UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934
FORM 10-K
For Fiscal Year Ended: December 31, 1996 Commission File No.17533

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

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

1626 East Jefferson Street, Rockville, Maryland 20852
(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	New York Stock Exchange
Common Stock Purchase Rights	New York Stock Exchange
Preferred Shares of Beneficial Interest*	

* None issued, registered pursuant to a shelf registration

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

7.48% Senior Debentures
8 7/8% Senior Notes
8% Senior Notes
6 5/8% Senior Notes
Subordinated Debt Securities*
* None issued, registered pursuant to a shelf registration

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

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

At February 10, 1997, the aggregate market value of Common Shares of Beneficial Interest of Federal Realty Investment Trust held by nonaffiliates was $1.1 billion based upon the closing price of such Shares on the New York Stock Exchange.

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

Class	Outstanding at February 10, 1997
Common Shares of Beneficial Interest	38,934,321

DOCUMENTS INCORPORATED BY REFERENCE

PART III

Portions of the Trust's Proxy Statement in connection with its Annual Meeting to be held on May 7, 1997 (hereinafter called "1997 Proxy Statement"). Specifically, the Sections entitled "Summary Compensation Table", "Employment Agreements", "Aggregated Option Exercises in 1996 and December 31, 1996 Option Values", "Retirement and Disability Plans", and "Compensation Committee Interlocks and Insider Participation", "Ownership of Shares by Trustees and Officers", and "Certain Transactions" appearing in the 1997 Proxy Statement are incorporated herein by reference.

The Exhibit Index for this report is found on page 26.
This report, including Exhibits, contains 91 pages.

PART I & II

Item 1. Business

Federal Realty Investment Trust is an owner, operator and redeveloper of retail properties. Founded in 1962 as a District of Columbia business trust of unlimited duration, the Trust is a self-administered equity real estate investment trust. The Trust consolidates the financial statements of three wholly owned subsidiaries, eleven partnerships and a joint venture. At December 31, 1996 the Trust owned 86 retail properties and one apartment complex.

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

An important part of the Trust's strategy is to acquire older, well-located properties in prime, densely populated and affluent areas and to enhance their operating performance through a program of renovation, expansion, reconfiguration and retenanting. The Trust's traditional focus has been on community and neighborhood shopping centers that are anchored by supermarkets, drug stores or high volume, value oriented retailers that provide consumer necessities. Late in 1994 the Trust expanded this strategy to include retail buildings and shopping centers in prime established main street shopping areas. The Trust continually evaluates its properties for renovation, retenanting and expansion opportunities. Similarly, the Trust regularly reviews its portfolio and from time to time considers selling certain of its properties.

The Trust's portfolio of properties has doubled from 43 as of January 1, 1992 to 87 at December 31, 1996. During this five year period the Trust acquired 48 retail properties for approximately $414 million. Eleven of the seventeen acquisitions in 1996 were in California and two were in Florida, which are new markets for the Trust. During this same period four shopping centers were sold. Also during this period the Trust spent over $183 million to renovate, expand, improve and retenant its properties. All but four of the acquisitions were funded primarily by cash. Of the four properties not fully acquired by cash, one was acquired by means of capital and ground leases, one was acquired for common shares of the Trust and the assumption of a mortgage, one was acquired for cash and the assumption of a municipal bond issue and the fourth was acquired for cash with a minority investment by a third party. This growth was financed through borrowing and equity offerings, since each year the Trust has distributed all or the majority of its cash provided by operating activities to its shareholders.

The Trust's 86 retail properties, consisting of 57 shopping centers and 29 main street retail buildings, are located in 14 states and the District of Columbia, primarily along the East Coast between the Boston metropolitan area and Richmond, Virginia. Nineteen of the shopping centers are located in the Washington, D.C. metropolitan area; eleven are in Pennsylvania, primarily in the Philadelphia area; nine are in New Jersey; five are in Illinois; three are in Virginia; three are in Massachusetts; and there is one in each of the following states: California, Connecticut, Georgia, Michigan, New York, North Carolina and Tennessee. The main street retail buildings are located in California, Connecticut, Florida, Illinois, Massachusetts and New Jersey. No single property accounts for over 10% of the Trust's revenues.

The Trust has approximately 1,800 tenants, ranging from sole proprietors to major national retailers; no one tenant or corporate group of tenants accounts for 5% or more of revenue. The Trust's leases with these tenants are classified as operating leases and typically are structured to include minimum rents, percentage rents based on tenants' sales volumes and reimbursement of certain operating expenses and real estate taxes.

The Trust is seeking to increase its pace of acquiring older, well-located shopping centers and retail buildings and then enhancing their revenue potential through a program of renovation, retenanting and remerchandising. The Trust is also studying sites which are suitable for the development of new shopping centers. During the years ended December 31, 1996, 1995 and 1994, retail properties have contributed 96%, 96% and 95%, respectively of the Trust's total revenue.

The Trust amended its by-laws in 1996 to permit investments west of the Mississippi River. Investments are not required to be based on specific allocation by type of property. The extent to which the Trust might mortgage or otherwise finance investments varies with the investment involved and the economic climate.

The success of the Trust depends upon, among other factors, the trends of the economy, including interest rates, construction costs, retailing trends, income tax laws, increases or decreases in operating expenses, governmental regulations, population trends, zoning laws, legislation and the ability of the Trust to keep its properties leased at profitable levels. The Trust competes for tenants with other real estate owners and the Trust's properties account for only a small fraction of the retail space available for lease. The Trust competes for investment opportunities and debt and equity capital with individuals, partnerships, corporations, financial institutions, life insurance companies, pension funds, trust funds and other real estate investment trusts.

Investments in real property create a potential for environmental liability on the part of the current and previous owners of, or any mortgage lender on, such real property. If hazardous substances are discovered on or emanating from any property, the owner or operator of the property may be held liable for costs and liabilities relating to such hazardous substances. Effective September 1, 1996 the Trust obtained environmental insurance on sixty of its properties. Subject to certain exclusions and deductibles, the insurance provides coverage for unidentified, pre-existing conditions and for future contamination caused by tenants and third parties.

The Trust's current policy is to obtain an environmental study on each property it seeks to acquire. On recent acquisitions, any substances identified prior to closing which present an immediate environmental hazard have been or are in the process of remediation. Costs related to the abatement of asbestos which increase the value of Trust properties are capitalized. Other costs are expensed. In 1996 and 1995 approximately $970,000 and $1.0 million, respectively, of which $540,000 and $796,000, respectively, was capitalized abatement costs, was spent on environmental matters. The Trust has budgeted approximately $3.0 million for 1997 for environmental matters, a majority of which is projected for asbestos abatement. (See Note 6 of Notes to Consolidated Financial Statements.)

Current Developments

In 1996 the Trust acquired $105.6 million of retail property. Three shopping centers were acquired: Saugus Plaza Shopping Center, located in metropolitan Boston, Massachusetts for $12.7 million in cash; Wynnewood Shopping Center in suburban Philadelphia, Pennsylvania for $21.8 million in cash; and Escondido Promenade in suburban San Diego, California for $14.2 million in cash and the assumption of $9.4 million of municipal bonds. Fourteen retail buildings were acquired: two buildings in Winter Park, Florida for a cost of $6.8 million; two buildings in Greenwich, Connecticut for $12.7 million; and ten buildings, located in Pasadena, Santa Monica and San Diego, California, for cash of $17.6 million with minority interests contributing another $10.4 million.

During 1996 the Trust spent $42.2 million in renovating, expanding and retenanting its properties. These improvements included $11.5 million on the final tenant work and construction of an additional 30,000 square feet at Congressional Plaza, which includes the Trust's corporate offices; $4.7 million on the redevelopment and expansion of a portion of Bethesda Row; $3.9 million for the renovation of Brick Plaza in Brick, New Jersey; and $2.3 million to buy out below market leases. In addition the Trust invested $23.4 million in mortgage notes receivable, most of which are convertible into ownership interests in the properties by which they are secured.

The Trust initially funded the majority of its 1996 acquisitions, capital improvement projects and investments in mortgages with borrowings under its revolving credit facilities with four banks. Borrowings on these revolving credit facilities were then repaid from long term debt and equity issues. In August 1996 the Trust issued $50.0 million of 7.48% Debentures due August 15, 2026, netting approximately $49.8 million. In May the Trust sold 1.8 million shares of beneficial interest ("shares") at $22 per share to an institutional investor, netting approximately $39.3 million. In December the Trust sold another 1.6 million shares to the public at $27 7/8 per share, netting $42.9 million. Another three million shares were sold to an institutional investor on February 4, 1997 for $28 per share, netting $83.9 million.

At December 31, 1996 the Trust had 205 full-time employees.

Item 2. Properties

Retail Properties

The following table sets forth information concerning each retail property in which the Trust owns an equity interest or has a leasehold interest as of December 31, 1996. Except as otherwise noted, retail properties are 100% owned in fee by the Trust.

	Year Completed	Year Acquired	Square Feet (1)	Number of Tenants	Acres	Occupancy (1) Overall / Economic
Allwood Clifton, NJ 07013 (2)	1958	1988	52,000	8	5	100% / 100%
Andorra Philadelphia, PA 19128 (3)	1953	1988	257,000	40	23	94% / 94%
Bala Cynwyd Bala Cynwyd, PA 19004	1955	1993	266,000	29	22	99% / 99%
Barracks Road Charlottesville, VA 22905 (3)	1958	1985	478,000	86	39	98% / 97%
Bethesda Row Bethesda, MD 20814 (2) (5)	1945-1991	1993	276,000	68	8	99% / 97%
Blue Star Watchung, NJ 07060 (2)	1959	1988	392,000	32	55	97% / 97%
Brainerd Village Chattanooga, TN 37411	1960	1987	218,000	26	20	75% / 64%
Brick Plaza Brick Township, NJ 08723 (2)	1958	1989	288,000	30	42	98% / 98%
Bristol Bristol, CT 06010	1959	1995	296,000	38	22	97% / 97%
Brunswick North Brunswick, NJ 08902 (2)	1957	1988	261,000	23	22	100% / 99%
Clifton Clifton, NJ 07013 (2)	1959	1988	80,000	13	8	98% / 98%
Congressional Plaza Rockville, MD 20852 (4)	1965	1965	341,000	47	22	100% / 99%

	Principal Tenants
Allwood Clifton, NJ 07013 (2)	Grand Union Mandee Shop
Andorra Philadelphia, PA 19128 (3)	Acme Markets Andorra Theater
Bala Cynwyd Bala Cynwyd, PA 19004	Lord & Taylor Acme Markets
Barracks Road Charlottesville, VA 22905 (3)	Bed, Bath & Beyond Safeway Superfresh
Bethesda Row Bethesda, MD 20814 (2) (5)	Giant Food Giant Pharmacy
Blue Star Watchung, NJ 07060 (2)	Caldor Shop Rite Toys R Us
Brainerd Village Chattanooga, TN 37411	Office Depot Sports Authority
Brick Plaza Brick Township, NJ 08723 (2)	A&P Supermarket Steinbach's
Bristol Bristol, CT 06010	Bradlees Super Stop & Shop
Brunswick North Brunswick, NJ 08902 (2)	Caldor Grand Union Schwartz Furniture
Clifton Clifton, NJ 07013 (2)	Acme Markets Rickel Home Center
Congressional Plaza	Fresh Fields

Rockville, MD 20852 (4)	Tower Records Buy Buy Baby

	Year Completed	Year Acquired	Square Feet (1)	Number of Tenants	Acres
Crossroads Highland Park, IL 60035	1959	1993	192,000	23	15
Dedham Dedham, MA 02026	1959	1993	253,000	34	18
Eastgate Chapel Hill, NC 27514	1963	1986	159,000	31	17
Ellisburg Circle Cherry Hill, NJ 08034	1959	1992	258,000	37	27
Escondido Promenade Escondido, CA 92029 (6)	1987	1996	223,000	45	18
Falls Plaza Falls Church, VA 22046	1962	1967	60,000	10	6
Feasterville Feasterville, PA 19047 (2)	1958	1980	104,000	11	12
Federal Plaza Rockville, MD 20852	1970	1989	243,000	39	18
Finley Square Downers Grove, IL 60515	1974	1995	306,000	17	21
Flourtown Flourtown, PA 19031	1957	1980	183,000	22	15
Gaithersburg Square Gaithersburg, MD 20878	1966	1993	207,000	36	17
Garden Market Western Springs, IL 60558	1958	1994	134,000	22	12
Governor Plaza Glen Burnie, MD 21961 (3)	1963	1985	252,000	21	26
Hamilton Hamilton, NJ 08690 (2)	1961	1988	180,000	14	18

	Occupancy (1) Overall/Economic	Principal Tenants
Crossroads Highland Park, IL 60035	100%/100%	Gold Standard Liquors TJ Maxx
Dedham Dedham, MA 02026	91%/91%	Ames Cherry & Webb
Eastgate Chapel Hill, NC 27514	98%/97%	Food Lion Southern Season
Ellisburg Circle Cherry Hill, NJ 08034	99%/99%	Shop Rite Bed, Bath & Beyond
Escondido Promenade Escondido, CA 92029 (6)	92%/92%	Toys R Us TJ Maxx
Falls Plaza Falls Church, VA 22046	100%/100%	Giant Food CVS Pharmacy
Feasterville Feasterville, PA 19047 (2)	96%/96%	Office Max Genuardi Markets
Federal Plaza Rockville, MD 20852	99%/95%	Bed, Bath & Beyond Comp USA TJ Maxx
Finley Square Downers Grove, IL 60515	85%/85%	Bed, Bath & Beyond Service Merchandise
Flourtown Flourtown, PA 19031	87%/87%	K Mart Genuardi Markets
Gaithersburg Square Gaithersburg, MD 20878	86%/86%	Borders Books Bed, Bath & Beyond
Garden Market Western Springs, IL 60558	100%/100%	Dominick's Ace Hardware
Governor Plaza Glen Burnie, MD 21961 (3)	95%/95%	Comp USA Bally's Total Fitness

Hamilton Hamilton, NJ 08690 (2)	100%/100%	Shop Rite Steven's Furniture A.C. Moore

	Year Completed	Year Acquired	Square Feet (1)	Number of Tenants	Acres
Huntington Huntington, NY 11746 (2)	1962	1988	274,000	12	21
Idylwood Plaza Falls Church, VA 22030	1991	1994	73,000	18	6
Lancaster Lancaster, PA 17601 (2)	1958	1980	107,000	17	11
Langhorne Square Levittown, PA 19056	1966	1985	208,000	28	21
Laurel Centre Laurel, MD 20707	1956	1986	382,000	57	26
Lawrence Park Broomall, PA 19008 (2)	1972	1980	340,000	40	28
Loehmann's Plaza Fairfax, VA 22042 (7)	1971	1983	245,000	48	18
Mid-Pike Plaza Rockville, MD 20852 (2)	1963	1982	303,000	21	20
Northeast Philadelphia, PA 19114	1959	1983	303,000	40	19
Northeast Plaza Atlanta, GA 30329	1952	1986	446,000	45	44
North Lake Commons Lake Zurich, IL 60047	1989	1994	123,000	20	13
Old Keene Mill Springfield, VA 22152	1968	1976	92,000	19	11
Pan Am Fairfax, VA 22031	1979	1993	218,000	29	25

	Occupancy (1) Overall / Economic	Principal Tenants
Huntington Huntington, NY 11746 (2)	99% / 99%	Bed, Bath and Beyond Service Merchandise Toys R Us
Idylwood Plaza Falls Church, VA 22030	97% / 97%	Super Crown Fresh Fields
Lancaster Lancaster, PA 17601 (2)	100% /100%	Giant Eagle A.C. Moore
Langhorne Square Levittown, PA 19056	77% /64%	Drug Emporium Marshalls
Laurel Centre Laurel, MD 20707	91% / 91%	Giant Food Marshalls Toys R US
Lawrence Park Broomall, PA 19008 (2)	98% / 98%	Acme Markets Best Products Rickel Home Center
Loehmann's Plaza Fairfax, VA 22042 (7)	94% / 94%	Loehmann's Dress Shop Linens N Things
Mid-Pike Plaza Rockville, MD 20852 (2)	97% / 97%	Syms Toys R Us G Street Fabrics
Northeast Philadelphia, PA 19114	99% / 99%	Burlington Coat Factory Marshalls
Northeast Plaza Atlanta, GA 30329	71% /61%	Publix Cinema 12

North Lake Commons Lake Zurich, IL 60047	97% / 96%	Dominick's
Old Keene Mill Springfield, VA 22152	74% / 74%	Fresh Fields Rite Aid
Pan Am Fairfax, VA 22031	94% / 94%	Micro Center Safeway MJ Designs

	Year Completed	Year Acquired	Square Feet (1)	Number of Tenants	Acres	Occupancy (1) Overall/Economic
Park & Shop Washington, DC 20036	1930	1995	47,000	11	1	95%/88%
Perring Plaza Baltimore, MD 21134 (3)	1963	1985	437,000	17	27	100%/100%
Queen Anne Plaza Norwell, MA 02061	1967	1994	149,000	11	18	100%/100%
Quince Orchard Gaithersburg, MD 20877 (5)	1975	1993	238,000	28	16	95%/85%
Roseville Roseville, MI 48066	1964	1973	143,000	2	20	22%/22%
Rutgers Franklin, N.J. 08873 (2)	1973	1988	216,000	18	27	95%/95%
Saugus Plaza Saugus, MA 01906	1976	1996	171,000	8	19	96%/96%
Shillington Shillington, PA 19607 (2)	1956	1980	74,000	18	8	92%/81%
Shirlington Arlington, VA 22206	1940	1995	349,000	44	16	92%/92%
Town & Country Springfield, IL 62704	1968	1973	236,000	22	19	92%/92%
Troy Parsippany-Troy, NJ 07054 (2)	1966	1980	205,000	18	19	99%/99%
Tysons Station Falls Church, VA 22043	1954	1978	50,000	15	4	95%/91%
West Falls Falls Church, VA 22046	1960	1972	62,000	17	5	96%/96%
Wildwood Bethesda, MD 20814	1958	1969	85,000	34	13	100%/100%

	Principal Tenants
Park & Shop Washington, DC 20036	Petco Pizzeria Uno
Perring Plaza Baltimore, MD 21134 (3)	Home Depot Metro Foods Burlington Coat Factory
Queen Anne Plaza Norwell, MA 02061	TJ Maxx Star Markets
Quince Orchard Gaithersburg, MD 20877 (5)	Circuit City Dyncorp
Roseville Roseville, MI 48066	Drug Emporium
Rutgers Franklin, N.J. 08873 (2)	Foodtown K Mart
Saugus Plaza Saugus, MA 01906	K Mart Super Stop & Shop
Shillington Shillington, PA 19607 (2)	Super Trak Auto
Shirlington Arlington, VA 22206	Carlyle Grand Cafe Cineplex Odeon
Town & Country Springfield, IL 62704	Burlington Coat Factory
Troy	Comp USA

Parsippany-Troy, NJ 07054 (2)	K Mart Pathmark
Tysons Station Falls Church, VA 22043	Linens N Things
West Falls Falls Church, VA 22046	Staples
Wildwood Bethesda, MD 20814	CVS Pharmacy Sutton Place Gourmet

	Year Completed	Year Acquired	Square Feet (1)	Number of Tenants	Acres	Occupancy (1) Overall/Economic
Williamsburg Williamsburg, VA 23187	1961	1986	248,000	33	21	99%/99%
Willow Grove Willow Grove, PA 19090	1953	1984	228,000	28	14	96%/96%
The Shops at Willow Lawn Richmond, VA 23230 (5)	1957	1983	435,000	103	37	90%/80%
Wynnewood Wynnewood, PA 19096	1948	1996	252,000	20	16	93%/93%
Retail buildings						
Thirteen buildings in CT	1900-1991	1994-1996	231,000	88		98%/98%
Ten buildings in CA(8)	1888-1995	1996	139,000	25		92%/92%
Two buildings in FL	1920	1996	28,000	9		100%/93%
One building in MA	1930	1995	12,000	7		100%/82%
One building in NJ	1940	1995	11,000	2		100%/100%
Two buildings in IL	1920-1927	1995	19,000	3		82%/82%

	Principal Tenants
Williamsburg Williamsburg, VA 23187	Food Lion Peebles Rose's
Willow Grove Willow Grove, PA 19090	Marshalls Toys R Us
The Shops at Willow Lawn Richmond, VA 23230 (5)	Leggett Stores Barnes & Noble Cineplex Odeon
Wynnewood Wynnewood, PA 19096	Food Fare
Retail buildings	
Thirteen buildings in CT	Barney's Eddie Bauer Saks Fifth Avenue
Ten buildings in CA	Disney Store
Two buildings in FL	Limited Express
One building in MA	M. Joseph
One building in NJ	Legg Mason
Two buildings in IL	Foodstuff

(1) Overall occupancy is expressed as a percentage of rentable square feet and includes square feet covered by leases for stores not yet opened. Economic occupancy is expressed as a percentage of rentable square feet, but only includes leases currently generating rental income.
(2) The Trust has a leasehold interest in this property.
(3) The Trust owns a 99.9% partnership interest in this center.
(4) The Trust owns a 49% equity interest in this center.
(5) The Trust owns this property subject to a ground lease.
(6) The Trust owns the controlling interest in this center. A minority owner has an interest in the profits of the center.
(7) The Trust has a 1% general partnership interest and manages the partnership. A 99% interest was sold to a limited partner.
(8) The Trust owns the general partnership interest in these buildings.

Apartments

The following table sets forth information concerning the Trust's apartment development as of December 31, 1996 which is 100% owned by the Trust in fee. This development is not subject to rent control.

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

Item 3. Legal Proceedings.

None

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

None

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

Market Quotations

Quarter ended	High	Low	Dividends Paid
December 31, 1996	$28 3/4	$22 5/8	$ .42
September 30, 1996	25	21 3/4	.41
June 30, 1996	23 1/8	20 1/2	.41
March 31, 1996	23 1/8	20 1/4	.41
December 31, 1995	$23 1/2	$20	$ .41
September 30, 1995	23 5/8	21 1/8	.395
June 30, 1995	22 5/8	19 3/4	.395
March 31, 1995	22	20 1/4	.395

The number of holders of record for Federal Realty's common shares of beneficial interest at December 31, 1996 was 7,573.

For the years ended December 31, 1996 and 1995, $.21 and $.43, respectively, of dividends paid represented a return of capital.

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

Quarter Ended	1996	1995
March 31	$ .41	$.395
June 30	.41	.395
September 30	.42	.41
December 31	.42	.41

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

Item 6. Selected Financial Data.

In thousands, except per share data

	Year ended December 31,				
Operating Data	1996	1995	1994	1993	1992
Rental Income	$164,887	$142,841	$128,133	$105,948	$89,971
Income before gain on sale of real estate and extra-ordinary item	28,754	23,655	20,466	16,114	6,987
Gain (loss) on sale of real estate	(12)	(545)	---	---	2,501
Extraordinary item - gain (loss) on early extinguishment of debt	---	---	---	2,016	(58)
Net income	28,742	23,110	20,466	18,130	9,430
Net cash provided by operating activities (1)	65,648	65,117	45,199	35,183	28,236
Dividends declared	56,607	51,392	48,196	42,021	36,306
Weighted average number of shares outstanding	33,573	31,860	30,679	27,009	22,767
Per share: Net income	.86	.72	.67	.67	.41
Dividends declared	1.66	1.61	1.57	1.55	1.53
Other Data					
Funds from Operations (2)	65,254	57,034	50,404	40,824	29,374
Balance Sheet Data					
Real estate at cost	$1,147,865	$1,009,682	$852,722	$758,088	$598,867
Total assets	1,035,306	886,154	751,804	689,803	603,365
Mortgage and capital lease obligations	229,189	222,317	235,705	218,545	245,694

Operating Data	Year ended December 31, 1996	1995	1994	1993	1992
Notes payable	66,106	49,980	61,883	30,519	6,117
Senior notes	215,000	165,000	---	---	50,000
Convertible subordinated debentures	75,289	75,289	75,289	115,167	46,218
Shareholders' equity	388,885	327,468	343,222	283,059	222,432
Number of shares outstanding	35,886	32,160	31,609	28,018	24,718

(1) Determined in accordance with Financial Accounting Standards Board Statement No. 95.

(2) Defined as income before depreciation and amortization of real estate assets and before extraordinary items and significant nonrecurring events less gains on sale of real estate. Funds from operations differs from net cash provided by operating activities primarily because funds from operations does not include changes in operating assets and liabilities. Funds from operations is a supplemental measure of performance that does not replace net income as a measure of performance or net cash provided by operating activities as a measure of liquidity.

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 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.

Operating activities generated $65.6 million in 1996, $65.1 million in 1995 and $45.2 million in 1994 of which $52.1 million, $47.9 million and $44.0 million, respectively, was distributed to shareholders. Despite a $5.6 million increase in net income in 1996 over 1995 and a $3.4 million increase in non-cash charges such as depreciation in 1996 over 1995, net cash provided by operating activities increased only $500,000 because these increases to cash were offset by an increased usage of $8.5 million in 1996 over 1995 for other operating purposes, primarily increases in accounts receivable, prepaid expenses and decreases in accrued expenses. Cash generated from operating activities was $19.9 million greater in 1995 than in 1994. The increase of $2.6 million in net income and an increase of $4.4 million in non-cash charges such as depreciation were augmented by a decreased usage of $12.9 million in other operating activities, primarily due to increases in accounts payable and accrued expenses.

During the three year period 1994 through 1996, the Trust expended over $357 million in cash to acquire properties and to improve its properties. In addition, in 1996 the Trust invested $23.4 million in mortgage notes receivable, most of which are convertible into ownership interests in the properties by which they are secured. At December 31, 1996 the Trust had deposits of $23.4 million on real estate, primarily for the purchase in January 1997 of the fee interest on four properties which it held subject to capital leases. These expenditures were primarily funded from the proceeds of various debt and equity transactions.

The Trust is actively expanding its acquisition efforts. In 1996 the Trust amended its bylaws to permit investments west of the Mississippi River. The Trust acquired $105.6 million of retail property in 1996, comprised of three shopping centers and fourteen retail buildings. With certain of these purchases the Trust made its first acquisitions in Florida and California. On October 1, the Trust acquired Saugus Plaza Shopping Center, located in metropolitan Boston, Massachusetts for $12.7 million in cash. On October 29, 1996 Wynnewood Shopping Center in suburban Philadelphia, Pennsylvania was purchased for a total cash cost of $21.8 million. On December 31, 1996 the Trust acquired the controlling interest in a Limited Liability Company formed to own Escondido Promenade in suburban San Diego, California for $14.2 million in cash. The $23.5 million center is encumbered by $9.4 million of municipal bonds. The bonds, which mature October 1, 2016, bear 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 bonds are redeemable on demand by the holders and if they cannot be resold, will be due. The other member of the Limited Liability Company, who is related to the developer of the property, has a minor interest in the profits of the company.

On February 28, 1996 the Trust purchased, for cash, two retail buildings in Winter Park, Florida for a cost of $6.8 million. In 1996 the Trust purchased two buildings in Greenwich, Connecticut, one for $3.2 million in cash on May 6 and another for $9.5 million in cash on June 4. On December 31, 1996 the Trust made an investment of $17.6 million for the general partnership interest in two partnerships (the "CIM partnerships"), one of which owns ten main street retail buildings and the other of which owns a purchase option on a street retail building. The ten buildings, valued at $28 million, are located in Pasadena, Santa Monica and San Diego, California. Nine of the ten buildings are scheduled to be renovated and retenanted. The Trust will contribute 90% of future capital costs. The limited partners who contributed $10.4 million to the partnerships will receive a cumulative return of $762,000 per year. All remaining income and cash available for distribution will be allocated 90% to the Trust and 10% to the minority partners until each receives a return of 10% on its deemed investment and then 60% to the Trust and 40% to the minority partner.

During 1996 the Trust invested $42.4 million in improvements to its properties; these improvements included: (1) $11.5 on the final tenant work and construction of an additional 30,000 square feet at Congressional Plaza, which includes the Trust's corporate offices; (2) $4.7 million on the redevelopment and expansion of a portion of Bethesda Row; (3) $3.9 million on the redevelopment of Brick Plaza which was begun in 1995; and (4) $2.3 million to buy out below market leases.

In 1995 the Trust purchased 19 retail properties. The Trust also purchased a building abutting Flourtown Shopping Center, one of its existing centers, for $3.1 million. The Finley Square Shopping Center in suburban Chicago, Illinois was purchased on April 27, 1995 for approximately $18.8 million in cash; Bristol Shopping Center in Bristol, Connecticut was purchased on September 22, 1995 for $19.6 million, by assuming a $11.3 million mortgage and by issuing common shares valued at $7.3 million with the balance in cash; Park & Shop Center in Washington, D.C. was purchased on December 1, 1995 for $11.2 million in cash; and on December 21, 1995 Shirlington Shopping Center in Arlington, Virginia was purchased for $23.5 million in cash. The retail building acquisitions during 1995 were as follows: seven buildings in West Hartford, Connecticut for $15.3 million; two buildings in Greenwich, Connecticut for $14.9 million; one building in Westport, Connecticut for $5.7 million; one building in Brookline, Massachusetts for $3.8 million; one building in Westfield, New Jersey for $2.2 million; two buildings in Evanston, Illinois for $3.6 million; and a building contiguous to Bethesda Row in Bethesda, Maryland for $2.0 million.

During 1995, $33.8 million was expended on improvements to Trust properties. These improvements included $3.8 million on the redevelopment of Congressional Plaza in Rockville, Maryland, $5.5 million to complete the redevelopment and retenanting of Gaithersburg Square in Gaithersburg, Maryland and $5.8 million for the first phase of the renovation of Brick Plaza in Brick, New Jersey.

During 1994 the Trust purchased four shopping centers and one retail building, Idylwood Plaza in Falls Church, Virginia, North Lake Commons in Lake Zurich, Illinois, Garden Market Shopping Center in Western Springs, Illinois, Queen Anne Plaza in Norwell, Massachusetts and the Ship's Building in Westport, Connecticut. In addition, the Trust purchased a 3.9 acre parcel of land, on which there is a supermarket, which adjoins its Bala Cynwyd Shopping Center. These properties were acquired for a total cash investment of $48.3 million and a $1.1 million note.

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

The majority of these acquisitions and improvements, as well as debt repayment requirements, were initially financed with borrowings under the Trust's revolving credit facilities. The Trust uses these credit facilities to fund acquisitions and other cash requirements until conditions are favorable for issuing equity or long term debt. In August 1996, the Trust amended these unsecured medium term revolving credit facilities, increasing the aggregate amount available from $130 million to $135 million, extending the maturity from three years to five years, and decreasing the interest rate from LIBOR (London Interbank Offered Rate) plus 75 to 100 basis points to LIBOR plus 75 basis points. The facilities require fees and have covenants requiring a minimum shareholders' equity and a maximum ratio of debt to net worth. At December 31, 1996, 1995 and 1994, $59.4 million, $40.1 million and $54.7 million, respectively, was borrowed under these facilities. The maximum amount borrowed under these facilities during 1996, 1995 and 1994 was $76.2 million, $66.8 million and $54.7 million, respectively. The weighted average interest rate on borrowings during 1996, 1995 and 1994 was 6.4%, 6.9%, and 5.6%, respectively.

Borrowings on these revolving credit facilities were repaid from a variety of long term debt and equity issues. In August 1996 the Trust issued $50.0 million of 7.48% Debentures due August 15, 2026, netting approximately $49.8 million. The debentures, which pay interest semiannually on February 15 and August 15, are redeemable at par at the option of the holders on August 15, 2008 and by the Trust at any time thereafter. On May 24, 1996 the Trust sold 1.8 million shares at $22 per share to an institutional investor, netting approximately $39.3 million. On December 13, 1996 the Trust sold another 1.6 million shares to the public at $27 7/8 per share, netting $42.9 million. Another three million shares were sold to an institutional investor on February 4, 1997 for $28 per share, netting $83.9 million.

During 1995 the Trust issued $165 million of senior notes: $100.0 million at 8 7/8% interest in January, netting proceeds of approximately $98.9 million; $25.0 million at 8% interest in April, netting approximately $24.9 million; and $40.0 million at 6 5/8% interest in December, netting approximately $39.6 million. In January 1995 the Trust repaid a $22.5 million mortgage which had been borrowed in 1994 and a $1.1 million note issued in connection with the purchase of Queen Anne Plaza in 1994.

In order to minimize the risk of changes in interest rates, in connection with certain of these debt issues the Trust entered into interest rate hedge agreements. All agreements have been terminated and the cost or gain on the hedges is being recognized as a component of interest expense over the life of the financing.

In April 1994 the Trust raised net proceeds of $61.3 million from a public offering of 2.5 million common shares of beneficial interest ("shares"). In a concurrent offering of 840,000 shares to an institutional investor, the Trust raised net proceeds of $21.7 million. In April 1994 the Trust redeemed $39.8 million principal amount of its 5 1/4% convertible subordinated debentures due 2002 at a price equal to 120% of their principal amount or $47.8 million. In November 1994 the Trust spent $4.2 million to exercise the option to purchase the land at Northeast Shopping Center, $3.4 million of which had been recorded as a capital lease obligation.

The Trust has budgeted $44.0 million for capital improvements to its properties in 1997. These improvements include: (1) $6.0 million for the next phase of the redevelopment and expansion of Brick Plaza; (2) $6.1 million to renovate and retenant Troy Shopping Center; (3) $4.1 million to renovate Feasterville Shopping Center; and (4) $3.5 million to complete the renovation and expansion of a portion of Bethesda Row.

The Trust's long term debt has varying maturity dates and in a number of instances includes balloon payments or other contractual provisions that could require significant repayments during a particular period. The next significant maturity is approximately $53.5 million of mortgage obligations which are due in 1998.

The Trust is seeking to increase its pace of acquisitions, both shopping centers and main street retail buildings. In addition, the Trust is searching for site acquisitions in its core markets to permit the Trust to build new shopping centers.

The Trust will need additional capital in order to fund these acquisitions, expansions and refinancings. Sources of this funding may be proceeds from the sale of existing properties, additional debt and additional equity. The timing and choice between additional debt or equity will depend upon many factors, including the market price for the Trust's shares, interest rates and the Trust's ratio of debt to net worth. The Trust believes that it will be able to raise this capital as needed, based on its past success in so doing.

Contingencies

As previously reported, certain of the Trust's shopping centers have some environmental contamination. The Trust has retained an environmental consultant to investigate contamination at a center in New Jersey. The Trust is evaluating whether it has insurance coverage for this matter. At this time, the Trust has not determined what the range of remediation costs might be, but does not believe that the costs will have a material effect upon the Trust's financial condition. 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, at this time, to estimate the range of remediation costs, if any.

The Trust reserved $2.0 million at closing in 1993 for environmental issues 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 fourth quarter of 1996, the reserve was reduced to $200,000 with a corresponding reduction in the basis of land at the shopping center. The Trust estimates that $200,000 is the cost to monitor the contaminant concentrations in groundwater for ten years, thereby satisfying regulatory requirements, to the best of the Trust's knowledge.

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.

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

Recently unfavorable trends in the retail environment have led to a number of retail bankruptcies. A further weakening of the retail environment, additional bankruptcies and further retail consolidations could adversely impact the Trust, by increasing vacancies and decreasing rents. In past difficult retail and real estate environments, the Trust has been able to replace weak and bankrupt tenants with stronger tenants; management believes that due to the quality of the Trust's properties there will continue to be demand for its retail space.

Results of Operations

Net income and funds from operations have been affected by the Trust's recent acquisition, redevelopment and financing activities. The Trust has historically reported its funds from operations in addition to its net income and net cash provided by operating activities. Funds from operations is a supplemental measure of real estate companies' operating performance which excludes historical cost depreciation, since real estate values have historically risen and fallen with market conditions rather than over time. The National Association of Real Estate Investment Trusts (NAREIT) defines funds from operations 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. Funds from operations does not replace net income as a measure of performance or net cash provided by operating activities as a measure of liquidity. Rather, funds from operations has been adopted by real estate investment trusts to provide a consistent measure of operating performance in the industry.

The reconciliation of net income to funds from operations is as follows:

	Year ended December 31, (in thousands)		
	1996	1995	1994
Net income	$28,742	$23,110	$20,466
Depreciation and amortization of real estate assets	34,128	30,986	26,479
Amortization of initial direct costs of leases	2,372	2,393	2,404
Loss on sale of real estate, extraordinary and non-recurring items	12	545	1,055
Funds from operations	$65,254	$57,034	$50,404

The Trust's retail leases generally provide for minimum rents, with periodic increases. Most retail tenants pay a majority of on-site operating expenses and real estate taxes. Many leases also contain a percentage rent clause which calls for additional rents based on tenant sales, so that at a given sales volume, if prices increase, so does rental income. These features in the Trust leases reduce the Trust's exposure to higher costs caused by inflation, although inflation has not been significant in recent years.

Rental income, which consists of minimum rent, percentage rent, and cost recoveries, increased 11.5% in 1995 to $142.8 million from $128.1 million in 1994 and 15.4% in 1996 to $164.9 million. If centers acquired and sold in 1994, 1995 and 1996 are excluded, rental income increased 4.3% from 1994 to 1995 and 6.6% from 1995 to 1996.

Minimum rents increased 14% in 1995 to $113.9 million from $99.9 million in 1994 and 15.5% in 1996 to $131.5 million. If centers acquired and sold in 1994, 1995 and 1996 are excluded, minimum rents increased 6.7% from 1994 to 1995 and 6.2% from 1995 to 1996. Fifty percent of the increase in minimum rent in 1996 was from Congressional Plaza, Brick Plaza and Gaithersburg Square, which have been redeveloped and retenanted. Thirty-four percent of the increase in minimum rent in 1995 was from Congressional Plaza.

Cost reimbursements consist of tenant reimbursements of real estate taxes (real estate tax recovery) and common area maintenance expenses (CAM recovery). After removing the effect of properties purchased and sold during the past three years, real estate tax recovery increased 6.2% from 1994 to 1995 and 9.7% from 1995 to 1996. Forty-nine percent of the increase from 1994 to 1995 was attributable to Congressional Plaza as its occupancy increased after being vacated for renovation. Sixty-four percent of the increase in 1996 was attributable to Congressional Plaza, Brick Plaza and Gaithersburg Square. CAM recovery on the portfolio, adjusted to remove the effect of properties purchased in 1994, 1995 and 1996, was $13.2 million in 1994, $11.5 million in 1995 and $13.2 million in 1996. These fluctuations correspond to fluctuations in CAM expenses, primarily snow removal and related repairs which were high in 1994 and 1996 due to heavy snowfalls in those years.

Other property income 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. The increases from 1994 to 1996 were due primarily to the fluctuating nature of the income. Major increases in 1995 over 1994 resulted from lease termination fees, an unexpected recovery from a bankrupt tenant, merchant association dues and a commission on telephone services. The increase from 1995 to 1996 was due to lease termination fees.

Rental expenses went from $35.8 million in 1994 to $35.1 million in 1995 to $40.7 million in 1996, which represents 26.8% of property income (rental income plus other property income) in 1994, 23.4% in 1995 and 23.3% in 1996. If rental expenses are adjusted to remove the effect of properties purchased and sold in 1994, 1995 and 1996, rental expenses ranged from $35.1 million in 1994 to $32.6 million in 1995 to $35.3 million in 1996. The primary reason for the decrease from 1994 to 1995 was a decrease in snow removal and other related expenses, such as roof and parking lot repairs. The increase from 1995 to 1996 was caused by an increase in snow related expenses and by an increase in the write-off of tenant work and lease commissions, often connected with tenants whose leases were terminated. Real estate taxes have ranged from 9.0% of property income in 1994 to 9.6% in 1995 to 9.4% in 1996. The lower percentage in 1994 was primarily due to Congressional Plaza, which received a refund of prior year taxes in 1994.

Depreciation and amortization expenses have increased because of the recent acquisitions and also because of the depreciation on recent tenant work and property improvements.

Interest income has increased slightly over the past three years. The Trust's major sources of interest income are on its mortgage notes receivable, its notes to officers, and its available cash balances. Increases in interest income due to the issuance of

$14.3 million in mortgage notes receivable in 1996 were offset by decreases in interest on investments in marketable securities which the Trust sold in 1995. Included in interest income in 1995 is the effect of the sale in December 1995 of the Trust's investment in Olympia and York Senior First Mortgage Notes and other real estate investment trusts, both of which were written down to market value in prior years.

Interest expense increased to $45.6 million in 1996 from $39.3 million in 1995, due to interest on the $50 million of senior debentures issued in 1996 and the $165 million of senior notes issued in 1995, due to interest from increased usage of the revolving credit facilities and due to interest on the mortgage assumed upon the purchase of Bristol Shopping Center. Interest expense increased from $31.5 million in 1994 to $39.3 million in 1995, primarily due to interest on the three issues of senior notes in 1995. The ratio of earnings to fixed charges was 1.59x, 1.55x and 1.61x in 1996, 1995 and 1994, respectively. The ratio of funds from operations to fixed charges was 2.35x, 2.35x, and 2.52x in 1996, 1995 and 1994, respectively.

Administrative expenses have increased as the Trust has grown and as it has accelerated its acquisition and development efforts. Administrative expenses as a percentage of total income, however, were fairly constant, at 5.1%, 4.7% and 4.8%, in 1996, 1995 and 1994, respectively. The $1.8 million increase from 1995 to 1996 was primarily due to the write-off of costs associated with unconsummated acquisition and development efforts and due to costs related to the move of the Trust's corporate office. The major components of the increase in 1995 over 1994 were in payroll and in costs related to a business combination that the Trust decided not to pursue.

Investors' share of operations represents the minority interest in Congressional Plaza, Loehmann's Plaza and North City Plaza. In 1995 minority net losses at Loehmann's and North City exceeded the minority net income at Congressional Plaza which was under redevelopment in 1995.

Income before loss on sale of real estate and extraordinary item increased from $20.5 million in 1994 to $23.7 million in 1995 to $28.7 million in 1996, reflecting not only the contribution to net income from the Trust's acquisitions but also the contribution from improved operating results of the core portfolio.

Loss or gain on the sale of real estate is dependent on the extent and timing of sales. The Trust regularly reviews its portfolio and does from time to time sell properties. In 1996 the Trust sold Town & Country Plaza in Hammond, Louisiana for $4.9 million, resulting in a loss of $12,000. In 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, net income rose from $20.5 million in 1994 to $23.1 million in 1995 to $28.7 million in 1996.

The Trust intends to increase its pace of acquisitions in 1997. If successful in so doing, these acquisitions should contribute to growth in rental income and expenses and, thereby, net income. The growth of the core portfolio, however, is, in part, dependent on controlling expenses, some of which are beyond the complete control of the Trust, such as snow removal, and trends in the retailing environment. Recently there have been a number of retailer bankruptcies and consolidations. These bankruptcies and a further weakening of the retail environment could adversely impact the Trust, by increasing vacancies and by decreasing rents. In past weak retail and real estate environments, the Trust has been able to replace weak and bankrupt tenants with stronger tenants; management believes that due to the quality of the Trust's properties there will continue to be demand for its retail space.

Item 8. Financial Statements and Supplementary Data.

Included in Item 14.

Item 9. Disagreements on Accounting and Financial Disclosure.

None.

Part III

Item 10. Directors and Executive Officers of the Registrant.

Executive Officers of the Registrant

The Executive Officers in 1996 were:

Name	Age	Position with Trust
Steven J. Guttman	50	President and Chief Executive Officer and Trustee
Ron D. Kaplan	33	Senior Vice President-Capital Markets, Chief Investment Officer
Catherine R. Mack	52	Vice President-General Counsel and Secretary
Mary Jane Morrow	44	Senior Vice President-Finance and Treasurer
Hal A. Vasvari	53	Executive Vice President and Chief Operating Officer
Cecily A. Ward	50	Vice President-Controller
Robert S. Wennett	36	Senior Vice President-Acquisitions

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

Ron D. Kaplan joined the Trust in November 1992 as Vice President-Capital Markets. Mr. Kaplan was formerly a Vice President of Salomon Brothers Inc where he was responsible for capital raising and financial advisory services for public and private real estate companies. While at Salomon Brothers which he joined in 1987, he participated in two of the Trust's debt offerings.

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

Mary Jane Morrow joined the Trust in January 1987 as Vice President-Finance and Treasurer. Before joining Federal Realty, Ms.

Morrow was a Partner with Grant Thornton LLP, the Trust's independent accountants. She was with Grant Thornton LLP for over 10 years and has extensive experience in real estate and accounting.

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

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

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

The schedule identifying Trustees under the caption "Election of Trustees" of the 1997 Proxy Statement is incorporated herein by reference thereto.

Item 11. Executive Compensation.

The sections entitled "Summary Compensation Table" and "Aggregated Option Exercises in 1996 and December 31, 1996 Option Values" of the 1997 Proxy Statement are incorporated herein by reference thereto.

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

The section entitled "Ownership of Shares by Trustees and Officers" of the 1997 Proxy Statement is incorporated herein by reference thereto.

Item 13. Certain Relationships and Related Transactions.

The section entitled "Certain Transactions" of the 1997 Proxy Statement is incorporated herein by reference thereto.

Part IV

Item 14.	Exhibits, Financial Statement Schedules, and Reports on Form 8-K	Page No.

(a) 1. Financial Statements

(a) 2. Financial Statement Schedules

(a) 3. Exhibits

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(3) (i) The Trust's Third Amended and Restated Declaration of Trust dated May 24, 1984, filed with the Commission on July 5, 1984 as Exhibit 4 to the Trust's Registration Statement on Form S-2 (file No. 2-92057) is incorporated herein by reference thereto.

(ii) Bylaws of the Trust, filed with the Commission as an exhibit to the Trust's Current Report on Form 8-K dated February 20, 1985, as most recently amended and filed with the Commission as portions of Item 6 to the Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996, is incorporated herein by reference thereto.

(4) (i) Specimen Share of Beneficial Interest, filed with the Commission on November 23, 1982 as Exhibit 4 to the Trust's Registration Statement on Form S-2 (file No. 2-80524), is incorporated herein by reference thereto.

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

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

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

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

(vi) Indenture dated December 13, 1993, related to the Trusts's 7.48% Debentures due August 15, 2026, the Trust's 8 7/8% Senior Notes due January 15, 2000, the Trust's 8% Notes due April 21, 2002 and the Trust's 6 5/8% Notes due 2005, filed with the commission on December 13, 1993 as exhibit 4 (a) to the Trust's Registration Statement on Form S-3, (File No. 33-51029) is incorporated herein by reference thereto.

(vii) Dividend Reinvestment and Share Purchase Plan, dated November 3, 1995, filed with the Commission on Form S-3 on November 3, 1995 (File No. 33-63955) is incorporated herein by reference thereto.

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

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

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

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

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

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

The following documents, filed with the Commission as portions of Exhibit 10, to the Trust's Annual Report on Form 10-K for the year ended December 31, 1980, have been modified as noted below, and are incorporated herein by reference thereto.

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

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

(vi) The 1988 Share Bonus Plan.

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

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

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

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

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

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

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

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

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

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

(xvi) Employment Agreement between the Trust and Robert S. Wennett, dated January 1, 1992, filed with the Commission as an exhibit to the Trust's Annual Report on Form 10-K for the year ended December 31, 1991 is incorporated herein by reference thereto.

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

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

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

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

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

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

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

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

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

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

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

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

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

The following documents, filed with the Commission as portions of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1994, are incorporated herein by reference thereto:

(xxix) Form of Severance Agreement between Federal Realty Investment Trust and Certain of its Officers dated December 31, 1994.

(xxx) Credit Agreement dated as of September 30, 1994 between Federal Realty Investment Trust and First Union National Bank of Virginia.

(xxxi) Second Amendment to Revolving Credit Agreement dated as of September 30, 1994 between Federal Realty Investment Trust and Corestates Bank.

(xxxii) First Amendment to Credit Agreement dated September 30, 1994 between Federal Realty Investment Trust and Mellon Bank.

(xxxiii) First Amendment to Revolving Credit Agreement dated September 30, 1994 between Federal Realty Investment Trust and Signet Bank/Maryland.

(xxxiv) Exclusive Brokerage Agreement between Street Retail Inc. and Westport Advisors Corporation filed as an exhibit to the Trust's Quarterly Report on Form 10-Q for quarter ended March 31, 1995 is incorporated herein by reference thereto.

The following documents, filed with the Commission as portions of Item 6 to the Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995 are incorporated herein by reference thereto:

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

(xxxvi) Exclusive Brokerage Agreement between Street Retail, Inc. and Westport Advisors Corporation and Jack Alan Guttman dated August 20, 1995.

The following are filed as exhibits hereto:

(xxxvii) Non-Exclusive Brokerage Agreement between Federal Realty Investment Trust, Street Retail, Inc., Westport Realty Advisors, Inc. and Jack Alan Guttman, dated December 3, 1996.

(xxxviii) Second and Third Amendments dated as of August 1, 1996 to the Credit Agreement dated as of September 30, 1994 between Federal Realty Investment Trust and First Union National Bank of Virginia.

(xxxvix) Third Amendment to Revolving Credit Agreement between Federal Realty Investment Trust and Corestates Bank dated July 1, 1996.

(xl) Third Amendment to Revolving Credit Agreement as of August 7, 1996 by and between Federal Realty Investment Trust and Signet Bank.

(xli) Fourth Amendment to Credit Agreement as of August 9, 1996 by and between Federal Realty Investment Trust and Mellon Bank.

(11) Statement regarding computation of per share earnings..*

(12) Statements regarding computation of ratios.......*

(13) Annual Report to Shareholders, Form 10Q or quarterly report to shareholders...*

(18) Letter regarding change in accounting principles..............*

(19) Report furnished to security holders...........................*

(21) Subsidiaries of the registrant.................................
(xxxvii) Articles of Incorporation of Street Retail, Inc. filed with the Commission as a portion of Exhibit 21 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1994 is incorporated herein by reference thereto.

(xxxviii) By-Laws of Street Retail, Inc. filed with the Commission as a portion of Exhibit 21 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1994 is incorporated herein by reference thereto.

(22) Published report regarding matters submitted to vote of security holders...*

(23) Consent of Grant Thornton LLP.................................

(24) Power of attorney..*

(27) Financial Data Schedule.......................................+

(99) Additional exhibits..*

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

A Form 8-K, dated November 15, 1996, was filed in response to Item 7.(c)99

A Form 8-K, dated December 10, 1996 was filed in response to Item 5.

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* Not applicable.

\+ For Edgar filing only.

SIGNATURES

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

FEDERAL REALTY INVESTMENT TRUST

Date: February 18, 1997 By:/s/ Steven J. Guttman

Steven J. Guttman
President

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

Signatures	Title	Date
/s/ Steven J. Guttman Steven J. Guttman	President and Trustee (Chief Executive Officer)	February 18, 1997
/s/ Mary Jane Morrow Mary Jane Morrow	Senior Vice-President and Treasurer (Chief Financial Officer)	February 18, 1997
/s/ Cecily A. Ward Cecily A. Ward	Vice-President and Controller (Principal Accounting Officer)	February 18, 1997
/s/ Dennis L. Berman Dennis L. Berman	Trustee	February 18, 1997
A. Cornet de Ways Ruart	Trustee	February 18, 1997
/s/ Samuel J. Gorlitz Samuel J. Gorlitz	Trustee	February 18, 1997
/s/ Kristin Gamble Kristin Gamble	Trustee	February 18, 1997
/s/ Walter F. Loeb Walter F. Loeb	Trustee	February 18, 1997
Donald H. Misner	Trustee	February 18, 1997
/s/ Mark S. Ordan Mark S. Ordan	Trustee	February 18, 1997
/s/ George L. Perry George L. Perry	Trustee	February 18, 1997

FINANCIAL STATEMENTS AND SCHEDULES

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

Trustees and Shareholders
Federal Realty Investment Trust

We have audited the accompanying consolidated balance sheets of Federal Realty Investment Trust as of December 31, 1996 and 1995, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Federal Realty Investment Trust as of December 31, 1996 and 1995 and the consolidated results of its operations and its consolidated cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

Grant Thornton LLP
Washington, D.C.
February 5, 1997

Federal Realty Investment Trust

CONSOLIDATED BALANCE SHEETS

	December 31, 1996	December 31, 1995
ASSETS	(in thousands)	
Investments		
Real estate, at cost	$1,147,865	$1,009,682
Less accumulated depreciation and amortization	(223,553)	(190,795)
	924,312	818,887
Mortgage notes receivable	27,913	13,561
	952,225	832,448
Other Assets		
Cash	11,041	10,521
Notes receivable - officers	1,183	1,011
Accounts receivable	16,111	15,091
Prepaid expenses and other assets, principally deposits on real estate, property taxes and lease commissions	51,374	23,248
Debt issue costs	3,372	3,835
	$1,035,306	$ 886,154
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Obligations under capital leases	$ 130,613	$ 131,829
Mortgages payable	98,576	90,488
Notes payable	66,106	49,980
Accrued expenses	20,405	19,048
Accounts payable	6,783	8,571
Dividends payable	15,072	13,191
Security deposits	3,515	3,083
Prepaid rents	3,801	787
Senior notes and debentures	215,000	165,000
5 1/4% Convertible subordinated debentures	75,289	75,289
Investors' interest in consolidated assets	11,261	1,420
Commitments and contingencies	-	-
Shareholders' equity		
Common shares of beneficial interest, no par or stated value, unlimited authorization, issued 35,948,044 and 32,221,670 shares, respectively	597,917	508,870
Accumulated dividends in excess of Trust net income	(200,700)	(172,835)
	397,217	336,035
Less 62,386 and 61,328 common shares in treasury - at cost, respectively, deferred compensation and subscriptions receivable	(8,332)	(8,567)
	388,885	327,468
	$1,035,306	$ 886,154

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Year ended December 31, 1996	1995	1994
Revenue			
Rental income	$164,887	$142,841	$128,133
Interest	4,352	4,113	3,933
Other property income	9,816	7,435	5,698
	179,055	154,389	137,764
Expenses			
Rental	40,687	35,093	35,830
Real estate taxes	16,411	14,471	12,097
Interest	45,555	39,268	31,462
Administrative	9,100	7,305	6,661
Other charges	-	-	1,055
Depreciation and amortization	38,154	34,901	29,801
	149,907	131,038	116,906
Operating income before investors' share of operations and loss on sale of real estate	29,148	23,351	20,858
Investors' share of operations	(394)	304	(392)
Income before loss on sale of real estate	28,754	23,655	20,466
Loss on sale of real estate	(12)	(545)	-
Net income	$28,742	$23,110	$20,466
Weighted Average Number of Common Shares	33,573	31,860	30,679
Earnings per share			
Income before loss on sale of real estate	$0.86	$0.74	$0.67
Loss on sale of real estate	-	(0.02)	-
	$0.86	$0.72	$0.67

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands, except share amounts)	1996 Shares	1996 Amount	1995 Shares	1995 Amount
Common Shares of Beneficial Interest				
Balance, beginning of year	32,221,670	$508,870	31,669,434	$496,958
Exercise of stock options	126,918	2,705	20,744	390
Shares issued under dividend reinvestment plan	181,274	4,057	193,965	4,181
Conversion of 5 1/4% subordinated debentures due 2002	-	-	-	-
Shares purchased under share purchase plan	-	-	-	-
Shares issued to purchase shopping center			337,527	7,341
Net proceeds from sale of shares	3,418,182	82,285	-	-
Balance, end of year	35,948,044	$597,917	32,221,670	$508,870
Common Shares of Beneficial Interest in Treasury, Deferred Compensation and Subscriptions Receivable				
Balance, beginning of year	(500,095)	($8,567)	(539,188)	($9,130)
Amortization of deferred compensation	30,250	482	32,875	547
Net (increase) decrease in stock option loans	(10,167)	(242)	5,971	20
Purchase of treasury shares	(2,186)	(24)	(1,128)	(25)
Purchase (subscription) under share purchase plan	1,250	19	1,375	21
Balance, end of year	(480,948)	($8,332)	(500,095)	($8,567)
Accumulated Dividends in Excess of Trust Net Income				
Balance, beginning of year		($172,835)		($144,553)
Net income		28,742		23,110
Dividends declared to shareholders		(56,607)		(51,392)
Balance, end of year		($200,700)		($172,835)

(In thousands, except share amounts)	1994 Shares	1994 Amount
Common Shares of Beneficial Interest		
Balance, beginning of year	28,077,999	$408,005
Exercise of stock options	47,240	1,035
Shares issued under dividend reinvestment plan	162,466	3,891
Conversion of 5 1/4% subordinated debentures due 2002	1,729	64
Shares purchased under share purchase plan	40,000	1,000
Shares issued to purchase shopping center	-	-
Net proceeds from sale of shares	3,340,000	82,963
Balance, end of year	31,669,434	$496,958
Common Shares of Beneficial Interest in Treasury, Deferred Compensation and Subscriptions Receivable		
Balance, beginning of year	(496,499)	($7,759)
Amortization of deferred compensation	27,875	422
Net (increase) decrease in stock option loans	(30,564)	(793)
Purchase of treasury shares	-	-
Purchase (subscription) under share purchase plan	(40,000)	(1,000)
Balance, end of year	(539,188)	($9,130)

Accumulated Dividends in Excess of Trust Net Income	
Balance, beginning of year	($116,823)
Net income	20,466
Dividends declared to shareholders	(48,196)
Balance, end of year	($144,553)

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Year ended December 31, 1996	1995	1994
OPERATING ACTIVITIES			
Net income	$28,742	$23,110	$20,466
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	38,153	34,900	29,801
Rent abatements in lieu of leasehold improvements, net of tenant improvements retired	(121)	(951)	(812)
Imputed interest and amortization of debt cost	696	731	547
Amortization of deferred compensation and forgiveness of officers' notes	496	531	621
Write-down of investments	-	-	1,207
Loss on sale of real estate	12	545	-
Payment of trustees' fees in shares	104	136	132
Changes in assets and liabilities			
Decrease (increase) in accounts receivable	(1,020)	932	(400)
Increase in prepaid expenses and other assets before depreciation and amortization	(7,665)	(4,768)	(4,674)
Increase (decrease) in operating accounts payable, security deposits and prepaid rent	3,133	1,453	(1,161)
Increase (decrease) in accrued expenses, net of the premium put on the 5 1/4% convertible subordinated debentures in 1994	3,118	8,498	(528)
Net cash provided by operating activities	65,648	65,117	45,199
INVESTING ACTIVITIES			
Acquisition of real estate	(85,792)	(105,096)	(48,337)
Capital expenditures	(42,356)	(33,829)	(42,286)
Deposit on purchase of real estate	(23,401)	-	-
(Issuance) of mortgage notes receivable, net	(14,352)	(383)	(7)
Issuance of notes receivable - officers, net	(188)	(215)	(116)
Proceeds from sale of real estate	4,680	1,782	-
Net (increase) decrease in temporary investments	(410)	3,381	281
Net cash used in investing activities	(161,819)	(134,360)	(90,465)
FINANCING ACTIVITIES			
Proceeds of mortgage financings	-	-	22,500
Regular payments on mortgages, capital leases and notes payable	(2,735)	(2,289)	(2,080)
Balloon payments on mortgages and capital leases, including prepayment fees	(3,000)	(23,601)	(3,400)
Borrowing (repayment) of short-term debt, net	19,290	(14,635)	30,332
Redemption of 5 1/4% convertible debentures due 2002, including premium put	-	-	(47,790)
Issuance (redemption) of senior notes, net of costs	49,749	163,384	-
Dividends paid	(52,084)	(47,918)	(43,973)
Issuance of shares	86,054	1,682	84,247
Decrease in minority interest, net	(583)	(854)	(210)
Net cash provided by financing activities	96,691	75,769	39,626
Increase (decrease) in cash	520	6,526	(5,640)
Cash at beginning of year	10,521	3,995	9,635
Cash at end of year	$11,041	$10,521	$3,995

The accompanying notes are an integral part of these statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Federal Realty Investment Trust invests in income-producing real estate properties. Traditionally it focused on community and neighborhood shopping centers, but beginning in late 1994 the Trust expanded its investments to main street retail properties, retail buildings and shopping centers in densely developed urban and suburban areas. The Trust's leases with tenants are classified as operating leases and rental income is recognized on an accrual basis over the terms of the related leases.

The Trust uses the straight-line method in providing for depreciation. Estimated useful lives range from three to 25 years on apartment buildings and improvements, and from three to 35 years on retail properties and improvements. Maintenance and repair costs are charged to operations as incurred. Major improvements are capitalized. The gain or loss resulting from the sale of properties is included in net income at the time of sale. The Trust has adopted FAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of". The Trust does not hold any assets that meet the impairment criteria of FAS 121.

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

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

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

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

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

The Trust occasionally enters into derivative contracts with terms up to 90 days prior to a scheduled financing or refinancing in order to minimize the risk of changes in interest rates. The cost or gain on these transactions is recognized as a component of interest expense over the life of the financing.

Earnings per share are computed using the weighted average number of shares outstanding during the respective periods, including options. Options are accounted for in accordance with APB 25, whereby if options are priced at fair market value or above at the date of grant, no compensation expense is recognized.

Inherent in the preparation of the Trust's financial statements are certain estimates. These estimates are prepared using management's best judgment, after considering past and current events.

NOTE 1: REAL ESTATE AND ENCUMBRANCES

A summary of the Trust's properties at December 31, 1996 is as follows:

(in thousands)	Cost	Accumulated depreciation and amortization	Encumbrances
Retail properties	$ 926,266	$158,754	$ 98,576
Retail properties under capital leases	215,173	60,229	130,613
Apartments	6,426	4,570	-
	$1,147,865	$223,553	$229,189

The Trust's 86 retail properties are located in 14 states and the District of Columbia, primarily along the East Coast between the Boston metropolitan area and Richmond, Virginia. There are approximately 1,800 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 account for 5% or more of revenue.

In 1996 the Trust acquired $105.6 million of retail property, comprised of three shopping centers and fourteen retail buildings. With certain of these purchases the Trust made its first acquisitions in Florida and California.

On October 1, 1996 the Trust acquired Saugus Plaza Shopping Center, located in the metropolitan Boston, Massachusetts area, for a total cash cost of $12.7 million. On October 29, 1996 Wynnewood Shopping Center in suburban Philadelphia, Pennsylvania was purchased for a total cash cost of $21.8 million. On December 31, 1996 the Trust acquired the controlling interest in a Limited Liability Company formed to own Escondido Promenade in suburban San Diego, California for $14.2 million in cash. The $23.5 million center is encumbered by $9.4 million of municipal bonds. The bonds, which mature October 1, 2016, bear 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 bonds are redeemable on demand by the holders and if they cannot be resold, will be due. The other member of the Limited Liability Company, who is related to the developer of the property, has a minor interest in the profits of the property.

On February 28, 1996 the Trust purchased, for cash, two retail buildings in Winter Park, Florida for a cost of $6.8 million. In 1996 the Trust purchased two buildings in Greenwich, Connecticut, one for $3.2 million in cash on May 6 and another for $9.5 million in cash on June 4. On December 31, 1996 the Trust made an investment of $17.6 million for the general partnership interest in two partnerships (the "CIM partnerships"), one of which owns ten street retail buildings and the other of which owns a purchase option on a street retail building. The ten buildings, valued at $28 million, are located in Pasadena, Santa Monica and San Diego, California. Nine of the ten buildings are scheduled to be renovated and retenanted. The Trust will contribute 90% of future capital costs. The limited partners who contributed $10.4 million to the partnerships will receive a cumulative return of $762,000 per year. All remaining income and cash available for distribution will be allocated 90% to the Trust and 10% to the minority partner until each receives a return of 10% on its deemed investment and then 60% to the Trust and 40% to the minority partner.

The Trust purchased 19 retail properties during 1995 for a total cost of $120.6 million. The Trust also purchased a building abutting Flourtown Shopping Center, one of its existing centers, for $3.1 million. Finley Square Shopping Center in suburban Chicago was purchased on April 27, 1995 for $18.8 million in cash; Bristol Shopping Center in Bristol, Connecticut was purchased on September 22, 1995 for $19.6 million, by assuming a $11.3 million mortgage and by issuing 337,527 common shares valued at $7.3 million with the balance in cash; Park & Shop Center in Washington, D.C. was purchased on December 1, 1995 for $11.2 million in cash; and on December 21, 1995 Shirlington Shopping Center in Arlington, Virginia was purchased for $23.5 million in cash. The retail building acquisitions during 1995 were as follows: seven buildings in West Hartford, Connecticut for $15.3 million; two buildings in Greenwich, Connecticut for $14.9 million; one building in Westport, Connecticut for $5.7 million; one building in Brookline, Massachusetts for $3.8 million; one building in Westfield, New Jersey for $2.2 million; two buildings in Evanston, Illinois for $3.6 million and one building in Bethesda, Maryland, for $2.0 million.

In connection with certain of these purchases in 1996 and 1995, brokerage commissions of $172,000 and $671,000, respectively, were incurred to a company that is 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.

On December 31, 1996 the Trust sold Town and Country Shopping Center in Hammond, Louisiana for $4.9 million, resulting in a loss of $12,000.

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

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

On April 22, 1996 the Trust made a $9.2 million convertible participating loan to a partnership, secured by retail properties in Philadelphia, Pennsylvania. The loan bears interest at 10% plus additional interest based upon the gross income of the secured properties. In addition, upon sale of the properties, the Trust will share in the appreciation of the properties. From and after April 2006, which date may be extended to April 2008, the Trust has the option to convert the loan into a partnership interest in the properties. In 1995 and 1996 the Trust made additional loans, totalling $1.8 million, secured by properties in Philadelphia, to partnerships with common ownership to the partnership above. One loan bears interest at the greater of prime plus 2% or 10% and the other bears interest at 5%. Both loans are due in November 1997.

On July 2, 1996 the Trust was granted a purchase option on a parcel of land in Bethesda, Maryland in exchange for a refundable deposit of $50,000 and a $3.6 million loan secured by the land. The loan requires monthly payments of interest at 9% until March 31, 1997 and 9.5% thereafter. The Note is due on the earlier of the exercise of the purchase option or March 31, 1998.

The Trust held two other mortgage loans at December 31, 1996, 1995 and 1994. The notes, which total approximately $13.2 million, bear interest at 10% and were issued in connection with the acquisition of Trust properties.

In January 1994 a $22.5 million one year mortgage was placed on Northeast Plaza in Atlanta, Georgia. The mortgage, which bore interest at LIBOR (London Interbank Offered Rate), plus 100 to 150 basis points was repaid in January 1995.

At December 31, 1996 the Trust had contracted to purchase the fee interest in Shillington, Troy and Feasterville Shopping Centers in January 1997 for $1.8 million, $5.5 million and $2.1 million, respectively. The Trust had also contracted to purchase the fee interest in Lawrence Park Shopping Center in June 1998 for $8.5 million. In connection with the purchase agreement for Lawrence Park, the Trust, in January 1997, lent the seller $8.8 million at 8% which is due in June 1998. Future minimum lease payments due for Lawrence Park are $847,000 in 1997 and $438,000 in 1998 of which $346,000 and $158,00, respectively represent interest. These properties are subject to capital lease obligations of $7.6 million at December 31, 1996.

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

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

Aggregate mortgage principal payments due during the next five years are $1.4 million, $54.5 million, $532,000, $583,000, and $30.7, respectively.

Future minimum lease payments and their present value for property under capital leases as of December 31, 1996, excluding the four leases to be purchased in 1997 and 1998, are as follows:

Year ending December 31,	(in thousands)
1997	$ 11,297
1998	11,299
1999	11,299
2000	11,736
2001	11,736
Thereafter	537,734
	595,101
Less amount representing interest	(472,064)
Present value	$ 123,037

Leasing Arrangements

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

The components of rental income are as follows:

(in thousands)	Year ended December 31, 1996	1995	1994
Retail properties			
Minimum rents	$129,077	$111,454	$ 97,503
Cost reimbursements	28,805	23,961	23,774
Percentage rent	4,550	4,977	4,478
Apartments - rents	2,455	2,449	2,378
	$164,887	$142,841	$128,133

The components of rental expense are as follows:

(in thousands)	Year ended December 31, 1996	1995	1994
Management fees and costs	$7,264	$ 5,707	$ 5,316
Repairs and maintenance	11,865	8,140	9,238
Utilities	5,350	4,936	4,981
Payroll - properties	3,032	3,230	4,094
Ground rent	2,851	2,852	2,510
Insurance	2,183	2,281	1,879
Other operating	8,142	7,947	7,812
	$ 40,687	$ 35,093	$ 35,830

Minimum future retail property rentals on noncancelable operating leases as of December 31, 1996 are as follows:

Year ending December 31,	(in thousands)
1997	$130,094
1998	120,786
1999	110,038
2000	97,093
2001	82,095
Thereafter	405,109
	$945,215

NOTE 2. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

(in thousands)	December 31, 1996 Carrying Value	December 31, 1996 Fair Value	December 31, 1995 Carrying Value	December 31, 1995 Fair Value
Cash & equivalents	$11,041	$11,041	$10,521	$10,521
Investments	671	671	261	261
Mortgage notes receivable	27,913	28,945	13,561	15,027
Mortgages and notes payable	164,682	168,276	140,468	146,801
Convertible debentures	75,289	68,889	75,289	66,932
Senior notes	215,000	221,635	165,000	176,653

NOTE 3. NOTES PAYABLE

At December 31, 1996 and 1995 the Trust had notes payable of $66.1 million and $50.0 million, respectively. Of these balances, $59.4 million in 1996 and $40.1 million in 1995 were issued under the Trust's revolving credit facilities.

The remaining balance of notes payable was issued in connection with the acquisition, leasing or renovation of properties. A $2.5 million noninterest bearing note was issued in September 1995 in connection with a lease transaction at Barracks Road. The due date of this note has been extended from December 1996 to July 15, 1997. A note, with a balance of $1.3 million at December 31, 1996 and $1.4 million at December 31, 1995, was issued in connection with the buy out of a tenant at Queen Anne Plaza in January 1995. The noninterest bearing note of $2.2 million, due in annual installments of $200,000 for eleven years, was recorded at its discounted value using an interest rate of 8 7/8%.

A 10% note, payable in equal monthly installments with a final maturity in 2013, issued in connection with the renovation of Perring Plaza had a balance of $2.9 million in 1996 and 1995. A $3 million note issued in connection with the acquisition of Federal Plaza, bearing interest at 11%, was paid in 1996.

In August 1996 the Trust amended its unsecured medium term revolving credit facilities with four banks, increasing the aggregate amount available from $130 million to $135 million, extending the maturity from three years to five, and decreasing the interest rate from LIBOR plus 75 to 100 basis points to LIBOR plus 75 basis points. The facilities require fees and have covenants requiring a minimum shareholders' equity and a maximum ratio of debt to net worth.

The maximum drawn under these facilities during 1996, 1995 and 1994 was $76.2 million, $66.8 million, and $54.7 million, respectively. In 1996, 1995 and 1994 the weighted average interest rate on borrowings was 6.4%, 6.9% and 5.6%, respectively, and the average amount outstanding was $47.2 million, $26.7 million and $26.3 million, respectively.

NOTE 4. DIVIDENDS

On November 20, 1996 the Trustees declared a quarterly cash dividend of $.42 per share, payable January 15, 1997 to shareholders of record January 2, 1997. For the years ended December 31, 1996, 1995 and 1994, $.21, $.43 and $.75 of dividends paid per share, respectively, represented a return of capital.

NOTE 5. COMMITMENTS AND CONTINGENCIES

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

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

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

As previously reported, certain of the Trust's shopping centers have some environmental contamination. The Trust has retained an environmental consultant to investigate contamination at a shopping center in New Jersey. The Trust is evaluating whether it has insurance coverage for this matter. At this time, the Trust has not determined what the range of remediation costs might be, but does not believe that the costs will have a material effect upon the Trust's financial condition. 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, at this time, to estimate the range of remediation costs, if any.

The Trust reserved approximately $2.0 million at closing in 1993 for environmental issues 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 fourth quarter of 1996, the reserve was reduced to $200,000 with a corresponding reduction in the basis of land at the shopping center. The Trust estimates that $200,000 is the cost to monitor contaminant concentrations in groundwater for ten years, thereby satisfying regulatory requirements, to the best of the Trust's knowledge.

A nonqualified deferred compensation plan for Trust officers was established in 1994. The plan allows the officers to defer future income until the earlier of age 65 or termination of employment with the Trust. As of December 31, 1996, the Trust is liable to participants for approximately $671,000 under this plan. Although this is an unfunded plan, the Trust has purchased certain investments with which to match this obligation.

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

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

As of December 31, 1996 in connection with the renovation of certain shopping centers, the Trust has contractual obligations of $3.2 million. In addition the Trust is contractually obligated under leases to provide up to $10.1 million in building and tenant improvements.

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

	(in thousands)
1997	$2,826
1998	2,826
1999	2,834
2000	2,839
2001	2,839
Thereafter	154,404
	$168,568

NOTE 6. 5 1/4% CONVERTIBLE SUBORDINATED DEBENTURES

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

At December 1996 and 1995 the Trust had outstanding $289,000 of 5 1/4% convertible subordinated debentures due 2002. The debentures which are convertible into shares of beneficial interest at $30.625 were not registered under the Securities Act of 1933 and were not publicly distributed within the United States. In April 1994, $39.8 million of the debentures were redeemed at a price equal to 120% of their principal amount or $47.8 million, in accordance with a premium put. A principal amount of $53,000 of these debentures was converted into 1,729 shares in 1994.

NOTE 7. SENIOR NOTES AND DEBENTURES

On August 16, 1996 the Trust issued $50.0 million of 7.48% Debentures due August 15, 2026, netting approximately $49.8 million after adjusting for underwriting discounts and other costs. The debentures, which were issued at a price of 99.96%, pay interest semiannually on February 15, and August 15. The debentures are redeemable at par at the option of the holders on August 15, 2008 and by the Trust at any time thereafter.

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 semi-annually 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 January 1995 the Trust executed a five year interest rate swap on $25.0 million, whereby the Trust swapped fixed interest payment obligations of 8.1% for a floating rate interest payment of three month LIBOR. The floating rate during the first quarter of 1995 was 6.2%. 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, netting $24.9 million after deducting discounts and costs. The notes, which are due April 21, 2002 and bear interest at 8%, payable semiannually on April 21 and October 21, were issued at a price of 99.683%.

On December 8, 1995 the Trust issued an additional $40.0 million of senior notes, netting $39.6 million after deducting costs. The notes, which mature on December 1, 2005 and bear interest at 6 5/8%, payable June 1 and December 1, were issued at a price of 99.3%.

NOTE 8. SHAREHOLDERS' EQUITY

On May 24, 1996 the Trust sold, to an institutional investor, 1.8 million shares of beneficial interest ("shares") at $22 per share, netting $39.3 million. On December 13, 1996 the Trust sold another 1.6 million shares to the public at $27 7/8 per share, netting $42.9 million.

In September 1995 the Trust issued 337,527 shares of beneficial interest valued at $7.3 million in partial consideration for the purchase of Bristol Shopping Center.

In April 1994 the Trust raised net proceeds of $61.3 million from a public offering of 2.5 million shares of beneficial interest. In a concurrent offering of 840,000 shares to an institutional investor, the Trust raised net proceeds of $21.7 million.

The Trust has a Dividend Reinvestment Plan, whereby shareholders may use their dividends to purchase shares. In 1996, 1995, and 1994, 181,274 shares, 193,965 shares, and 162,466 shares, respectively, were issued under the Plan.

On January 1, 1994 under the terms of the 1993 Long Term Incentive Plan, an officer of the Trust purchased 40,000 common shares at $25 per share with the assistance of a $1.0 million loan from the Trust. The loan, which has a term of 12 years, bears interest at 6.24%. Forgiveness of up to 75% of the loan is subject to the future performance of the Trust. One eighth of the loan was forgiven on January 31, 1995; another one sixteenth was forgiven on each of January 31, 1996 and 1997 as certain performance criteria of the Trust were met.

In January 1991 the Trustees adopted the Federal Realty Investment Trust Share Purchase Plan. Under the terms of this plan, officers and certain employees of the Trust purchased 446,000 common shares at $15.125 per share with the assistance of loans of $6.7 million from the Trust. Originally, the Plan called for one sixteenth of the loan to be forgiven each year for eight years, as long as the participant was still employed by the Trust. The loans for all participants, but two, were modified in 1994 to extend the term an additional four years and to tie forgiveness in 1995 and thereafter to certain performance criteria of the Trust. One sixteenth of the loan was forgiven in 1995 and 1996. The Trust has loaned participants $1.1 million to pay the taxes due in connection with the plan. The purchase loans and the tax loans bear interest at 9.39%. The shares purchased under the plan may not be sold, pledged or assigned until both the purchase and tax loans are satisfied and the term has expired.

In connection with a restricted share grant, the Trust accepted from its President a noninterest bearing note for $210,000. One installment of $105,000 was paid on the note in 1992 and the second installment is due April 15, 2001. This loan, tax loans issued in connection with 108,000 shares granted to officers and key employees under the terms of the 1988 Share Bonus Plan, the last $16,000 of which were forgiven in 1996, and the tax loans issued under the Share Purchase Plan are recorded as notes receivable -officers.

At December 31, 1996, 1995 and 1994, respectively, the Trust had 62,386 shares, 61,328 shares and 60,200 shares in treasury at a cost of $1.2 million, $1.2 million, and $1.1 million, respectively.

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

NOTE 9. STOCK OPTION PLAN

The 1993 Long Term Incentive Plan ("Plan") authorized the grant of options and other stock based awards for up to 6.0 million shares. Options granted under the plan have ten year terms and vest in one to three years. Under the Plan, on each annual meeting date during the term of the plan, each nonemployee Trustee will be awarded 2,500 options. Accordingly, on each of May 2, 1996, May 10, 1995 and May 4, 1994, 22,500, 20,000 and 20,000 options, respectively, were awarded to nonemployee Trustees. In 1996, 81,181 options at $21 to $21 5/8 per share were granted to employees of the Trust. On February 15, 1995, 719,000 stock options at $20.75 per share were granted to employees of the Trust.

The option price to acquire shares under the 1993 Plan and previous plans is required to be at least the fair market value at the date of grant. As a result of the exercise of options, the Trust had outstanding from its officers and employees notes for $2.2 million at December 31, 1996 and $1.9 million at December 31, 1995. The notes issued under the 1993 plan bear interest at the dividend rate on the date of exercise divided by the purchase price of such shares. The notes issued under the previous plans bear interest at the lesser of (i) the Trust's borrowing rate or (ii) the current indicated annual dividend rate on the shares acquired pursuant to the option, divided by the purchase price of such shares. The notes are collateralized by the shares and are with recourse. The loans have a term extending to the employee's or officer's retirement date.

FAS Statement No. 123, "Accounting for Stock-Based Compensation" requires pro forma information regarding net income and earnings per share as if the Trust accounted for its stock options under the fair value method of that Statement. The fair value for options issued in 1996 and 1995 has been estimated as $120,000 and $1.4 million, respectively, as of the date of grant, using a binomial model with the following weighted-average assumptions for 1996 and 1995, respectively: risk-free interest rates of 5.7% and 7.3%; volatility factors of the expected market price of the Trust's shares of 19% and 19%; and a weighted average expected life of the option of 5.6 years and 6.3 years.

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:

	1996	1995
(in thousands except for earnings per share)		
Pro forma net income	$28,241	$22,692
Pro forma earnings per share	$.84	$.71

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

	Shares available for future option grants	Options Outstanding	Weighted-Average Option Price
Beginning of the year	5,461,000	853,116	$24.23
Options granted	(20,000)	20,000	24.875
Options exercised	---	(47,240)	21.60
Options expired	---	(1,750)	23.58
December 31, 1994	5,441,000	824,126	24.875
Options granted	(759,000)	759,000	20.784
Options exercised	---	(20,744)	18.79
Options expired	---	(47,750)	23.31
December 31, 1995	4,682,000	1,514,632	22.71
Options granted	(81,181)	81,181	21.21
Options exercised	---	(126,918)	21.31
Options expired	33,666	(35,166)	22.47
December 31, 1996	4,634,485	1,433,729	22.737

At December 31, 1996 and 1995, options for 942,270 shares and 609,300 shares, respectively, were exercisable. The average remaining contractual life of options outstanding at December 31, 1996 and 1995 was 7.1 years and 7.8 years, respectively. The weighted average grant date fair value per option for options granted in 1996 and 1995 was $1.47 and $1.83, respectively. The exercise price of options outstanding at December 31, 1996 ranged from $17.25 per share to $26.00 per share.

NOTE 10. SAVINGS AND RETIREMENT PLAN

The Trust has a savings and retirement plan in accordance with the provisions of Section 401(k) of the Internal Revenue Code. Employees' contributions range, at the discretion of each employee, from 1% to 17% of compensation up to a maximum of $9,500. Under the plan, the Trust, out of its current net income, contributes 50% of each employee's first 5% of contributions. In addition, the Trust may make discretionary contributions within the limits of deductibility set forth by the Code. Employees of the Trust, who work over 1,000 hours annually, are eligible to become plan participants. The Trust's expense for the years ended December 31, 1996, 1995 and 1994 was $179,000, $158,000 and $147,000, respectively. In 1996 and 1995 the Trust recorded a liability for an additional contribution of 1.5% and 1% of salary, respectively, for all nonofficer employees who are eligible for the 401(k) plan. In addition, 1.5% of salary in 1996 and 1% of salary in 1995 was accrued for all eligible nonofficer employees as a bonus.

NOTE 11. INTEREST EXPENSE

The Trust incurred interest expense totaling $46.4 million, $40.2 million and $31.8 million, in 1996, 1995 and 1994, respectively, of which $871,000, $975,000, and $348,000, respectively, was capitalized. Interest paid was $44.2 million in 1996, $33.4 million in 1995, and $39.9 million in 1994 which included $8.0 million of the premium on the 5 1/4% convertible subordinated debentures which were redeemed in April 1994.

NOTE 12. SUBSEQUENT EVENTS

On January 31, 1997, 22,000 restricted shares were granted to an officer and two employees of the Trust. The shares vest over three years.

On January 6, 1997 as described in Footnote 1, the Trust purchased the fee interest on three shopping centers and exercised an option to purchase the fee on another shopping center. The Trust previously held these properties under a capital lease. On January 22, 1997 the Trust purchased a retail building in Chicago, Illinois for cash of $4.2 million.

On February 4, 1997 the Trust sold 3.0 million shares to an institutional investor for $28 per share, netting $83.9 million.

NOTE 13. QUARTERLY DATA (UNAUDITED)

The following summary represents the results of operations for each quarter in 1996 and 1995:

(in thousands, except per share amounts)

	Revenue	Net Income	Earnings per share
1996			
March 31	$43,772	$6,026	$.19
June 30	43,570	6,897	.21
September 30	44,337	8,123	.24
December 31	47,376	7,696	.22
1995			
March 31	$36,927	$6,623	$.21
June 30	36,989	5,203 (1)	.16
September 30	38,973	5,918	.19
December 31	41,500	5,366	.16

(1) Income before loss on sale of real estate was $5.7 million or $.18 per share.

FEDERAL REALTY INVESTMENT TRUST
SCHEDULE III
SUMMARY OF REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1996

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)	$3,563,000	$	$3,920,000	$230,000
ANDORRA (Pennsylvania)		2,432,000	12,346,000	2,483,000
BALA CYNWYD (Pennsylvania)		3,565,000	14,466,000	1,782,000
BARRACKS ROAD (Virginia)	21,412,000	4,363,000	16,459,000	11,766,000
BETHESDA ROW (Maryland)	12,576,000	459,000	20,409,000	6,563,000
BLUESTAR (New Jersey)	27,194,000		29,922,000	1,751,000
BRAINERD VILLAGE (Tennessee)		1,920,000	8,006,000	3,227,000
BRICK PLAZA (New Jersey)	21,362,000		24,715,000	16,083,000
BRISTOL (Connecticut)	11,018,000	3,856,000	15,959,000	89,000
BRUNSWICK (New Jersey)	11,320,000		12,456,000	1,843,000
CALIFORNIA RETAIL BUILDINGS (10)		17,417,000	11,287,000	0
CLIFTON (New Jersey)	3,314,000		3,646,000	303,000
CONGRESSIONAL PLAZA (Maryland)		2,793,000	7,424,000	33,596,000
CONNECTICUT RETAIL BUILDINGS (13)		25,061,000	27,739,000	1,633,000
CROSSROADS (Illinois)		4,635,000	11,611,000	812,000
DEDHAM PLAZA (Massachusetts)		12,369,000	12,918,000	739,000
EASTGATE (North Carolina)		1,608,000	5,775,000	4,426,000
ESCONDIDO PROMENADE (California)	9,400,000	11,505,000	12,147,000	0
ELLISBURG CIRCLE (New Jersey)		4,028,000	11,309,000	9,720,000
FALLS PLAZA (Virginia)	4,257,000	530,000	735,000	1,388,000
FEASTERVILLE (Pennsylvania)	723,000		1,600,000	2,678,000
FEDERAL PLAZA (Maryland)	28,445,000	10,216,000	17,895,000	31,229,000
FINLEY SQUARE (Illinois)		9,252,000	9,544,000	1,584,000
FLORIDA RETAIL BUILDINGS (2)		5,206,000	1,631,000	0
FLOURTOWN (Pennsylvania)		1,345,000	3,943,000	1,879,000
FOREST CITY (Michigan)		525,000	1,601,000	2,442,000
GAITHERSBURG SQUARE (Maryland)		7,701,000	5,271,000	8,336,000
GARDEN MARKET (Illinois)		2,677,000	4,829,000	421,000
GOVERNOR PLAZA (Maryland)		2,068,000	4,905,000	9,991,000
HAMILTON (New Jersey)	4,912,000		5,405,000	1,858,000
HUNTINGTON (New York)	14,548,000		16,008,000	4,270,000
IDYLWOOD PLAZA (Virginia)		4,308,000	10,026,000	435,000
ILLINOIS RETAIL BUILDINGS (2)		1,291,000	2,325,000	89,000
LANCASTER (Pennsylvania)	1,094,000		2,103,000	2,611,000
LANGHORNE SQUARE (Pennsylvania)		720,000	2,974,000	8,311,000
LAUREL (Maryland)		7,458,000	22,525,000	12,808,000
LAWRENCE PARK (Pennsylvania)	3,704,000		7,160,000	5,907,000
LOEHMANN'S PLAZA (Virginia)	6,415,000	1,237,000	15,096,000	5,069,000
MASSACHUSETTS RETAIL BLDG (1)		1,873,000	1,884,000	76,000
MID PIKE PLAZA (Maryland)	10,041,000		10,335,000	5,494,000
NEW JERSEY RETAIL BUILDING (1)		737,000	1,466,000	1,066,000
NORTHEAST (Pennsylvania)	1,500,000	1,152,000	10,596,000	8,627,000
NORTHEAST PLAZA (Georgia)		6,930,000	26,236,000	5,083,000
NORTH LAKE COMMONS (Illinois)		2,529,000	8,604,000	315,000
OLD KEENE MILL (Virginia)	6,979,000	638,000	998,000	2,680,000
PAN AM SHOPPING CENTER (Virginia)		8,694,000	12,929,000	2,423,000
PARK & SHOP (District of Columbia)		4,840,000	6,319,000	163,000
PERRING PLAZA (Maryland)		2,800,000	6,461,000	14,268,000
QUEEN ANNE PLAZA (Massachusetts)		3,319,000	8,457,000	2,099,000
QUINCE ORCHARD PLAZA (Maryland)		3,197,000	7,949,000	5,015,000

COLUMN A	COLUMN E			COLUMN F	COLUMN G	COLUMN H
	Gross amount at which carried at close of period					
Descriptions	Land	Building and Improvements	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired
ALLWOOD (New Jersey)	$	$4,150,000	$4,150,000	$972,000	1958	12/12/88
ANDORRA (Pennsylvania)	2,432,000	14,829,000	17,261,000	3,720,000	1953	01/12/88
BALA CYNWYD (Pennsylvania)	3,565,000	16,248,000	19,813,000	1,608,000	1955	09/22/93
BARRACKS ROAD (Virginia)	4,363,000	28,225,000	32,588,000	10,669,000	1958	12/31/85
BETHESDA ROW (Maryland)	459,000	26,972,000	27,431,000	1,835,000	1945-1991	12/31/93
BLUESTAR (New Jersey)		31,673,000	31,673,000	7,305,000	1959	12/12/88
BRAINERD VILLAGE (Tennessee)	1,920,000	11,233,000	13,153,000	3,413,000	1960	12/31/87
BRICK PLAZA (New Jersey)		40,798,000	40,798,000	6,729,000	1958	12/28/89
BRISTOL (Connecticut)	3,856,000	16,048,000	19,904,000	569,000	1959	9/22/95
BRUNSWICK (New Jersey)		14,299,000	14,299,000	3,331,000	1957	12/12/88
CALIFORNIA RETAIL BUILDINGS (10)	17,417,000	11,287,000	28,704,000		1888-1995	12/31/96
CLIFTON (New Jersey)		3,949,000	3,949,000	872,000	1959	12/12/88
CONGRESSIONAL PLAZA (Maryland)	2,793,000	41,020,000	43,813,000	9,806,000	1965	04/01/65
CONNECTICUT RETAIL BUILDINGS (13)	25,061,000	29,372,000	54,433,000	979,000	1900-1991	1994-1996
CROSSROADS (Illinois)	4,635,000	12,423,000	17,058,000	1,262,000	1959	07/19/93
DEDHAM PLAZA (Massachusetts)	12,369,000	13,657,000	26,026,000	1,208,000	1959	12/31/93
EASTGATE (North Carolina)	1,608,000	10,201,000	11,809,000	3,910,000	1963	12/18/86
ESCONDIDO PROMENADE (California)	11,505,000	12,147,000	23,652,000		1987	12/31/96
ELLISBURG CIRCLE (New Jersey)	4,028,000	21,029,000	25,057,000	3,365,000	1959	10/16/92

FALLS PLAZA (Virginia)	530,000	2,123,000	2,653,000	1,579,000	1962	09/30/67
FEASTERVILLE (Pennsylvania)		4,278,000	4,278,000	2,885,000	1958	07/23/80
FEDERAL PLAZA (Maryland)	10,216,000	49,124,000	59,340,000	9,038,000	1970	06/29/89
FINLEY SQUARE (Illinois)	9,252,000	11,128,000	20,380,000	592,000	1974	04/27/95
FLORIDA RETAIL BUILDINGS (2)	5,206,000	1,631,000	6,837,000	34,000	1920	02/28/96
FLOURTOWN (Pennsylvania)	1,345,000	5,822,000	7,167,000	1,560,000	1957	04/25/80
FOREST CITY (Michigan)	525,000	4,043,000	4,568,000	1,694,000	1964	03/29/73
GAITHERSBURG SQUARE (Maryland)	6,012,000	15,296,000	21,308,000	1,344,000	1966	04/22/93
GARDEN MARKET (Illinois)	2,677,000	5,250,000	7,927,000	360,000	1958	07/28/94
GOVERNOR PLAZA (Maryland)	2,068,000	14,896,000	16,964,000	5,916,000	1963	10/01/85
HAMILTON (New Jersey)		7,263,000	7,263,000	2,009,000	1961	12/12/88
HUNTINGTON (New York)		20,278,000	20,278,000	4,590,000	1962	12/12/88
IDYLWOOD PLAZA (Virginia)	4,308,000	10,461,000	14,769,000	804,000	1991	04/15/94
ILLINOIS RETAIL BUILDINGS (2)	1,291,000	2,414,000	3,705,000	73,000	1900-1927	1995
LANCASTER (Pennsylvania)		4,714,000	4,714,000	2,929,000	1958	04/24/80
LANGHORNE SQUARE (Pennsylvania)	720,000	11,285,000	12,005,000	3,729,000	1966	01/31/85
LAUREL (Maryland)	7,458,000	35,333,000	42,791,000	10,507,000	1956	08/15/86
LAWRENCE PARK (Pennsylvania)		13,067,000	13,067,000	9,016,000	1972	07/23/80
LOEHMANN'S PLAZA (Virginia)	1,248,000	20,154,000	21,402,000	8,291,000	1971	07/21/83
MASSACHUSETTS RETAIL BLDG (1)	1,873,000	1,960,000	3,833,000	74,000	1930	09/07/95
MID PIKE PLAZA (Maryland)		15,829,000	15,829,000	6,336,000	1963	05/18/82
NEW JERSEY RETAIL BUILDING (1)	737,000	2,532,000	3,269,000	9,000	1940	08/16/95
NORTHEAST (Pennsylvania)	1,152,000	19,223,000	20,375,000	6,075,000	1959	08/30/83
NORTHEAST PLAZA (Georgia)	6,933,000	31,316,000	38,249,000	10,483,000	1952	12/31/86
NORTH LAKE COMMONS (Illinois)	2,529,000	8,919,000	11,448,000	689,000	1989	04/27/94
OLD KEENE MILL (Virginia)	638,000	3,678,000	4,316,000	1,971,000	1968	06/15/76
PAN AM SHOPPING CENTER (Virginia)	8,694,000	15,352,000	24,046,000	2,297,000	1979	02/05/93
PARK & SHOP (District of Columbia)	4,840,000	6,482,000	11,322,000	182,000	1930	12/01/95
PERRING PLAZA (Maryland)	2,800,000	20,729,000	23,529,000	5,876,000	1963	10/01/85
QUEEN ANNE PLAZA (Massachusetts)	3,319,000	10,556,000	13,875,000	845,000	1967	12/23/94
QUINCE ORCHARD PLAZA (Maryland)	2,928,000	13,233,000	16,161,000	1,607,000	1975	04/22/93

COLUMN A	COLUMN I
Descriptions	Life on which depreciation in latest income statements is computed
ALLWOOD (New Jersey)	35 years
ANDORRA (Pennsylvania)	35 years
BALA CYNWYD (Pennsylvania)	35 years
BARRACKS ROAD (Virginia)	35 years
BETHESDA ROW (Maryland)	35 years
BLUESTAR (New Jersey)	35 years
BRAINERD VILLAGE (Tennessee)	35 years
BRICK PLAZA (New Jersey)	35 years
BRISTOL (Connecticut)	35 years
BRUNSWICK (New Jersey)	35 years
CALIFORNIA RETAIL BUILDINGS (10)	35 years
CLIFTON (New Jersey)	35 years
CONGRESSIONAL PLAZA (Maryland)	20 years
CONNECTICUT RETAIL BUILDINGS (13)	35 years
CROSSROADS (Illinois)	35 years
DEDHAM PLAZA (Massachusetts)	35 years
EASTGATE (North Carolina)	35 years
ESCONDIDO PROMENADE (California)	35 years
ELLISBURG CIRCLE (New Jersey)	35 years
FALLS PLAZA (Virginia)	22 3/4 years
FEASTERVILLE (Pennsylvania)	20 years
FEDERAL PLAZA (Maryland)	35 years
FINLEY SQUARE (Illinois)	35 years
FLORIDA RETAIL BUILDINGS (2)	35 years
FLOURTOWN (Pennsylvania)	35 years
FOREST CITY (Michigan)	25 3/4 years
GAITHERSBURG SQUARE (Maryland)	35 years
GARDEN MARKET (Illinois)	35 years
GOVERNOR PLAZA (Maryland)	35 years
HAMILTON (New Jersey)	35 years
HUNTINGTON (New York)	35 years
IDYLWOOD PLAZA (Virginia)	35 years
ILLINOIS RETAIL BUILDINGS (2)	35 years
LANCASTER (Pennsylvania)	22 years
LANGHORNE SQUARE (Pennsylvania)	35 years
LAUREL (Maryland)	35 years
LAWRENCE PARK (Pennsylvania)	22 years
LOEHMANN'S PLAZA (Virginia)	35 years
MASSACHUSETTS RETAIL BLDG (1)	35 years
MID PIKE PLAZA (Maryland)	35 years
NEW JERSEY RETAIL BUILDING (1)	35 years
NORTHEAST (Pennsylvania)	35 years
NORTHEAST PLAZA (Georgia)	35 years
NORTH LAKE COMMONS (Illinois)	35 years
OLD KEENE MILL (Virginia)	33 1/3 years
PAN AM SHOPPING CENTER (Virginia)	35 years
PARK & SHOP (District of Columbia)	35 years
PERRING PLAZA (Maryland)	35 years
QUEEN ANNE PLAZA (Massachusetts)	35 years
QUINCE ORCHARD PLAZA (Maryland)	35 years

FEDERAL REALTY INVESTMENT TRUST
SCHEDULE III
SUMMARY OF REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1996

COLUMN A	COLUMN B	COLUMN C		COLUMN D
		Initial cost to company		
Descriptions	Encumbrance	Land	Building and Improvements	Cost Capitalized Subsequent to Acquisition
ROLLINGWOOD APTS. (Maryland)		552,000	2,246,000	3,629,000
RUTGERS (New Jersey)	13,113,000		14,429,000	613,000
SAUGUS (Massachusetts)		4,383,000	8,291,000	0
SHILLINGTON (Pennsylvania)	616,000		1,387,000	1,668,000
SHIRLINGTON (Virginia)		8,761,000	14,808,000	1,827,000
TOWN & COUNTRY (Illinois)		904,000	2,483,000	4,896,000
TROY (New Jersey)	2,533,000		5,193,000	6,257,000
TYSONS STATION (Virginia)	4,265,000	388,000	453,000	2,437,000
WESTFALLS (Virginia)	4,885,000	538,000	535,000	2,066,000
WILDWOOD (Maryland)		9,111,000	1,061,000	5,268,000
WILLIAMSBURG (Virginia)		2,758,000	7,160,000	2,922,000
WILLOW GROVE (Pennsylvania)		1,600,000	6,643,000	17,063,000
WILLOW LAWN (Virginia)		3,192,000	7,723,000	39,558,000
WYNNEWOOD (Pennsylvania)		8,055,000	13,759,000	9,000
TOTALS	$229,189,000	$227,496,000	$586,495,000	$333,874,000

COLUMN A	COLUMN E			COLUMN F	COLUMN G
	Gross amount at which carried at close of period				
Descriptions	Land	Building and Improvements	Total	Accumulated Depreciation and Amortization	Date of Construction
ROLLINGWOOD APTS. (Maryland)	572,000	5,855,000	6,427,000	4,571,000	1960
RUTGERS (New Jersey)		15,042,000	15,042,000	3,390,000	1973
SAUGUS (Massachusetts)	4,383,000	8,291,000	12,674,000		1976
SHILLINGTON (Pennsylvania)		3,055,000	3,055,000	1,938,000	1956
SHIRLINGTON (Virginia)	8,761,000	16,635,000	25,396,000	434,000	1940
TOWN & COUNTRY (Illinois)	904,000	7,379,000	8,283,000	6,109,000	1968
TROY (New Jersey)		11,450,000	11,450,000	6,162,000	1966
TYSONS STATION (Virginia)	475,000	2,803,000	3,278,000	2,447,000	1954
WESTFALLS (Virginia)	559,000	2,580,000	3,139,000	1,976,000	1960
WILDWOOD (Maryland)	9,111,000	6,329,000	15,440,000	4,840,000	1958
WILLIAMSBURG (Virginia)	2,758,000	10,082,000	12,840,000	3,427,000	1961
WILLOW GROVE (Pennsylvania)	1,600,000	23,706,000	25,306,000	7,558,000	1953
WILLOW LAWN (Virginia)	3,192,000	47,281,000	50,473,000	15,690,000	1957
WYNNEWOOD (Pennsylvania)	8,055,000	13,768,000	21,823,000	64,000	1948
TOTALS	$225,680,000	$922,185,000	$1,147,865,000	$223,553,000	

COLUMN A	COLUMN H	COLUMN I
Descriptions	Date Acquired	Life on which depreciation in latest income statements is computed
ROLLINGWOOD APTS. (Maryland)	01/15/71	25 years
RUTGERS (New Jersey)	12/12/88	35 years
SAUGUS (Massachusetts)	10/01/96	35 years
SHILLINGTON (Pennsylvania)	07/23/80	20 years
SHIRLINGTON (Virginia)	12/21/95	35 years
TOWN & COUNTRY (Illinois)	10/15/73	25 years
TROY (New Jersey)	07/23/80	22 years
TYSONS STATION (Virginia)	01/17/78	17 years
WESTFALLS (Virginia)	10/05/72	25 years
WILDWOOD (Maryland)	05/05/69	33 1/3 years
WILLIAMSBURG (Virginia)	04/30/86	35 years
WILLOW GROVE (Pennsylvania)	11/20/84	35 years
WILLOW LAWN (Virginia)	12/05/83	35 years
WYNNEWOOD (Pennsylvania)	10/29/96	35 years
TOTALS		

FEDERAL REALTY INVESTMENT TRUST
SCHEDULE III
SUMMARY OF REAL ESTATE AND ACCUMULATED
DEPRECIATION - CONTINUED
Three Years Ended December 31, 1996

Reconciliation of Total Cost

Balance, January 1, 1994	$758,088,000
Additions during period	
Acquisitions	49,438,000
Improvements	46,916,000
Deduction during period - miscellaneous retirements	(1,720,000)
Balance, December 31, 1994	852,722,000
Additions during period	
Acquisitions	123,722,000
Improvements	38,001,000
Deduction during period - disposition of property and miscellaneous retirements	(4,763,000)
Balance, December 31, 1995	1,009,682,000
Additions during period	
Acquisitions	105,616,000
Improvements	42,257,000
Deduction during period - disposition of property and miscellaneous retirements	(9,690,000)
Balance, December 31, 1996	$1,147,865,000

(A) For Federal tax purposes, the aggregate cost basis is approximately $1,032,519,000 as of December 31, 1996.

FEDERAL REALTY INVESTMENT TRUST
SCHEDULE III
SUMMARY OF REAL ESTATE AND ACCUMULATED
DEPRECIATION - CONTINUED
Three Years Ended December 31, 1996

Reconciliation of Accumulated Depreciation and Amortization

Balance, January 1, 1994	$135,045,000
Additions during period	
Depreciation and amortization expense	26,681,000
Deductions during period - miscellaneous retirements	(1,090,000)
Balance, December 31, 1994	160,636,000
Additions during period	
Depreciation and amortization expense	31,550,000
Deductions during period - disposition of property and miscellaneous retirements	(1,391,000)
Balance, December 31, 1995	190,795,000
Additions during period	
Depreciation and amortization expense	34,803,000
Deductions during period - disposition of property and miscellaneous retirements	(2,045,000)
Balance, December 31, 1996	$223,553,000

FEDERAL REALTY INVESTMENT TRUST
SCHEDULE IV
MORTGAGE LOANS ON REAL ESTATE
Year Ended December 31, 1996

Column A	Column B	Column C	Column D
Description of Lien	Interest Rate	Maturity Date	Periodic Payment Terms
Leasehold mortgage on shopping center in New Jersey	10%	December 2003	Interest only monthly; $10,000,000 balloon payment December 2003
Mortgage on shopping center in New Jersey	10%	January 1998	Interest only monthly; balloon payment January 1998
Mortgage on retail buildings in Philadelphia	Greater of prime plus 2% or 10%	November 1997	Interest only monthly; balloon payment November 1997
Mortgage on retail buildings in Philadelphia	5%	November 1997	Interest only monthly; balloon payment due November 1997
Mortgage on retail buildings in Philadelphia	10% plus participation	May 2021	Interest only; balloon due at maturity
Mortgage on land in Bethesda, Maryland	9% until March 31, 1997 9.5% thereafter	Earlier of exercise of purchase option on land or March 31, 1998	Interest only; balloon due at maturity

Column A	Column E	Column F	Column G
Description of Lien	Prior Liens	Face Amount of Mortgages	Carrying Amount of Mortgages (1)
Leasehold mortgage on shopping center in New Jersey	---	10,000,000	10,000,000 (2)
Mortgage on shopping center in New Jersey	---	4,020,000	3,208,000 (3)
Mortgage on retail buildings in Philadelphia		900,000	892,000 (4)
Mortgage on retail buildings in Philadelphia		950,000	938,000 (5)
Mortgage on retail buildings in Philadelphia		9,250,000	9,250,000
Mortgage on land in Bethesda, Maryland		3,625,000	3,625,000
	---	$28,745,000	$27,913,000

1) For Federal tax purposes, the aggregate tax basis is approximately $27,913,000 as of December 31, 1996. No payments are delinquent on these mortgages.
2) This mortgage is extendable for up to 45 years with interest increasing to a maximum of 11%.
3) This mortgage is available for up to $4,020,000. At December 31, 1995, $3,182,000 was outstanding.
4) This mortgage is available for up to $900,000. At December 31, 1995, $379,000 was outstanding.
5) This mortgage is available for up to $950,000.

FEDERAL REALTY INVESTMENT TRUST

SCHEDULE IV

MORTGAGE LOANS ON REAL ESTATE - CONTINUED

Three Years Ended December 31, 1996

Reconciliation of Carrying Amount

Balance, January 1, 1994	$13,871,000
Additions during period	
Increase in existing loan	7,000
Deductions during period	
Wrap portion of wrap mortgage written off as uncollectible	(700,000)
Balance, December 31, 1994	13,178,000
Additions during period	
Increase in existing loan	4,000
Issuance of loan	379,000
Balance, December 31, 1995	13,561,000
Additions during period	
Increase in existing loan	25,000
Issuance of loans	14,327,000
Balance, December 31, 1996	$27,913,000

Report of Independent Certified Public Accountants on Supplemental Information

Trustees and Shareholders
Federal Realty Investment Trust

In connection with our audit of the consolidated financial statements of Federal Realty Investment Trust referred to in our report dated February 5, 1997 which is included in this Form 10-K, we have also audited Schedules III and IV as of December 31, 1996 and for each of the three years then ended. In our opinion, these schedules present fairly, in all material respects, the information required to be set forth therein.

Grant Thornton LLP
Washington, D.C.
February 5, 1997

NON-EXCLUSIVE BROKERAGE AGREEMENT

This Agreement is made and entered into on this third day of December, 1996 by and between Federal Realty Investment Trust, an unincorporated business trust organized under the business laws of the District of Columbia and Street Retail, Inc., a Maryland corporation (collectively, "Client"), and Westport Realty Advisors, Inc. 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 August 20, 1995 ("Prior Agreement") in its entirety. As of August 21, 1996, the Prior Agreement is terminated and its terms and provisions, including Section 6, but excluding Section 7, thereof, are null and void.

2. Client hereby appoints Broker as its non-exclusive real estate broker for the purchase of urban retail buildings and traditional "strip" shopping centers and shopping malls (collectively, "Properties") located in Massachusetts, Connecticut, New York and New Jersey (collectively, "Broker Area"). 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. Client shall have a right of first refusal, which refusal must be in writing, on all Properties identified or located by Broker in Broker's Area before Broker can identify, offer or show such Properties to any other potential purchaser. Client must respond to Broker indicating interest in pursuing or not pursuing such Properties within 14 days of receipt of Broker's identification of such Properties. Client's indication of interest in such Properties shall not bind Client in any way to purchase such Properties, and no Commission (as that term is defined herein) shall be paid to Broker unless the conditions precedent to the payment of a Commission set forth in Section 6 hereof have been met. Client shall notify Broker if it later determines not to continue investigating the possibility of a purchase of any such Properties. Following such notification of refusal, Broker may identify, offer or show any such Properties to any other potential purchaser.

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 Massachusetts, Connecticut, New York and New Jersey.

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, 1996 and end at midnight on August 21, 1997, unless sooner terminated in accordance with the provisions of this

Agreement.

6. For transactions less than $10,000,001, Client shall pay Broker a commission (the "Commission") equal to:

   (i) 2.25% of the portion of the aggregate gross sales price ("Purchase Price") of the Properties acquired subject to this Agreement up to $2,000,000;

   (ii) 1.75% of the portion of the Purchase Price exceeding $2,000,000 up to $5,000,000;

   (iii) 1.50% of the portion of the Purchase Price exceeding $5,000,000 up to $10,000,000.

   For transactions exceeding $10,000,000, Client shall pay Broker a commission (The "Commission") equal to:

   (i) 1.25% of the portion of the Purchase Price up to $15,000,000;

   (ii) 1.00% of the portion of the Purchase Price exceeding $15,000,000 up to $20,000,000;

   (iii) .75% of the portion of the Purchase Price exceeding $20,000,000 up to $30,000,000;

   (iv) .50% of the portion of the Purchase Price exceeding $30,000,000 up to $75,000,000;

   (v) .25% of the portion of the Purchase Price exceeding $75,000,000.

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.

Except following the occurrence of an Event of Default as described in Section 9, 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 ("List") delivered to Client by Broker within ten (10) days following the expiration of the Term or the date of termination of this Agreement ("Period End"), provided that, no more than five (5) Properties are included on the List, Broker is actively engaged in negotiating the purchase by Client of each Property included on the List, all Properties included on the List shall be agreed to by Client (which agreement shall not be unreasonably withheld) and the owner of each Property included on the List shall provide a letter to Client by the Period End indicating active interest in selling such Property to Client, (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 remuneration 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 coverage 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 Client (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, Capital Markets
Federal Realty Investment Trust
1626 East Jefferson Street
Rockville, Maryland 20852-4041

and

Robert S. Wennett
Senior Vice President, Acquisitions
Federal Realty Investment Trust
1626 East Jefferson Street
Rockville, Maryland 20852-4041

with a copy to:

Street Retail, Inc.
1626 East Jefferson Street
Rockville, Maryland 20852-4041
Attn: Secretary

Broker: Westport Realty Advisors, Inc.
35 Prospect Road
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 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. For Connecticut transactions, 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.

and year first above stated.

CLIENT:

FEDERAL REALTY INVESTMENT TRUST

By: Ron D. Kaplan

Ron D. Kaplan
Vice President, Capital Markets

By: Robert S. Wennet

Robert S. Wennett
Senior Vice President, Acquisitions

BROKER:

WESTPORT REALTY ADVISORS, INC.

By: Jack Alan Guttman

Jack Alan Guttman
President

JACK ALAN GUTTMAN

Jack Alan Guttman

SECOND AMENDMENT
dated as of August 1, 1996

to the

CREDIT AGREEMENT
dated as of September 30, 1994

between

FEDERAL REALTY INVESTMENT TRUST

and

FIRST UNION NATIONAL BANK OF VIRGINIA

F37

SECOND AMENDMENT TO CREDIT AGREEMENT

This SECOND AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is dated as of August 1, 1996 and is between FEDERAL REALTY INVESTMENT TRUST, a District of Columbia unincorporated business trust (the "Borrower"), and FIRST UNION NATIONAL BANK OF VIRGINIA, a national banking association (the "Bank").

RECITALS

WHEREAS, the Borrower and the Bank are parties to a Credit Agreement dated as of September 30, 1994, as amended by a First amendment to Credit Agreement, dated as of April 30, 1996, (as so amended, the "Credit Agreement") pursuant to which the Bank has established in favor of the Borrower a $50,000,000 unsecured line of credit; and

WHEREAS, the Borrower has requested that the Credit Agreement be amended to extend the maturity date of the line of credit from August 1, 1998 to August 1, 2000; and

WHEREAS, the Bank is willing to amend the Credit Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Definitions. Terms used herein and not defined which are defined in the Credit Agreement shall have for the purposes hereof the respective meanings set forth therein.

Section 2. Amendment to Section 1.1 of the Credit Agreement. Section 1.1 of the Credit Agreement is amended by substituting "August 1, 2000" for "August 1, 1998" in clause (i) of the definition of "Termination Date" (which amendment extends the maturity date of the Line of Credit Commitment from August 1, 1998 to August 1, 2000).

Section 3. Amendment to Section 2.13 of the Credit Agreement. Section 2.13 of the Credit Agreement is amended by substituting "August 1, 1998" for "August 1, 1996" in the sixth line of such section (which amendment extends the date on or before which the borrower is prohibited from reducing or terminating the Line of Credit Commitment from August 1, 1996 to August 1, 1998).

Section 4. Representations and Warranties. The Borrower represents and warrants to the Bank that (i) the execution, delivery and performance by the Borrower of this Amendment have been duly authorized by all necessary corporate action, (ii) this Amendment constitutes the valid, binding and enforceable obligation of the Borrower (subject, as to enforceability, to the exceptions set forth in Section 5.3 of the Credit Agreement), (iii) the Borrower has no defense, right of set-off or counterclaim of any nature in connection with its obligations under the Credit Agreement, (iv) the representations and warranties of the Borrower set forth in the Credit Agreement are true and correct as of the date of this

Amendment as if made as of the date of this Amendment (unless such representations and warranties specifically relate to an earlier date and except to the extent that the Borrower has notified the Bank in writing to the contrary and such notice has been accepted by the Bank) and (v) no Default has occurred and is continuing.

Section 5. Costs and Expenses. The Borrower agrees to pay all costs and expenses incurred by the Bank in connection with the preparation, execution and delivery of this Amendment and any note, document or instrument delivered in connection herewith, including the reasonable fees and expenses of counsel for the Bank.

Section 6. Effectiveness. This Amendment shall become effective as of the date (the "Amendment Effective Date") on which the Bank shall have received (i) a copy of this Amendment duly executed by an authorized officer of the Borrower and (ii) the original of a promissory note substantially in the form of Exhibit A hereto (the "Note") executed by an authorized officer of the Borrower (which promissory note shall replace the promissory note dated April 30, 1996 made by the Borrower in favor of the Bank in the maximum principal amount of $50,000,000). On the Amendment Effective Date the Credit Agreement shall be automatically amended as set forth herein. On and after the Amendment Effective Date, the rights and obligations of the Borrower and the Bank with respect to the period prior to the Amendment Effective Date shall continue to be governed by the provisions of the Credit Agreement.

Section 7. Integration; Confirmation. On and after the amended Effective Date, each reference in the Credit Agreement to "this Agreement," "herein," "hereunder" or words of similar import, and each reference in any note or other document delivered in connection with the Credit Agreement to the "Credit Agreement," shall be deemed to be a reference to the Credit Agreement as amended by this Amendment, and the Credit Agreement as so amended shall be read as a single, integrated document. Except as amended by this Amendment, all other terms and provisions of the Credit Agreement shall continue in full force and effect and unchanged and are hereby confirmed in all respects.

Section 9. Counterparts. This Amendment may be signed in any number of counterparts, each of which shall be an original, all of which taken together shall constitute a single integrated agreement with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 10. Governing Law. This Amendment and the Note shall be deemed to be contracts made under seal and shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

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

FEDERAL REALTY INVESTMENT TRUST

By Ron D. Kaplan

Ron D. Kaplan
Vice President - Capital Markets

4800 Hampden Lane, Suite 500
Bethesda, Maryland 20814
Attention: Legal Department

FIRST UNION NATIONAL BANK OF VIRGINIA

By William A. Richardson

William A. Richardson
Vice President

1970 Chain Bridge Road
McLean, Virginia 22102-4099

THIRD AMENDMENT
dated as of August 8, 1996

to the

CREDIT AGREEMENT
dated as of September 30, 1994

between

FEDERAL REALTY INVESTMENT TRUST

and

FIRST UNION NATIONAL BANK OF VIRGINIA

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THIRD AMENDMENT TO CREDIT AGREEMENT

This THIRD AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is dated as of August 8, 1996 and is between FEDERAL REALTY INVESTMENT TRUST, a District of Columbia unincorporated business trust (the "Borrower"), and FIRST UNION NATIONAL BANK OF VIRGINIA, a national banking association (the "Bank").

RECITALS

WHEREAS, the Borrower and the Bank are parties to a Credit Agreement dated as of September 30, 1994, as amended by a First amendment to Credit Agreement, dated as of April 30, 1996, and a Second Amendment to Credit Agreement dated as of August 1, 1996, (as so amended, the "Credit Agreement") pursuant to which the Bank has established in favor of the Borrower a $50,000,000 unsecured line of credit; and

WHEREAS, the Borrower has requested that the Credit Agreement be amended to extend the maturity date of the line of credit from August 1, 2000 to August 1, 2001; and

WHEREAS, the Bank is willing to amend the Credit Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. <u>Definitions.</u> Terms used herein and not defined which are defined in the Credit Agreement shall have for the purposes hereof the respective meanings set forth therein.

Section 2. <u>Amendment to Section 1.1 of the Credit Agreement.</u> Section 1.1 of the Credit Agreement is amended by substituting "August 1, 2001" for "August 1, 2000" in clause (i) of the definition of "Termination Date" (which amendment extends the maturity date of the Line of Credit Commitment from August 1, 2000 to August 1, 2001).

Section 3. <u>Amendment to Section 2.13 of the Credit Agreement.</u> Section 2.13 of the Credit Agreement is amended by substituting "August 1, 1999" for "August 1, 1998" in the sixth line of such section (which amendment extends the date on or before which the borrower is prohibited from reducing or terminating the Line of Credit Commitment from August 1, 1998 to August 1, 1999).

Section 4. <u>Representations and Warranties.</u> The Borrower represents and warrants to the Bank that (i) the execution, delivery and performance by the Borrower of this Amendment have been duly authorized by all necessary corporate action, (ii) this Amendment constitutes the valid, binding and enforceable obligation of the Borrower (subject, as to enforceability, to the exceptions set forth in Section 5.3 of the Credit Agreement), (iii) the Borrower has no defense, right of set-off or counterclaim of any nature in connection with its obligations under the Credit Agreement, (iv) the representations and warranties of the

Borrower set forth in the Credit Agreement are true and correct as of the date of this Amendment as if made as of the date of this Amendment (unless such representations and warranties specifically relate to an earlier date and except to the extent that the Borrower has notified the Bank in writing to the contrary and such notice has been accepted by the Bank) and (v) no Default has occurred and is continuing.

Section 5. Costs and Expenses. The Borrower agrees to pay all costs and expenses incurred by the Bank in connection with the preparation, execution and delivery of this Amendment and any note, document or instrument delivered in connection herewith, including the reasonable fees and expenses of counsel for the Bank.

Section 6. Effectiveness. This Amendment shall become effective as of the date (the "Amendment Effective Date") on which the Bank shall have received (i) a copy of this Amendment duly executed by an authorized officer of the Borrower and (ii) the original of a promissory note substantially in the form of Exhibit a hereto (the "Note") executed by an authorized officer of the Borrower (which promissory note shall replace the promissory note date August 1, 1996 made by the Borrower in favor of the Bank in the maximum principal amount of $50,000,000). On the Amendment Effective Date the Credit Agreement shall be automatically amended as set forth herein. On and after the Amendment Effective Date, the rights and obligations of the Borrower and the Bank with respect to the period prior to the Amendment Effective Date shall continue to be governed by the provisions of the Credit Agreement.

Section 7. Integration; Confirmation. On and after the amended Effective Date, each reference in the Credit Agreement to "this Agreement," "herein," "hereunder" or words of similar import, and each reference in any note or other document delivered in connection with the Credit Agreement to the "Credit Agreement," shall be deemed to be a reference to the Credit Agreement as amended by this Amendment, and the Credit Agreement as so amended shall be read as a single, integrated document. Except as amended by this Amendment, all other terms sand provisions of the Credit Agreement shall continue in full force and effect and unchanged and are hereby confirmed in all respects.

Section 9. Counterparts. This Amendment may be signed in any number of counterparts, each of which shall be an original, all of which taken together shall constitute a single integrated agreement with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 10. Governing Law. This Amendment and the Note shall be deemed to be contracts made under seal and shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

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

FEDERAL REALTY INVESTMENT TRUST

By Ron D. Kaplan

Ron D. Kaplan
Vice President - Capital Markets

4800 Hampden Lane, Suite 500
Bethesda, Maryland 20814
Attention: Legal Department

FIRST UNION NATIONAL BANK OF VIRGINIA

By William A. Richardson

William A. Richardson
Vice President

1970 Chain Bridge Road
McLean, Virginia 22102-4099

THIRD AMENDMENT TO REVOLVING CREDIT AGREEMENT

This Third Amendment to Revolving Credit Agreement ("this Third Amendment"), is made the 1st day of July, 1996, by and between FEDERAL REALTY INVESTMENT TRUST, an unincorporated business trust organized under the laws of the District of Columbia ("Borrower"), having an office at 4800 Hampden Lane, Suite 500, Bethesda, Maryland 20814, and CORESTATES BANK, N.A., a national banking association ("Bank"), having an office at FC1-8-10-67, 10th floor, Widener Building 1339 Chestnut Street, Philadelphia, Pennsylvania 19107.

Background

A. Borrower and Bank are parties to a Revolving Credit Agreement dated as of September 1, 1993, as amended by a First Amendment to Revolving Credit Agreement dated January 31, 1994, and a Second Amendment to Revolving Credit Agreement dated September 30, 1994 (as so amended, the "Revolving Credit Agreement"). All capitalized terms used but not specifically defined herein have the meanings defined in the Revolving Credit Agreement.

B. Borrower has requested Bank to modify the rate of interest payable on Loans and to extend the commitment Termination Date.

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

1. Henceforth, the Commitment Termination Date shall be the date that is five (5) years after the date of this Third Amendment.

2. Henceforth, the term "LIBOR Spread" shall mean three quarters of one percent per annum (that is, 75 "basis points").

3. Section 5.07(d) of the Revolving Credit Agreement is hereby deleted and the following is inserted in its place:

"(d) Recourse Mortgage Debt in accordance with Section 5.04 (a)".

4. Henceforth, the term "Core Region" shall include Chicago, Illinois.

5. Section 6.15 of the Revolving Credit Agreement is hereby deleted and the following is inserted in its place:

"Assets. At least fifty percent (50%) of the assets of the Borrower, on a Consolidated basis, shall at all times consist of retail properties and/or residential apartment buildings."

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

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

FEDERAL REALTY INVESTMENT TRUST

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

CORESTATES BANK, N.A.

By: Glenn W. Gallagher

Glenn W. Gallagher,
Vice President

THIRD AMENDMENT TO REVOLVING CREDIT AGREEMENT

This THIRD AMENDMENT TO REVOLVING CREDIT AGREEMENT (the "Third Amendment") is entered into as of the 7th day of August, 1996, by and between FEDERAL REALTY INVESTMENT TRUST, a District of Columbia unincorporated business trust (the "Borrower"), and SIGNET BANK, a Virginia Corporation, a successor by merger dated October 31, 1995 to Signet Bank/Maryland.

PREFACE

Reference is made to the Revolving Credit Agreement dated as of June 22, 1993 between the Borrower and the Bank, as amended by the First Amendment to Revolving Credit Agreement dated as of September 30, 1994 (as amended, the "Credit Agreement"), and as further amended by the Second Amendment to Revolving Credit Agreement dated as of October 23, 1995 (as amended the "Credit Amendment"). Except as otherwise provided, capitalized terms used herein and not defined herein shall have the meanings set forth in the Credit Agreement.

The Borrower has requested that the Credit Agreement be amended as hereinafter provided to extend the Termination Date and to modify certain other terms contained in the Credit Agreement. The Bank is willing to agree to such requests, subject to the terms and conditions contained herein.

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

1. Amendments to the Credit Agreement. The Credit Agreement is hereby amended as follows:

(a) Section 2.1 (a) of the Credit Agreement is amended by deleting the number "$30,000,000" in the fifth line and inserting in lieu thereof the number "25,000,000".

(b) Section 2.1 (b) of the Credit Agreement is hereby amended by deleting the date "July 1, 1998" in the first line of such subsection and inserting in lieu thereof the date "July 1, 2001".

(c) Section 2.3 (a) (vi) is amended by deleting the existing Section 2.3 (a) (vi) and inserting in lieu thereof the following:

"The Applicable Margin means the applicable margin set forth in the table below used in calculating the interest rate applicable to Prime

Rate Loans and Euro-Dollar Loans which shall vary from time to time in accordance with the borrower's long-term unsecured debt ratings. The Applicable Margin to be used in calculating the interest rate applicable to different Loans shall vary from time to time in accordance with Borrower's then applicable (x) Moody's debt rating and (y) S&P debt rating as the case may be. The applicable debt ratings and the Applicable Margin are set forth in the following table:

S&P Rating	Moody's Rating	Euro-Dollar Loans Applicable Margin	Prime Rate Loans Applicable Margin
A or higher	A2 or higher	.45%	0%
BBB to A-	Baa2 to A3	.75%	0%
BBB-	Baa3	1.50%	0%

S&P means Standard & Poor's Ratings Group and its successors and Moody's means Moody's Investors Service, Inc. and its successors. In the event the Borrower receives ratings from S&P and Moody's that are not equivalent, the most recent rating in which S&P and Moody's had equivalent ratings will be used to determine the applicable margin.

(d) Section 3.1 (b) of the Credit Agreement is amended by deleting the existing Section 3.1 (b) and inserting in lieu thereof the following:

"For the period from the date hereof to but not including the Termination Date, the Borrower shall pay to the Bank a fee at a rate in accordance with Borrower's then applicable (x) Moody's debt rating, and (y) S&P debt rating as the case may be, on the average unused portion of the Commitment, such fee shall be payable in arrears on the first day of January, April, July, and October of each year, and on the Termination Date. The applicable rating and annual fee are set forth in the table below:

S&P Rating	Moody's Rating	Annual Fee
A or higher	A2 or higher	.125%
BBB to A-	Baa2 to A3	.125%
BBB- or lower	Baa3 to lower	.25%

In the event the Borrower receives ratings from S&P and Moody's that are not equivalent, the most recent rating in which S&P and Moody's had equivalent ratings will be used to determine the Annual Fee.

(e) Section 3 of the Credit Agreement is amended by adding a new section 3.6 to read as follows:

"3.6 Reduction of Commitment. The Borrower shall have the right at any time from time to time upon five (5) Business Days prior written notice to the Bank to reduce by $1,000,000 or an integral multiple of $1,000,000 in excess thereof or terminate entirely the unborrowed portion of the then Commitment. Upon the effective date of any such reduction or termination, the Borrower shall pay to the Bank the full amount of any fees then accrued on the reduction. No reduction or termination of the Commitment may be reinstated."

(f) Section 7.15 (a) of the Credit Agreement (as amended by Section 1(j) of the First Amendment) is amended by deleting the phrase "retail shopping centers" in the tenth line and inserting in lieu thereof the phrase "retail properties".

(g) Section 7.15 (b) of the Credit Agreement is amended by deleting the number "5%" in the seventh line and inserting in lieu thereof the number "10%".

2. Representations and Warranties. The Borrower and the undersigned hereby certify that (i) each of the representations and warranties made in or in connection with the Credit Agreement and this Third Amendment are true and correct (except to the extent the Borrower has previously notified the Bank to the contrary) as of the date hereof; (ii) no Default or Event of Default has occurred and is continuing or will occur as a result of this Third Amendment or the transactions contemplated hereby; and (iii) the execution and delivery of this Third Amendment and the performance of the Borrower's obligations under the Credit Agreement, as amended hereby, have been approved by all necessary action of the Borrower and the officer executing this Third Amendment has been duly authorized to execute and deliver this Third Amendment on behalf of the Borrower.

3. Conditions to Amendment. The effectiveness of the agreement of the Bank to this Third Amendment is subject to the satisfaction of the following conditions precedent:

a. The Bank shall have received the following, all of which must be in a form and substance satisfactory tot he Bank and in its sole discretion:

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

(ii) a Third Amended Revolving Credit Note, in the form Attached hereof as Exhibit A (the "Third Amended Revolving Credit Note"), duly executed by the Borrower;

(iii)written confirmation from the Borrower that it has executed agreements with First Union National Bank of Virginia ("First Union"), Corestates Bank, N.A. ("Corestates"), and Mellon Bank, N.A. ("Mellon") which amend their respective credit agreements for a term and rate similar to that of the Bank.

b. All representations and warranties made in or in connection with the Credit Agreement and this Third Amendment shall be true, correct and complete (except to the extent the Borrower has previously notified the Bank to the contrary) on and as of the date hereof.

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

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

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

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

7. Governing Law. The Credit Agreement, this Third Amendment and the Third Amended Revolving Credit Note, and the rights and duties of the parties hereto and thereto, including matters of construction, validity and performance, shall be governed and determined in accordance with the laws of the state of Maryland without giving effect to the choice of laws thereof.

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

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

FEDERAL REALTY INVESTMENT TRUST

By: Ron Kaplan

Name: Ron Kaplan

Title: Vice President

SIGNET BANK, a Virginia corporation, a successor by merger dated October 31, 1995 to Signet Bank/Maryland

By: John A. Schissel

Name: John A. Schissel

Title: Vice President

Attachments

Exhibit A -- Form of Amended Revolving Credit Note

FOURTH AMENDMENT TO CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is made this 9th day of August, 1996 by and between FEDERAL REALTY INVESTMENT TRUST, a District of Columbia unincorporated business trust (the "Borrower"), and MELLON BANK, N.A., a national banking association (the "Bank").

Background

A. Reference is made to the Credit Agreement dated as of February 11, 1994 by and between the Borrower and the Bank, as amended by a First Amendment to Credit Agreement dated as of September 30, 1994, a Second Amendment to Credit Agreement dated as of March 17, 1995 and a Third amendment to Credit Agreement dated as of June 8, 1995 (collectively, the "Original Agreement") pursuant to which the Bank extended to the Borrower a revolving credit facility in the maximum amount of $20,000,000. Capitalized terms used herein and not otherwise defined herein shall have the meaning provided in the Original Agreement.

B. The Borrower has requested that the Bank increase the maximum amount of the revolving credit facility from $20,000,000 to $30,000,000, extend the termination date from April 30, 1998 to July 1, 2001 and make certain other changes as set forth herein.

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

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

1. The Original Agreement is hereby amended as follows:

a. The definition of "Available Amount" appearing in Section 1.1 of the Original Agreement is hereby deleted in its entirety and substituted with the following:

> "'Available Amount' means, as of any date, $30,000,000 minus the aggregate unpaid principal amount of Advances outstanding on such date."

b. The definition of "Termination Date" appearing in Section 1.1 of the Original Agreement is hereby deleted in its entirety and substituted with the following:

> "'Termination Date' means the latter of (i) July 1, 2001 or (ii) the date to which the Line of Credit Period has been extended pursuant to Section 2.10."

c. Section 2.4(b) of the Original Agreement is hereby deleted in its entirety and substituted with the following:

> "If the Borrower elects that an Advance shall bear interest at the Euro-Dollar-Based Rate, such Advance shall bear interest on the outstanding principal amount thereof, for each day during the applicable Interest Period, at a rate per annum equal to the sum of .75% plus the applicable Adjusted London Interbank Offered Rate. All such interest shall be payable on the first day of each month."

d. Section 2.10 is hereby deleted in its entirety and substituted with the following:

> "The Bank shall review the Line of Credit Commitment on or before July 1, each year, commencing July 1, 1997 and may, in its

sole and absolute discretion, extend the Line of Credit Period from time to time for an additional one year period. If the Bank wishes to so extend the Line of Credit Period, it must send written notice thereof to Borrower on or before July 1 of each year commencing July 1, 1997. The Bank shall have the unconditional right not to extend the Line of Credit Period, notwithstanding that no Event of Default exists. In the event that Bank fails to send the extension notice described in this Section, the Bank shall be deemed to have not extended the Line of Credit Period."

e. Section 5.2 of the Original Agreement is hereby deleted in its entirety and hereby substituted with the following:

"Minimum Shareholders' Equity. The Borrower will not permit Shareholders' Equity to be less than $300,000,000 as of the last day of any calendar quarter."

f. Section 5.4 of the Original Agreement is hereby deleted in its entirety and substituted with the following:

"Minimum Funds from Operations. The Borrower will not permit Funds From Operations to be less than the greater of (i) in any fiscal year, 90% of the Funds From Operations for the immediately prior fiscal year and (ii) $30,000,000 in the aggregate for any period of four consecutive calendar quarters."

g. Section 5.5 of the Original Agreement is hereby deleted in its entirety and substituted with the following:

"Limitation on Dividends. The Borrower will not during any four consecutive calendar quarters pay dividends which exceed an amount equal to the sum of (i) 100% of the Funds From Operations for such four quarter period and (ii) $5,000,000. The foregoing covenant w\shall be determined on a quarterly basis."

h. The form of Note attached as Exhibit A to the Original Agreement, as amended and restated, is hereby amended and restated to read in its entirety as set forth in the Amended and Restated Note attached as Exhibit A of this Amendment (the "Amended and Restated Note").

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

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

a. Except as previously disclosed by the Borrower in writing to Bank, each of the representations and warranties contained in the Original Agreement, as modified by this Amendment are true and correct;

b. Except as previously disclosed by the Borrower in wiring to Bank, the Borrower is in compliance with all of the terms, covenants and conditions contained in the Original Agreement, as provided by this Amendment, including, without limitation, all of the financial covenants; and

c. There exists no Default or Event of Default under the Original Agreement.

4. All of the terms, conditions, provisions and covenants in the Original Agreement, the Note or any documents executed in connection with any of the foregoing shall remain unaltered and in full force and effect except as modified by this Amendment.

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

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

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

8. Until the Bank receives (a) resolutions from the Borrower, in form reasonably satisfactory to the Bank, authorizing the execution and delivery of this Amendment and the Amended and Restated Note, (b) an opinion of counsel to the Borrower, in form reasonably satisfactory to the Bank, (c) a Secretary's Certificate, (d) a Good Standing Certificate and (e) a Certificate of Incumbency, the provisions of this Amendment increasing the maximum account of the revolving credit facility from $20,000,000 to $30,000,000 shall be of no force or effect.

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

FEDERAL REALTY INVESTMENT TRUST

By: Ron D. Kaplan

Ron D. Kaplan
Vice President-Capital Markets

MELLON BANK, N.A.

By: Frederick A. Felter

Frederick A. Felter
Vice President

Exhibit 23

Consent of Independent Accountants

We have issued our reports dated February 5, 1997 accompanying the consolidated financial statements and schedules included in the Annual Report of Federal Realty Investment Trust on Form 10K for the year ended December 31, 1996. We hereby consent to the incorporation by reference of said reports in the Registration Statements of Federal Realty Investment Trust on Form S-3 (File No. 33-63687, effective December 4, 1995, which pursuant to Rule 429 of the Securities and Exchange Act of 1934 constitutes a post-effective amendment to Registration Statement No. 33-51029 effective December 13, 1993; File No. 33-63955, effective November 3, 1995; and File No. 33-15264, effective August 4, 1987).

Grant Thornton LLP
Washington, D.C.
February 18, 1997

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This schedule contains summary financial information extracted from the Consolidated Balance Sheet of Federal Realty Investment Trust as of December 31, 1996 and the related consolidated statement of operations for the twelve months ended December 31, 1996 and is qualified in its entirety by reference to such financial statements.

1,000

12-MOS
DEC-31-1996
DEC-31-1996
$11,041
0
17,294
0
0
0
1,147,865
(223,553)
1,035,306
0
585,584
0
0
597,917
(209,032)
1,035,306
0
174,703
0
57,098
0
0
45,555
28,742
0
0
0
0
0
28,742
.86
0

Current assets and current liabilities are not listed since Federal Realty does not prepare a classified balance sheet.