

FEDERAL REALTY INVESTMENT TRUST

Form 424B3

November 28, 2006

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Filed Pursuant to Rule 424(b)(3)

Registration No. 333-135159

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission and declared effective. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED NOVEMBER 28, 2006

PROSPECTUS SUPPLEMENT

(To Prospectus Dated June 20, 2006)

\$135,000,000

% Notes due 2013

The notes offered by this prospectus supplement will bear interest at the rate of % per year. Interest on the notes is payable on and of each year, beginning on , 2007. The notes will mature on December 1, 2013. We may redeem some or all of the notes at any time before maturity. The redemption price is discussed under the caption Description of Notes Optional Redemption.

The notes will be unsecured senior obligations of our company and will rank equally with all of our other unsecured senior indebtedness.

Investing in the notes involves risks. See Risk Factors beginning on page S-5 of this prospectus supplement and in our Annual Report on Form 10-K filed with the SEC on March 3, 2006 and amended on March 10, 2006.

	Per	
	Note	Total
Public Offering Price	%	\$
Underwriting Discount	%	\$
Proceeds to Federal Realty (before expenses)	%	\$

Interest on the notes will accrue from December , 2006.

The underwriters expect to deliver the notes to purchasers in book-entry only form through the facilities of The Depository Trust Company on or about December , 2006.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

Wachovia Securities

Citigroup

Banc of America Securities LLC

Bear, Stearns & Co. Inc.

Commerzbank Corporates & Markets

JPMorgan

Piper Jaffray

PNC Capital Markets LLC

SunTrust Robinson Humphrey

The date of this prospectus supplement is November 1, 2006.

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee (1)
% Notes due 2013		\$	\$ 135,000,000	\$ 14,445

(1) Calculated in accordance with Rules 456(b) and 457(r) of the Securities Act.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any state where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and documents that we incorporate by reference into this prospectus supplement and the accompanying prospectus contain statements that are not based on historical facts, including statements or information with words such as may, will, could, should, plans, intends, expects, believes, estimates, anticipates, continues, and similar words. These statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, or the Exchange Act, and the Private Securities Litigation Reform Act of 1995. In particular, the risk factors included or incorporated by reference in this prospectus supplement and the accompanying prospectus describe forward-looking information. The risk factors, including those contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or the SEC, on March 3, 2006 and amended on March 10, 2006, describe risks that may affect these statements but are not all-inclusive, particularly with respect to possible future events. Many things can happen that can cause actual results to be different from those we describe. These factors include, but are not limited to:

risks that our tenants will not pay rent or that we may be unable to renew leases or re-let space at favorable rents as leases expire;

risks that we may not be able to proceed with or obtain necessary approvals for any redevelopment or renovation project, and that completion of anticipated or ongoing property redevelopments or renovations may cost more, take more time to complete, or fail to perform as expected;

risks that the number of properties we acquire for our own account, and therefore the amount of capital we invest in acquisitions, may be impacted by our real estate partnership;

risks normally associated with the real estate industry, including risks that:

occupancy levels at our properties and the amount of rent that we receive from our properties may be lower than expected,

new acquisitions may fail to perform as expected,

competition for acquisitions could result in increased prices for acquisitions,

environmental issues may develop at our properties and result in unanticipated costs, and

because real estate is illiquid, we may not be able to sell properties when appropriate;

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

risks of financing, such as our ability to consummate additional financings or obtain replacement financing on terms that are acceptable to us, our ability to meet existing financial covenants and the limitations imposed on our operations by those covenants, and the possibility of increases in interest rates that would result in increased interest expense; and

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

Given these uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements or those incorporated by reference into this prospectus supplement and the accompanying prospectus. Except as may be required by law, we make no promise to update any of the forward-looking statements whether as a result of new information, future events or otherwise.

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PROSPECTUS SUPPLEMENT SUMMARY

The following is only a summary. It should be read together with the more detailed information included elsewhere in this prospectus supplement and the accompanying prospectus. In addition, important information is incorporated by reference into this prospectus supplement and the accompanying prospectus.

The Trust

Federal Realty Investment Trust is an equity real estate investment trust specializing in the ownership, management, development and redevelopment of high-quality retail and mixed-use properties. As of September 30, 2006, we owned or had an interest in 111 community and neighborhood shopping centers and mixed-use properties comprising approximately 18.6 million square feet, located primarily in densely populated and affluent communities throughout the Northeast and Mid-Atlantic United States, as well as California, and one apartment complex in Maryland. A joint venture in which we own a 30% interest owned six neighborhood shopping centers totaling approximately 0.7 million square feet as of September 30, 2006.

We operate in a manner intended to qualify as a real estate investment trust for tax purposes pursuant to provisions of the Internal Revenue Code. Our offices are located at 1626 East Jefferson Street, Rockville, Maryland 20852. Our telephone number is (301) 998-8100 or (800) 658-8980. Our website address is www.federalrealty.com. The information contained on our website is not a part of this prospectus supplement.

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The Offering

All capitalized terms not defined herein have the meanings specified in Description of Notes in this prospectus supplement or in Description of Debt Securities in the accompanying prospectus. For a more complete description of the terms of the notes specified in the following summary, see Description of Notes.

Securities Offered \$135 million aggregate principal amount of % notes due 2013.

Maturity Unless redeemed prior to maturity as described below, the notes will mature on December 1, 2013.

Interest Payment Dates Interest on the notes will be payable semi-annually in arrears on and , commencing , 2007, and at maturity.

Ranking The notes will rank *pari passu*, or equally, with all of our other unsecured and unsubordinated indebtedness, and the notes will be effectively subordinated to the prior claims of each secured mortgage lender to any specific property that secures such lender's mortgage and to all of the unsecured indebtedness of our subsidiaries. After giving effect to this offering and to the use of proceeds from this offering, we will have outstanding approximately \$286 million (excluding unamortized premium) of secured indebtedness collateralized by all or parts of 15 properties, approximately \$78.0 million of indebtedness issued by our subsidiaries (which will be senior to the notes) and approximately \$1,093 million of other unsecured indebtedness ranking equally with the notes.

Use of Proceeds Our net proceeds from this offering are estimated to be \$134.0 million after deducting the underwriting discount and other estimated expenses of this offering. We expect to use these net proceeds for general corporate purposes, including repaying amounts outstanding under our revolving credit facility. See Use of Proceeds on page S-7 for more information.

Limitations on Incurrence of Debt The notes contain various covenants, including the following:

(1) we will not, and will not permit any subsidiary to, incur any Debt if, immediately after giving effect to the incurrence of such Debt and the application of the proceeds thereof, the aggregate principal amount of all of our outstanding Debt and our subsidiaries on a consolidated basis determined in accordance with generally accepted accounting principles is greater than 60% of the sum of (without duplication) (a) Total Assets as of the end of the calendar quarter covered in our Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the SEC (or, if such filing is not permitted under the Exchange Act, with Wachovia Bank National Association, as successor to First Union National Bank, Trustee) prior to the incurrence of such additional Debt and (b) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent such proceeds were not used to

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acquire real estate assets or mortgages receivable or used to reduce Debt), by us or any subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt;

(2) we will not, and will not permit any subsidiary to, incur any Debt secured by any mortgage, lien, charge, pledge, encumbrance or security interest of any kind upon any of our or any of our subsidiaries' property if, immediately after giving effect to the incurrence of such Debt and the application of the proceeds thereof, the aggregate principal amount of all of our and our subsidiaries' outstanding Debt on a consolidated basis which is secured by any mortgage, lien, charge, pledge, encumbrance or security interest on our or our subsidiaries' property is greater than 40% of the sum of (without duplication) (a) Total Assets as of the end of the calendar quarter covered in our Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the SEC (or, if such filing is not permitted under the Exchange Act, with the Trustee) prior to the incurrence of such additional Debt and (b) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by us or any subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt; provided that for purposes of this limitation, the amount of obligations under capital leases shown as a liability on our consolidated balance sheet shall be deducted from Debt and from Total Assets;

(3) we will not, and will not permit any subsidiary to, incur any Debt if the ratio of Consolidated Income Available for Debt Service to the Annual Debt Service Charge for the four consecutive fiscal quarters most recently ended prior to the date on which such additional Debt is to be incurred shall have been less than 1.5 to 1, on an unaudited pro forma basis after giving effect thereto and to the application of the proceeds therefrom and calculated on the assumption that (a) such Debt and any other Debt incurred by us and our subsidiaries since the first day of such four-quarter period and the application of the proceeds therefrom, including to refinance other Debt, had occurred at the beginning of such period; (b) the repayment or retirement of any other Debt by us and our subsidiaries since the first day of such four-quarter period had been repaid or retired at the beginning of such period (except that, in making such computation, the amount of Debt under any revolving credit facility shall be computed based upon the average daily balance of such Debt during such period); (c) in the case of Acquired Debt or Debt incurred in connection with any acquisition since the first day of such four-quarter period, the related acquisition had occurred as of the first day of such period, with the appropriate adjustments with respect to such acquisition being

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included in such unaudited pro forma calculation; and (d) in the case of any acquisition or disposition by us or our subsidiaries of any asset or group of assets since the first day of such four-quarter period, whether by merger, stock purchase or sale, or asset purchase or sale, such acquisition or disposition or any related repayment of Debt had occurred as of the first day of such period, with the appropriate adjustments with respect to such acquisition or disposition being included in such unaudited pro forma calculation; and

(4) we, together with our subsidiaries, will maintain an Unencumbered Total Asset Value in an amount not less than 150% of the aggregate outstanding principal amount of all of our and our subsidiaries unsecured Debt.

Optional Redemption

The notes are redeemable at any time at our option, in whole or in part, at a redemption price equal to the greater of (1) 100% of the principal amount of the notes being redeemed, or (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon, discounted to the redemption date on a semi-annual basis at the Adjusted Treasury Rate plus basis points, plus, in each case, accrued interest thereon to the redemption date. A detailed description is in Description of Notes Optional Redemption.

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RISK FACTORS

An investment in the notes involves a significant degree of risk. You should carefully consider the following risk factors, together with all of the other information included or incorporated by reference in this prospectus supplement, including the additional risk factors included in our Annual Report on Form 10-K filed with the SEC on March 3, 2006 and amended on March 10, 2006, before you decide to purchase the notes. The risks and uncertainties described below and in the referenced Form 10-K, as amended, are not the only ones we may confront. Additional risks and uncertainties not currently known to us or that we currently deem immaterial also may impair our business operations. If any of those risks actually occur, our financial condition, operating results and prospects could be materially adversely affected. This section contains forward-looking statements.

We are dependent on intercompany cash flows to satisfy our obligations under the notes.

We derive a significant portion of our operating income from our subsidiaries. As a holder of notes, you will have no direct claim against our subsidiaries for payment under the notes. We generate net cash flow from the operations of the assets that we own directly but also rely on distributions and other payments from our subsidiaries to produce the funds necessary to meet our obligations, including the payment of principal of and interest on the notes. If the cash flow from our directly owned assets, together with the distributions and other payments we receive from subsidiaries, are insufficient to meet all of our obligations, we will be required to seek other sources of funds. These sources of funds could include proceeds derived from borrowings under our existing debt facilities, select property sales and net proceeds of public or private equity or debt offerings. There can be no assurance that we would be able to obtain the necessary funds from these sources on acceptable terms or at all.

The notes are structurally subordinated to the claims of our subsidiaries creditors and the subsidiaries preferred equity holders.

Because the notes are not guaranteed by our subsidiaries, the notes effectively will be subordinated in right of payment to all of their existing and future liabilities. As a result, in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding with respect to any of the subsidiaries, the holders of any indebtedness of that subsidiary will be entitled to obtain payment of that indebtedness from the assets of that subsidiary before the holders of any of our general unsecured obligations, including the notes. At September 30, 2006, after giving effect to this offering, and to the issuance of the notes and the application of the net proceeds of the offering, our subsidiaries had approximately \$78 million of debt outstanding, all of which was effectively senior to the notes. If any of our subsidiaries issues preferred equity in the future, the preferred equity will be effectively senior to the notes. At this time, none of our subsidiaries has any outstanding preferred equity or plans to issue any preferred equity.

The notes are unsecured and are effectively subordinated to our secured indebtedness.

Because the notes will be unsecured, they will be effectively subordinated to any of our secured indebtedness to the extent of the value of the assets securing the indebtedness. The indenture permits us and our subsidiaries to incur additional secured indebtedness, provided that certain conditions are satisfied. Consequently, in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding with respect to our company, the holders of any secured indebtedness will be entitled to proceed against the collateral that secures the secured indebtedness prior to that collateral being available for satisfaction of any amounts owed under the notes. At September 30, 2006, after giving effect to this offering and the application of the net proceeds, we had approximately \$286 million (excluding unamortized premium) of secured debt outstanding, all of which was effectively senior to the notes to the extent of the value of the securing assets.

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An active public trading market for the notes may not develop.

There is currently no established trading market for the notes. We do not intend to list the notes on any securities exchange. The underwriters have advised us that they intend to make a market in the notes after this offering is completed. They are not obligated to do this, however, and may discontinue market-making at any time without notice.

The liquidity of any market for the notes will depend upon various factors, including:

the number of holders of the notes;

the interest of securities dealers in making a market for the notes;

the overall market for debt securities;

our financial performance and prospects; and

the prospects for companies in our industry generally.

Accordingly, we cannot assure you that an active trading market will develop for the notes. If the notes are traded after their initial issuance, they may trade at a discount from their initial offering price, depending upon prevailing interest rates and other factors, including those listed above.

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The net proceeds to us from the sale of the notes offered by this prospectus supplement are estimated to be \$134.0 million after deducting the underwriting discount and other estimated expenses of this offering payable by us. We intend to use these net proceeds for general corporate purposes, including repaying amounts outstanding under our revolving credit facility. As of October 31, 2006, we had approximately \$85.0 million of debt outstanding on our revolving credit facility bearing interest at a weighted average annual rate, before amortization of debt fees, of 5.844% for the three month period ended October 31, 2006. Our revolving credit facility matures in July, 2010, subject to a one-year extension at our option. The borrowings under this facility were used for general corporate purposes, including working capital, property acquisitions and redevelopments. Affiliates of Wachovia Capital Markets, LLC, Citigroup Global Markets Inc. and affiliates of certain other underwriters are lenders under our revolving credit facility and will receive a pro rata portion of any proceeds used to reduce amounts outstanding under the credit facility.

RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets forth our historical ratios of earnings to fixed charges for the periods indicated:

	For the Nine Months		For the Years Ended December 31,				
	Ended September 30,	2005	2005	2004	2003	2002	2001
Ratio of earnings to fixed charges	1.9x	1.8x	1.8x	1.7x	1.6x	1.2x	1.4x

The ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. In computing the ratio of earnings to fixed charges:

(a) earnings consist of income from continuing operations before minority interests plus distributed income of equity investees and fixed charges (excluding capitalized interest) less minority interests of subsidiaries with no fixed charges; and (b) fixed charges consist of interest expense including amortization of debt discounts and issuance costs (including capitalized interest) and the estimated portion of rents payable by us representing interest.

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DESCRIPTION OF NOTES

The following description of the particular terms of the notes offered hereby supplements the description of the general terms and provisions of debt securities set forth in the accompanying prospectus under the caption "Description of Debt Securities." Certain terms used in this prospectus supplement are defined in that section of the accompanying prospectus.

General

We are offering \$135 million of our % notes maturing on December 1, 2013, which may be redeemed prior to that date in accordance with their terms.

We will pay interest on the notes semi-annually in arrears on and of each year, commencing, 2007, to the registered holders of the notes on the preceding and.

The defeasance and covenant defeasance provisions of the senior indenture apply to the notes. The notes will not be entitled to the benefit of any sinking fund.

The senior indenture does not limit the aggregate principal amount of the securities that may be issued thereunder, and securities may be issued thereunder from time to time in one or more separate series up to the aggregate principal amount from time to time authorized by us for each series. At any time and without the consent of the then existing holders, we may issue additional debt securities having the same terms as the notes other than the date of original issuance, the issue price, the date on which interest begins to accrue and, in some circumstances, the first interest payment date, such that these additional debt securities would form a single series with the notes. We also may issue from time to time other series of debt securities under the senior indenture consisting of notes or other unsecured evidences of indebtedness.

Ranking

The notes will rank *pari passu*, or equally, with all of our other unsecured and unsubordinated indebtedness, and the notes will be effectively subordinated to the prior claims of each secured mortgage lender to any specific property that secures such lender's mortgage and to all of the unsecured indebtedness of our subsidiaries. After giving effect to this offering and to the use of proceeds from this offering, we will have outstanding approximately \$286 million (excluding unamortized premium) of secured indebtedness collateralized by all or parts of 15 properties, approximately \$78 million of indebtedness issued by our subsidiaries (which will be senior to the notes) and approximately \$1,093 million of other unsecured indebtedness ranking equally with the notes.

Optional Redemption

We may redeem the notes at any time in whole or from time to time in part at a redemption price equal to the greater of (1) 100% of the principal amount of the notes being redeemed, or (2) as determined by the Quotation Agent (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined below) plus basis points plus, in each case, accrued interest thereon to the redemption date.

As used herein:

Adjusted Treasury Rate means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

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Comparable Treasury Issue means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

Comparable Treasury Price means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (2) if the Trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such Quotations.

Quotation Agent means the Reference Treasury Dealer appointed by us.

Reference Treasury Dealer means (1) Citigroup Global Markets Inc. and other primary U.S. Government securities dealers in New York City selected by Wachovia Capital Markets, LLC, and their respective successors; *provided, however*, that if Citigroup Global Markets Inc. ceases to be a primary U.S. Government securities dealer (a Primary Treasury Dealer), we will substitute therefor another Primary Treasury Dealer; and (2) any other Primary Treasury Dealer selected by us.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption.

Covenants

Limitations on Incurrence of Debt. The notes will provide that we will not, and will not permit any subsidiary to, incur any Debt if, immediately after giving effect to the incurrence of such Debt and the application of the proceeds thereof, the aggregate principal amount of all of our outstanding Debt and our subsidiaries on a consolidated basis determined in accordance with generally accepted accounting principles is greater than 60% of the sum of (without duplication) (1) Total Assets as of the end of the calendar quarter covered in our Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the SEC (or, if such filing is not permitted under the Exchange Act, with the Trustee) prior to the incurrence of such additional Debt and (2) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by us or any subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt.

In addition to the foregoing limitation on the incurrence of Debt, the notes will provide that we will not, and will not permit any subsidiary to, incur any Debt secured by any mortgage, lien, charge, pledge, encumbrance or security interest of any kind upon any of our or any of our subsidiaries' property if, immediately after giving effect to the incurrence of such Debt and the application of the proceeds thereof, the aggregate principal amount of all of our and our subsidiaries' outstanding Debt on a consolidated basis which is secured by any mortgage, lien, charge, pledge, encumbrance or security interest on our or our subsidiaries' property is greater than 40% of the sum of (without duplication) (1) Total Assets as of the end of the calendar quarter covered in our Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the SEC (or, if such filing is not permitted under the Exchange Act, with the Trustee) prior to the incurrence of such

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additional Debt and (2) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by us or any subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt; *provided that* for purposes of this limitation, the amount of obligations under capital leases shown as a liability on our consolidated balance sheet shall be deducted from Debt and from Total Assets.

Furthermore, the notes also will provide that we will not, and will not permit any subsidiary to, incur any Debt if the ratio of Consolidated Income Available for Debt Service to the Annual Debt Service Charge for the four consecutive fiscal quarters most recently ended prior to the date on which such additional Debt is to be incurred shall have been less than 1.5 to 1, on an unaudited pro forma basis after giving effect thereto and to the application of the proceeds therefrom, and calculated on the assumption that (1) such Debt and any other Debt incurred by us and our subsidiaries since the first day of such four-quarter period and the application of the proceeds therefrom, including to refinance other Debt, had occurred at the beginning of such period; (2) the repayment or retirement of any other Debt by us and our subsidiaries since the first day of such four quarter period had been repaid or retired at the beginning of such period (except that, in making such computation, the amount of Debt under any revolving credit facility shall be computed based upon the average daily balance of such Debt during such period); (3) in the case of Acquired Debt or Debt incurred in connection with any acquisition since the first day of such four-quarter period, the related acquisition had occurred as of the first day of such period with the appropriate adjustments with respect to such acquisition being included in such unaudited pro forma calculation; and (4) in the case of any acquisition or disposition by us or our subsidiaries of any asset or group of assets since the first day of such four-quarter period, whether by merger, stock purchase or sale, or asset purchase or sale, such acquisition or disposition or any related repayment of Debt had occurred as of the first day of such period with the appropriate adjustments with respect to such acquisition or disposition being included in such unaudited pro forma calculation.

Maintenance of Unencumbered Total Asset Value. The notes will provide that we, together with our subsidiaries, will at all times maintain an Unencumbered Total Asset Value in an amount not less than 150% of the aggregate outstanding principal amount of all our and our subsidiaries unsecured Debt.

Insurance. The notes will provide that we will, and will cause each of our subsidiaries to, maintain insurance with financially sound and reputable insurance companies against such risks and in such amounts as is customarily maintained by persons engaged in similar businesses or as may be required by applicable law, and that we will from time to time deliver to the Agent (as defined in our Credit Agreement) upon its request a detailed list, together with copies of all policies of the insurance then in effect, stating the names of the insurance companies, the amounts and rates of the insurance, the dates of the expiration thereof and the properties and risks covered thereby.

As used herein:

Acquired Debt means Debt of a person (1) existing at the time such person becomes a subsidiary or (2) assumed in connection with the acquisition of assets from such person, in each case, other than Debt incurred in connection with, or in contemplation of, such person becoming a subsidiary or such acquisition. Acquired Debt shall be deemed to be incurred on the date of the related acquisition of assets from any person or the date the acquired person becomes a subsidiary.

Annual Debt Service Charge as of any date means the maximum amount which is payable in any period for interest on, and original issue discount of, our and our subsidiaries Debt and the amount of dividends which are payable in respect of any Disqualified Stock.

Capital Stock means, with respect to any person, any capital stock (including preferred stock), shares, interests, participations or other ownership interests (however designated) of such person and any rights (other than debt securities convertible into or exchangeable for corporate stock), warrants or options to purchase any thereof.

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Consolidated Income Available for Debt Service for any period means our and our subsidiaries Funds from Operations plus amounts which have been deducted for interest on our and our subsidiaries Debt.

Debt means any of our or any of our subsidiaries indebtedness, whether or not contingent, in respect of (without duplication) (1) borrowed money evidenced by bonds, notes, debentures or similar instruments, (2) indebtedness secured by any mortgage, pledge, lien, charge, encumbrance or any security interest existing on property owned by us or any subsidiary, (3) the reimbursement obligations, contingent or otherwise, in connection with any letters of credit actually issued or amounts representing the balance deferred and unpaid of the purchase price of any property or services, except any such balance that constitutes an accrued expense or trade payable, or all conditional sale obligations or obligations under any title retention agreement, (4) the principal amount of all of our or any of our subsidiaries obligations with respect to redemption, repayment or other repurchase of any Disqualified Stock or (5) any lease of property by us or any subsidiary as lessee which is reflected on our consolidated balance sheet as a capitalized lease in accordance with generally accepted accounting principles to the extent, in the case of items of indebtedness under (1) through (3) above, that any such items (other than letters of credit) would appear as a liability on our consolidated balance sheet in accordance with generally accepted accounting principles, and also includes, to the extent not otherwise included, any obligation of us or any subsidiary to be liable for, or to pay, as obligor, guarantor or otherwise (other than for purposes of collection in the ordinary course of business or for the purposes of guaranteeing the payment of all amounts due and owing pursuant to leases to which we are a party and have assigned our interest, *provided that* such assignee of ours is not in default of any amounts due and owing under such leases), Debt of another person (other than us or any subsidiary) (it being understood that Debt shall be deemed to be incurred by us or any subsidiary whenever we or such subsidiary shall create, assume, guarantee or otherwise become liable in respect thereof).

Disqualified Stock means, with respect to any person, any Capital Stock of such person which by the terms of such Capital Stock (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable), upon the happening of any event or otherwise (1) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, (2) is convertible into or exchangeable or exercisable for Debt or Disqualified Stock or (3) is redeemable at the option of the holder thereof, in whole or in part, in each case on or prior to the stated maturity of the notes.

Funds from Operations for any period means income available to common shareholders before depreciation and amortization of real estate assets and before extraordinary items less gain on sale of real estate.

Total Assets as of any date means the sum of (1) our and all of our subsidiaries Undepreciated Real Estate Assets and (2) all of our other assets determined in accordance with generally accepted accounting principles (but excluding goodwill).

Undepreciated Real Estate Assets as of any date means the cost (original cost plus capital improvements) of our and our subsidiaries real estate assets on such date, before depreciation and amortization determined on a consolidated basis in accordance with generally accepted accounting principles.

Unencumbered Total Asset Value as of any date means the sum of (a) those Undepreciated Real Estate Assets not encumbered by any mortgage, lien, charge, pledge or security interest and (b) all of our and our subsidiaries other assets on a consolidated basis determined in accordance with generally accepted accounting principles (but excluding intangibles and accounts receivable), in each case which are unencumbered by any mortgage, lien, charge, pledge or security interest.

See Description of Debt Securities Certain Covenants in the accompanying prospectus for a description of additional covenants applicable to us.

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Book-Entry Form

We have established a depository arrangement with The Depository Trust Company (the Depository) with respect to the notes, the terms of which are summarized below. Upon issuance, each of the notes will be represented by a single Global Security (as defined in the senior indenture) and will be deposited with, or on behalf of, the Depository and will be registered in the name of the Depository or a nominee of the Depository. No Global Security may be transferred except as a whole by a nominee of the Depository to the Depository or to another nominee of the Depository, or by the Depository or such nominee to a successor of the Depository or a nominee of such successor.

As long as the Depository or its nominee is the registered owner of a Global Security, the Depository or its nominee, as the case may be, will be the sole Holder (as defined in the senior indenture) of the notes for all purposes under the senior indenture. Except as otherwise provided in this section, the Beneficial Owners (as defined in the senior indenture) of the Global Security representing the notes will not be entitled to receive physical delivery of certificated notes and will not be considered the Holders thereof for any purpose under the senior indenture, and no Global Security representing such notes shall be exchangeable or transferable. Accordingly, each Beneficial Owner must rely on the procedures of the Depository and, if such Beneficial Owner is not a Participant (as defined below), on the procedures of the Participant through which such Beneficial Owner owns its interest in order to exercise any rights of a Holder under such Global Security or the senior indenture. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in certificated form. Such laws may impair the ability to transfer beneficial interests in a Global Security representing the notes.

The Global Security representing the notes will be exchangeable for certificated notes of like tenor and terms and of differing authorized denominations aggregating a like principal amount, only if (1) the Depository notifies us that it is unwilling or unable to continue as Depository for the Global Security or the Depository ceases to be a clearing agency registered under the Exchange Act (if so required by applicable law or regulation) and, in each case, a successor Depository is not appointed by us within 90 days after we receive such notice or become aware of such unwillingness, inability or ineligibility, (2) we, in our discretion, determine that the Global Security shall be exchangeable for certificated notes or (3) there shall have occurred and be continuing an Event of Default (as defined in the senior indenture) under the senior indenture with respect to the notes and Beneficial Owners representing a majority in aggregate principal amount of the notes represented by the Global Security advise the Depository to cease acting as depository. Upon any such exchange, the certificated notes shall be registered in the names of the Beneficial Owners of the Global Security representing the notes, which names shall be provided by the Depository's relevant Participants (as identified by the Depository) to the registrar.

The information below concerning the Depository and the Depository's system has been furnished by the Depository, and we take no responsibility for the accuracy thereof. The Depository will act as securities depository for the notes. The notes will be issued as fully registered securities registered in the name of Cede & Co. (the Depository's partnership nominee). One fully registered Global Security will be issued for the notes, in the aggregate principal amount of such issue, and will be deposited with the Depository.

The Depository is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. The Depository holds securities that its participants (Participants) deposit with the Depository. The Depository also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants of the Depository (Direct Participants) include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. The Depository is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the Depository's system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or

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maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). The rules applicable to the Depository and its Participants are on file with the SEC.

Purchases of notes under the Depository's system must be made by or through Direct Participants, which will receive a credit for such notes on the Depository's records. The ownership interest of each actual purchaser of each note represented by a Global Security (Beneficial Owner) is in turn to be recorded on the Direct Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from the Depository of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participants or Indirect Participants through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in a Global Security representing the notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners of a Global Security representing the notes will not receive certificated notes representing their ownership interests therein, except in the event that use of the book-entry system for such notes is discontinued.

To facilitate subsequent transfers, the Global Security representing the notes which is deposited with, or on behalf of, the Depository are registered in the name of the Depository's partnership nominee, Cede & Co. The deposit of a Global Security with, or on behalf of, the Depository and its registration in the name of Cede & Co. effects no change in beneficial ownership. The Depository has no knowledge of the actual Beneficial Owners of the Global Security representing the notes; the Depository's records reflect only the identity of the Direct Participants to whose accounts such notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by the Depository to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither the Depository nor Cede & Co. will consent or vote with respect to the Global Security representing the notes. Under its usual procedures, the Depository mails an Omnibus Proxy to us as soon as possible after the applicable record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the notes are credited on the applicable record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and/or interest payments on the Global Security representing the notes will be made to the Depository. The Depository's practice is to credit Direct Participants' accounts on the applicable payment date in accordance with their respective holdings shown on the Depository's records unless the Depository has reason to believe that it will not receive payment on such date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such Participant and not of the Depository, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and/or interest to the Depository is the responsibility of us or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of the Depository, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

If applicable, redemption notices shall be sent to Cede & Co. If less than all of the notes are being redeemed, the Depository's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

The Depository may discontinue providing its services as securities depository with respect to the notes at any time by giving reasonable notice to the Trustee or us. Under such circumstances, in the event that a successor securities depository is not obtained, certificated notes are required to be printed and delivered. We may decide to discontinue use of the system of book-entry transfers through the Depository (or a successor securities depository). In that event, certificated notes will be printed and delivered.

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CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

Subject to the preliminary considerations set forth in the prospectus, the following is a general discussion of the material U.S. federal income tax considerations applicable to initial holders of the notes. This discussion is based on the Internal Revenue Code of 1986, as amended (the Code), income tax regulations promulgated thereunder, judicial decisions, published positions of the Internal Revenue Service (IRS) and other applicable authorities, all as in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect. This discussion does not address all the tax consequences that may be relevant to a particular holder or to holders subject to special treatment under the Code, such as financial institutions, broker dealers, insurance companies, former U.S. citizens or long-term residents, tax-exempt organizations, persons that are, or that hold their notes through, partnerships or other pass-through entities, U.S. Holders (as defined below) whose functional currency is not the U.S. dollar, or persons that hold notes as part of a straddle, hedge, conversion, synthetic security or constructive sale transaction for U.S. federal income tax purposes. Except as specifically provided below with respect to Non-U.S. Holders (as defined below), the discussion is limited to holders of notes that are U.S. Holders and that hold their notes as capital assets within the meaning of the Code. **Holders are encouraged to consult their own tax advisors as to the particular U.S. federal income tax consequences to them of acquiring, owning and disposing of the notes, as well as the effects of state, local and non-U.S. tax laws.**

For purposes of this discussion, a U.S. Holder means a beneficial owner of a note that, for U.S. federal income tax purposes, is (i) a citizen or individual resident of the United States, (ii) a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or (iv) a trust if (A) a court in the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (B) it has a valid election in place to be treated as a United States person. A Non-U.S. Holder means a beneficial owner of a note that is not a U.S. Holder or an entity or arrangement treated as a partnership for U.S. federal income tax purposes.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes is a holder of a note, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partners of partnerships are encouraged to consult their tax advisors as to the particular U.S. federal income tax consequences applicable to them.

U.S. Holders

Interest on the Notes. A U.S. Holder generally will be required to include interest earned on the notes as ordinary income when received or accrued in accordance with the U.S. Holder's regular method of tax accounting. In general, if the terms of a debt instrument entitle a holder to receive payments other than certain fixed periodic interest that exceed the issue price of the instrument, the holder may be required to recognize additional interest as original issue discount over the term of the instrument. The notes are not expected to be issued with original issue discount for U.S. federal income tax purposes.

Disposition of the Notes. Upon the sale, exchange, redemption or other taxable disposition of a note, a U.S. Holder will generally recognize capital gain or loss equal to the difference (if any) between the amount realized (other than amounts attributable to accrued but unpaid stated interest, which will be taxable as ordinary income) and such U.S. Holder's tax basis in the note. The U.S. Holder's tax basis in a note generally will be the purchase price for the note. Such gain or loss shall be treated as long-term capital gain or loss if the note was held for more than one year. Subject to limited exceptions, capital losses cannot be used to offset a U.S. Holder's ordinary income.

Non-U.S. Holders

The rules governing the United States federal income taxation of Non-U.S. Holders are complex and no attempt will be made herein to provide more than a summary of such rules. Prospective Non-U.S. Holders are

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encouraged to consult with their own tax advisors to determine the impact of federal, state, local and non-U.S. tax laws with regard to the notes.

Interest on the Notes. Subject to the discussion on backup withholding below, a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on payments of interest on a note, provided that:

the Non-U.S. Holder is not (A) a direct or indirect owner of 10% or more of our voting stock, (B) a controlled foreign corporation related to us through stock ownership, or (C) a bank whose receipt of interest on a note is pursuant to a loan agreement entered into in the ordinary course of business;

such interest payments are not effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States; and

we or our paying agent receives certain information from the Non-U.S. Holder (or a financial institution that holds the notes on behalf of the Non-U.S. Holder in the ordinary course of its trade or business), including certification that such holder is a Non-U.S. Holder. A Non-U.S. Holder that is not exempt from tax under these rules generally will be subject to U.S. federal income tax withholding at a rate of 30% unless:

the income is effectively connected with the conduct of a U.S. trade or business, or

an applicable income tax treaty provides for a lower rate of, or exemption from, withholding tax.

Except to the extent provided by an applicable tax treaty, interest on a note that is effectively connected with the conduct by a Non-U.S. Holder of a trade or business in the United States generally will be subject to U.S. federal income tax on a net basis at the rates applicable to U.S. persons. A Non-U.S. Holder that is treated as a corporation for U.S. federal income tax purposes may also be subject to a 30% branch profits tax (subject to reduction under an applicable tax treaty), which is generally imposed on a foreign corporation on the actual or deemed repatriation from the United States of earnings and profits attributable to a United States trade or business. If interest is subject to U.S. federal income tax on a net basis in accordance with the rules described in the preceding sentence, payments of such interest will not be subject to U.S. withholding tax so long as the Non-U.S. Holder provides us or the paying agent with an IRS Form W-8ECI. To claim the benefit of an income tax treaty, the Non-U.S. Holder must timely provide the appropriate, properly executed IRS forms.

Disposition of the Notes. Subject to the discussion on backup withholding below, a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on gain from the sale, exchange, redemption or other taxable disposition of a note unless:

such gain is effectively connected with the conduct by the Non-U.S. Holder or a trade or business within the United States (and, if required by an applicable tax treaty, is attributable to a permanent establishment maintained in the United States by the Non-U.S. Holder); or

such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and meets certain other requirements.

Except to the extent provided by an applicable tax treaty, gain from the sale or disposition of a note that is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States generally will be subject to U.S. federal income tax on a net basis at the rates applicable to U.S. persons. A Non-U.S. Holder that is treated as a corporation for U.S. federal income tax purposes may also be subject to a 30% branch profits tax (subject to reduction under an applicable tax treaty), which is generally imposed on a foreign corporation on the actual or deemed repatriation from the United States of earnings and profits attributable to a United States trade or business. If such gains are realized by a Non-U.S. Holder who is an individual present in the United States for 183 days or more in the taxable year, then such individual

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generally will be subject to U.S. federal income tax at a rate of 30% (subject to reduction under an applicable tax treaty) on

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the amount by which capital gains from U.S. sources (including gains from the sale or other disposition of the notes) exceed capital losses allocable to U.S. sources. To claim the benefit of an income tax treaty, the Non-U.S. Holder must timely provide the appropriate, properly executed IRS forms.

Information Reporting and Backup Withholding

Payments to a U.S. Holder (other than an exempt recipient, including a corporation and certain other persons who, when required, demonstrate their exempt status) of the principal of, interest on and any premium with respect to, or the proceeds of a sale or other disposition of, a note may be subject to information reporting requirements, and U.S. federal backup withholding at the applicable statutory rate. In general, if a non-corporate U.S. Holder subject to information reporting fails to provide an accurate taxpayer identification number or otherwise fails to comply with applicable U.S. information reporting or certification requirements, backup withholding at the applicable rate may apply. Any amount withheld from a payment to a U.S. Holder under the backup withholding rules generally is allowable as a credit against the U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Payments to a Non-U.S. Holder of interest on a note generally will be reported to the IRS and to the Non-U.S. Holder. Copies of applicable IRS information returns may be made available, under the provisions of a specific tax treaty or agreement, to the tax authorities of the country in which the Non-U.S. Holder resides.

Payments to a Non-U.S. Holder of the principal of, interest on and any premium with respect to, or the proceeds of a sale or other disposition of, a note generally will not be subject to backup withholding or additional information reporting, provided that (i) the Non-U.S. Holder certifies under penalties of perjury on IRS Form W-8BEN that it is not a United States person and certain other conditions are satisfied, or (ii) the Non-U.S. Holder otherwise establishes an exemption; provided that, in either case, neither we nor any withholding agent knows or has reason to know that the holder is a United States person or that the conditions of any other exemptions are in fact not satisfied. Any amounts so withheld may be refunded or credited against the Non-U.S. Holder's U.S. federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

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UNDERWRITING

Wachovia Capital Markets, LLC and Citigroup Global Markets Inc. are acting as joint book-running managers of the offering and as representatives of the underwriters named below.

Subject to the terms and conditions stated in the underwriting agreement and a related pricing agreement, each dated the date of this prospectus supplement, each underwriter named below has agreed to purchase, and we have agreed to sell to that underwriter, the principal amount of the notes set forth opposite the underwriter's name.

Underwriter	Principal Amount of notes
Wachovia Capital Markets, LLC	\$
Citigroup Global Markets Inc.	
Banc of America Securities LLC	
Bear, Stearns & Co. Inc.	
Commerzbank Capital Markets Corp.	
J.P. Morgan Securities Inc.	
Piper Jaffray & Co.	
PNC Capital Markets LLC	
SunTrust Capital Markets, Inc.	
Total	\$ 135,000,000

The underwriting agreement provides that the obligations of the underwriters to purchase the notes included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters must purchase all of the notes if they purchase any of the notes.

The underwriters have advised us that they propose to offer some of the notes directly to the public at the public offering price appearing on the cover page of this prospectus supplement and some of the notes to certain dealers at the public offering price less a concession not to exceed % of the principal amount of the notes. The underwriters may allow, and dealers may reallow, a concession not to exceed % of the principal amount of the notes on sales to other dealers. After the initial offering, the public offering price and concessions to dealers may be changed.

The following table shows the underwriting discount that we are to pay to the underwriters in connection with this offering (expressed as a percentage of the principal amount of the notes).

Per note	Paid by Federal Realty %
In connection with the offering, Wachovia Capital Markets, LLC and Citigroup Global Markets Inc., on behalf of the underwriters, may purchase and sell notes in the open market. These transactions may include over-allotment, syndicate covering transactions and stabili	