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COMPANY REPORT

Real Estate Investment Trusts:

Federal Realty Investment Trust (FRT- \$36.99):

We recommend purchase of this high quality REIT, which has increased dividends for 36 years in a row. Mirroring the pattern of other stocks in this industry, the price of **Federal (FRT - \$36.99)** has dropped sharply during the past month, resulting in the current yield rising to 5.3%. The firm's property portfolio of more than 16 million square feet, consisting of over 100 large shopping malls and smaller street sites, is located throughout the country. The Northeast region (New York, Pennsylvania and New Jersey) and the Washington, D.C. region (Virginia and Maryland) are particularly important markets. Areas in California (San Jose, Santa Monica and Los Angeles) also represent significant investments

Federal's strategy of operating, building and acquiring properties with rapid internal growth is considered particularly effective. Moreover, further acquisitions and joint ventures seem likely to boost internal gains. Rents have been raised at above average rates each year for the past six years and this trend is expected to continue. The firm's imaginative relocations of stores within existing centers also improve operations. Considering these advantages, combined with the high population density and income levels within three miles of almost all of the company's locations, further gains in operating income are anticipated.

Analyst's Certification: I Alan M. Silverman certify that the views expressed in this research report accurately reflect my personal views about the subject companies and their securities. I also certify that I have not been and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendations in this report.

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