

bulletin

National Association of Real Estate Investment Trusts®

Reporting Results of Property Dispositions

Results of Discontinued Operations, Gains and Losses from Property Sales

In its effort to enhance the quality and effectiveness of industry financial practices, NAREIT's Best Financial Practices Council (Council) offers this fourth in a series of "best practices" disclosures related to items of particular importance to real estate investment trusts (REITs) and other real estate company financial or operations reporting. NAREIT member companies currently provide disclosures about results of discontinued operations and gains and losses from property sales required by generally accepted accounting principles (GAAP) and many provide supplemental disclosures. This National Policy Bulletin discusses the usefulness of these and certain additional supplemental disclosures and provides examples of disclosures currently being made by certain companies and a suggested format developed by the Council.

Background

In its February 27, 2002 meeting, the Financial Accounting Standards Board (FASB) discussed the requirements of Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (FAS 144). That discussion focused on constituents' concerns that, for entities such as REITs, the reporting requirements would result in frequent reclassification of operating

results (including FFO) reported in prior periods that, in turn, would cause confusion among users of financial statements. The Board clarified that a principal objective of FAS 144 is to improve the usefulness of reported financial information by broadening the reporting of discontinued operations to include more disposal transactions.

Consequently, under FAS 144, the transactions that qualify for reporting in discontinued operations include the disposal of a component of an entity's operations that comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. Based on research and discussions with the FASB staff and the major accounting firms, most dispositions of investment property should be reported as discontinued operations.

On May 3, 2002, NAREIT issued a National Accounting Update that provided guidance on the implementation of Statement 144 for real estate companies. This Update is available at <http://www.nareit.com/members/accountingissues/accountingalerts/update050302.pdf>.

Disclosures About Dispositions Reported as Discontinued Operations

The following is a description of disclosures about discontinued operations and gains/losses on sales of real estate assets.

Required GAAP Disclosures

FAS 144 requires the following disclosures in the notes to the financial statements that cover the period in which the property has been sold or is classified as held for sale:

- a. A description of the facts and circumstances leading to the disposal or expected disposal, the expected manner and timing of that disposal, and, if not separately presented on the face of the statement, the carrying amount(s) of the major classes of assets and liabilities included as part of a disposal group;
- b. The gain or loss recognized, and if not separately presented on the face of the income statement, the line item in the income statement or the statement of activities that includes that gain or loss;
- c. If applicable, amounts of revenue (including rents from properties sold or held for sale) and pretax profit or loss reported in discontinued operations; and
- d. If applicable, the segment in which the long-lived asset is reported under FAS 131.

Suggested Format for Disclosing Certain Additional Information

NAREIT's Best Financial Practices Council has created the following format for members' consideration in deciding how to disclose Results of Discontinued Operations and Gains/Losses from Property Sales in addition to the GAAP disclosures described in a and d above:

Details of Discontinued Operations:

Property Held for Sale:

Balance Sheet:	
Investment property, net	\$x,xxx,xxx
Other assets	<u>xxx,xxx</u>
Total Assets	<u>\$x,xxx,xxx</u>
Mortgage debt	\$x,xxx,xxx
Other liabilities	xxx,xxx
Partners' and shareholders' equity	<u>x,xxx,xxx</u>
Total Liabilities and Partners' and Shareholders' Equity	<u>\$x,xxx,xxx</u>

Property Sold or Held for Sale:

Income Statement:	
Revenues	<u>\$xxx,xxx</u>
Expenses:	
Operating	xx,xxx
Interest	xx,xxx
Other	xx,xxx
Minority interest	xx,xxx
Income Taxes	<u>xx,xxx</u>
Funds From Operations (FFO)	xx,xxx
Depreciation and amortization	xx,xxx
Gain/loss on Sale of Property, net of related income taxes	xx,xxx
Income from Discont. Operations	<u>xxx,xxx</u>
Add back all Income taxes	xx,xxx
Income from Discont. Operations before income taxes	<u>\$xxx,xxx</u>

Property Sale Data:

Proceeds	\$xxx,xxx
Net book cost of property sold	<u>xxx,xxx</u>
GAAP gain/loss	xx,xxx
Depreciation recapture *	<u>xx,xxx</u>
FFO gain/loss **	<u>\$xx,xxx</u>

*Cumulative amount of depreciation and amortization added back to GAAP net income in the calculation of Funds From Operations (FFO) during ownership period.

**Proceeds less cumulative investment.

The examples on the following pages include reporting results from property dispositions of four REITs (Acadia Realty Trust, Apartment Investment and Management Company, Gables Residential and CenterPoint Properties).

If you have any questions about these issues,
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ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except per share amounts)

3. DISCONTINUED OPERATIONS, Continued

	September 30, 2002	December 31, 2001
	<hr/>	<hr/>
ASSETS		
Net real estate	\$ 15,965	\$ 63,159
Cash and cash equivalents	—	965
Cash in escrow	101	2,648
Rents receivable, net	542	1,591
Prepaid expenses	287	691
Deferred charges, net	169	2,787
Other assets	—	698
	<hr/>	<hr/>
Total assets	17,064	72,539
LIABILITIES AND SHAREHOLDERS' EQUITY		
Mortgage notes payable	3,069	50,163
Accounts payable and accrued expenses	61	724
Other liabilities	121	750
	<hr/>	<hr/>
Total liabilities	3,251	51,637
	<hr/>	<hr/>
Net assets of discontinued operations	\$ 13,813	\$ 20,902
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Revenues from discontinued operations for the three months ended September 30, 2002 and 2001 totaled \$621 and \$5,593, respectively. Revenues from discontinued operations for the nine months ended September 30, 2002 and 2001 totaled \$6,083 and \$18,693, respectively.

Statements of Operations - Including Joint Venture Activity¹
Current Year-to-Date - By Quarter
(in thousands)

	Year-to-Date				Current Quarter				Previous Quarters							
	9 months ended September 30, 2002				3 months ended September 30, 2002				3 months ended June 30, 2002				3 months ended March 31, 2002			
	Wholly Owned	JV's ²	Discontinued Operations ³	Total	Wholly Owned	JV's ²	Discontinued Operations ³	Total	Wholly Owned	JV's ²	Discontinued Operations ³	Total	Wholly Owned	JV's	Discontinued Operations ³	Total
PROPERTY REVENUES																
Minimum rents	\$ 35,243	\$ 1,865	\$ 4,451	\$ 41,559	\$ 11,996	\$ 650	\$ 478	\$ 13,124	\$ 11,690	\$ 613	\$ 1,075	\$ 13,378	\$ 11,557	\$ 602	\$ 2,898	\$ 15,057
Percentage rents	602	67	305	974	161	10	(33)	138	122	12	117	251	319	45	221	585
Expense reimbursements	8,061	684	1,097	9,842	2,795	268	163	3,226	2,741	207	301	3,249	2,525	209	633	3,367
Other property income	453	22	215	690	144	3	5	152	144	9	176	329	165	10	34	209
	<u>44,359</u>	<u>2,638</u>	<u>6,068</u>	<u>53,065</u>	<u>15,096</u>	<u>931</u>	<u>613</u>	<u>16,640</u>	<u>14,697</u>	<u>841</u>	<u>1,669</u>	<u>17,207</u>	<u>14,566</u>	<u>866</u>	<u>3,786</u>	<u>19,218</u>
PROPERTY EXPENSES																
Property operating	7,993	327	1,114	9,434	2,790	142	115	3,047	2,528	87	312	2,927	2,675	98	687	3,460
Real estate taxes	6,281	474	834	7,589	2,191	164	115	2,470	2,170	155	187	2,512	1,920	155	532	2,607
	<u>14,274</u>	<u>801</u>	<u>1,948</u>	<u>17,023</u>	<u>4,981</u>	<u>306</u>	<u>230</u>	<u>5,517</u>	<u>4,698</u>	<u>242</u>	<u>499</u>	<u>5,439</u>	<u>4,595</u>	<u>253</u>	<u>1,219</u>	<u>6,067</u>
NET OPERATING INCOME - PROPERTIES	30,085	1,837	4,120	36,042	10,115	625	383	11,123	9,999	599	1,170	11,768	9,971	613	2,567	13,151
OTHER INCOME (EXPENSE)																
General and administrative	(7,287)	(3)	-	(7,290)	(2,160)	(3)	-	(2,163)	(2,802)	-	-	(2,802)	(2,325)	-	-	(2,325)
Abandoned project costs	(274)	-	-	(274)	(274)	-	-	(274)	-	-	-	-	-	-	-	-
Lease termination income	3,945	-	-	3,945	-	-	-	-	145	-	-	145	3,800	-	-	3,800
Interest income	1,452	-	23	1,475	517	-	2	519	510	-	7	517	425	-	14	439
Management income	957	-	-	957	316	-	-	316	310	-	-	310	331	-	-	331
Other property management fees	(120)	-	-	(120)	(40)	-	-	(40)	(40)	-	-	(40)	(40)	-	-	(40)
Straight-line rent (net of write-offs)	553	(46)	(8)	499	179	(21)	6	164	102	(9)	(23)	70	272	(16)	9	265
Other income	391	-	-	391	100	-	-	100	159	-	-	159	132	-	-	132
	<u>29,702</u>	<u>1,788</u>	<u>4,135</u>	<u>35,625</u>	<u>8,753</u>	<u>601</u>	<u>391</u>	<u>9,745</u>	<u>8,383</u>	<u>590</u>	<u>1,154</u>	<u>10,127</u>	<u>12,566</u>	<u>597</u>	<u>2,590</u>	<u>15,753</u>
Depreciation and amortization	(10,959)	(500)	(1,606)	(13,065)	(3,701)	(170)	(160)	(4,031)	(3,673)	(166)	(436)	(4,275)	(3,585)	(164)	(1,010)	(4,759)
Interest expense	(8,207)	(963)	(1,515)	(10,685)	(2,781)	(330)	(108)	(3,219)	(2,665)	(318)	(351)	(3,334)	(2,761)	(315)	(1,056)	(4,132)
Impairment of real estate	-	-	(197)	(197)	-	-	(197)	(197)	-	-	-	-	-	-	-	-
Gain on sale of properties	-	-	3,313	3,313	-	-	(49)	(49)	-	-	1,987	1,987	-	-	1,375	1,375
Income before extraordinary item, minority interest and cumulative effect of a change in accounting principal	10,536	325	4,130	14,991	2,271	101	(123)	2,249	2,045	106	2,354	4,505	6,220	118	1,899	8,237
Extraordinary item - Loss on early extinguishment of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minority interest	(1,730)	(43)	(1,049)	(2,822)	(371)	(12)	15	(368)	(367)	(14)	(302)	(683)	(992)	(17)	(762)	(1,771)
Cumulative effect of a change in accounting principal (FAS 133)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME	\$ 8,806	\$ 282	\$ 3,081	\$ 12,169	\$ 1,900	\$ 89	\$ (108)	\$ 1,881	\$ 1,678	\$ 92	\$ 2,052	\$ 3,822	\$ 5,228	\$ 101	\$ 1,137	\$ 6,466

¹ Quarterly results are unaudited, although they reflect all adjustments, which in the opinion of management, are necessary for a fair presentation of operating results for the interim periods. The Company's equity in the earnings of unconsolidated partnerships is reflected separately for revenues and expenses by calculating its pro-rata share for each of the above line items. In total, this agrees with the equity in earnings of unconsolidated partnerships as reported in the Company's Form 10Q's for the corresponding periods. Certain first and second quarter 2002 amounts have been reclassified to conform with the third quarter 2002 presentation.

² The Company currently participates in two JV's. The first is a 22% interest in Acadia Strategic Opportunity Fund ("Acadia Strategic"), which acquired its first three shopping centers during September 2002 for \$26.7 million. Acadia Strategic has \$90 million of capital committed which will enable it to purchase approximately \$300 million of assets on a leveraged basis. The second JV is a 49% interest in a 311,000 square foot shopping center located in White Plains, NY.

³ Discontinued operations represent the activity related to all properties sold since January 1, 2001. Activity as reflected above has been adjusted from that as originally reported for the first and second quarters of 2002 to reflect two additional properties which were classified as held for sale, and sold subsequent to, September 30, 2002.

Statements of Operations - Including Joint Venture Activities¹

Current vs. Historical Quarter
(in thousands)

	Current Quarter				Historic Quarter				Current Year-to-Date				Historic Year-to-Date			
	3 months ended September 30, 2002				3 months ended September 30, 2001				9 months ended September 30, 2002				9 months ended September 30, 2001			
	Wholly Owned	JV's ²	Discontinued Operations ³	Total	Wholly Owned	JV's	Discontinued Operations ³	Total	Wholly Owned	JV's ²	Discontinued Operations ³	Total	Wholly Owned	JV's	Discontinued Operations ³	Total
PROPERTY REVENUES																
Minimum rents	\$ 11,996	\$ 650	\$ 478	\$ 13,124	\$ 11,460	\$ 598	\$ 4,744	\$ 16,802	\$ 35,243	\$ 1,865	\$ 4,451	\$ 41,559	\$ 34,403	\$ 1,816	\$ 15,640	\$ 51,859
Percentage rents	161	10	(33)	138	154	6	136	296	602	67	305	974	667	70	714	1,451
Expense reimbursements	2,795	268	163	3,226	2,562	255	696	3,513	8,061	684	1,097	9,842	8,139	752	2,166	11,057
Other property income	144	3	5	152	137	8	32	177	453	22	215	690	465	37	96	598
	<u>15,096</u>	<u>931</u>	<u>613</u>	<u>16,640</u>	<u>14,313</u>	<u>867</u>	<u>5,608</u>	<u>20,788</u>	<u>44,359</u>	<u>2,638</u>	<u>6,068</u>	<u>53,065</u>	<u>43,674</u>	<u>2,676</u>	<u>18,016</u>	<u>64,965</u>
PROPERTY EXPENSES																
Property operating	2,790	142	115	3,047	2,549	102	1,272	3,923	7,993	327	1,114	9,434	8,562	330	4,156	13,048
Real estate taxes	2,191	164	115	2,470	2,154	152	686	2,992	6,281	474	834	7,589	6,326	456	2,132	8,914
	<u>4,981</u>	<u>306</u>	<u>230</u>	<u>5,517</u>	<u>4,703</u>	<u>254</u>	<u>1,958</u>	<u>6,915</u>	<u>14,274</u>	<u>801</u>	<u>1,948</u>	<u>17,023</u>	<u>14,888</u>	<u>786</u>	<u>6,288</u>	<u>21,962</u>
NET OPERATING INCOME - PROPERTIES	10,115	625	383	11,123	9,610	613	3,650	13,873	30,085	1,837	4,120	36,042	28,786	1,889	12,328	43,003
OTHER INCOME (EXPENSE)																
General and administrative	(2,160)	(3)	-	(2,163)	(1,960)	-	-	(1,960)	(7,287)	(3)	-	(7,290)	(6,485)	-	-	(6,485)
Abandoned project costs	(274)	-	-	(274)	-	-	-	-	(274)	-	-	(274)	-	-	-	-
Lease termination income	-	-	-	-	-	-	-	-	3,945	-	-	3,945	-	-	-	-
Interest income	517	-	2	519	241	-	20	261	1,452	-	23	1,475	579	-	88	667
Management income	316	-	-	316	151	-	-	151	957	-	-	957	401	-	-	401
Other property management fees	(40)	-	-	(40)	(44)	-	-	(44)	(120)	-	-	(120)	(118)	-	-	(118)
Straight-line rent (net of write-offs)	179	(21)	6	164	74	(9)	(35)	30	553	(46)	(8)	499	615	(19)	(11)	585
Other income	100	-	-	100	(7)	-	-	(7)	391	-	-	391	10	-	-	10
	<u>8,753</u>	<u>601</u>	<u>391</u>	<u>9,745</u>	<u>8,065</u>	<u>604</u>	<u>3,635</u>	<u>12,304</u>	<u>29,702</u>	<u>1,788</u>	<u>4,135</u>	<u>35,625</u>	<u>23,788</u>	<u>1,870</u>	<u>12,405</u>	<u>38,063</u>
Depreciation and amortization	(3,701)	(170)	(160)	(4,031)	(3,398)	(164)	(1,439)	(5,001)	(10,959)	(500)	(1,606)	(13,065)	(10,151)	(492)	(4,586)	(15,229)
Interest expense	(2,781)	(330)	(108)	(3,219)	(2,932)	(315)	(1,450)	(4,697)	(8,207)	(963)	(1,515)	(10,685)	(9,660)	(964)	(4,781)	(15,405)
Impairment of real estate	-	-	(197)	(197)	-	-	(14,756)	(14,756)	-	-	(197)	(197)	-	-	(14,756)	(14,756)
Gain on sale of properties	-	-	(49)	(49)	-	-	1,245	1,245	-	-	3,313	3,313	-	-	8,280	8,280
Income before extraordinary item, minority interest and cumulative effect of a change in accounting principal	2,271	101	(123)	2,249	1,735	125	(12,765)	(10,905)	10,536	325	4,130	14,991	3,977	414	(3,438)	953
Extraordinary item - Loss on early extinguishment of debt	-	-	-	-	-	-	-	-	-	-	-	-	(140)	-	-	(140)
Minority interest	(371)	(12)	15	(368)	(451)	(21)	2,108	1,636	(1,730)	(43)	(1,049)	(2,822)	(1,099)	(75)	624	(550)
Cumulative effect of a change in accounting principal (FAS 133)	-	-	-	-	-	-	-	-	-	-	-	-	(149)	-	-	(149)
NET INCOME	\$ 1,900	\$ 89	\$ (108)	\$ 1,881	\$ 1,284	\$ 104	\$ (10,657)	\$ (9,269)	\$ 8,806	\$ 282	\$ 3,081	\$ 12,169	\$ 2,589	\$ 339	\$ (2,814)	\$ 114

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² The Company currently participates in two JV's. The first is a 22% interest in Acadia Strategic Opportunity Fund ("Acadia Strategic"), which acquired its first three shopping centers during September 2002 for \$26.7 million. Acadia Strategic has \$90 million of capital committed which will enable it to purchase approximately \$300 million of assets on a leveraged basis. The second JV is a 49% interest in a 311,000 square foot shopping center located in White Plains, NY.

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Statements of Operations - Including Joint Venture Activity ¹
Activity by Segment
(in thousands)

	Year-to-Date					Current Quarter					Previous Quarters														
	9 months ended September 30, 2002					3 months ended September 30, 2002					3 months ended June 30, 2002					3 months ended March 31, 2002									
	Retail	Multi-Family	Corporate	Discontinued Operations ²	Total	Retail	Multi-Family	Corporate	Discontinued Operations ²	Total	Retail	Multi-Family	Corporate	Discontinued Operations ²	Total	Retail	Multi-Family	Corporate	Discontinued Operations ²	Total					
PROPERTY REVENUES																									
Minimum rents	\$ 32,214	\$ 4,894	\$ -	\$ 4,451	\$ 41,559	\$ 11,031	\$ 1,615	\$ -	\$ 478	\$ 13,124	\$ 10,655	\$ 1,648	\$ -	\$ 1,075	\$ 13,378	\$ 10,528	\$ 1,631	\$ -	\$ 2,898	\$ 15,057	\$ 669	\$ -	\$ -	\$ 305	\$ 974
Percentage rents	8,745	-	-	1,097	9,842	3,063	-	-	163	3,226	2,948	-	-	301	3,249	2,734	-	-	633	3,367	8,745	-	-	1,097	9,842
Expense reimbursements	172	303	-	215	690	39	108	-	5	152	68	85	-	176	329	65	110	-	34	209	172	303	-	215	690
Other property income	41,890	5,197	-	6,068	53,095	14,304	1,723	-	613	16,640	13,806	1,733	-	1,669	17,207	13,691	1,741	-	3,786	19,218	41,890	5,197	-	6,068	53,095
PROPERTY EXPENSES																									
Property operating	5,958	2,362	-	1,114	9,434	2,052	880	-	115	3,047	1,809	806	-	312	2,927	2,097	676	-	687	3,460	5,958	2,362	-	1,114	9,434
Real estate taxes	6,523	232	-	834	7,589	2,276	79	-	115	2,470	2,248	76	-	187	2,512	1,998	77	-	532	2,607	6,523	232	-	834	7,589
	12,481	2,594	-	1,948	17,023	4,328	959	-	230	5,517	4,058	882	-	498	5,439	4,095	753	-	1,219	6,067	12,481	2,594	-	1,948	17,023
NET OPERATING INCOME - PROPERTIES	29,319	2,603	-	4,120	36,042	9,976	764	-	383	11,123	9,747	851	-	1,170	11,768	9,596	988	-	2,567	13,151	29,319	2,603	-	4,120	36,042
OTHER INCOME (EXPENSE)																									
General and administrative	-	-	(7,290)	-	(7,290)	-	-	(2,163)	-	(2,163)	-	-	(2,802)	-	(2,802)	-	-	(2,325)	-	(2,325)	-	-	-	-	-
Abandoned project costs	-	-	(274)	-	(274)	-	-	(274)	-	(274)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease termination income	3,945	-	-	-	3,945	-	-	-	-	-	145	-	-	-	145	3,800	-	-	-	3,800	3,945	-	-	-	3,945
Interest income	615	-	837	23	1,475	306	-	211	2	519	252	-	258	7	517	57	-	368	14	439	615	-	837	23	1,475
Management income	-	-	957	-	957	-	-	316	-	316	-	-	310	-	310	-	-	331	-	331	-	-	-	-	-
Other property management fees	(57)	(63)	-	-	(120)	(19)	(21)	-	-	(40)	(19)	(21)	-	-	(40)	(19)	(21)	-	-	(40)	(57)	(63)	-	-	(120)
Straight-line rent (net of write-offs)	507	-	-	(8)	499	158	-	-	6	164	93	-	-	(23)	70	256	-	-	9	265	507	-	-	(8)	499
Other income	309	-	82	-	391	100	-	-	-	100	159	-	-	-	159	50	-	82	-	132	309	-	82	-	391
EBIDTA	34,638	2,540	(5,688)	4,135	35,625	10,521	743	(1,910)	391	9,745	10,377	830	(2,234)	1,154	10,127	13,740	967	(1,544)	2,590	15,753	34,638	2,540	(5,688)	4,135	35,625
Depreciation and amortization	(10,315)	(889)	(255)	(1,606)	(13,065)	(3,485)	(303)	(83)	(160)	(4,031)	(3,460)	(296)	(83)	(436)	(4,275)	(3,370)	(290)	(89)	(1,010)	(4,759)	(10,315)	(889)	(255)	(1,606)	(13,065)
Interest expense	(7,942)	(1,228)	-	(1,515)	(10,685)	(2,701)	(410)	-	(108)	(3,219)	(2,571)	(412)	-	(351)	(3,334)	(2,670)	(406)	-	(1,056)	(4,132)	(7,942)	(1,228)	-	(1,515)	(10,685)
Impairment of real estate	-	-	-	(197)	(197)	-	-	-	(197)	(197)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(197)
Gain on sale of properties	-	-	-	3,313	3,313	-	-	-	(49)	(49)	-	-	-	1,987	1,987	-	-	-	1,375	1,375	-	-	-	3,313	3,313
Income before extraordinary item, minority interest and cumulative effect of a change in accounting principal	16,381	423	(5,943)	4,130	14,991	4,335	30	(1,993)	(123)	2,249	4,346	122	(2,317)	2,354	4,505	7,700	271	(1,633)	1,899	8,237	16,381	423	(5,943)	4,130	14,991
Extraordinary item - Loss on early extinguishment of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minority interest	(2,486)	(59)	772	(1,049)	(2,822)	(621)	(4)	242	15	(368)	(662)	(16)	297	(302)	(683)	(1,203)	(39)	233	(762)	(1,771)	(2,486)	(59)	772	(1,049)	(2,822)
Cumulative effect of a change in accounting principal (FAS 133)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME	\$ 13,895	\$ 364	\$ (5,171)	\$ 3,081	\$ 12,169	\$ 3,714	\$ 26	\$ (1,751)	\$ (108)	\$ 1,881	\$ 3,684	\$ 106	\$ (2,020)	\$ 2,052	\$ 3,822	\$ 6,497	\$ 232	\$ (1,400)	\$ 1,137	\$ 6,466	\$ 13,895	\$ 364	\$ (5,171)	\$ 3,081	\$ 12,169

¹ Quarterly results are unaudited, although they reflect all adjustments, which in the opinion of management, are necessary for a fair presentation of operating results for the interim periods. The Company's equity in the earnings of unconsolidated partnerships is reflected separately for revenues and expenses by calculating its pro-rata share for each of the above line items. In total, this agrees with the equity in earnings of unconsolidated partnerships as reported in the Company's Form 10Q's for the corresponding periods. Certain first and second quarter 2002 amounts have been reclassified to conform with the third quarter 2002 presentation.

² The Company currently participates in two JV's. The first is a 22% interest in Acadia Strategic Opportunity Fund ("Acadia Strategic"), which acquired its first three shopping centers during September 2002 for \$26.7 million. Acadia Strategic has \$90 million of capital committed which will enable it to purchase approximately \$300 million of assets on a leveraged basis. The second JV is a 49% interest in a 311,000 square foot shopping center located in White Plains, NY.

³ Discontinued operations represent the activity related to all properties sold since January 1, 2001. Activity as reflected above has been adjusted from that as originally reported for the first and second quarters of 2002 to reflect two additional properties which were classified as held for sale, and sold subsequent to, September 30, 2002.

Table of Contents

(see Note 10), as well as additional proceeds received from the refinancing of the tax-exempt bonds of the underlying properties, the Company's retained residual interests aggregating approximately \$23 million were collected.

NOTE 10 — Discontinued Operations and Assets Held for Sale

In October 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* ("SFAS 144"). SFAS 144 establishes criteria beyond that previously specified in Statement of Financial Accounting Standard No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of* ("SFAS 121"), to determine when a long-lived asset is classified as held for sale, and it provides a single accounting model for the disposal of long-lived assets. SFAS 144 was effective beginning January 1, 2002. Due to the adoption of SFAS 144, the Company now reports as discontinued operations assets held for sale (as defined by SFAS 144) and assets sold in the current period. All results of these discontinued operations, less applicable income taxes, are included in a separate component of income on the consolidated statements of income under the heading, "discontinued operations." This change has resulted in certain reclassifications of 2001 financial statement amounts.

The components of income (loss) from operations related to discontinued operations for the three and nine months ended September 30, 2002 and the three and nine months ended September 30, 2001 are shown below. These include the results of operations through the date of each respective sale for sold properties and a full period of operations for those assets held for sale for the three and nine months ended September 30, 2002 and a full period of operations for the three and nine months ended September 30, 2001 (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
RENTAL PROPERTY OPERATIONS:				
Rental and other property revenues	\$ 1,922	\$ 8,851	\$14,722	\$ 26,294
Property operating expense	(1,458)	(3,943)	(7,010)	(10,809)
Income from property operations	464	4,908	7,712	15,485
Depreciation of rental property	(448)	(2,302)	(2,830)	(7,434)
Interest expense	(209)	(2,852)	(3,163)	(8,850)
Interest and other income	19	11	36	40
Minority interest in consolidated real estate partnerships	(3)	(57)	(108)	1,510
Operating earnings (loss)	(177)	(292)	1,647	751
Distributions to minority partners in excess of income	—	—	(1,321)	—
Income (loss) from operations	\$ (177)	\$ (292)	\$ 326	\$ 751

The Company is currently marketing for sale certain real estate properties that are inconsistent with its long-term investment strategies (as determined by management from time to time). As of September 30, 2002, the Company classified as assets held for sale four properties with an aggregate of 929 units. Other properties, both consolidated and unconsolidated, are being marketed for sale but are not accounted for as assets held for sale as they do not meet the criteria under SFAS 144.

The Company incurred net loss on disposals of approximately \$9.2 million, offset by casualty gains of \$1.2 million on various properties, for the three months ended September 30, 2002. Of this total, \$3.6 million related to impairment losses on assets held for sale or sold in the third quarter of 2002, and \$5.6 million in loss resulted from additional write-off of basis related to the sale of certain senior living facilities, which were deemed non-strategic assets and sold in the second quarter of 2002.

Included in discontinued operations, as part of the net loss from the disposition of properties in the nine months ended September 30, 2002, the Company recorded income of approximately \$18.8 million. This adjustment resulted from the

Company's historical estimation process in determining the carrying value of assets sold. The recognition of this amount in the current period is considered to be a change in estimate associated with the historical estimated gain or loss on the sale of these properties. The amount of the change in estimate was identified based upon better

DISCONTINUED OPERATIONS

We adopted SFAS No. 144 effective January 1, 2002 which requires, among other things, that the operating results of certain real estate assets which have been sold subsequent to January 1, 2002, or otherwise qualify as held for disposition (as defined by SFAS No. 144), be included in discontinued operations in the statements of operations for all periods presented. Three of our wholly-owned operating real estate assets were sold during the first quarter of 2002. We retained management of two of the three wholly-owned assets sold at terms commensurate with current market conditions. Due to our continuing involvement with the operations of the two assets sold that we are continuing to manage, the operating results of these assets are included in continuing operations. The operating results for the one wholly-owned asset and one unconsolidated joint venture asset sold during the first quarter of 2002 are included in discontinued operations in the statements of operations for all periods presented. Interest expense has been allocated to the results of the discontinued operations in accordance with EITF No. 87-24. We had no assets that qualified as held for disposition as defined by SFAS No. 144 at December 31, 2001 or September 30, 2002.

Condensed financial information of the results of operations for the real estate assets sold included in discontinued operations is as follows:

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Total property revenues	\$ -	\$669	\$197	\$1,973
Equity in income of joint ventures	-	29	45	89
Total revenues	-	698	<u>242</u>	2,062
Property operating and maintenance expense	-	(268)	(91)	(764)
Real estate asset depreciation and amortization	-	(141)	(48)	(420)
Interest expense	-	(87)	(34)	(246)
Total expenses	-	<u>(496)</u>	<u>(173)</u>	<u>(1,430)</u>
Minority interest of common unitholders in Operating Partnership	-	(42)	(13)	(133)
Income from discontinued operations, net of minority interest	-	<u>160</u>	<u>56</u>	<u>499</u>
Gain on disposition of discontinued operations	-	-	2,945	-
Minority interest of common unitholders in Operating Partnership	-	-	(582)	-
Gain on disposition of discontinued operations, net of minority interest	-	-	<u>2,363</u>	-
Income from discontinued operations, net of minority interest	\$ -	<u>\$160</u>	<u>\$2,419</u>	<u>\$499</u>

GABLES RESIDENTIAL
Consolidated Statements of Operations - SFAS No. 144
September 30, 2002
(Unaudited and amounts in thousands)

	For the three months ended September 30, 2002			For the three months ended September 30, 2001		
	As Reported	Discontinued Operations	Pre SFAS No. 144	As Reported	Discontinued Operations	Pre SFAS No. 144
Revenues:						
Rental revenues	\$ 53,277	\$ -	\$ 53,277	\$ 56,273	\$ 635	\$ 56,908
Other property revenues	3,236	-	3,236	3,432	34	3,466
Total property revenues	56,513	-	56,513	59,705	669	60,374
Property management revenues	1,751	-	1,751	1,598	-	1,598
Development revenues, net	133	-	133	144	-	144
Equity in income (loss) of joint ventures	931	-	931	(11)	29	18
Interest income	155	-	155	183	-	183
Other revenues	1,222	-	1,222	862	-	862
Total other revenues	4,192	-	4,192	2,776	29	2,805
Total revenues	60,705	-	60,705	62,481	698	63,179
Expenses:						
Property operating and maintenance (exclusive of items shown below)	21,548	-	21,548	20,484	268	20,752
Real estate asset depreciation and amortization	10,736	-	10,736	11,780	141	11,921
Property management - owned	1,328	-	1,328	1,451	-	1,451
Property management - third party	1,560	-	1,560	1,348	-	1,348
Interest expense and credit enhancement fees	12,270	-	12,270	11,289	87	11,376
Amortization of deferred financing costs	426	-	426	267	-	267
General and administrative	2,052	-	2,052	1,829	-	1,829
Corporate asset depreciation and amortization	405	-	405	227	-	227
Unusual items	-	-	-	6,247	-	6,247
Total expenses	50,325	-	50,325	54,922	496	55,418
Income from continuing operations before gain on sale of real estate assets	10,380	-	10,380	7,559	202	7,761
Gain on sale of land and development rights	267	-	267	515	-	515
Income from continuing operations before minority interest	10,647	-	10,647	8,074	202	8,276
Minority interest of common unitholders in Operating Partnership attributable to continuing operations	(1,644)	-	(1,644)	(919)	(42)	(961)
Minority interest of preferred unitholders in Operating Partnership	(1,078)	-	(1,078)	(1,078)	-	(1,078)
Income from continuing operations	7,925	-	7,925	6,077	160	6,237
Income from discontinued operations, net of minority interest	-	-	-	160	(160)	-
Gain on disposition of discontinued operations, net of minority interest	-	-	-	-	-	-
Income from discontinued operations	-	-	-	160	(160)	-
Income before extraordinary item	7,925	-	7,925	6,237	-	6,237
Net income	7,925	-	7,925	6,237	-	6,237
Dividends to preferred shareholders	(1,091)	-	(1,091)	(2,443)	-	(2,443)
Net income available to common shareholders	\$ 6,834	\$ -	\$ 6,834	\$ 3,794	\$ -	\$ 3,794

The Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," effective January 1, 2002. This standard requires that operating results of certain real estate assets sold subsequent to January 1, 2002 be included in discontinued operations in the statements of operations for all periods presented. Three of the Company's wholly-owned operating real estate assets were sold during the first quarter of 2002. The Company retained management of two of the three wholly-owned assets sold at terms commensurate with current market conditions. Due to the Company's significant continuing involvement with the operations of the two assets sold that the Company is continuing to manage, the operating results of these real estate assets are included in continuing operations. The operating results for the one wholly-owned asset and one unconsolidated joint venture asset sold during the first quarter of 2002 are included in discontinued operations in the statements of operations for all periods presented.

The above table presents the results as reported pursuant to SFAS No. 144, the results of the two assets included in discontinued operations, and the results before the impact of SFAS No. 144 for the three months ended September 30, 2002 and 2001, respectively. Interest expense has been allocated to the results of the discontinued operations in accordance with EITF No. 87-24.

GABLES RESIDENTIAL
Consolidated Statements of Operations - SFAS No. 144
September 30, 2002
(Unaudited and amounts in thousands)

	For the nine months ended September 30, 2002			For the nine months ended September 30, 2001		
	As Reported	Discontinued Operations	Pre SFAS No. 144	As Reported	Discontinued Operations	Pre SFAS No. 144
Revenues:						
Rental revenues	\$ 159,844	\$ 185	\$ 160,029	\$ 163,619	\$ 1,841	\$ 165,460
Other property revenues	9,473	12	9,485	9,632	132	9,764
Total property revenues	169,317	197	169,514	173,251	1,973	175,224
Property management revenues	5,374	-	5,374	4,524	-	4,524
Development revenues, net	392	-	392	555	-	555
Equity in income (loss) of joint ventures	2,067	792	2,859	26	89	115
Interest income	336	-	336	637	-	637
Other revenues	2,973	-	2,973	1,857	-	1,857
Total other revenues	11,142	792	11,934	7,599	89	7,688
Total revenues	180,459	989	181,448	180,850	2,062	182,912
Expenses:						
Property operating and maintenance (exclusive of items shown below)	60,726	91	60,817	57,067	764	57,831
Real estate asset depreciation and amortization	34,931	48	34,979	33,996	420	34,416
Property management - owned	4,774	-	4,774	4,264	-	4,264
Property management - third party	4,856	-	4,856	3,701	-	3,701
Interest expense and credit enhancement fees	32,750	34	32,784	33,660	246	33,906
Amortization of deferred financing costs	958	-	958	791	-	791
General and administrative	5,727	-	5,727	5,386	-	5,386
Corporate asset depreciation and amortization	1,286	-	1,286	567	-	567
Unusual items	-	-	-	6,647	-	6,647
Total expenses	146,008	173	146,181	146,079	1,430	147,509
Income from continuing operations before gain on sale of real estate assets	34,451	816	35,267	34,771	632	35,403
Gain on sale of previously depreciated operating real estate assets	17,906	2,198	20,104	7,386	-	7,386
Gain on sale of land and development rights	2,068	-	2,068	2,733	-	2,733
Income from continuing operations before minority interest	54,425	3,014	57,439	44,890	632	45,522
Minority interest of common unitholders in Operating Partnership attributable to continuing operations	(8,827)	(595)	(9,422)	(7,230)	(133)	(7,363)
Minority interest of preferred unitholders in Operating Partnership	(3,234)	-	(3,234)	(3,234)	-	(3,234)
Income from continuing operations	42,364	2,419	44,783	34,426	499	34,925
Income from discontinued operations, net of minority interest	56	(56)	-	499	(499)	-
Gain on disposition of discontinued operations, net of minority interest	2,363	(2,363)	-	-	-	-
Income from discontinued operations	2,419	(2,419)	-	499	(499)	-
Income before extraordinary item	44,783	-	44,783	34,925	-	34,925
Extraordinary loss from early extinguishment of debt, net of minority interest	(1,360)	-	(1,360)	-	-	-
Net income	43,423	-	43,423	34,925	-	34,925
Dividends to preferred shareholders	(5,976)	-	(5,976)	(7,328)	-	(7,328)
Net income available to common shareholders	\$ 37,447	-	\$ 37,447	\$ 27,597	-	\$ 27,597

The Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," effective January 1, 2002. This standard requires that operating results of certain real estate assets sold subsequent to January 1, 2002 be included in discontinued operations in the statements of operations for all periods presented. Three of the Company's wholly-owned operating real estate assets were sold during the first quarter of 2002. The Company retained management of two of the three wholly-owned assets sold at terms commensurate with current market conditions. Due to the Company's significant continuing involvement with the operations of the two assets sold that the Company is continuing to manage, the operating results of these real estate assets are included in continuing operations. The operating results for the one wholly-owned asset and one unconsolidated joint venture asset sold during the first quarter of 2002 are included in discontinued operations in the statements of operations for all periods presented.

The above table presents the results as reported pursuant to SFAS No. 144, the results of the two assets included in discontinued operations, and the results before the impact of SFAS No. 144 for the nine months ended September 30, 2002 and 2001, respectively. Interest expense has been allocated to the results of the discontinued operations in accordance with EITF No. 87-24.



CENTERPOINT PROPERTIES TRUST AND SUBSIDIARIES
PRE FAS 144 CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)

	Three Months Ended September 30				Nine Months Ended September 30			
	2002	% of	2001	% of	2002	% of	2001	% of
	(Unaudited)	Total Rev.	(Unaudited)	Total Rev.	(Unaudited)	Total Rev.	(Unaudited)	Total Rev.
Revenue:								
Minimum rents	\$ 29,648	66.1%	\$ 29,564	73.5%	\$ 84,919	69.3%	\$ 88,959	73.1%
Straight-line rents	443	1.0%	1,217	3.0%	1,667	1.4%	3,700	3.0%
Expense reimbursements	8,051	18.0%	8,243	20.5%	25,154	20.6%	26,614	22.0%
Mortgage interest income	237	0.5%	333	0.8%	600	0.5%	648	0.5%
Real estate fee income	6,436	14.4%	875	2.2%	9,990	8.2%	1,715	1.4%
Total revenue	<u>44,815</u>	<u>100.0%</u>	<u>40,232</u>	<u>100.0%</u>	<u>122,330</u>	<u>100.0%</u>	<u>121,636</u>	<u>100.0%</u>
Expenses:								
Real estate taxes	8,135	18.2%	7,736	19.2%	23,962	19.6%	24,797	20.4%
Property operating and leasing	5,137	11.5%	5,108	12.7%	17,158	14.0%	15,908	13.1%
General and administrative	1,446	3.2%	1,296	3.2%	4,449	3.6%	4,188	3.4%
Depreciation and amortization	8,624	19.2%	9,072	22.5%	26,197	21.4%	26,652	21.9%
Interest expense:								
Interest incurred, net	7,602	17.0%	7,651	19.0%	21,223	17.3%	23,274	19.1%
Amortization of deferred financing costs	650	1.5%	581	1.4%	1,869	1.5%	1,789	1.5%
Total expenses	<u>31,594</u>	<u>70.6%</u>	<u>31,444</u>	<u>78.0%</u>	<u>94,858</u>	<u>77.4%</u>	<u>96,608</u>	<u>79.4%</u>
Operating income	13,221	29.4%	8,788	22.0%	27,472	22.6%	25,028	20.6%
Gain on sale of real estate	4,221	9.4%	7,916	19.7%	13,147	10.7%	24,059	19.8%
Income from continuing operations before income taxes and equity in net income of affiliate	17,442	38.8%	16,704	41.7%	40,619	33.3%	49,087	40.4%
Provision for income taxes (expense) benefit	(1,699)	(3.8%)	(243)	(0.6%)	(3,309)	(2.7%)	(585)	(0.5%)
Equity in net income (loss) of affiliate	203	0.5%	406	1.0%	620	0.5%	714	0.6%
Income from continuing operations	15,946	35.5%	16,867	42.1%	37,930	31.1%	49,216	40.5%
Discontinued operations:								
Gain on sale, net of tax	2,447	5.5%	-	0.0%	17,948	14.7%	-	0.0%
Income (loss) from operations, net of tax	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Income before extraordinary item	18,393	41.0%	16,867	42.1%	55,878	45.8%	49,216	40.5%
Extraordinary item, early extinguishment of debt	-	0.0%	-	0.0%	-	0.0%	(1,616)	(1.3%)
Net income	<u>18,393</u>	<u>41.0%</u>	<u>16,867</u>	<u>42.1%</u>	<u>55,878</u>	<u>45.8%</u>	<u>47,600</u>	<u>39.2%</u>
Preferred dividends	(2,522)	(5.6%)	(2,523)	(6.3%)	(7,568)	(6.2%)	(7,568)	(6.2%)
Net income available to common shareholders	<u>\$ 15,871</u>	<u>35.4%</u>	<u>\$ 14,344</u>	<u>35.8%</u>	<u>\$ 48,310</u>	<u>39.6%</u>	<u>\$ 40,032</u>	<u>33.0%</u>

Note: Reverses the effect of FAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Asset*, which requires that all gains and losses from properties sold subsequent to 01/01/2002 and the operations for such properties and those classified as held for sale properties be shown as discontinued operations. FAS No. 144 also requires that gain on sale of discontinued operations be shown net of tax.



CENTERPOINT PROPERTIES TRUST AND SUBSIDIARIES
CALCULATION OF PRE FAS 144 CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)

	Three Months Ended September 30					
	2002			2001		
	As Reported	Discontinued Operations	Pre FAS 144	As Reported	Discontinued Operations	Pre FAS 144
Revenue:						
Minimum rents	\$ 29,259	\$ 389	\$ 29,648	\$ 28,051	\$ 1,513	\$ 29,564
Straight-line rents	449	(6)	443	1,197	20	1,217
Expense reimbursements	7,905	146	8,051	7,945	298	8,243
Mortgage interest income	237	-	237	333	-	333
Real estate fee income	6,436	-	6,436	875	-	875
Total revenue	<u>44,286</u>	<u>529</u>	<u>44,815</u>	<u>38,401</u>	<u>1,831</u>	<u>40,232</u>
Expenses:						
Real estate taxes	7,999	136	8,135	7,355	381	7,736
Property operating and leasing	5,123	14	5,137	5,032	76	5,108
General and administrative	1,446	-	1,446	1,296	-	1,296
Depreciation and amortization	8,483	141	8,624	8,700	372	9,072
Interest expense:						
Interest incurred, net	7,602	-	7,602	7,651	-	7,651
Amortization of deferred financing costs	650	-	650	581	-	581
Total expenses	<u>31,303</u>	<u>291</u>	<u>31,594</u>	<u>30,615</u>	<u>829</u>	<u>31,444</u>
Operating income	12,983	238	13,221	7,786	1,002	8,788
Gain on sale of real estate	4,221	-	4,221	7,916	-	7,916
Income from continuing operations before income taxes and equity in net income of affiliate	17,204	238	17,442	15,702	1,002	16,704
Provision for income taxes (expense) benefit	(1,627)	(72)	(1,699)	(205)	(38)	(243)
Equity in net income (loss) of affiliate	203	-	203	406	-	406
Income from continuing operations	15,780	166	15,946	15,903	964	16,867
Discontinued operations:						
Gain on sale, net of tax	2,447	-	2,447	-	-	-
Income (loss) from operations, net of tax	166	(166)	-	964	(964)	-
Income before extraordinary item	18,393	-	18,393	16,867	-	16,867
Extraordinary item, early extinguishment of debt	-	-	-	-	-	-
Net income	<u>18,393</u>	<u>-</u>	<u>18,393</u>	<u>16,867</u>	<u>-</u>	<u>16,867</u>
Preferred dividends	(2,522)	-	(2,522)	(2,523)	-	(2,523)
Net income available to common shareholders	<u>\$ 15,871</u>	<u>\$ -</u>	<u>\$ 15,871</u>	<u>\$ 14,344</u>	<u>\$ -</u>	<u>\$ 14,344</u>

Note: Reverses the effect of FAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Asset*, which requires that all gains and losses from properties sold subsequent to 01/01/2002 and the operations for such properties and those classified as held for sale properties be shown as discontinued operations. FAS No. 144 also requires that gain on sale of discontinued operations be shown net of tax.



CENTERPOINT PROPERTIES TRUST AND SUBSIDIARIES
CALCULATION OF PRE FAS 144 CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)

	Nine Months Ended September 30					
	2002			2001		
	As Reported	Discontinued Operations	Pre FAS 144	As Reported	Discontinued Operations	Pre FAS 144
Revenue:						
Minimum rents	\$ 82,047	\$ 2,872	\$ 84,919	\$ 85,104	\$ 3,855	\$ 88,959
Straight-line rents	1,656	11	1,667	3,648	52	3,700
Expense reimbursements	24,191	963	25,154	25,702	912	26,614
Mortgage interest income	600	-	600	648	-	648
Real estate fee income	9,990	-	9,990	1,715	-	1,715
Total revenue	<u>118,484</u>	<u>3,846</u>	<u>122,330</u>	<u>116,817</u>	<u>4,819</u>	<u>121,636</u>
Expenses:						
Real estate taxes	23,005	957	23,962	23,481	1,316	24,797
Property operating and leasing	17,011	147	17,158	15,869	39	15,908
General and administrative	4,449	-	4,449	4,188	-	4,188
Depreciation and amortization	25,311	886	26,197	25,564	1,088	26,652
Interest expense:						
Interest incurred, net	21,223	-	21,223	23,274	-	23,274
Amortization of deferred financing costs	1,869	-	1,869	1,789	-	1,789
Total expenses	<u>92,868</u>	<u>1,990</u>	<u>94,858</u>	<u>94,165</u>	<u>2,443</u>	<u>96,608</u>
Operating income	25,616	1,856	27,472	22,652	2,376	25,028
Gain on sale of real estate	13,147	-	13,147	24,059	-	24,059
Income from continuing operations before income taxes and equity in net income of affiliate	38,763	1,856	40,619	46,711	2,376	49,087
Provision for income taxes (expense) benefit	(3,067)	(242)	(3,309)	(644)	59	(585)
Equity in net income (loss) of affiliate	620	-	620	714	-	714
Income from continuing operations	36,316	1,614	37,930	46,781	2,435	49,216
Discontinued operations:						
Gain on sale, net of tax	17,948	-	17,948	-	-	-
Income (loss) from operations, net of tax	1,614	(1,614)	-	2,435	(2,435)	-
Income before extraordinary item	55,878	-	55,878	49,216	-	49,216
Extraordinary item, early extinguishment of debt	-	-	-	(1,616)	-	(1,616)
Net income	<u>55,878</u>	<u>-</u>	<u>55,878</u>	<u>47,600</u>	<u>-</u>	<u>47,600</u>
Preferred dividends	(7,568)	-	(7,568)	(7,568)	-	(7,568)
Net income available to common shareholders	<u>\$ 48,310</u>	<u>\$ -</u>	<u>\$ 48,310</u>	<u>\$ 40,032</u>	<u>\$ -</u>	<u>\$ 40,032</u>

Note: Reverses the effect of FAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Asset*, which requires that all gains and losses from properties sold subsequent to 01/01/2002 and the operations for such properties and those classified as held for sale properties be shown as discontinued operations. FAS No. 144 also requires that gain on sale of discontinued operations be shown net of tax.