between the Trust and The Guttman Family 1998 Trust (previously filed as a portion of Exhibit 10 to the 2000 Form 10-K and incorporated herein by reference)

Exhibit No.	Description
10.22	* Split Dollar Life Insurance Agreement dated August 12, 1998 between the Trust and Donald C. Wood (previously filed as a portion of Exhibit 10 to the 2000 Form 10-K and incorporated herein by reference)
10.23	* Restricted Share Award Agreement dated as of February 15, 2000 between the Trust and Jeffrey S. Berkes (previously filed as a portion of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 1-07533) (the "2001 Form 10-K") and incorporated herein by reference)
10.24	* Severance Agreement between the Trust and Jeffrey S. Berkes dated March 1, 2000 (previously filed as a portion of Exhibit 10 to the 2001 Form 10-K and incorporated herein by reference)
10.25	* Severance Agreement dated March 1, 2002 between the Trust and Larry E. Finger (filed herewith)
10.26	* Combined Incentive and Non-Qualified Stock Option Agreement dated February 28, 2002 between the Trust and Larry E. Finger (filed herewith)
10.27	* Performance Share Award Agreement between the Trust and Donald C. Wood dated February 28, 2002 (filed herewith)
10.28	* Performance Share Award Agreement between the Trust and Jeffrey S. Berkes dated February 28, 2002 (filed herewith)
10.29	* Amendment to Promissory Notes dated May 31, 2002 between Federal Realty Investment Trust and Steven J. Guttman (filed herewith)
10.30	* Amendment to Stock Option Agreement dated August 15, 2002 between the Trust and Dawn M. Becker (filed herewith)
10.31	* Amendment to Stock Option Agreement dated August 15, 2002 between Federal Realty Investment Trust and Jeffrey S. Berkes (filed herewith)
10.32	2001 Long-Term Incentive Plan (previously file as Exhibit 99.1 to the Trust's S-8 Registration Number 333-60364 filed on May 7, 2001)
23.1	Consent of Grant Thornton LLP (filed herewith)
25.1	Power of Attorney (included on signature page)
99.1	Section 906 Certification for Donald C. Wood
99.2	Section 906 Certification for Larry E. Finger

(b) Reports on Form 8-K

On December 23, 2002, we filed a Form 8-K dated December 20, 2002 in response to Items 5 and 7, to report and file a press release announcing the resignation of Steven J. Guttman as Trustee, chief executive officer and chairman of the Board of Trustees effective January 1, 2003 and the appointment of Donald Wood, our then president and chief operating officer, as chief executive officer and a member of the Board of Trustees. In addition, Mark Ordan, a member of the Board of Trustees since 1996, was named non-executive chairman of the board.

On November 18, 2002, we filed a Form 8-K dated November 18, 2002 in response to Item 7, to file certain exhibits to our registration statement on Form S-3 (File No. 333-63619) in connection with our underwritten public offering of $150 million of 6 1/8% Notes due 2007.

On November 13, 2002, we filed a Form 8-K dated November 13, 2002 in response to Item 5, to file a description of the material U.S. federal income tax consequences relating to our taxation as a REIT and the ownership and disposition of our common shares.

On October 30, 2002, we filed a Form 8-K dated September 30, 2002 in response to Item 5, to file supplemental data pertaining to our portfolio of properties at September 30, 2002.

(c) Exhibits

See Item 15(a)(3) above

* Management contract or compensatory plan to be filed under item 15(c) of Form 10-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized this 26th day of March, 2003.

Federal Realty Investment Trust

By: /s/ DONALD C. WOOD

Donald C. Wood
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons in the capacities indicated. Each person whose signature appears below hereby constitutes and appoints each of Donald C. Wood and Dawn M. Becker as his or her attorney-in-fact and agent, with full power of substitution and resubstitution for him or her in any and all capacities, to sign any or all amendments to this Report and to file same, with exhibits thereto and other documents in connection therewith, granting unto such attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary in connection with such matters and hereby ratifying and confirming all that such attorney-in-fact and agent or his or her substitutes may do or cause to be done by virtue hereof.

SIGNATURE	TITLE	DATE
/s/ Donald C. Wood Donald C. Wood	Chief Executive Officer (Principal Executive Officer)	March 26, 2003
/s/ Larry E. Finger Larry E. Finger	Senior Vice President, Chief Financial Officer and Treasurer (principal financial and accounting officer)	March 26, 2003
/s/ Mark S. Ordan Mark S. Ordan	Non-Executive Chairman	March 26, 2003
/s/ Dennis L. Berman Dennis L. Berman	Trustee	March 26, 2003
/s/ Kristin Gamble Kristin Gamble	Trustee	March 26, 2003
/s/ Amy B. Lane Amy B. Lane	Trustee	March 26, 2003
/s/ Walter F. Loeb Walter F. Loeb	Trustee	March 26, 2003
/s/ Joseph S. Vassalluzzo Joseph S. Vassalluzzo	Trustee	March 26, 2003

CERTIFICATIONS

I, Donald C. Wood, certify that:

1. I have reviewed this annual report on Form 10-K of Federal Realty Investment Trust;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; and

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a.) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b.) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c.) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of trustees (or persons performing the equivalent functions):

   a.) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b.) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that

could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

DATE: March 26, 2003

/s/ Donald C. Wood

NAME: Donald C. Wood
TITLE: President and Chief Executive Officer

CERTIFICATIONS

I, Larry E. Finger, certify that:

1. I have reviewed this annual report on Form 10-K of Federal Realty Investment Trust;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; and

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

    a.) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

    b.) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

    c.) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of trustees (or persons performing the equivalent functions):

    a.) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b.) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that

could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

DATE: March 26, 2003

/s/ Larry E. Finger

NAME: Larry E. Finger
TITLE: Senior Vice President - Chief Financial Officer and Treasurer

[LOGO] FEDERAL REALTY INVESTMENT TRUST

Bylaws

Federal Realty Investment Trust
Amended and Restated Bylaws
(February 12, 2003)

ARTICLE I
OFFICES

Section 1. PRINCIPAL OFFICE. The principal office of the Trust shall be located at such place or places as the Board of Trustees may designate.

Section 2. ADDITIONAL OFFICES. The Trust may have additional offices at such places as the Board of Trustees may from time to time determine or the business of the Trust may require.

ARTICLE II
MEETINGS OF SHAREHOLDERS

Section 1. PLACE. All meetings of shareholders shall be held at the principal executive office of the Trust or at such other place within the United States as shall be stated in the notice of the meeting.

Section 2. ANNUAL MEETING. An annual meeting of the shareholders for the election of Trustees and the transaction of any business within the powers of the Trust shall be held during the month of May of each year, after the delivery of the annual report referred to in Section 12 of this Article II, at a convenient location and on proper notice, on a date and at the time set by the Trustees, beginning with the year 1999. Failure to hold an annual meeting does not invalidate the Trust's existence or affect any otherwise valid acts of the Trust.

Section 3. SPECIAL MEETINGS. The Chairman of the Board, the Chief Executive Officer, the President or one-third of the Trustees may call special meetings of the shareholders. Special meetings of shareholders shall also be called by the Secretary upon the written request of the holders of shares entitled to cast not less than a twenty-five percent of all the votes entitled to be cast at such meeting. Such request shall state the purpose of such meeting and the matters proposed to be acted on at such meeting. The Secretary shall inform such shareholders of the reasonably estimated cost of preparing and mailing notice of the meeting and, upon payment by such shareholders to the Trust of such costs, the Secretary shall give notice to each shareholder entitled to notice of the meeting. Unless requested by shareholders entitled to cast a majority of all the votes entitled to be cast at such meeting, a special meeting need not be called to consider any matter which is substantially the same as a matter voted on at any meeting of the shareholders held during the preceding twelve months.

Section 4. NOTICE. Not less than ten nor more than 90 days before each meeting of shareholders, the Secretary shall give to each shareholder entitled to vote at such meeting and to each shareholder not entitled to vote who is entitled to notice of the meeting written or printed notice stating the time and place of the meeting and, in the case of a special meeting or as otherwise may be required by any statute, the purpose for which the meeting is called, either by mail or by presenting it to such shareholder personally or by leaving it at his residence or usual place of business. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the shareholder at his post office address as it appears on the records of the Trust, with postage thereon prepaid.

Section 5. SCOPE OF NOTICE. Any business of the Trust may be transacted at an annual meeting of shareholders without being specifically designated in the notice, except such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of shareholders except as specifically designated in the notice.

Section 6. ORGANIZATION. The Chairman of the Board shall preside over every meeting of the shareholders. If there is no Chairman or the Chairman is not present at any meeting of the shareholders, the Chief Executive Officer shall preside. In the case of a vacancy in office or an absence of both the Chairman and the Chief Executive Officer, one of the following officers present shall conduct the meeting in the order stated: the President, the Vice Presidents (as defined in Article V, Section 8) in their order of rank and seniority, or a Chairman chosen by the shareholders entitled to cast a majority of the votes which all shareholders present in person or by proxy are entitled to cast, shall act as Chairman. The Secretary, or, in his absence, an Assistant Secretary, or in the absence of both the Secretary and Assistant Secretaries, a person appointed by the Chief Executive Officer, shall act as Secretary of the meeting.

Section 7. QUORUM. At any meeting of shareholders, the presence in person or by proxy of shareholders entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum; but this section shall not affect any requirement under any statute or the Declaration of Trust for the vote necessary for the adoption of any measure. The shareholders entitled to vote at such meeting, present in person or by proxy, shall have the power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. VOTING. A plurality of all the votes cast at a meeting of shareholders duly called and at which a quorum is present shall be sufficient to elect a Trustee. Each share may be voted for as many individuals as there are Trustees to be elected and for whose election the share is entitled to be voted. A majority of the votes cast at a meeting of shareholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required herein or by statute or by the Declaration of Trust. Unless otherwise provided in the Declaration of Trust, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders.

Section 9. PROXIES. A shareholder may cast the votes entitled to be cast by the shares owned of record by him either in person or by proxy executed by the shareholder or by his duly authorized agent in any manner allowed by law. Such proxy shall be filed with the Secretary of the Trust before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 10. VOTING OF SHARES BY CERTAIN HOLDERS. Shares of the Trust registered in the name of a corporation, partnership, limited liability company, trust or other entity, if entitled to be voted, may be voted by the president or a vice president, a general partner, a manager, a managing member or trustee thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such shares pursuant to a bylaw or a resolution of the governing board of such corporation or other entity or agreement of the partners of the partnership or agreement of the members of the limited liability company presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such shares. Any trustee or other fiduciary may vote shares registered in his name as such fiduciary, either in person or by proxy.

Shares of the Trust directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Trustees may adopt by resolution a procedure by which a shareholder may certify in writing to the Trust that any shares registered in the name of the shareholder are held for the account of a specified person other than the shareholder. The resolution shall set forth the class of shareholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date or closing of the share transfer books, the time after the record date or closing of the share transfer books within which the certification must be received by the Trust; and any other provisions with respect to the procedure which the Trustees consider necessary or desirable. On receipt of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the shareholder of record of the specified shares in place of the shareholder who makes the certification.

Notwithstanding any other provision contained herein or in the Declaration of Trust or these Bylaws, Title 3, Subtitle 7 of the Corporations and Associations Article of the Annotated Code of Maryland (or any successor statute) shall not apply to any acquisition by any person of shares of beneficial interest of the Trust. This section may be repealed, in whole or in part, at any time, whether before or after an acquisition of control shares and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any prior or subsequent control share acquisition.

Section 11. INSPECTORS. At any meeting of shareholders, the chairman of the meeting may appoint one or more persons as inspectors for such meeting. Such inspectors shall ascertain and report the number of shares represented at the meeting based upon their determination of the validity and effect of proxies, count all votes, report the results and perform such other acts as are proper to conduct the election and voting with impartiality and fairness to all the shareholders.

Each report of an inspector shall be in writing and signed by him or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be prima facie evidence thereof.

Section 12. REPORTS TO SHAREHOLDERS. The Trustees shall submit to the shareholders at or before the annual meeting of shareholders a report of the business and operations of the Trust during such fiscal year, containing a balance sheet and a statement of income and surplus of the Trust, accompanied by the certification of an independent certified public accountant, and such further information as the Trustees may determine is required pursuant to any law or regulation to which the Trust is subject. Within the earlier of 20 days after the annual meeting of shareholders or 120 days after the end of the fiscal year of the Trust, the Trustees shall place the annual report on file at the principal office of the Trust and with any governmental agencies as may be required by law and as the Trustees may deem appropriate.

Section 13. NOMINATIONS AND PROPOSALS BY SHAREHOLDERS.

(a) Annual Meetings of Shareholders.

(1) Nominations of persons for election to the Board of Trustees and the proposal of business to be considered by the shareholders may be made at an annual meeting of shareholders: (A) pursuant to the Trust's notice of meeting; (B) by or at the direction of the Trustees; or (C) by any shareholder of the Trust who was a shareholder of record both at the time of giving of notice provided for in this Section 13(a) and at the time of the annual meeting, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 13(a).

(2) For nominations or other business to be properly brought before an annual meeting by a shareholder pursuant to clause (C) of paragraph (a)(1) of this Section 13, the shareholder must have given timely notice thereof in writing to the Secretary of the Trust and such other business must otherwise be a proper matter for action by shareholders. To be timely, a shareholder's notice shall be delivered to the Secretary at the principal executive offices of the Trust not later than the close of business on the 120th calendar day before the first anniversary of the date of the Trust's proxy statement released to shareholders in connection with the preceding year's annual meeting; provided, however, that in the event that the date of the current year's annual meeting has been changed by more than 30 days from the date of the preceding year's meeting or if the Trust did not hold an annual meeting the preceding year, notice by the shareholder to be timely must be so delivered within a reasonable time before the Trust begins to print and mail its proxy materials. In no event shall the public announcement of a postponement or adjournment of an annual meeting to a later date or time commence a new time period for the giving of a shareholder's notice as described above. Such shareholder's notice shall set forth: (A) as to each person whom the shareholder proposes to nominate for election or reelection as a Trustee all information relating to such person that is required to be disclosed in solicitations of proxies for election of Trustees in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (including such person's written consent to being named in the proxy statement as a nominee and to serving as a Trustee if elected); (B) as to any other business that the shareholder proposes to bring

before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such shareholder and of the beneficial owner, if any, on whose behalf the proposal is made; and (C) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made: (i) the name and address of such shareholder, as they appear on the Trust's books, and of such beneficial owner; and (ii) the number of each class of shares of the Trust which are owned beneficially and of record by such shareholder and such beneficial owner.

(3) Notwithstanding anything in the second sentence of paragraph (a)(2) of this Section 13 to the contrary, in the event that the number of Trustees to be elected to the Board of Trustees is increased and there is no public announcement by the Trust naming all of the nominees for Trustee or specifying the size of the increased Board of Trustees at least 70 days prior to the first anniversary of the preceding year's annual meeting, a shareholder's notice required by this Section 13(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Trust not later than the close of business on the tenth day following the day on which such public announcement is first made by the Trust.

(b) Special Meetings of Shareholders. Only such business shall be conducted at a special meeting of shareholders as shall have been brought before the meeting pursuant to the Trust's notice of meeting. Nominations of persons for election to the Board of Trustees may be made at a special meeting of shareholders at which Trustees are to be elected: (i) pursuant to the Trust's notice of meeting; (ii) by or at the direction of the Board of Trustees; or (iii) provided that the Board of Trustees has determined that Trustees shall be elected at such special meeting, by any shareholder of the Trust who was a shareholder of record both at the time of giving of notice provided for in this Section 13(b) and at the time of the special meeting, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 13(b). In the event the Trust calls a special meeting of shareholders for the purpose of electing one or more Trustees to the Board of Trustees, any such shareholder may nominate a person or persons (as the case may be) for election to such position as specified in the Trust's notice of meeting, if the shareholder's notice containing the information required by paragraph (a)(2) of this Section 13 shall be delivered to the Secretary at the principal executive offices of the Trust not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Trustees to be elected at such meeting. In no event shall the public announcement of a postponement or adjournment of a special meeting to a later date or time commence a new time period for the giving of a shareholder's notice as described above.

(c) General.

(1) Only such persons who are nominated in accordance with the procedures set forth in this Section 13 shall be eligible to serve as Trustees and only such business shall be conducted at a meeting of shareholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 13. The chairman of the meeting shall have the power and duty to determine whether a nomination or any business

proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 13 and, if any proposed nomination or business is not in compliance with this Section 13, to declare that such nomination or proposal shall be disregarded.

(2) For purposes of this Section 13, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable news service or in a document publicly filed by the Trust with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 13, a shareholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 13. Nothing in this Section 13 shall be deemed to affect any rights of shareholders to request inclusion of proposals in, nor the right of the Trust to omit a proposal from, the Trust's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 14. INFORMAL ACTION BY SHAREHOLDERS.

(a) Any action by Shareholders may be taken without a meeting, if a majority of Shares entitled to vote on the matter (or such larger proportion of Shares as shall be required to take such action) consent to the action in writing and the written consents are filed with the records of the meetings of Shareholders.

(b) 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 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 State of Maryland, 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 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.

Section 15. VOTING BY BALLOT. Voting on any question or in any election may be viva voce unless the presiding officer shall order or any shareholder shall demand that voting be by ballot.

ARTICLE III
TRUSTEES

Section 1. GENERAL POWERS; QUALIFICATIONS; TRUSTEES HOLDING OVER. The business and affairs of the Trust shall be managed under the direction of its Board of Trustees. A Trustee shall be an individual at least 21 years of age who is not under legal disability. In case of failure to elect Trustees at an annual meeting of the shareholders, the Trustees holding over shall continue to direct the management of the business and affairs of the Trust until their successors are elected and qualify.

Section 2. NUMBER. At any regular meeting or at any special meeting called for that purpose, a majority of the entire Board of Trustees may establish, increase or decrease the number of Trustees; provided, however, that the total number of Trustees shall not be less than three (3) or more than fifteen (15).

Section 3. ANNUAL AND REGULAR MEETINGS. An annual meeting of the Trustees shall be held immediately after and at the same place as the annual meeting of shareholders, no notice other than this Bylaw being necessary. The Trustees may provide, by resolution, the time and place, either within or without the State of Maryland, for the holding of regular meetings of the Trustees without other notice than such resolution.

Section 4. SPECIAL MEETINGS. Special meetings of the Trustees may be called by or at the request of the Chairman of the Board, the Chief Executive Officer or the President or by a majority of the Trustees then in office. The person or persons authorized to call special meetings of the Trustees may fix any place, either within or without the State of Maryland, as the place for holding any special meeting of the Trustees called by them.

Section 5. NOTICE. Notice of any special meeting shall be given by written notice delivered personally, telegraphed, facsimile-transmitted or mailed to each Trustee at his business or residence address. Personally delivered or telegraphed notices shall be given at least two days prior to the meeting. Notice by mail shall be given at least five days prior to the meeting. Telephone or facsimile-transmission notice shall be given at least 24 hours prior to the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. If given by telegram, such notice shall be deemed to be given when the telegram is delivered to the telegraph company. Telephone notice shall be deemed given when the Trustee is personally given such notice in a telephone call to which the Trustee is a party. Facsimile-transmission notice shall be deemed given upon completion of the transmission of the message to the number given to the Trust by the Trustee and receipt of a completed transmission report confirming delivery. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Trustees need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 6. QUORUM. A majority of the Trustees shall constitute a quorum for transaction of business at any meeting of the Trustees, provided that, if less than a majority of such Trustees are present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time without further notice, and provided further that if, pursuant to the Declaration of Trust or these Bylaws, the vote of a majority of a particular group of Trustees is required for action, a quorum must also include a majority of such group.

The Trustees present at a meeting which has been duly called and convened may continue to transact business until adjournment, notwithstanding the withdrawal of enough Trustees to leave less than a quorum.

Section 7. VOTING. The action of the majority of the Trustees present at a meeting at which a quorum is present shall be the action of the Trustees, unless the concurrence of a greater proportion is required for such action by applicable statute.

Section 8. TELEPHONE MEETINGS. Trustees may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 9. INFORMAL ACTION BY TRUSTEES. Any action required or permitted to be taken at any meeting of the Trustees may be taken without a meeting, if a consent in writing to such action is signed by each Trustee and such written consent is filed with the minutes of proceedings of the Trustees.

Section 10. VACANCIES. If for any reason any or all the Trustees cease to be Trustees, such event shall not terminate the Trust or affect these Bylaws or the powers of the remaining Trustees hereunder (even if fewer than 3 Trustees remain). Subject to the rights of holders of one or more classes or series of preferred shares then outstanding, any vacancy on the Board of Trustees (including a vacancy created by an increase in the number of Trustees) may be filled by a majority of the remaining Trustees or, if the remaining Trustees fail to act or there is no remaining Trustee, by the vote of holders of at least a majority of the Shares entitled to vote thereon and present in person or by proxy at any meeting of the shareholders called for that purpose. Any individual so elected as Trustee shall serve for the unexpired term of the Trustee he is replacing.

Section 11. COMPENSATION; FINANCIAL ASSISTANCE.

(a) Compensation. Trustees shall not receive any stated salary for their services as Trustees but, by resolution of the Trustees, may receive compensation per year and/or per meeting and/or per visit to real property owned or to be acquired by the Trust and for any service or activity they performed or engaged in as Trustees. Trustees may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Trustees or of any committee thereof; and for their expenses, if any, in connection with each property visit and any other service or activity performed or engaged in as Trustees; but nothing herein contained shall be construed to preclude any Trustees from serving the Trust in any other capacity and receiving compensation therefor.

(b) Financial Assistance to Trustees. To the extent permitted by law, the Trust may lend money to, guarantee an obligation of or otherwise assist a Trustee or a trustee of its direct or indirect subsidiary. The loan, guarantee or other assistance may be with or without interest, unsecured, or secured in any manner that the Board of Trustees approves, including a pledge of Shares.

Section 12. REMOVAL OF TRUSTEES. The shareholders may, at any time, remove any Trustee in the manner provided in the Declaration of Trust.

Section 13. LOSS OF DEPOSITS. No Trustee shall be liable for any loss which may occur by reason of the failure of the bank, trust company, savings and loan association, or other institution with whom moneys or shares have been deposited.

Section 14. SURETY BONDS. Unless required by law, no Trustee shall be obligated to give any bond or surety or other security for the performance of any of his duties.

Section 15. RELIANCE. Each Trustee, officer, employee and agent of the Trust shall, in the performance of his duties with respect to the Trust, be fully justified and protected with regard to any act or failure to act in reliance in good faith upon the books of account or other records of the Trust, upon an opinion of counsel or upon reports made to the Trust by any of its officers or employees or by the adviser, accountants, appraisers or other experts or consultants selected by the Trustees or officers of the Trust, regardless of whether such counsel or expert may also be a Trustee.

Section 16. INTERESTED TRUSTEE TRANSACTIONS. Section 2-419 of the Maryland General Corporation Law (the "MGCL") shall be available for and apply to any contract or other transaction between the Trust and any of its Trustees or between the Trust and any other trust, corporation, firm or other entity in which any of its Trustees is a trustee or director or has a material financial interest.

Section 17. CERTAIN RIGHTS OF TRUSTEES, OFFICERS, EMPLOYEES AND AGENTS. The Trustees shall have no responsibility to devote their full time to the affairs of the Trust. Any Trustee or officer, employee or agent of the Trust (other than a full-time officer, employee or agent of the Trust), in his personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar or in addition to those of or relating to the Trust, subject to any limitations imposed by applicable law or any policies adopted by the Board of Trustees.

Section 18. CHAIRMAN OF THE BOARD OF TRUSTEES. The Board of Trustees may elect from among the Trustees a Chairman of the Board of Trustees by the affirmative vote of a majority of the full Board of Trustees taken at any regular or special meeting of the Trustees. The Chairman shall preside over the meetings of shareholders and the meetings of the Trustees at which he shall be present. The Chairman may be removed at any time by the affirmative vote of a majority of the full Board of Trustees taken at any regular or special meeting of the Trustees. The Chairman may resign from the position of Chairman at any time by written notice to the Board of Trustees effective upon execution and delivery to the Trust of such written notice or upon any future date specified in such notice, provided that such notice shall not constitute written notice to resign as a Trustee unless so designated.

ARTICLE IV
COMMITTEES

Section 1. NUMBER, TENURE AND QUALIFICATIONS. The Trustees shall appoint from among its members an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. The Trustees may appoint from among its members an Executive Committee and such other committees as they may deem necessary or appropriate. All committees so appointed shall be composed of two or more Trustees to serve at the pleasure of the Trustees.

Section 2. POWERS. The Trustees may delegate to committees appointed under Section 1 of this Article any of the powers of the Trustees, except as prohibited by law.

Section 3. MEETINGS. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint another Trustee to act in the place of such absent member. Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board of Trustees.

One-third, but not less than two, of the members of any committee shall be present in person at any meeting of such committee in order to constitute a quorum for the transaction of business at such meeting, and the act of a majority present shall be the act of such committee. The Board of Trustees may designate a chairman of any committee, and such chairman or any two members of any committee may fix the time and place of its meetings unless the Board shall otherwise provide. In the absence or disqualification of any member of any such committee, the members thereof present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another Trustee to act at the meeting in the place of such absent or disqualified members.

Each committee shall keep minutes of its proceedings and shall report the same to the Board of Trustees at the next succeeding meeting, and any action by the committee shall be subject to revision and alteration by the Board of Trustees, provided that no vested or contractual rights of third persons shall be affected by any such revision or alteration.

Section 4. TELEPHONE MEETINGS. Members of a committee of the Trustees may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 5. INFORMAL ACTION BY COMMITTEES. Any action required or permitted to be taken at any meeting of a committee of the Trustees may be taken without a meeting, if a consent in writing to such action is signed by each member of the committee and such written consent is filed with the minutes of proceedings of such committee.

Section 6. VACANCIES. Subject to the provisions hereof, the Board of Trustees shall have the power at any time to change the membership of any committee, to fill all vacancies, to designate alternate members to replace any absent or disqualified member or to dissolve any such committee unless such committee is required to be maintained pursuant to any applicable law, rule or regulation.

ARTICLE V
OFFICERS

Section 1. GENERAL PROVISIONS. The officers of the Trust shall include a President, a Secretary and a Treasurer and may include a Chief Executive Officer, a Chief Operating Officer, a Chief Financial Officer, one or more Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers. In addition, the Trustees may from time to time appoint such other officers with such powers and duties as they shall deem necessary or desirable. The officers of the Trust shall be elected at such intervals as the Trustees may determine. Each officer shall hold office until his successor is elected and qualifies or until his death, resignation or removal in the manner hereinafter provided. Any two or more offices except President and Vice President may be held by the same person. In their discretion, the Trustees may leave unfilled any office except that of President, Secretary and Treasurer. Election of an officer or agent shall not of itself create contract rights between the Trust and such officer or agent.

Section 2. REMOVAL AND RESIGNATION. Any officer or agent of the Trust 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 if in their judgment the best interests of the Trust would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Trust may resign at any time by giving written notice of his resignation to the Trustees, the Chairman of the Board, the President or the Secretary. Any resignation shall take effect at any time subsequent to the time specified therein or, if the time when it shall become effective is not specified therein, immediately upon its receipt. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Trust.

Section 3. VACANCIES. A vacancy in any office may be filled by the Trustees for the balance of the term.

Section 4. CHIEF EXECUTIVE OFFICER. The Trustees may designate a Chief Executive Officer from among the elected officers. The Chief Executive Officer shall have responsibility for implementation of the policies of the Trust, as determined by the Trustees, and for the administration of the business affairs of the Trust. In the absence of the Chairman of the Board or if there is no Chairman of the Board, the Chief Executive Officer shall preside over the meetings of the shareholders and the meetings of the Trustees at which he shall be present.

Section 5. CHIEF OPERATING OFFICER. The Trustees may designate a Chief Operating Officer from among the elected officers. The Chief Operating Officer shall have the responsibilities and duties as set forth by the Trustees or the Chief Executive Officer.

Section 6. CHIEF FINANCIAL OFFICER. The Trustees may designate a Chief Financial Officer from among the elected officers. The Chief Financial Officer shall have the responsibilities and duties as set forth by the Trustees or the Chief Executive Officer.

Section 7. PRESIDENT. In the absence of the Chairman of the Board (or if there is no Chairman of the Board) and the absence of the Chief Executive Officer, the President shall preside over the meetings of the shareholders and meetings of the Trustees at which he shall be present. In the absence of a designation of a Chief Executive Officer by the Trustees, the President shall be the Chief Executive Officer and shall be ex officio a member of all committees that may, from time to time, be constituted by the Trustees. The President may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Trustees or by these Bylaws to some other officer or agent of the Trust or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Trustees from time to time.

Section 8. VICE PRESIDENTS. In the absence of the President or in the event of a vacancy in such office, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions upon the President; and shall perform such other duties as from time to time may be assigned to him by the President or by the Trustees. The Trustees may designate one or more Vice Presidents as Executive Vice Presidents, Senior Vice Presidents or Vice Presidents for particular areas of responsibility.

Section 9. SECRETARY. The Secretary shall: (a) keep the minutes of the proceedings of the shareholders, the Trustees and committees of the Trustees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the Trust records and of the seal of the Trust; (d) keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder; (e) have general charge of the share transfer books of the Trust; and (f) in general perform such other duties as from time to time may be assigned to him by the Chief Executive Officer, the President or the Trustees.

Section 10. TREASURER. The Treasurer shall have the custody of the funds and securities of the Trust and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Trust and shall deposit all moneys and other valuable effects in the name and to the credit of the Trust in such depositories as may be designated by the Trustees.

He shall disburse the funds of the Trust in accordance with the authority granted by the Chief Executive Officer, the President or the Trustees, taking proper vouchers for such disbursements, and shall render to the President and Trustees, whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Trust.

If required by the Trustees, he shall give the Trust a bond in such sum and with such surety or sureties as shall be satisfactory to the Trustees for the faithful performance of the duties of his office and for the restoration to the Trust, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, moneys and other property of whatever kind in his possession or under his control belonging to the Trust.

Section 11. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or Treasurer, respectively, or by the Chief Executive Officer, the President or the Trustees. The Assistant Treasurers shall, if required by the Trustees, give bonds for the faithful performance of their duties in such sums and with such surety or sureties as shall be satisfactory to the Trustees.

Section 12. SALARIES. The salaries and other compensation of the officers shall be fixed from time to time by or with the approval of the Trustees and no officer shall be prevented from receiving such salary or other compensation by reason of the fact that he is also a Trustee.

ARTICLE VI
CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. CONTRACTS. The Trustees may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Trust and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document executed by one or more of the Trustees or by an authorized person shall be valid and binding upon the Trustees and upon the Trust when authorized or ratified by action of the Trustees.

Section 2. CHECKS AND DRAFTS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Trust shall be signed by such officer or agent of the Trust in such manner as shall from time to time be determined by the Trustees.

Section 3. DEPOSITS. All funds of the Trust not otherwise employed shall be deposited from time to time to the credit of the Trust in such banks, trust companies or other depositories as the Trustees may designate. If the Trustees fail to designate a depository, the Chief Executive Officer (or if there is no Chief Executive Officer, the President) may do so.

ARTICLE VII
SHARES

Section 1. CERTIFICATES. Each shareholder shall be entitled to a certificate or certificates which shall represent and certify the number of shares of each class of beneficial interests held by him in the Trust. Each certificate shall be signed by the Chief Executive Officer, the President or an Executive Officer and countersigned by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer and may be sealed with the seal, if any, of the Trust. The signatures may be either manual or facsimile. Certificates shall be consecutively numbered; and if the Trust shall, from time to time, issue several classes of shares, each class may have its own number series. A certificate is valid and may be issued whether or not an officer who signed it is still an officer when it is issued. Each certificate representing shares which are restricted as to their transferability or voting powers, which are preferred or limited as to their dividends or as to their allocable portion of the assets upon liquidation or which are redeemable at the option of the Trust, shall have a statement of such restriction, limitation, preference or redemption provision, or a summary thereof, plainly stated on the certificate. In lieu of such statement or summary, the Trust may set forth upon the face or back of the certificate a statement that the Trust will furnish to any shareholder, upon request and without charge, a full statement of such information.

Section 2. TRANSFERS. Certificates shall be treated as negotiable and title thereto and to the shares they represent shall be transferred by delivery thereof to the same extent as those of a

Maryland stock corporation. Upon surrender to the Trust or the transfer agent of the Trust of a share certificate duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the Trust shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

The Trust shall be entitled to treat the holder of record of any share or shares as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Maryland.

Notwithstanding the foregoing, transfers of shares of beneficial interest of the Trust will be subject in all respects to the Declaration of Trust and all of the terms and conditions contained therein.

Section 3. REPLACEMENT CERTIFICATE. Any officer designated by the Trustees may direct a new certificate to be issued in place of any certificate previously issued by the Trust alleged to have been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing the issuance of a new certificate, an officer designated by the Trustees may, in his discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or the owner's legal representative to advertise the same in such manner as the officer shall require and/or to give bond, with sufficient surety, to the Trust to indemnify it against any loss or claim which may arise as a result of the issuance of a new certificate.

Section 4. CLOSING OF TRANSFER BOOKS OR FIXING OF RECORD DATE. The Trustees may set, in advance, a record date for the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or determining shareholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of shareholders for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of shareholders not less than ten days, before the date on which the meeting or particular action requiring such determination of shareholders of record is to be held or taken.

In lieu of fixing a record date, the Trustees may provide that the share transfer books shall be closed for a stated period but not longer than 20 days. If the share transfer books are closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days before the date of such meeting.

If no record date is fixed and the share transfer books are not closed for the determination of shareholders: (a) the record date for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day on which the notice of meeting is mailed or the 30th day before the meeting, whichever is the closer date to the meeting; and (b) the record date for the determination of shareholders entitled to receive payment of a dividend or an allotment of any other rights shall be the close of business on the day on which the resolution of the Trustees, declaring the dividend or allotment of rights, is adopted.

When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof, except when: (i) the determination has been made through the closing of the transfer books and the stated period of closing has expired; or (ii) the meeting is adjourned to a date more than 120 days after the record date fixed for the original meeting, in either of which case a new record date shall be determined as set forth herein.

Section 5. STOCK LEDGER. The Trust shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate share ledger containing the name and address of each shareholder and the number of shares of each class held by such shareholder.

Section 6. FRACTIONAL SHARES; ISSUANCE OF UNITS. The Trustees may issue fractional shares or provide for the issuance of scrip, all on such terms and under such conditions as they may determine. Notwithstanding any other provision of the Declaration of Trust or these Bylaws, the Trustees may issue units consisting of different securities of the Trust. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Trust, except that the Trustees may provide that for a specified period securities of the Trust issued in such unit may be transferred on the books of the Trust only in such unit.

ARTICLE VIII
ACCOUNTING YEAR

The Trustees shall have the power, from time to time, to fix the fiscal year of the Trust by a duly adopted resolution.

ARTICLE IX
DISTRIBUTIONS

Section 1. AUTHORIZATION. Dividends and other distributions upon the shares of beneficial interest of the Trust may be authorized and declared by the Trustees, subject to the provisions of law and the Declaration of Trust. Dividends and other distributions may be paid in cash, property or shares of the Trust, subject to the provisions of law and the Declaration of Trust.

Section 2. CONTINGENCIES. Before payment of any dividends or other distributions, there may be set aside out of any funds of the Trust available for dividends or other distributions such sum or sums as the Trustees may from time to time, in their absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends or other distributions, for repairing or maintaining any property of the Trust or for such other purpose as the Trustees shall determine to be in the best interest of the Trust, and the Trustees may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X
INVESTMENT POLICY

Subject to the provisions of the Declaration of Trust, the Board of Trustees may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Trust as it shall deem appropriate in its sole discretion.

ARTICLE XI
SEAL

Section 1. SEAL. The Trustees may authorize the adoption of a seal by the Trust. The seal shall have inscribed thereon the name of the Trust and the year of its formation. The Trustees may authorize one or more duplicate seals and provide for the custody thereof.

Section 2. AFFIXING SEAL. Whenever the Trust is permitted or required to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word "(SEAL)" adjacent to the signature of the person authorized to execute the document on behalf of the Trust.

ARTICLE XII
INDEMNIFICATION AND ADVANCE OF EXPENSES

To the maximum extent permitted by Maryland law in effect from time to time, the Trust shall indemnify: (a) any Trustee, officer or shareholder or any former Trustee, officer or shareholder (including among the foregoing, for all purposes of this Article XII and without limitation, any individual who, while a Trustee, officer or shareholder and at the express request of the Trust, serves or has served another real estate investment trust, corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, shareholder, manager, member, partner or trustee of such real estate investment trust, corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise) who has been successful, on the merits or otherwise, in the defense of a proceeding to which he or she was made a party by reason of service in such capacity, against reasonable expenses incurred by him or her in connection with the proceeding; (b) any Trustee or officer or any former Trustee or officer against any claim or liability to which he or she may become subject by reason of such status unless it is established that: (i) his or her act or omission was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty; (ii) he or she actually received an improper personal benefit in money, property or services; or (iii) in the case of a criminal proceeding, he or she had reasonable cause to believe that his or her act or omission was unlawful; and (c) each shareholder or former shareholder against any claim or liability to which he or she may become subject by reason of such status. In addition, the Trust shall, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse, in advance of final disposition of a proceeding, reasonable expenses incurred by a Trustee, officer or shareholder or former Trustee, officer or shareholder made a party to a proceeding by reason such status, provided that, in the case of a Trustee or officer, the Trust shall have received: (1) a written affirmation by the Trustee or officer of his or her good faith belief that he or she has met the applicable standard of conduct necessary for indemnification by the Trust as authorized by these Bylaws; and (2) a written undertaking by or on his or her behalf to repay the amount paid or reimbursed by the Trust if it shall ultimately be determined that the applicable standard of conduct was not met. The Trust may, with the approval of its Trustees, provide such indemnification or payment or reimbursement of expenses to any Trustee, officer or shareholder or any former Trustee, officer or shareholder who served a predecessor of the Trust and to any employee or agent of the Trust or a predecessor of the Trust. Neither the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the Declaration of Trust or these Bylaws inconsistent with this Article, shall apply to or affect in any respect the applicability of this Article with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

Any indemnification or payment or reimbursement of the expenses permitted by these Bylaws shall be furnished in accordance with the procedures provided for indemnification or payment or reimbursement of expenses, as the case may be, under Section 2-418 of the MGCL for directors of Maryland corporations. The Trust may provide to Trustees, officers and shareholders such other and further indemnification or payment or reimbursement of expenses, as the case may be, to the fullest extent permitted by the MGCL, as in effect from time to time, for directors of Maryland corporations.

ARTICLE XIII
WAIVER OF NOTICE

Whenever any notice is required to be given pursuant to the Declaration of Trust or Bylaws or pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XIV
AMENDMENT OF BYLAWS

Section 1. AMENDMENT BY SHAREHOLDERS. Any provision of these Bylaws may be adopted, altered or repealed by the shareholders at any meeting of shareholders called for that purpose, by the affirmative vote of holders of not less than a majority of the shares then outstanding and entitled to vote.

Section 2. AMENDMENT BY TRUSTEES. Except as otherwise provided in any Bylaw adopted pursuant to Section 1 of this Article XIV, any provision of these Bylaws may be adopted, altered or repealed by the Trustees, provided that the Trustees may not repeal Section 1 of this Article XIV or increase the shareholder vote required thereunder.

ARTICLE XV
MISCELLANEOUS

All references to the Declaration of Trust shall include any amendments thereto.

EXHIBIT 23.1

CONSENT OF INDEPENDENT CERTIFIED ACCOUNTANTS

We have issued our report dated February 6, 2003 accompanying the consolidated financial statements and schedules included in the Annual Report of Federal Realty Investment Trust on Form 10-K for the year ended December 31, 2002. We hereby consent to the incorporation by reference of said reports in the Registration Statements of Federal Realty Investment Trust on Forms S-3 (File No. 333-100819, 333-84210, 333-97945, 333-63619, File No. 33-63687, File No. 33-63955, File No. 33-15264 and File No. 33-55111).

/s/ GRANT THORNTON LLP

Washington, D.C.
March 26, 2003

Exhibit 99.1

CERTIFICATIONS

PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Donald C. Wood, the President and Chief Executive Officer of Federal Realty Investment Trust (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Annual Report on Form 10-K for the year ending December 31, 2002, (the "Report"). The undersigned hereby certifies that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company

A signed original of this written statement required by Section 906 has been provided to Federal Realty Investment Trust and will be retained by Federal Realty Investment Trust and furnished to the Securities and Exchange Commission or its staff upon request.

DATE: March 26, 2003

/s/ Donald C. Wood

NAME: Donald C. Wood
TITLE: President and Chief Executive Officer

Exhibit 99.2

CERTIFICATIONS

PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Larry E. Finger, the Senior Vice President - Chief Financial Officer and Treasurer of Federal Realty Investment Trust (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Annual Report on Form 10-K for the year ending December 31, 2002 (the "Report"). The undersigned hereby certifies that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operation

A signed original of this written statement required by Section 906 has been provided to Federal Realty Investment Trust and will be retained by Federal Realty Investment Trust and furnished to the Securities and Exchange Commission or its staff upon request.

DATE: March 26, 2003

/s/ Larry E. Finger

NAME: Larry E. Finger
TITLE: Senior Vice President - Chief Financial Officer and Treasurer