

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

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

For the Quarter Ended: September 30, 1995

Commission File No. 1-7533

FEDERAL REALTY INVESTMENT TRUST

(Exact name of registrant as specified in its charter)

District of Columbia

52-0782497

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

4800 Hampden Lane, Suite 500, Bethesda, Maryland 20814

(Address of principal executive offices)

(Zip Code)

(301) 652-3360

(Registrant's telephone number, including area code)

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

Yes . No .

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

Class

Outstanding at November 2, 1995

Shares of Beneficial Interest

32,147,763

This report, including exhibits, contains 33 pages.

FEDERAL REALTY INVESTMENT TRUST

S.E.C. FORM 10-Q

September 30, 1995

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FEDERAL REALTY INVESTMENT TRUST

S.E.C. FORM 10-Q

September 30, 1995

PART I. FINANCIAL INFORMATION

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

The balance sheet as of December 31, 1994 was audited by Grant Thornton LLP, independent public accountants, who expressed an unqualified opinion on it in their report dated February 10, 1995. All other financial information presented is unaudited but has been reviewed as of September 30, 1995 and for each of the nine month periods ended September 30, 1995 and 1994 by Grant Thornton LLP whose report thereon appears on Page 4. All adjustments and disclosures proposed by them have been reflected in the data presented.

Accountants' Review Report

Trustees and Shareholders
Federal Realty Investment Trust

We have reviewed the accompanying consolidated balance sheet of Federal Realty Investment Trust as of September 30, 1995 and the related consolidated statements of operations, shareholders' equity and cash flows for the nine month periods ended September 30, 1995 and 1994 and the consolidated statements of operations for the three-month periods ended September 30, 1995 and 1994. These financial statements are the responsibility of the Trust's management.

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

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

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet as of December 31, 1994 and the related consolidated statements of operations, shareholders' equity and cash flows for the year then ended (not presented herein); and in our report dated February 10, 1995, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1994 is stated fairly, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Grant Thornton LLP

Washington, D.C.
November 7, 1995

Federal Realty Investment Trust

CONSOLIDATED BALANCE SHEETS
(see accountants' review report)

	September 30, 1995	December 31, 1994
	----- (unaudited)	-----
ASSETS	(in thousands)	
Investments		
Real estate, at cost	\$962,473	\$852,722
Less accumulated depreciation and amortization	(182,737)	(160,636)
	-----	-----
Mortgage notes receivable	779,736	692,086
	13,181	13,178
	-----	-----
	792,917	705,264
Other Assets		
Cash	3,431	3,995
Investments	3,744	3,588
Notes receivable - officers	1,023	845
Accounts receivable	13,317	16,023
Prepaid expenses and other assets, principally property taxes, insurance, and lease commissions	24,635	19,158
Debt issue costs (net of accumulated amortization of \$3,736,000 and \$3,206,000, respectively)	3,640	2,931
	-----	-----
	\$842,707	\$751,804
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Obligations under capital leases	\$132,114	\$132,924
Mortgages payable	90,797	102,781
Notes payable	45,799	61,883
Accrued expenses	15,814	10,675
Accounts payable	5,393	6,566
Dividends payable	13,166	12,486
Security deposits	2,999	2,687
Prepaid rents	914	1,017
Senior notes	125,000	-
Convertible subordinated debentures	75,289	75,289
Investors' interest in consolidated assets	1,187	2,274
Commitments and contingencies	-	-
Shareholders' equity		
Common shares of beneficial interest, no par or stated value, unlimited authorization, issued 32,174,790 and 31,669,434 shares, respectively	507,815	496,958
Accumulated dividends in excess of Trust net income	(165,010)	(144,553)
Allowance for unrealized loss on marketable securities	-	(53)
	-----	-----
	342,805	352,352
Less 61,328 and 60,200 common shares, respectively, in treasury - at cost, and subscriptions receivable	(8,570)	(9,130)
	-----	-----
	334,235	343,222
	-----	-----
	\$842,707	\$751,804
	=====	=====

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust

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

	Nine Months ended September 30,	
	1995	1994

(In thousands, except per share data)		
Revenue		
Rental income	\$104,557	\$94,168
Interest	3,049	3,046
Other income	5,283	4,068
	-----	-----
	112,889	101,282
Expenses		
Rental	25,059	27,183
Real estate taxes	10,704	8,874
Interest	28,814	23,533
Administrative	4,483	4,448
Other charges		758
Depreciation and amortization	25,815	21,736
	-----	-----
	94,875	86,532
Operating income before investors' share of operations and loss on sale of real estate		
	18,014	14,750
Investors' share of operations	275	(495)
	-----	-----
Income before loss on sale of real estate	18,289	14,255
Loss on sale of real estate	(545)	-
	-----	-----
Net Income	\$17,744	\$14,255
	=====	=====
Weighted Average Number of Common Shares	31,744	30,368
	=====	=====
Earnings per share		
Income before loss on sale of real estate	\$0.58	\$0.47
Loss on sale of real estate	(0.02)	
	-----	-----
	\$0.56	\$0.47
	=====	=====

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust

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

	Nine months ended September 30,			
	1995		1994	
(In thousands, except per share amounts)	Shares	Amount	Shares	Amount
Common Shares of Beneficial Interest				
Balance, beginning of period	31,669,434	\$496,958	28,077,999	\$408,005
Exercise of stock options	19,244	359	45,740	1,009
Shares issued under dividend reinvestment plan	148,585	3,157	113,143	2,873
Conversion of 5 1/4% subordinated debentures, net			1,729	64
Shares purchased under share purchase plan	-	-	40,000	1,000
Shares issued to purchase shopping center	337,527	7,341		
Net proceeds of public offering and private placement			3,340,000	82,963
Balance, end of period	<u>32,174,790</u>	<u>\$507,815</u>	<u>31,618,611</u>	<u>\$495,914</u>
Common Shares of Beneficial Interest in Treasury - at cost and Subscriptions Receivable				
Balance, beginning of period	(539,188)	(\$9,130)	(496,499)	(\$7,759)
Decrease in subscriptions receivable	34,250	568	27,875	422
Net decrease (increase) in stock option loans	5,682	17	(30,768)	(796)
Purchase of treasury shares	(1,128)	(25)		
Subscription of shares under share purchase plan	-	-	(40,000)	(1,000)
Balance, end of period	<u>(500,384)</u>	<u>(\$8,570)</u>	<u>(539,392)</u>	<u>(\$9,133)</u>
Allowance for Unrealized Loss on Marketable Securities				
Balance, beginning of period		(\$53)		(\$364)
Unrealized (loss) recovery		53		(98)
Balance, end of period		<u>\$0</u>		<u>(\$462)</u>
Accumulated Dividends in Excess of Trust Net Income				
Balance, beginning of period		(\$144,553)		(\$116,823)
Net income		17,744		14,255
Dividends declared to shareholders		(38,201)		(35,710)
Balance, end of period		<u>(\$165,010)</u>		<u>(\$138,278)</u>

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust

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

(In thousands)	Nine months ended 1995	September 30, 1994
	-----	-----
OPERATING ACTIVITIES		
Net income	\$17,744	\$14,255
Adjustments to reconcile net income to net cash provided by operations		
Depreciation and amortization	25,815	21,736
Rent abatements in lieu of leasehold improvements, net of tenant improvements retired	(1,098)	(394)
Imputed interest and amortization of debt cost	543	418
Amortization of deferred compensation and forgiveness of officers' notes	399	460
Payment of trustees' fees in shares of beneficial interest	136	132
Unrealized gain on marketable securities	(46)	
Write off of mortgage note receivable and accrued interest	-	758
Loss on sale of real estate	545	
Changes in assets and liabilities		
Decrease in accounts receivable	2,706	713
Increase in prepaid expenses and other assets before depreciation and amortization	(5,576)	(4,668)
(Decrease) increase in operating accounts payable, security deposits and prepaid rent	812	(1,963)
Increase (decrease) in accrued expenses, net of the premium put on the 5 1/4% convertible subordinated debentures	5,369	(884)
	-----	-----
Net cash provided by operating activities	47,349	30,563
INVESTING ACTIVITIES		
Acquisition of real estate	(67,851)	(33,840)
Capital expenditures	(26,026)	(27,504)
Proceeds from sale of real estate	1,782	
Net increase in notes receivable	(218)	(175)
Net (increase) decrease in temporary investments	(56)	237
	-----	-----
Net cash used in investing activities	(92,369)	(61,282)
FINANCING ACTIVITIES		
Regular payments on mortgages, capital leases, and notes payable	1,665	(1,543)
Balloon payments of mortgages and notes payable	(23,601)	
Proceeds of mortgage financings, net of costs		22,500
Net change in lines of credit	(18,825)	3,587
Issuance of senior notes, net of costs	123,761	-
Redemption of 5 1/4% convertible subordinated debentures including premium put	-	(47,790)
Dividends paid	(35,463)	(32,185)
Issuance of shares of beneficial interest	1,336	83,934
Decrease in minority interest	(1,087)	(105)
	-----	-----
Net cash provided by financing activities	44,456	28,398
	-----	-----
Decrease in cash	(564)	(2,321)
Cash at beginning of period	3,995	9,635
	-----	-----
Cash at end of period	\$3,431	\$7,314
	=====	=====

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 1995
(see accountants' review report)
(unaudited)

NOTE A - ACCOUNTING POLICIES AND OTHER DATA

Reference should be made to the notes to financial statements included in the Annual Report to shareholders for the year ended December 31, 1994 which contain the Trust's accounting policies and other data.

Certain previously reported amounts for 1994 have been reclassified to assure comparability of all periods presented. See Note H.

NOTE B - DIVIDENDS PAYABLE

On September 12, 1995 the Trustees declared a cash dividend of \$.41 per share, payable October 13, 1995 to shareholders of record September 25, 1995.

NOTE C - REAL ESTATE

During the period January 1, 1995 through September 30, 1995 the Trust purchased thirteen commercial buildings for cash ("main street retail properties") as follows: (1) a 6,800 square foot building in Greenwich, Connecticut for \$2.0 million on February 16, 1995; (2) a 125,000 square foot group of seven buildings in West Hartford, Connecticut for \$15.3 million on April 5, 1995; (3) a 35,500 square foot building in Greenwich, Connecticut on April 12, 1995 for \$12.9 million; (4) a 10,000 square foot building in Westport, Connecticut for \$5.7 million on June 15, 1995; (5) an 11,000 square foot building in Westfield, New Jersey for \$2.2 million on August 16, 1995; (6) a 12,000 square foot building in Brookline, Massachusetts for \$3.7 million on September 7, 1995 and (7) a 7,000 square foot building in Evanston, Illinois for \$1.0 million on September 12, 1995. In connection with certain of these purchases, brokerage commissions of \$548,000 were incurred to a company that is fifty percent owned by a brother of the Trust's president. These commissions were paid pursuant to a brokerage contract on terms comparable to terms contained in contracts which the Trust has with brokers providing similar services in other geographic areas.

In addition the Trust has purchased two shopping centers and two properties abutting existing shopping centers. On April 27, 1995 the Trust purchased the 302,000 square foot Finley Square

Shopping Center in Downers Grove, Illinois for cash of \$18.8 million. On September 22, 1995 the Trust acquired the 284,000 square foot Bristol Shopping Center in Bristol, Connecticut for \$19.6 million, which was paid by assuming a mortgage of \$11.3 million, by issuing 337,527 shares of common stock, valued at \$7.3 million, and by cash for the balance. A commission of \$142,500 was paid to the company which is 50% owned by a brother of the Trust's president in connection with the purchase of this shopping center. On June 12, 1995 the Trust purchased a 12,400 square foot building contiguous to its Bethesda Row property for \$2.0 million in cash. On September 1, 1995 the Trust purchased a building abutting Flourtown Shopping Center for \$3.1 million in cash.

On August 1, 1995 the Trust sold the 111,000 square foot North City Shopping Center in New Castle, Pennsylvania for \$1.8 million, resulting in a loss of \$545,000.

NOTE D - Senior Notes

On January 19, 1995 the Trust issued \$100.0 million of 8 7/8% Notes, due January 15, 2000. The notes, which were issued at a price of 99.815%, pay interest semiannually on January 15 and July 15 and are not redeemable prior to maturity. After deducting the underwriting discount and other costs, the Trust netted approximately \$98.9 million.

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

In January 1995 the Trust executed a five year interest rate swap on \$25.0 million, whereby the Trust swapped fixed interest payment obligations of 8.136% for a floating rate interest payment of three month LIBOR. The floating rate during the first quarter of 1995 was 6.1875%. In May 1995 the swap was terminated and the Trust sold the swap for \$1.5 million, which is being amortized as a deduction to interest expense over the remaining term.

On April 21, 1995 the Trust issued \$25.0 million of senior notes. The notes, which are due April 21, 2002 and bear interest at 8%, payable semiannually, were issued at a price of 99.683%. The proceeds of \$24.9 million were used to repay amounts which had been borrowed on the revolving credit facilities during April 1995 to fund acquisitions and property renovations.

NOTE E - MORTGAGES PAYABLE

In January, 1995 the Trust repaid the \$22.5 million mortgage on Northeast Plaza in Atlanta, Georgia with proceeds from the senior note offering. On September 22, 1995 in connection with the purchase of the Bristol Shopping Center, the Trust assumed a \$11.3 million mortgage. The mortgage, which bears interest at 9.65%, is payable in monthly installments of \$106,446 with a balloon payment of \$10.7 million due in August 1998.

NOTE F - NOTES PAYABLE

The Trust has \$130.0 million of unsecured medium term revolving credit facilities with four banks. The facilities, which bear interest at LIBOR plus 85 to 100 basis points, require fees and have covenants requiring a minimum shareholders' equity and a maximum ratio of debt to net worth. The maximum drawn under these facilities during the first nine months of 1995 was \$66.8 million. The weighted average interest rate on borrowings for the nine months ended September 30, 1995 was 7.0%. At September 30, 1995 there was \$35.9 million drawn under these facilities.

In January 1995 the Trust paid a \$1.1 million note that had been issued in connection with the purchase of Queen Anne Plaza in December 1994. In connection with the buyout of a tenant at Queen Anne Plaza in January 1995, the Trust issued a noninterest bearing note payable of \$2.2 million, due in annual installments of \$200,000 for 11 years. Using an interest rate of 8 7/8%, the note has been recorded at its discounted value of \$1.7 million.

On September 12, 1995 in connection with a lease transaction at Barracks Road Shopping Center the Trust issued a \$2.5 million non-interest bearing note which is due November 13, 1995.

NOTE G - SHAREHOLDERS' EQUITY

During the first nine months of 1995, 19,244 shares were issued at prices ranging from \$15.00 per share to \$20.875 per share as the result of the exercise of stock options. The Trust accepted notes from certain of its employees of \$36,000 in connection with the issuance of certain of these shares.

In September 1995 the terms of loans issued to officers and employees of the Trust in connection with the exercise of stock options were modified. These loans, which previously had a five year term, may now have a term extending to the employee's or officer's retirement date. Consequently these loans are now being classified as a component of stockholder's equity rather than as an asset. The 1994 balances of notes receivable-officers

and subscriptions receivable have been reclassified to allow comparability.

On February 15, 1995, 719,000 stock options at \$20.75 per share were granted to employees of the Trust. On May 10, 1995, the eight trustees of the Trust other than the president were each awarded options to purchase 2,500 shares at \$22 per share.

As stated in Note C, 337,527 shares valued at \$7.3 million were issued in September 1995 as partial consideration for the purchase of Bristol Shopping Center.

NOTE H - INTEREST EXPENSE

The Trust incurred interest expense totaling \$29.5 million during the first nine months of 1995 and \$23.7 million during the first nine months of 1994, of which \$672,000 and \$190,000, respectively, were capitalized. Interest paid was \$23.8 million in the first nine months of 1995 and \$31.3 million in the first nine months of 1994.

NOTE I - COMMITMENTS AND CONTINGENCIES

The State of New Jersey Division of Taxation has assessed the Trust \$364,000 in taxes, penalty and interest for the years 1985 through 1990, since the State has disallowed the dividends paid deduction in computing New Jersey taxable income. The Trust has protested this assessment since the Trust believes that it is entitled to the deduction. In a case involving another real estate investment trust, the New Jersey tax court ruled that the dividends paid deduction was allowable and this decision was upheld by the Appellate Court.

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

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

the Trust is unable to determine what the range of remediation costs might be. The Trust has also identified chlorinated solvent contamination at another property. The contamination appears to be linked to the current and/or previous dry cleaner. The Trust intends to look to the responsible parties for any remediation effort. Evaluation of this situation is preliminary and it is impossible to estimate the range of remediation costs, if any.

On September 22, 1995 the Trust purchased the Bristol Shopping Center in Bristol, Connecticut. Pursuant to an agreement executed at closing, the Trust agreed to perform all remedial measures necessary to obtain a final letter of compliance from the Connecticut Commissioner of Environmental Protection with respect to certain identified soil and ground water contamination associated with a former dry cleaning operation. The seller established an escrow account at closing of \$187,500 to cover such remedial measures and has indemnified the Trust in connection with the identified contamination.

The Trust reserved \$2.25 million at closing in 1993 for environmental issues principally associated with Gaithersburg Square Shopping Center. Pursuant to an indemnity agreement entered into with the seller at closing, the Trust agreed to take certain actions with respect to identified chlorinated solvent contamination. The seller indemnified the Trust for certain third party claims and government requirements related to contamination at adjacent properties. During the third quarter of 1995 the reserve was reduced by \$269,000 with a corresponding decrease in the basis of land at one shopping center since the environmental issue there was resolved.

At September 30, 1995 in connection with certain redevelopment projects and tenant work, the Trust is contractually obligated on contracts of approximately \$3.3 million. At September 30, 1995 the Trust is also contractually obligated under leases with tenants to provide approximately \$10.6 million for improvements.

Pursuant to the provisions of the respective partnership agreements, in the event of exercise of put options by the other partners, the Trust would be required to purchase the 99% limited partnership interest at Loehmann's Plaza at its then fair market value and a 22.5% interest at Congressional Plaza at its then fair market value.

NOTE K - COMPONENTS OF RENTAL INCOME

The components of rental income for the nine months ended September 30 are as follows:

	1995	1994
	(in thousands)	
Retail Properties		
Minimum rents	\$81,644	\$72,043
Cost reimbursements	17,813	17,025
Percentage rents	3,262	3,328
Apartments	1,838	1,772
	-----	-----
	\$104,557	\$94,168
	=====	=====

FEDERAL REALTY INVESTMENT TRUST
FORM 10-Q
SEPTEMBER 30, 1995

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

LIQUIDITY AND CAPITAL RESOURCES

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

Net cash provided by operating activities increased from \$30.6 million for the nine months ended September 30, 1994 to \$47.3 million for the nine months ended September 30, 1995. The major sources of the increase were an increase of \$3.5 million in net income in 1995 over 1994, an increase of \$4.1 million in depreciation and amortization in 1995 over 1994, and a \$10.1 million increase in cash provided by changes in operating assets and liabilities in 1995 over 1994. Dividends paid for the period in 1994 were \$32.2 million versus 1995's \$35.5 million.

In 1995 net cash provided by operating activities of \$47.3 million is comprised primarily of \$17.8 million of net income increased by \$25.8 million of depreciation and amortization and \$3.3 million of cash provided by changes in operating assets and liabilities. In 1994 net cash provided by operating activities of \$30.6 million was comprised primarily of \$14.3 million of net income increased by \$21.7 million of depreciation and amortization which was offset by \$6.8 million use of cash for operating assets and liabilities.

During the first nine months of 1995 the Trust purchased \$42.9 million of street retail properties, i.e. retail buildings in densely developed urban and suburban areas. The Trust also purchased two shopping centers, the 302,000 square foot Finley Square Shopping Center in Downers Grove, Illinois for \$18.8 million in April 1995 and the 250,000 square foot Bristol Shopping Center in Bristol, Connecticut for \$19.6 million in September 1995. In addition, in June 1995 the Trust purchased a newly constructed 12,400 square foot building, contiguous to its Bethesda Row property for \$2.0 million in cash and in September 1995 the Trust purchased a building abutting its Flourtown Shopping Center for \$3.1 million. During the first nine months of 1995 the Trust spent \$26.0 million on improvements to its properties and

tenant work; these improvements included: (1) \$2.8 million on Congressional Plaza which redevelopment is in the final phases; (2) \$1.7 million to buy out a below market lease at Queen Anne Plaza; (3) \$4.1 million on Gaithersburg Square which is currently being expanded, redeveloped and retenanted; and (4) \$2.8 million on the renovation of Brick Plaza. These acquisitions and renovations were funded primarily by cash, the assumption of a \$11.3 million mortgage on Bristol Shopping Center and the issuance of 337,527 shares of common stock valued at \$7.3 million in connection with the purchase of Bristol.

On January 19, 1995 the Trust issued \$100.0 million of 8 7/8% Notes, due January 15, 2000, netting proceeds of approximately \$98.9 million. The proceeds from this issuance were used to repay a \$22.5 million mortgage, to repay \$66.8 million which was outstanding on its revolving credit facilities and to partially fund the first quarter property acquisitions and improvements.

On April 21, 1995 the Trust issued \$25 million of senior notes due 2002, netting approximately \$24.9 million, the proceeds of which were used to repay amounts which had been borrowed on the revolving credit facilities during April to fund acquisitions and property renovations.

The Trust has available \$130.0 million of unsecured medium-term revolving credit facilities with four banks. The facilities, which require fees and have covenants requiring a minimum shareholders' equity and a maximum ratio of debt to net worth, are used to fund acquisitions and other cash requirements until conditions are favorable for issuing equity or long-term debt. At September 30, 1995 there was \$35.9 million drawn under these facilities. The maximum amount borrowed under these facilities during the first nine months of 1995 was \$66.8 million. Amounts advanced under these facilities bear interest at LIBOR plus 85 - - 100 basis points; the weighted average interest rate on borrowings during the first nine months of 1995 was 7.0%.

The Trust is committed under leases for approximately \$10.6 million in building improvement and tenant work. In addition the Trust has budgeted approximately \$24 million for the remainder of 1995 and early 1996 for improvements to its properties, including the completion of renovations of Congressional Plaza, Brick Plaza and Gaithersburg Square. Furthermore, the Trust is actively seeking to acquire shopping centers in its core major metropolitan markets and to acquire retail buildings in densely developed urban and suburban areas. The Trust is also continuing to study site acquisitions in its core markets to permit the Trust to develop shopping centers. These expenditures will be funded with the revolving credit facilities pending their permanent financing with either equity or debt.

On August 1, 1995 the Trust sold North City Plaza in New Castle, Pennsylvania for \$1.8 million, resulting in a loss on sale of \$545,000.

The Trust believes that the amounts available under its revolving credit facilities provide it with the liquidity needed for its short-term renovation and acquisition plans. The Trust believes that the unencumbered value of its properties and its access to the capital markets, as demonstrated by its past success in raising capital, give it the ability to raise the capital, both debt and equity, needed to fund its long-term capital and debt repayment needs.

CONTINGENCIES

The State of New Jersey Division of Taxation has assessed the Trust \$364,000 in taxes, penalty and interest for the years 1985 through 1990, since the State has disallowed the dividends paid deduction in computing New Jersey taxable income. The Trust has protested this assessment since the Trust believes that it is entitled to the deduction. In a case involving another real estate investment trust, the New Jersey tax court ruled that the dividends paid deduction was allowable and this decision was upheld by the Appellate Court.

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

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

On September 22, 1995 the Trust purchased the Bristol Shopping Center in Bristol, Connecticut. Pursuant to an agreement executed at closing, the Trust agreed to perform all remedial measures necessary to obtain a final letter of compliance from the Connecticut Commissioner of Environmental Protection with respect to certain identified soil and ground water contamination associated with a former dry cleaning operation. The seller established an escrow account at closing of \$187,500 to cover such remedial measures and has indemnified the Trust in connection with the identified contamination.

The Trust reserved \$2.25 million at closing in 1993 for environmental issues principally associated with Gaithersburg Square Shopping Center. Pursuant to an indemnity agreement entered into with the seller at closing, the Trust agreed to take certain actions with respect to identified chlorinated solvent contamination. The seller indemnified the Trust against certain third party claims and government requirements related to contamination at adjacent properties. During the third quarter of 1995 the reserve was reduced by \$269,000 with a corresponding reduction in the basis of land at one shopping center since the environmental issue there was resolved.

Pursuant to the provisions of the respective partnership agreements, in the event of the exercise of put options by the other partners, the Trust would be required to purchase the 99% limited partnership interest at Loehmann's Plaza at its then fair market value and a 22.5% interest at Congressional Plaza at its then fair market value.

RESULTS OF OPERATIONS - NINE MONTHS ENDED SEPTEMBER 30, 1995 AND 1994

The Trust has historically reported its funds from operations in addition to its net income and net cash provided by operating activities. Funds from operations is a supplemental measure of real estate companies' operating performance which excludes historical cost depreciation, since real estate values have historically risen and fallen with market conditions rather than over time. Funds from operations was defined as income before depreciation and amortization and extraordinary items less gains on sale of real estate. The National Association of Real Estate Investment Trusts ("NAREIT") has recently issued a white paper, which has amended the definition as follows: income before depreciation and amortization of real estate assets and before extraordinary items and significant non-recurring events less gains on sale of real estate. The Trust is complying with this new definition and has consequently restated funds from operations for prior periods. Funds from operations does not replace net income as a measure of performance or net cash provided by operating activities as a measure of liquidity. Rather, funds from operations has been adopted to provide a

consistent measure of operating performance in the industry.

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

	1995	1994
	(in thousands)	
Net income	\$17,744	\$14,255
Plus: depreciation and amortization of real estate assets	22,853	19,335
amortization of initial direct costs of leases	1,832	1,798
loss on sale and nonrecurring items	545	758
	-----	-----
Funds from operations	\$42,974	\$36,146
	=====	=====

Funds from operations increased 19% to \$43.0 million in the first nine months of 1995 from \$36.1 million in the first nine months of 1994.

Rental income, which consists of minimum rent, percentage rent and cost recoveries, increased 11% from \$94.2 million in the first nine months of 1994 to \$104.6 million in the first nine months of 1995. If rental income is adjusted to remove the effect of properties purchased in 1994 and 1995, it increased 4%. Forty-four percent of the increase is from Congressional Plaza, which was renovated and retented in 1994. Ellisburg Circle, whose redevelopment was completed in 1994, contributed an additional 17% of the increase.

Minimum rent increased 13% from \$73.8 million in the first nine months of 1994 to \$83.5 million in the first nine months of 1995. If properties purchased in 1994 and 1995 are excluded, minimum rent increased \$4.6 million or 6.4%. A major component of this increase is contributions from recently renovated centers and from the retenting of some anchor spaces. Cost recoveries, if adjusted to remove the effect of 1995 and 1994 acquisitions, are down slightly, primarily due to the decrease in snow removal expense and thus the related recovery in 1995 as compared to 1994.

Other income which includes items which tend to fluctuate from period to period, such as utility reimbursements, telephone income, merchant association dues, lease termination fees, late fees and temporary tenant income, has increased from \$4.1 million in 1994 to \$5.3 million in 1995 due principally to a commission on telephone services, to lease termination fees and to an unexpected recovery from a bankrupt tenant.

Rental expenses have decreased from \$27.2 million in the first nine months of 1994 to \$25.1 million in the first nine months of 1995, despite the acquisition of new properties in 1994 and 1995. The major decrease is in snow removal expense, but there was also a significant decrease in bad debt expense. Real estate tax expense has increased because of the new properties and because of increased assessments at several centers.

Interest expense has increased from \$23.5 million during the first nine months of 1994 to \$28.8 million during the comparable period of 1995. Interest expense on the \$125 million of senior notes issued January and April 1995 exceeds the interest saved due to the redemption in April 1994 of \$39.8 million of the convertible subordinated debentures due 2002. The ratio of earnings to fixed charges was 1.58x for the nine months ended September 30, 1995 and 1.57x for the comparable period in 1994. The ratio of funds from operations to fixed charges was 2.39x and 2.44x for the nine months ended September 30, 1995 and 1994, respectively.

During the third quarter of 1994 the Trust wrote off a mortgage note receivable and accrued interest on the note, totalling \$758,000. The note had been issued in 1982 in connection with the sale by the Trust of a shopping center.

Depreciation and amortization expense has increased because of the recent acquisitions and because of depreciation on tenant work and recent property improvements.

On August 1, 1995 the Trust sold North City Plaza for \$1.8 million resulting in a loss on sale of \$545,000.

As a result of the foregoing items, primarily the increases in minimum rent and other income and the decreases in rental expense, net income rose from \$14.3 million in the first nine months of 1994 to \$17.7 million in the first nine months of 1995.

RESULTS OF OPERATIONS - THREE MONTHS ENDED SEPTEMBER 30, 1995 AND 1994

Funds from operations for the quarter ended September 30, 1995 increased 10% to \$14.4 million as compared to \$13.1 million in the third quarter of 1994.

Rental income, which consists of minimum rent, percentage rent and cost recoveries, increased 11% from \$32.2 million in the third quarter of 1994 to \$35.9 million in the third quarter of 1995. If rental income is adjusted to remove the effect of properties purchased in 1994 and 1995, it increased 3.8%. Fifty-three percent of this increase is from Congressional Plaza, which was renovated and retenanted in 1994. Ellisburg Circle, whose redevelopment was completed in 1994, contributed an additional

23% of the increase.

Minimum rent increased 11% from \$25.5 million in the third quarter of 1994 to \$28.4 million in the third quarter of 1995. If properties purchased in 1994 and 1995 are excluded, minimum rent increased 4.3%. A major component of this increase is contributions from recently renovated centers and from the retenanting of some spaces. Cost recoveries in the third quarter of 1995 have increased over the third quarter 1994 recoveries due to the 1994 and 1995 property acquisitions.

Other income has increased from \$1.5 million in the third quarter of 1994 to \$1.9 million in the third quarter of 1995. The largest components of the increase were lease termination fees and bad debt recovery from a bankrupt tenant.

Rental expenses have decreased, despite the acquisition of new properties, from the third quarter of 1994 to the third quarter of 1995 due to decreases in bad debt, property payroll and shopping center maintenance costs. Real estate tax expense has increased because of the new acquisitions and because of increased assessments at several centers.

Interest expense has increased from \$7.7 million in the third quarter of 1994 to \$10.1 million during the comparable period of 1995, due to interest on the \$125 million of senior notes issued in 1995.

General and administrative expenses are up \$402,000 in the third quarter of 1995 as compared to the same quarter of 1994, primarily because of costs related to the Trust's unsuccessful efforts to transact a business combination.

Depreciation and amortization expense has increased from the third quarter of 1994 to the third quarter of 1995 because of the recent acquisitions and because of depreciation on tenant work and recent property improvements.

On August 1, 1995 the Trust sold North City Shopping Center for a loss of \$545,000. Of this loss, \$535,000 was recorded during the second quarter of 1995.

Net income for the third quarter of 1995 was \$5.9 million, compared to 1994's \$5.0 million, as a result of the foregoing items.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

A. Exhibits

(10)(a) Non-Exclusive Brokerage Agreement between Federal Realty Investment Trust and Westport Advisors Corporation and Jack Alan Guttman dated August 20, 1995..P 24-28

(10)(b) Exclusive Brokerage Agreement between Street Retail, Inc. and Westport Advisors Corporation and Jack Alan Guttman dated August 20, 1995.....P 28-33

(27) Financial Data Schedule.....Edgar filing only

B. Reports on Form 8-K

A Form 8-K, filed with the Commission on August 16, 1995, was filed in response to Item 7.(C).

A Form 8-K, filed with the Commission on September 22, 1995 was filed in response to Item 5.

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

FEDERAL REALTY INVESTMENT TRUST

(Registrant)

Date: November 13, 1995

Steven J. Guttman

Steven J. Guttman, President
(Chief Executive Officer)

Date: November 13, 1995

Cecily A. Ward

Cecily A. Ward
(Principal Accounting Officer)

NON-EXCLUSIVE BROKERAGE AGREEMENT

This Agreement is made and entered into on this 20th day of August, 1995 by and

between Federal Realty Investment Trust, an unincorporated business trust
organized under the laws of the District of Columbia ("Client") and Westport
Advisors Corporation and Jack Alan Guttman (collectively, "Broker").

In consideration of the mutual covenants set forth in this Agreement, the
parties agree as follows:

1. This Agreement replaces the Exclusive Brokerage Agreement by and between Client and Broker dated February 6, 1995 ("Prior Agreement") in its entirety. As of August 21, 1995, the Prior Agreement is terminated and its terms and provisions, including Section 5, but excluding Section 6, thereof, are null and void.
2. Client hereby appoints Broker as its non-exclusive real estate broker for the purchase of strip shopping centers in New York, Connecticut and Massachusetts. Broker shall perform the duties of a real estate broker; specifically, Broker shall conduct searches for properties which fit the criteria established by Client and assist Client with all aspects of the due diligence process in order to enable Client to evaluate the desirability and feasibility of acquiring such properties or any interest therein; such assistance shall include collecting and providing Client with market information such as demographics, information on competing centers, comparable rentals and sales and assistance in the appraisal and underwriting of the properties. Client shall have a right of first refusal, which refusal must be in writing, on all strip shopping center properties identified or located by Broker before Broker can identify, offer or show such properties to any other potential purchaser. Client must respond within a three (3) week or twenty-one (21) days.
3. Broker represents and warrants that:
 - a) Broker will act in accordance with the highest professional standards and in compliance with all applicable laws, regulations, codes, ordinances and orders;
 - b) There are no obligations, commitments, or impediments of any kind that will limit or prevent the Broker's performance of its services and obligations pursuant to this Agreement;
 - c) The Broker is duly licensed as a real estate broker in each jurisdiction where such licensure is required;
 - d) Broker will perform its services in a professional manner and in the most expeditious and economical manner consistent with the interest of Client.
 - e) Broker is an independent contractor and not an employee of Client.
 - f) Broker solely represents Client in any transaction pursuant to this Agreement and must disclose Broker's sole representation of Client to all third parties contacted in connection with this Agreement.
 - g) Broker shall NOT disclose to any prospective seller or anyone else information obtained within the confidentiality and trust of the fiduciary relationship with Client, nor disclose to the prospective seller or anyone else information similarly obtained from Client without the consent of Client.
 - h) Broker shall NOT receive any fees, commissions or other remuneration other than the Commission (as hereinafter defined) from any seller, broker or any other source in connection with any property purchased by Client pursuant to this Agreement
4. Broker's authority is limited to performing the services in accordance with the terms of this Agreement. Broker does not have any authority to enter into or execute any agreement for or on behalf of Client. No written proposals, offers or other information concerning Client shall be distributed without Client's prior written consent, which may be withheld in Client's sole and

absolute discretion. Client shall have the right to specify Broker's degree of involvement, if any, with respect to any negotiation of any contract of sale ("Contract of Sale"). Broker acknowledges that entering into a Contract of Sale involves negotiation of complex provisions and issues, including business, tax and operational issues and liabilities relating to a property, and that Client, therefore, expressly reserves the right to reject any and all proposals for a Contract of Sale and to approve any and all terms and conditions of any proposed Contract of Sale as Client sees fit, in Client's sole and absolute discretion.

5. The term of this Agreement ("Term") shall commence on August 21, 1995 and end at midnight on August 21, 1996, unless sooner terminated in accordance with the provisions of this Agreement.

6. Client shall pay Broker a commission (the "Commission") equal to .75% (three-quarters of one-percent) of the aggregate gross sales price of the properties acquired subject to this Agreement (hereinafter, the "Property"). Notwithstanding the foregoing, in no event shall Broker receive more than two hundred twenty-five thousand dollars (\$225,000.00) total commission in connection with any single real estate transaction. In no event shall Broker ever receive any fees, commissions, or other remuneration from any seller, broker or other person or entity in connection with properties purchased by Client pursuant to this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the following shall be conditions precedent to Client's obligation to pay the Commission:

- a) The execution and delivery by Client and seller of a Contract of Sale for one or more Properties acceptable in form and substance to Client, in Client's sole and absolute discretion; and
- b) The actual closing of the sale, including Client's payment of all monies due at closing, and transfer of title, or other evidence of ownership, to Client.

Failure of either of these conditions shall preclude any claim for a Commission by Broker.

Except following the occurrence of an Event of Default as described in Section 10, it is further understood that the Commission shall be paid to Broker if, (i) within One Hundred Eighty (180) days after the expiration or termination of the Term, Client enters into a Contract of Sale for one or more Properties presented by Broker during the Term and named in a written list delivered to Client by Broker within fifteen (15) days following the expiration of the Term or the termination of this Agreement, (ii) such purchase is ultimately consummated, and (iii) the two conditions precedent to Client's obligation to pay the Commission, as set forth above, have been met. Broker's Commission shall be the sole compensation paid to Broker and Broker shall not be entitled to reimbursement for any expenses or any other sums Broker incurs related to or involving the performance of the services. The Commission shall be paid to Broker at closing and Client hereby authorizes the attorney or title company conducting the closing to disburse the Commission to Broker at such closing. The Commission shall be payable if the transfer or sale is structured as a cash sale, like-kind exchange, partial sale, joint venture, newly formed partnership or transfer of stock.

7. In no event shall Client be responsible to pay any persons or entities, other than Broker, any commissions or other remunerations of any kind in connection with this Agreement or by virtue of their association with Broker. Further, Client shall not be obligated to see to the application of the Commission, if any, due under this Agreement or the payment of any other remuneration for the benefit of any persons or entities other than Broker, and no other persons or entity shall be a third party beneficiary of this Agreement. Broker shall be solely responsible for the direct payment of any commissions or other remuneration of any kind due to other persons or entities claiming entitlement to a share of the Commission or any other remuneration under this Agreement or by virtue of their association with Broker. Broker hereby agrees to indemnify and hold Client harmless from and against any and all claims, demands, obligations, liabilities, losses and damages (including, without limitation, attorney's fees of counsel selected by Client) arising directly or indirectly out of or in connection with any claim for commissions or other remuneration of any kind for any person or entity claiming by, through or under Broker or

relating in any way to this Agreement, or Broker's actions or failure to act pursuant to this Agreement; it being understood and agreed that Client's liability hereunder shall be limited to the payment to Broker of the Commission, if any, owed under the Agreement. In the event any claims, demands, obligations, liabilities, losses and/or damages arise in connection with any claim for commissions, fees or other remuneration, Client may, in its sole and absolute discretion, withhold Commissions otherwise payable to Broker pending final resolution and may offset against such Commissions any such claims, demands obligations, liabilities, losses and or damages. This provision shall survive any termination of this Agreement.

8. Broker shall obtain, pay for and keep in force at all times during the performance of work pursuant to this Agreement, the following insurance coverages placed with insurance companies having an A.M. Best rating of A VI or better:

Comprehensive General Liability Insurance, with a limit of not less than one million dollars (\$1,000,000) per occurrence, or Commercial General Liability

Insurance with limits of not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate. Client shall be added as an additional insured. The policy shall provide such additional insured with a thirty (30) day notice of cancellation, non-renewal or material change. Any certificates of insurance furnished in accordance with this Agreement shall specify who has been added as an additional insured and shall state that the policy has been amended to provide the thirty (30) day advance notice.

Professional Liability Insurance with a limit of not less than one million dollars (\$1,000,000).

Contractor may meet the limits of liability indicated by means of the use of an umbrella liability policy. Any general liability policy must be written on an occurrence basis. Owner shall be furnished with certificates evidencing that all such insurance specified herein is in force prior to commencement of services provided pursuant to this Agreement.

9. This Agreement may be terminated by either party upon thirty (30) days' written notice. In the event of termination by either party, Broker shall be entitled to receive only that Commission which it has earned pursuant to and in accordance with Section 6 of this Agreement and Client shall have no further obligations or liabilities hereunder.

10. Broker's failure or refusal to perform or observe any obligation, covenant, or condition of this Agreement shall constitute an Event of Default. Should an Event of Default occur, Client may, at its option, terminate this Agreement without affecting any other remedy which it may have at law or in equity. Such termination shall be effective immediately upon Broker's receipt of written notice from Client. In such event, Broker shall be entitled to receive only that Commission which it has already earned pursuant to and in accordance with Section 6 of this Agreement, less any and all damages, losses, claims, costs and expenses incurred or suffered by Client as a result of Broker's failure or refusal to perform and Client shall have no further obligations or liabilities hereunder. Broker will not be entitled to receive any Commissions on properties that are purchased by Client, unless the purchase agreement is fully executed before the date of occurrence of an Event of Default and the conditions precedent to the Client's obligation to pay a Commission set forth in Section 6 have been met.

11. The name, "Federal Realty Investment Trust", refers to the Trustees, as trustees, but not individually or personally, under a Third Amended and Restated Declaration of Trust on file in the office of the Recorder of Deeds of the District of Columbia, which Declaration provides that neither the shareholders nor the Trustees, nor any officer, employee, representative or agent of Federal Realty Investment Trust shall be personally liable for the satisfaction of obligations of any nature whatsoever of Federal Realty Investment Trust. Accordingly, and in addition to the other limitations on liability set forth herein, Broker hereby agrees to look solely to Federal Realty Investment Trust's trust property for the satisfaction of any claim arising from this Agreement and shall not seek to impose personal liability on any shareholder, Trustee, officer, employee, representative or agent of Federal Realty Investment Trust. A similar limitation on liability shall be inserted in each document executed by Federal Realty Investment Trust (if any) pursuant to this Agreement.

12. Whenever any demand, request, approval consent or notice ("Notice") shall or may be given by one party to the other, Notice shall be addressed to the parties at their respective addresses as set forth below and delivered by (i) hand, (ii) facsimile, (iii) a nationally recognized overnight express courier, or (iv) registered or certified mail return receipt requested. The date of actual receipt shall be deemed the date of service of Notice. In the event an addressee refuses to accept delivery, however, then Notice shall be deemed to have been served on either (i) the date hand delivery is refused, (ii) the next business day in the case of delivery by overnight courier, or (iii) three (3) business days after mailing the notice in the case of registered or certified mail. Either party may, at any time, change its Notice address by giving the other party Notice, in accordance with the above, stating the change and setting forth the new address.

Client: Robert S. Wennett
Senior Vice President, Acquisitions
Federal Realty Investment Trust
4800 Hampden Lane, Suite 500
Bethesda, Maryland 20814

Broker: Westport Advisors Corporation
25 Sylvan Road South, Building F
Westport, Connecticut 06880

Attn: Jack Alan Guttman

13. This Agreement contains the entire agreement between Client and Broker, it supersedes any prior agreements or understandings and no oral statements or prior written matter not specifically incorporated in this Agreement shall be of any force and effect. No variation, modification, or changes of this Agreement shall be binding on either party to the Agreement unless set forth in a document executed by these parties or a duly authorized agent, officer, or representative hereof.

14. Neither Client nor Broker shall file or record any instrument or document relative to this Agreement in any public records except as may be required by the federal securities laws.

15. Notice: The amount or rate of real estate commissions is not fixed by law. They are set by each Broker individually and may be negotiable between the Client and the Broker.

16. This Agreement shall be subject to Section 46a-64 of the Connecticut General Statutes, as amended, and governed by and construed in accordance with the laws of the State of Connecticut.

17. The heirs, transferees, successors, and assigns of the parties hereof shall be duly bound by the provisions hereof, provided Broker may not assign or otherwise transfer its right or obligation hereunder.

18. The terms of the Agreement shall be governed by and construed in accordance with the laws of the State of Maryland.

19. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above stated.

CLIENT:

FEDERAL REALTY INVESTMENT TRUST

By: /s/ Hal A. Vasvari

Hal A. Vasvari
Chief Operating Officer

BROKER:

WESTPORT ADVISORS CORPORATION

By: /s/ Jack Alan Guttman

Jack Alan Guttman
President

JACK ALAN GUTTMAN

/s/Jack Alan Guttman

EXCLUSIVE BROKERAGE AGREEMENT

This Agreement is made and entered into on this 20th day of August, 1995 by and between Street Retail, Inc., a Maryland corporation ("Client"), and Westport Advisors Corporation and Jack Alan Guttman (collectively, "Broker").

In consideration of the mutual covenants set forth in this Agreement, the parties agree as follows:

1. This Agreement replaces the Exclusive Brokerage Agreement by and between Client and Broker dated February 6, 1995 ("Prior Agreement") in its entirety. As of August 21, 1995, the Prior Agreement is terminated and its terms and provisions, including Section 5, but excluding Section 6, thereof, are null and void.
2. Client hereby appoints Broker as its exclusive real estate broker for the purchase of urban retail buildings (i.e. not traditional "strip" shopping centers or shopping malls) located in Connecticut and Westchester County, New York (the "Metro Area"). As its exclusive real estate broker for the purchase of urban retail buildings in the Metro Area, Broker shall not identify, locate, or assist with the purchase or sale of any urban retail buildings with any other person, client or entity other than Client. Broker shall perform the duties of a real estate broker; specifically, Broker shall conduct searches for properties which fit the criteria established by Client and assist Client with all aspects of the due diligence process in order to enable Client to evaluate the desirability and feasibility of acquiring such properties or any interest therein; such assistance shall include collecting and providing Client with market information such as demographics, information on competing properties, comparable rentals and sales and assistance in the appraisal and underwriting of the properties.
3. Broker represents and warrants that:
 - a) Broker will act in accordance with the highest professional standards of the industry and in compliance with all applicable laws, regulations, codes, ordinances and orders.
 - b) There are no obligations, commitments, or impediments of any kind that will limit or prevent the Broker's performance of its services and obligations pursuant to this Agreement.
 - c) The Broker is duly licensed as a real estate broker in the States of Connecticut and New York.
 - d) Broker will perform its services in a professional manner and in the most expeditious and economical manner consistent with the interest of Client.
 - e) Broker is an independent contractor and not an employee of Client.
 - f) Broker solely represents Client in any transaction pursuant to this Agreement and must disclose Broker's sole representation of Client to all third parties contacted in connection with this Agreement.
 - g) Broker shall NOT disclose to any prospective seller or anyone else information obtained within the confidentiality and trust of the fiduciary relationship with Client, nor disclose to the prospective seller or anyone else information similarly obtained from Client without the consent of Client.
 - h) Broker shall NOT receive any fees, commissions or other remuneration other than the Commission (as hereinafter defined) from any seller, broker or any other source in connection with any property purchased by Client pursuant to this Agreement
4. Broker's authority is limited to performing the services in accordance with the terms of this Agreement. Broker does not have any authority to enter into or execute any agreement for or on behalf of Client. No written proposals, offers or other information concerning Client shall be distributed without Client's prior written consent, which may be withheld in Client's sole and absolute discretion. Client shall have the right to specify Broker's degree of involvement, if

any, with respect to any negotiation of any contract of sale ("Contract of Sale"). Broker acknowledges that entering into a Contract of Sale involves negotiation of complex provisions and issues, including business, tax and operational issues and liabilities relating to a property, and that Client, therefore, expressly reserves the right to reject any and all proposals for a Contract of Sale and to approve any and all terms and conditions of any proposed Contract of Sale as Client sees fit, in Client's sole and absolute discretion.

5. The term of this Agreement ("Term") shall commence on August 21, 1995 and end at midnight on August 21, 1996, unless sooner terminated in accordance with the provisions of this Agreement.

6. Client shall pay Broker a commission (the "Commission") equal to .75% (three-quarters of one-percent) of the first twenty million dollars (\$20,000,000) of the aggregate gross sales price of the properties acquired subject to this Agreement (i.e. each urban retail building, or buildings located in the Metro Area) (hereinafter, the "Properties") and 1% (one percent) of the aggregate gross sales price of the Properties acquired subject to this Agreement thereafter. Notwithstanding the foregoing, in no event shall Broker receive more than two hundred twenty-five thousand dollars (\$225,000.00) total commission in connection with any single real estate transaction, regardless of the number of individual properties contained in any such transaction. Notwithstanding anything to the contrary contained in this Agreement, the following shall be conditions precedent to Client's obligation to pay the Commission:

- a) The execution and delivery by Client and seller of a Contract of Sale for one or more Properties acceptable in form and substance to Client, in Client's sole and absolute discretion; and
- b) The actual closing of the sale, including Client's payment of all monies due at closing, and transfer of title, or other evidence of ownership, to Client.

Failure of either of these conditions shall preclude any claim for a Commission by Broker. In no event shall Broker ever receive any fees, commissions, or other remuneration from any seller, broker or other person or entity in connection with properties purchased by Client pursuant to this Agreement.

With respect to the properties listed in Addendum A, in the event that (i) the conditions precedent to Client's obligation to pay Broker a Commission, as set forth above, are met prior to December 31, 1995, (ii) the individual/entities listed on Addendum A ("Addendum A Broker") execute a brokerage agreement with Client in a form satisfactory to Client, in Client's sole and absolute discretion, prior to the execution of a purchase contract relating to the subject property, (iii) the Addendum A Broker is duly licensed as a real estate broker in the State of Connecticut, and (iv) Broker is not receiving any portion of the fees being paid to any Addendum A Broker, Client shall pay brokerage fees not to exceed the amounts referenced in Addendum A ("Addendum A Fees") in addition to the Commission to be paid to Broker in accordance with this Agreement, but, in no event, shall Client ever pay more than 1.5% total commissions on the aggregate gross sale price for each such transaction. In no event, however, will Client be responsible for the payment of any other fees or expenses in connection with the purchase of any of the properties listed on Addendum A.

With respect to the properties included on Addendum A after December 31, 1995 and any other properties purchased pursuant to this Agreement, in the event that there is a real estate broker cooperating with Broker in connection with this Agreement ("Cooperating Broker"), Client may, in its sole discretion, agree to pay up to 0.5% of the aggregate gross sales price ("Cooperation Fee") to the cooperating real estate broker provided that (i) the conditions precedent to Client's obligation to pay Broker, as set forth above, have been met, (ii) the Cooperating Broker executes a brokerage agreement in a form satisfactory to Client, in its sole and absolute discretion, prior to the execution by Client of a contract to purchase the property in connection with which the Cooperation Fee may be paid, (iii) the Cooperating Broker is duly licensed as a real estate broker in the jurisdiction in which the property is located, (iv) the Cooperating Broker is not receiving any other fees, commissions or other remuneration in connection with the transaction for which Cooperating Broker otherwise could be eligible to receive a Cooperation Fee, and (iv) Broker is not receiving any portion of the Cooperation Fee. In no event, however, shall Client pay more than 1% total commissions with respect to

properties where Broker is earning a .75% commission or 1.25% total commissions with respect to properties where Broker is earning a 1% commission as described in Section 4, above.

Except following the occurrence of an Event of Default as described in Section 10, it is further understood that the Commission shall be paid to Broker if, (i) within One Hundred Eighty (180) days after the expiration or termination of the Term, Client enters into a Contract of Sale for one or more Properties presented by Broker during the Term and named in a written list delivered to Client by Broker within fifteen (15) days following the expiration of the Term or the termination of this Agreement, (ii) such purchase is ultimately consummated, and (iii) the two conditions precedent to Client's obligation to pay the Commission, as set forth above, have been met. Broker's Commission shall be the sole compensation paid to Broker and Broker shall not be entitled to reimbursement for any expenses or any other sums Broker incurs related to or involving the performance of the services. The Commission shall be paid to Broker at closing and Client hereby authorizes the attorney or title company conducting the closing to disburse the Commission to Broker at such closing. The Commission shall be payable if the transfer or sale is structured as a cash sale, like-kind exchange, partial sale, joint venture, newly formed partnership or transfer of stock.

7. In no event shall Client be responsible to pay any persons or entities, other than Broker, any commissions or other remunerations of any kind in connection with this Agreement or by virtue of their association with Broker except that, pursuant to Section 6, above, Client may, in its sole and absolute discretion, pay Cooperation Fees to Cooperating Brokers and Addendum A Fees to Addendum A Brokers. Further, Client shall not be obligated to see to the application of the Commission, if any, due under this Agreement or the payment of any other remuneration for the benefit of any persons or entities other than Broker, and, in its sole and absolute discretion, Cooperating Brokers and Addendum A Brokers, and no other persons or entity shall be a third party beneficiary of this Agreement. Broker shall be solely responsible for the direct payment of any commissions or other remuneration of any kind, except payment of Cooperation Fees and Addendum A fees, if any, due to other persons or entities claiming entitlement to a share of the Commission or any other remuneration under this Agreement or by virtue of their association with Broker. Broker hereby agrees to indemnify and hold Client harmless from and against any and all claims, demands, obligations, liabilities, losses and damages (including, without limitation, attorney's fees of counsel selected by Client) arising directly or indirectly out of or in connection with any claim for commissions or other remuneration of any kind for any person or entity claiming by, through or under Broker or relating in any way to this Agreement, or Broker's actions or failure to act pursuant to this Agreement; it being understood and agreed that Client's liability hereunder shall be limited to the payment to Broker of the Commission, if any, owed under the Agreement. In the event any claims, demands, obligations, liabilities, losses and/or damages arise in connection with any claim for commissions, fees or other remuneration, Client may, in its sole and absolute discretion, withhold Commissions otherwise payable to Broker pending final resolution and may offset against such Commissions any such claims, demands obligations, liabilities, losses and or damages. This provision shall survive any termination of this Agreement.

8. Broker shall obtain, pay for and keep in force at all times during the performance of work pursuant to this Agreement, the following insurance coverages placed with insurance companies having an A.M. Best rating of A VI or better:

Comprehensive General Liability Insurance, with limit of not less than one million dollars (\$1,000,000) per occurrence, or Commercial General Liability

Insurance with limits of not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate. Client shall be added as an additional insured. The policy shall provide such additional insured with a thirty (30) day notice of cancellation, non-renewal or material change. Any certificates of insurance furnished in accordance with this Agreement shall specify who has been added as an additional insured and shall state that the policy has been amended to provide the thirty (30) day advance notice.

Professional Liability Insurance with a limit of not less than one million dollars (\$1,000,000).

Contractor may meet the limits of liability indicated by means of the use of an umbrella liability policy. Any general liability policy must be written on an occurrence basis. Owner shall be

furnished with certificates evidencing that all such insurance specified herein is in force prior to commencement of services provided pursuant to this Agreement.

9. This Agreement may be terminated by either party upon thirty (30) days' written notice. In the event of termination by either party, Broker shall be entitled to receive only that Commission which it has earned pursuant to and in accordance with Section 6 of this Agreement and Client shall have no further obligations or liabilities hereunder.

10. Broker's failure or refusal to perform or observe any obligation, covenant, or condition of this Agreement shall constitute an Event of Default. Should an Event of Default occur, Client may, at its option, terminate this Agreement without affecting any other remedy which it may have at law or in equity. Such termination shall be effective immediately upon Broker's receipt of written notice from Client. In such event, Broker shall be entitled to receive only that Commission which it has already earned pursuant to and in accordance with Section 6 of this Agreement, less any and all damages, losses, claims, costs and expenses incurred or suffered by Client as a result of Broker's failure or refusal to perform and Client shall have no further obligations or liabilities hereunder. Broker will not be entitled to receive any Commissions on properties that are purchased by Client, unless the purchase agreement is fully executed before the date of occurrence of an Event of Default and the conditions precedent to the Client's obligation to pay a Commission set forth in Section 6 have been met.

11. Client, its directors, employees, officers, agents and shareholders shall not be personally liable under this Agreement and Broker hereby agrees to look solely to Client's property, real, personal or otherwise, tangible or intangible, for payment of any claim hereunder.

A similar limitation on liability shall be inserted in each document executed by Street Retail, Inc. (if any) pursuant to this Agreement.

12. Whenever any demand, request, approval consent or notice ("Notice") shall or may be given by one party to the other, Notice shall be addressed to the parties at their respective addresses as set forth below and delivered by (i) hand, (ii) facsimile, (iii) a nationally recognized overnight express courier, or (iv) registered or certified mail return receipt requested. The date of actual receipt shall be deemed the date of service of Notice. In the event an addressee refuses to accept delivery, however, then Notice shall be deemed to have been served on either (i) the date hand delivery is refused, (ii) the next business day in the case of delivery by overnight courier, or (iii) three (3) business days after mailing the notice in the case of registered or certified mail. Either party may, at any time, change its Notice address by giving the other party Notice, in accordance with the above, stating the change and setting forth the new address.

Client: Ron D. Kaplan
Vice President
Street Retail, Inc.
4800 Hampden Lane, Suite 500
Bethesda, Maryland 20814

with a copy to:

Street Retail, Inc.
4800 Hampden Lane, Suite 500
Bethesda, Maryland 20814
Attn: Secretary

Broker: Westport Advisors Corporation
25 Sylvan Road South, Building F
Westport, Connecticut 06880
Attn: Jack Alan Guttman, President

13. This Agreement contains the entire agreement between Client and Broker, supersedes any prior agreements or understandings, and no oral statements or prior written matter not specifically incorporated in this Agreement

unless set forth in a document executed by these parties or a duly authorized agent, officer, or representative hereof

14. Neither Client nor Broker shall file or record any instrument or document relative to this Agreement in any public records except as may be required by the federal securities laws.
15. Notice: The amount or rate of real estate commissions is not fixed by law. They are set by each Broker individually and may be negotiable between the Client and the Broker.
16. This Agreement shall be subject to Section 46a-64 of the Connecticut General Statutes, as amended, and governed by and construed in accordance with the laws of the State of Connecticut.
17. The heirs, transferees, successors, and assigns of the parties hereof shall be duly bound by the provisions hereof, provided Broker may not assign or otherwise transfer its right or obligation hereunder.
18. The terms of the Agreement shall be governed by and construed in accordance with the laws of the State of Maryland.
19. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above stated.

CLIENT:

STREET RETAIL, INC.

By: /s/ Ron D. Kaplan

Ron D. Kaplan
Vice President

BROKER:

WESTPORT ADVISORS CORPORATION

By: /s/ Jack Alan Guttman

Jack Alan Guttman
President

JACK ALAN GUTTMAN

/s/ Jack Alan Guttman
