

(Dollars in thousands, except per share data)

Net income allocable to shareholders (Basic EPS)
 Effect of Dilutive securities – 1,119,914 stock options
 Diluted net income allocable to shareholders (Diluted EPS)

For the Year Ended December 31, 2003		
Income Numerator	Shares* Denominator	Per Share Amount
\$ 61,248	46,653,270	\$ 1.31
--	81,962	
\$ 61,248	46,735,232	\$ 1.31

Net income allocable to shareholders (Basic EPS)
 Effect of Dilutive securities – 263,509 stock options
 Diluted net income allocable to shareholders (Diluted EPS)

For the Year Ended December 31, 2002		
Income Numerator	Shares* Denominator	Per Share Amount
\$ 55,905	42,697,195	\$ 1.31
--	70,944	
\$ 55,905	42,768,139	\$ 1.31

Net income allocable to shareholders (Basic EPS)
 Effect of Dilutive securities – 228,262 stock options
 Diluted net income allocable to shareholders (Diluted EPS)

For the Year Ended December 31, 2001		
Income Numerator	Shares* Denominator	Per Share Amount
\$ 35,010	30,782,161	\$ 1.14
--	55,179	
\$ 35,010	30,837,340	\$ 1.14

* Includes convertible capitalized CRA shares

NOTE 14 • Capital Stock and Share Option Plan

We have adopted an incentive share option plan (the “Incentive Share Option Plan”), the purpose of which is to (i) attract and retain qualified persons as trustees and officers and (ii) to provide incentive and more closely align the financial interests of Related and its employees and officers with the interests of the shareholders by providing Related and its employees with substantial financial interest in our success. The Compensation Committee of our board of trustees administers the Incentive Share Option Plan. Pursuant to the Incentive Share Option Plan, the maximum number of common shares that may be awarded is the lesser of (i) 10% of the number of shares outstanding as of December 31 preceding issuances of such awards and (ii) the limited prescribed by the American Stock Exchange or any other national security exchange or national quotation system on which the shares may then be listed.

All options granted by the Compensation Committee have an exercise price equal to or greater than the fair market value of the common shares on the date of the grant. The maximum option term is ten years from the date of grant. All common share options granted pursuant to the Incentive Share Option Plan may vest immediately upon issuance or in accordance with the determination of the Compensation Committee.

We have adopted the provisions of SFAS No. 123, “Accounting for Stock-Based Compensation” for its share

options issued to non-employees. Accordingly, compensation cost is accrued based on the estimated fair value of the options issued. The accrued compensation cost is being amortized over the vesting period. Because vesting of the options is contingent upon the recipient continuing to provide services to us until the vesting date. We estimate the fair value of the non-employee options at each period-end up to the vesting date, and adjust the expense accordingly. The fair value of each option grant is estimated using the Black-Scholes option-pricing model.

On May 1, 2000, options to purchase 297,830 common shares were granted to our officers and certain employees of an affiliate of Related, none of who are our employees. The exercise price of these options is \$11.5625 per share. The term of each option is ten years. The options vest in equal installments on May 1, 2001, 2002 and 2003. The options granted on May 1, 2000 had an estimated fair value at December 31, 2003, 2002 and 2001 of \$886,542, \$681,038 and \$445,752, respectively. At December 31, 2003, the fair value, was calculated using the Black-Scholes model, used the following assumptions: dividend yield of 6.8%, estimated volatility of 20%, swap rate of 3.83% and expected lives of 7.1 years. On May 1, 2001, one-third, or 99,276, of the options vested, of which 69,568 were exercised. On May 1, 2002 an additional 99,276 options vested, of which 4,753 were exercised. On May 1, 2003 the remaining one-third of the options vested, leaving a balance of 79,914 fully vested and not exercised. We recorded compensation cost of \$228,447, \$379,206 and \$168,936 during