



SUPPLEMENTAL PACKAGE

YEARS ENDED JANUARY 31, 2004 AND 2003



Forest City Enterprises, Inc.
Years Ended January 31, 2004 and 2003
Supplemental Operating Data

NYSE: FCEA, FCEB

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Statements made here that are our intentions, hopes, beliefs, expectations or predictions of the future are forward-looking statements. It is important to note that our results could differ materially from those projected in such forward-looking statements. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, real estate development and investment risks, economic conditions in our target markets, reliance on major tenants, the impact of terrorist acts, our substantial leverage and the ability to service debt, guarantees under our credit facility, changes in interest rates, continued availability of tax-exempt government financing, the sustainability of substantial operations at the subsidiary level, significant geographic concentration, illiquidity of real estate investments, dependence on rental income from real property, conflicts of interest, competition, potential liability from syndicated properties, effects of uninsured loss, environmental liabilities, partnership risks, litigation risks and other risk factors as disclosed from time to time in our SEC filings, including, but not limited to, our Annual Report on Form 10-K for the year ended January 31, 2004.

CORPORATE OVERVIEW

Corporate Description

Founded in 1920 and publicly traded since 1960, we are principally engaged in the ownership, development, management and acquisition of commercial and residential real estate properties in 20 states and the District of Columbia. At January 31, 2004, we had approximately \$5.9 billion in total assets. We have a portfolio of real estate assets diversified both geographically and among property types. We operate our business through four strategic business units:

- Commercial Group, our largest business unit, owns, develops, acquires and operates regional malls, specialty/urban retail centers, office buildings, hotels and mixed-use projects;
- Residential Group owns, develops, acquires and operates residential rental properties, including upscale and middle-market apartments, adaptive re-use developments and supported-living facilities;
- Land Development Group acquires and sells both land and developed lots to residential, commercial and industrial customers. It also owns and develops land into master-planned communities and mixed-use projects; and
- Lumber Trading Group, a lumber wholesaler.

OPERATING AND FINANCIAL INFORMATION

Financial Measures

Generally, we believe the financial measures presented under the pro-rata consolidation method, EBDT presented on a consolidated level and comparable NOI, which are non-GAAP financial measures, mentioned below, provide supplemental information about our operations, and along with net earnings and other GAAP financial measures, are necessary to understand our operating results. We believe our investors use these non-GAAP financial measures as a supplementary measure to evaluate operating performance. Our non-GAAP financial measures are not intended to be performance measures that should be regarded as alternatives to, or more meaningful than, our GAAP financial measures.

EBDT

Along with net earnings, we use an additional measure, Earnings Before Depreciation, Amortization and Deferred Taxes (EBDT), to report our business operating results. EBDT presented on a consolidated level is a non-GAAP financial measure and may not be directly comparable to similarly-titled measures reported by other companies. We believe that EBDT provides us, as well as our investors, additional information about our core business operations and, along with net earnings, is necessary to understand our business and operating results. While property dispositions, acquisitions or other factors can affect net earnings in the short term, we believe EBDT gives a more consistent view of our core business overall financial performance from quarter to quarter and year to year. EBDT is used by management to assess operating performance and resource allocations by segment and on a consolidated basis. EBDT is similar to Funds From Operations (FFO), a measure of performance used by publicly traded Real Estate Investment Trusts (REITs), but may not be directly comparable to similarly titled measures reported by other companies. (See pages 29-30 for additional discussion of EBDT as well as a reconciliation of EBDT to Net Earnings.)

Pro-Rata Method

This supplemental package contains certain financial measures prepared in accordance with the full consolidation accounting method, which are financial measures presented in accordance with Generally Accepted Accounting Principles (GAAP), and certain financial measures prepared in accordance with the pro-rata method, which are non-GAAP financial measures. We present certain financial amounts under the pro-rata method, because we believe that this method more accurately reflects the manner in which we operate our business. This is because, in line with industry practice, we have made a large number of investments in which our economic ownership is less than 100% as a means of sharing risk. Under the pro-rata consolidation method, we present our investments proportionate to our share of ownership, except for our syndicated residential properties, which are accounted for on the equity method of accounting under both consolidation methods. Under GAAP, the full consolidation method is used to report partnership assets and liabilities as consolidated at 100% if deemed to be under our control, even if our ownership is not 100%. We provide a reconciliation to the full consolidation method when the pro-rata consolidation method is used throughout our supplemental package.

Operating Information

The operating data contained in this document includes: occupancy data, comparable net operating income (NOI), retail and office lease expirations, significant retail and office tenant listings and schedule of debt maturities. The term "comparable", which is used throughout this document, is defined as including properties that were opened and operated in both the fiscal years ended January 31, 2004 and 2003.

We believe occupancy rates, retail and office lease expirations and significant retail and office tenant listings represent meaningful operating statistics about our Company. This information will give interested parties a greater understanding and more information about the operating performance of our Company.

Comparable NOI is a non-GAAP financial measure. We believe comparable NOI is useful to our Company and our investors because it measures the performance of the same properties on a period-to-period basis and, along with EBDT (as discussed on page 27) is used to assess operating performance and resource allocation of our core business operations. While property dispositions, acquisitions or other factors can impact net earnings in the short term, we believe comparable NOI gives a more consistent view of Forest City's overall financial performance from quarter-to-quarter and year-to-year. A reconciliation of net earnings, the most comparable financial measure calculated in accordance with GAAP, to NOI and a reconciliation from NOI to comparable NOI are provided on pages 6 and 7 of this document.

Corporate Office

Forest City Enterprises, Inc.
Terminal Tower
50 Public Square, Suite 1100
Cleveland, Ohio 44113

SEC Form on 10-K

A copy of the Annual Report on Form 10-K as filed with the Securities and Exchange Commission can be found on our website or may be obtained without charge upon written request to:

Thomas T. Kmiecik
Assistant Treasurer
tomkmiecik@forestcity.net

Website

www.forestcity.net

The information contained on this website is not incorporated herein by reference and does not constitute a part of this supplemental package.

Investor Relations

Thomas G. Smith, Executive Vice President
Chief Financial Officer

Thomas T. Kmiecik
Assistant Treasurer
(216) 621-6060

Transfer Agent and Registrar

National City Bank
Stock Transfer Department
P.O. Box 92301
Cleveland, Ohio 44193-0900
(800) 622-6757
www.shareholder.inquiries@nationalcity.com

Stock Exchange Listing

NYSE: FCEA and FCEB

Dividend Reinvestment and Stock Purchase Plan

The Company offers its stockholders the opportunity to purchase additional shares of common stock through the Forest City Enterprises, Inc. Dividend Reinvestment and Stock Purchase Plan at 97% of current market value. A copy of the Plan prospectus and an enrollment card may be obtained by contacting National City Bank at (800) 622-6757.

OPERATING AND OTHER DATA

**Forest City Enterprises, Inc.
Operating and Other Data**

Occupancy Data - January 31, 2004 and 2003

We analyze our occupancy percentages by each of our major product lines as follows:

	Occupancy As of January 31, 2004	Average Occupancy YTD January 31, 2004	Occupancy As of January 31, 2003	Average Occupancy YTD January 31, 2003
Retail				
Comparable	92.2%	91.6%	91.0%	91.6%
Total	91.8%	91.0%	94.0%	90.8%
Office				
Comparable	91.7%	91.8%	92.0%	93.1%
Total	92.2%	87.6%	92.4%	91.2%
Residential				
Comparable	90.7%	91.8%	91.2%	92.7%
Total	90.3%	88.9%	89.7%	83.2%
Hotels				
Comparable	71.2%		72.5%	
ADR	\$ 141.29		\$141.60	

Notes:

Retail and office occupancy as of January 31, 2004 and 2003 is based on square feet leased at the end of the fiscal year. Average Occupancy YTD for January 31, 2004 and 2003 for retail and office is calculated by dividing the sum of leased square feet at the beginning and end of the period, by two. Residential occupancy as of January 31, 2004 and 2003 represents total units occupied divided by total units available. Average residential occupancy year-to-date for 2004 and 2003 is calculated by dividing gross potential rent less vacancy by gross potential rent. Average Daily Rate (ADR) is calculated by dividing revenue by the number of rooms sold for the years ended January 31, 2004 and 2003.

Forest City Enterprises, Inc.
Operating and Other Data

We use NOI, along with EBDT as discussed on page 2, to assess operating performance. Comparable NOI is defined as NOI from properties operated a full year in both 2003 and 2002. The following schedules present comparable NOI for each of our major product lines, each strategic business unit under which those product lines operate and an overall reconciliation of NOI to the most comparable GAAP measure, net earnings.

Comparable Net Operating Income (NOI) (% Change over same period, prior year)

	Year Ended January 31, 2004	
	Full Consolidation	Pro-Rata Consolidation
Retail	+3.5%	+3.7%
Office	-0.6%	-0.5%
Hotel	-24.0%	-18.4%
Residential	-5.4%	-4.3%
Total	-1.8%	-1.2%

See reconciliation of net earnings to NOI to comparable NOI and full consolidation accounting method to the pro-rata consolidation method following.

Forest City Enterprises, Inc.
Operating and Other Data

Net Operating Income (in thousands)

	Fiscal Year Ended January 31, 2004					Fiscal Year Ended January 31, 2003					% Change	
	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation	Full Consolidation	Pro-Rata Consolidation
Commercial Group												
Retail												
Comparable	\$ 111,331	\$ 17,159	\$ 21,775	\$ —	\$ 115,947	\$ 107,577	\$ 16,898	\$ 21,116	\$ —	\$ 111,795	3.5%	3.7%
Total	133,128	23,499	24,153	(16)	133,766	128,193	22,801	20,663	3,265	129,320		
Office Buildings												
Comparable	119,574	21,806	4,686	—	102,454	120,238	21,721	4,478	—	102,995	(0.6%)	(0.5%)
Total	163,369	31,355	4,700	—	136,714	142,478	28,540	4,440	—	118,378		
Hotels												
Comparable	14,189	1,737	2,532	—	14,984	18,665	2,883	2,586	—	18,368	(24.0%)	(18.4%)
Total	22,951	5,470	2,655	—	20,136	24,182	5,231	2,586	—	21,537		
Other	(909)	(2,342)	4,034	—	5,467	(5,741)	(1,167)	2,786	—	(1,788)		
Total Commercial Group												
Comparable	245,094	40,702	28,993	—	233,385	246,480	41,502	28,180	—	233,158	(0.6%)	0.1%
Total	318,539	57,982	35,542	(16)	296,083	289,112	55,405	30,475	3,265	267,447		
Residential Group												
Comparable	75,859	483	15,575	—	90,951	80,212	535	15,386	—	95,063	(5.4%)	(4.3%)
Total	95,696	2,081	25,742	1,534	120,891	82,315	1,112	21,986	2,961	106,150		
Total Real Estate Groups												
Comparable	320,953	41,185	44,568	—	324,336	326,692	42,037	43,566	—	328,221	(1.8%)	(1.2%)
Total	414,235	60,063	61,284	1,518	416,974	371,427	56,517	52,461	6,226	373,597		
Land Development Group	41,862	2,151	5,388	—	45,099	39,760	1,904	2,353	—	40,209		
Lumber Trading Group	11,219	—	—	—	11,219	3,786	—	—	—	3,786		
Corporate Activities	(25,972)	—	—	—	(25,972)	(18,360)	—	—	—	(18,360)		
Grand Total	\$441,344	\$ 62,214	\$ 66,672	\$ 1,518	\$ 447,320	\$ 396,613	\$ 58,421	\$ 54,814	\$ 6,226	\$ 399,232		

Forest City Enterprises, Inc.
Operating and Other Data

Reconciliation of Net Operating Income to Net Earnings:

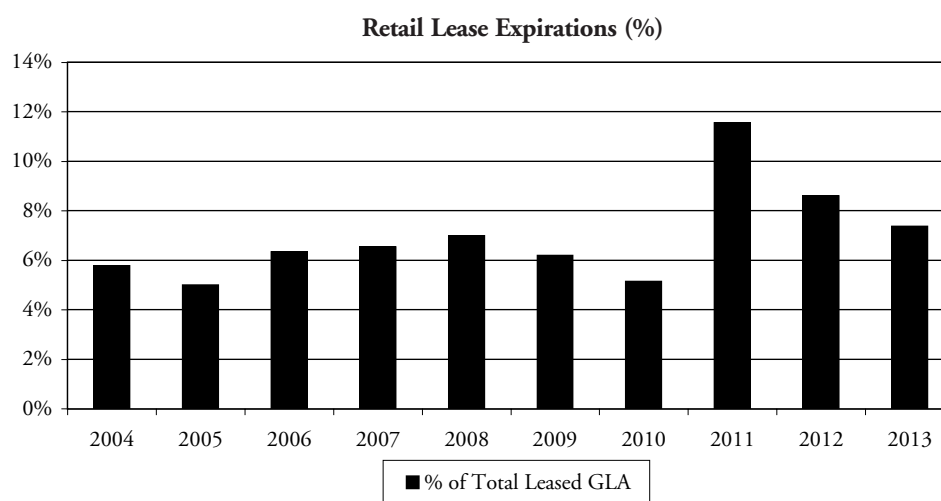
	Year Ended January 31, 2004					Year Ended January 31, 2003				
	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation
Revenues	\$ 1,021,588	\$ 149,883	\$ 260,489	\$ 5,444	\$ 1,137,638	\$ 881,737	\$ 133,309	\$ 222,119	\$ 16,162	\$ 986,709
Exclude straight-line rent adjustment ⁽¹⁾	(12,684)	—	—	—	(12,684)	(12,255)	—	—	81	(12,174)
Adjusted revenues	1,008,904	149,883	260,489	5,444	1,124,954	869,482	133,309	222,119	16,243	974,535
Operating expenses	636,407	87,669	144,552	3,926	697,216	540,106	74,888	123,000	10,017	598,235
Add back depreciation and amortization for non-Real Estate Groups	3,903	—	241	—	4,144	4,121	—	168	—	4,289
Exclude straight-line rent adjustment ⁽²⁾	(5,624)	—	—	—	(5,624)	(6,690)	—	—	—	(6,690)
Adjusted operating expenses	634,686	87,669	144,793	3,926	695,736	537,537	74,888	123,168	10,017	595,834
Add equity in earnings of unconsolidated entities	31,751	—	(15,428)	—	16,323	38,684	—	(18,644)	—	20,040
Add back equity method depreciation expense (see below)	35,375	—	(33,596)	—	1,779	25,984	—	(25,493)	—	491
Net operating income	441,344	62,214	66,672	1,518	447,320	396,613	58,421	54,814	6,226	399,232
Interest expense	(198,122)	(33,231)	(58,431)	(1,033)	(224,355)	(174,227)	(33,450)	(54,814)	(2,506)	(198,097)
Loss (gain) on early extinguishment of debt	(10,718)	98	(47)	(190)	(11,053)	(1,653)	—	—	—	(1,653)
Provision for decline in real estate	(3,238)	(484)	(4,621)	—	(7,375)	(8,221)	—	—	—	(8,221)
Loss (gain) on disposition of operating properties and other investments	(171)	—	(3,573)	6,446	2,702	(295)	—	—	6,914	6,619
Depreciation and amortization - Real Estate Groups ^(a)	(123,728)	(19,316)	(33,596)	(731)	(138,739)	(109,240)	(18,427)	(25,493)	(3,411)	(119,717)
Straight-line rent adjustment ⁽¹⁾⁺⁽²⁾	7,060	—	—	—	7,060	5,565	—	—	(81)	5,484
Equity method depreciation expense (see above)	(35,375)	—	33,596	—	(1,779)	(25,984)	—	25,493	—	(491)
Earnings before income taxes	77,052	9,281	-	6,010	73,781	82,558	6,544	-	7,142	83,156
Income tax (provision) benefit	(28,799)	—	—	(2,313)	(31,112)	(32,048)	—	—	(2,277)	(34,325)
Earnings before minority interest and discontinued operations	48,253	9,281	-	3,697	42,669	50,510	6,544	-	4,865	48,831
Minority interest	(9,281)	(9,281)	—	—	—	(6,544)	(6,544)	—	—	—
Earnings from continuing operations	38,972	-	-	3,697	42,669	43,966	-	-	4,865	48,831
Discontinued operations, net of tax and minority interest:										
(Loss) earnings from operations	(200)	—	—	200	—	685	—	—	(685)	—
Gain on disposition of operating properties	3,897	—	—	(3,897)	—	4,180	—	—	(4,180)	—
	3,697	—	—	(3,697)	—	4,865	—	—	(4,865)	—
Net earnings	\$ 42,669	\$ -	\$ -	\$ -	\$ 42,669	\$ 48,831	\$ -	\$ -	\$ -	\$ 48,831
(a) Depreciation and amortization -Real Estate Groups	\$ 123,728	\$ 19,316	\$ 33,596	\$ 731	\$ 138,739	\$ 109,240	\$ 18,427	\$ 25,493	\$ 3,411	\$ 119,717
Depreciation and amortization -Non-Real Estate Groups	3,903	—	241	—	4,144	4,121	—	168	—	4,289
Total Depreciation and amortization	\$ 127,631	\$ 19,316	\$ 33,837	\$ 731	\$ 142,883	\$ 113,361	\$ 18,427	\$ 25,661	\$ 3,411	\$ 124,006

**Forest City Enterprises, Inc.
Operating and Other Data**

Retail Lease Expirations

As of January 31, 2004

Expiration Year	Number of Leases Expiring	Square Feet of Leases Expiring	Percentage of Total Leased GLA*
2004	163	526,683	5.78%
2005	162	454,486	4.99%
2006	240	576,868	6.33%
2007	154	595,094	6.53%
2008	163	636,960	6.99%
2009	147	564,482	6.20%
2010	105	467,742	5.14%
2011	242	1,051,498	11.55%
2012	128	783,026	8.60%
2013	157	671,555	7.37%
Thereafter	102	2,777,871	30.52%
TOTAL	1,763	9,106,265	100.00%



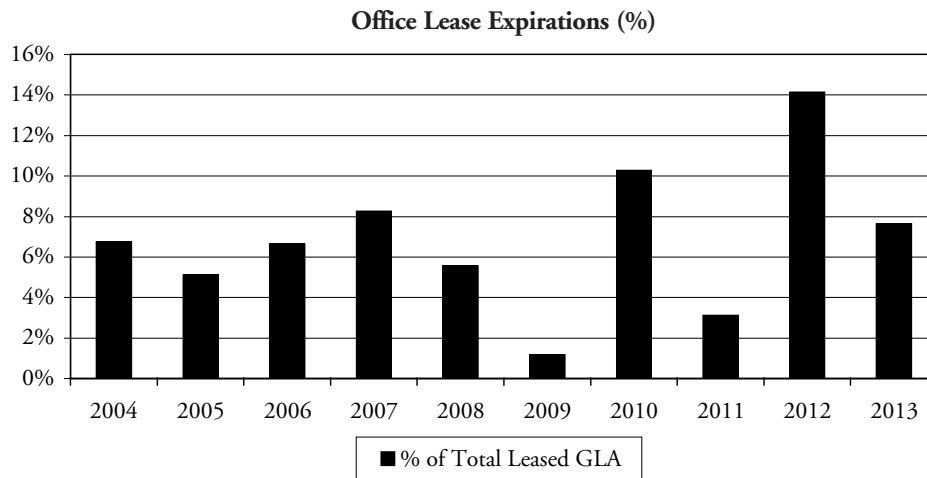
*GLA = Gross Leasable Area.

**Forest City Enterprises, Inc.
Operating and Other Data**

Office Lease Expirations

As of January 31, 2004

Expiration Year	Number of Leases Expiring	Square Feet of Leases Expiring	Percentage of Total Leased GLA*
2004	83	510,374	6.73%
2005	59	387,393	5.10%
2006	46	504,197	6.64%
2007	38	626,413	8.25%
2008	52	420,979	5.55%
2009	10	88,190	1.16%
2010	19	778,161	10.25%
2011	10	236,255	3.11%
2012	11	1,072,682	14.13%
2013	11	579,723	7.64%
Thereafter	22	2,385,022	31.44%
TOTAL	361	7,589,389	100.00%



*GLA = Gross Leasable Area.

Forest City Enterprises, Inc.
Operating and Other Data

Schedule of Significant Retail Tenants

As of January 31, 2004

(Based on 1% of Total GLA or Greater)

Tenant	Leased Square Feet	Percentage of Total Retail Square Feet
Regal Entertainment Group	492,180	5.40%
The Gap	328,300	3.61%
AMC Entertainment, Inc.	273,731	3.01%
TJX Companies	272,354	2.99%
The Limited	219,533	2.41%
Ahold USA (Stop & Shop)	177,455	1.95%
The Great Indoors (Sears)	157,808	1.73%
Lowe's Home Center, Inc.	151,273	1.66%
Dick's Sporting Goods	145,096	1.59%
Home Depot	132,000	1.45%
Circuit City Stores, Inc.	130,269	1.43%
Linens-N-Things, Inc.	130,045	1.43%
Pathmark Stores, Inc.	123,500	1.36%
Footlocker, Inc.	118,102	1.30%
Abercrombie & Fitch Stores, Inc.	117,389	1.29%
CompUSA Stores	116,012	1.27%
OfficeMax	104,751	1.15%
Best Buy	102,661	1.13%
Subtotal	3,292,459	36.16%
All Others.	5,813,806	63.84%
Total	9,106,265	100.00%

Forest City Enterprises, Inc.
Operating and Other Data

Schedule of Significant Office Tenants

As of January 31, 2004

(Based on Square Footage 2% or Greater)

Tenant	Leased Square Feet	Percentage of Total Retail Square Feet
City of New York	816,190	10.75%
Millennium Pharmaceuticals, Inc.	750,842	9.89%
U.S. Government	621,560	8.19%
Keyspan Energy	450,004	5.93%
Securities Industry Automation Corp	428,786	5.65%
Morgan Stanley Company	407,155	5.36%
Empire Blue Cross and Blue Shield	392,514	5.17%
Federated Investors, Inc.	345,266	4.55%
Bear Stearns	275,244	3.63%
Forest City Enterprises, Inc.	230,886	3.04%
Alkermes, Inc.	210,248	2.78%
Subtotal	4,928,695	64.94%
All Others.	2,660,694	35.06%
Total	7,589,389	100.00%

**Forest City Enterprises, Inc.
Operating and Other Data**

Development Pipeline

January 31, 2004

2003 Openings / Acquisitions ⁽¹³⁾

Property	Location	Dev. (D) Acq. (A)	Date Opened / Acquired	FCE %	Cost at Full Consolidation (GAAP) ^(a)	Total Cost at 100%	Cost at FCE Economic Share (Non-GAAP) ^(b)	Sq. ft./ No. of Units
<i>(in millions)</i>								
Retail:								
Short Pump Town Center ^(c)	Richmond, VA	D	Q3-03	50.0	\$ 0.0	\$ 187.5	\$ 93.7	1,251,000
Office:								
Fifteen MetroTech Center ^(b)	Brooklyn, NY	D	Q2-03	75.0	174.1	174.1	130.6	653,000
40 Landsdowne Street	Cambridge, MA	D	Q2-03	100.0	61.8	61.8	61.8	215,000
Harlem Center	Manhattan, NY	D	Q4-03	52.5	35.5	35.5	18.6	146,000
					271.4	271.4	211.0	1,014,000
Residential:								
Plymouth Square (FAH)	Detroit, MI	A	Q1-03	100.0	10.5	10.5	10.5	280
Independence Place II (FAH)	Parma Hts., OH	A	Q1-03	100.0	4.3	4.3	4.3	201
Worth Street ^(c)	Manhattan, NY	D	Q1-03	35.0	0.0	115.8	40.5	330
Colonial Grand ^(c)	Tampa, FL	A	Q1-03	50.0	0.0	13.9	7.0	176
Colony Place ^(c)	Fort Myers, FL	A	Q1-03	50.0	0.0	21.0	10.5	300
Consolidated-Carolina	Richmond, VA	D	Q2-03	100.0	24.1	24.1	24.1	158
Grove (FAH)	Ontario, CA	A	Q3-03	100.0	7.0	7.0	7.0	101
Cherrywood Village	Denver, CO	A	Q3-03	100.0	31.0	31.0	31.0	360
Ranchstone	Denver, CO	A	Q3-03	100.0	31.7	31.7	31.7	368
					108.6	259.3	166.6	2,274
Total 2003 Openings / Acquisitions ^{(b) (d)}					\$ 380.0	\$ 718.2	\$ 471.3	

Residential Units Phased-In ^{(c) (e)}:								Opened in '03/Total
Settler's Landing at Greentree	Streetsboro, OH	D	2001-04	50.0	\$ 0.0	\$ 25.9	\$ 13.0	80 / 408
Arbor Glen	Twinsburg, OH	D	2001-07	50.0	0.0	20.2	10.1	48 / 288
Eaton Ridge	Sagamore Hills, OH	D	2002-04	50.0	0.0	14.6	7.3	108 / 260
Newport Landing	Coventry, OH	D	2002-05	50.0	0.0	16.0	8.0	108 / 336
Total ^{(b) (f)}					\$ 0.0	\$ 76.7	\$ 38.4	344 / 1,292

See attached 2003 footnotes.

**Forest City Enterprises, Inc.
Operating and Other Data**

**Development Pipeline
January 31, 2004
Under Construction or to be Acquired ⁽¹⁸⁾**

Property	Location	Dev. (D) Acq. (A)	Anticipated Opening	FCE %	Cost at Full Consolidation (GAAP) ^(a)	Total Cost at 100%	Cost at FCE Economic Share (Non-GAAP) ^(b)	Sq. ft./ No. of Units	Pre- Leased (Wtd. Avg.)
<i>(in millions)</i>									
Retail Centers:									
Brooklyn Commons	Brooklyn, NY	D	Q1-04	70.0	\$ 21.4	\$ 21.4	\$ 15.0	151,000	100%
Quartermaster Plaza	Philadelphia, PA	D	Q3-04	70.0	69.7	69.7	48.8	459,000	83%
Atlantic Terminal	Brooklyn, NY	D	Q3-04	70.0	86.9	86.9	60.8	373,000	86%
Victoria Gardens	Rancho Cucamonga, CA	D	Q3-04	80.0	178.9	178.9	143.1	1,224,000 ^(l)	69%
San Francisco Centre ^{(c) (o)}	San Francisco, CA	D	Q3-06	50.0	0.0	396.6	198.3	964,000 ^(m)	8%
					356.9	753.5	466.0	3,171,000	56%
Office:									
Atlantic Terminal	Brooklyn, NY	D	Q2-04	70.0	105.5	105.5	73.9	399,000	80%
University of Pennsylvania ⁽ⁿ⁾	Philadelphia, PA	A	Q4-04	100.0	55.4	55.4	55.4	123,000	100%
Twelve MetroTech Center	Brooklyn, NY	D	Q2-05	80.0	43.5	43.5	34.8	177,000 ^(e)	0%
					204.4	204.4	164.1	699,000	63%
Residential:									
East 29th Avenue Town Center	Denver, CO	D	Q1-04	90.0	45.3	45.3	40.8	156 ^(h)	
Sterling Glen of Rye Brook ^{(1) (c) (i)}	Rye Brook, NY	D	Q1-04	40.0	0.0	57.6	23.4	166	
Emerald Palms Expansion	Miami, FL	D	Q3-04	100.0	9.1	9.1	9.1	86	
23 Sidney Street	Cambridge, MA	D	Q4-04	100.0	15.4	15.4	15.4	51	
Subway Terminal	Los Angeles, CA	D	Q4-04	100.0	57.8	57.8	57.8	277	
Metropolitan Lofts ^(c)	Los Angeles, CA	D	Q1-05	50.0	0.0	60.6	30.3	264	
Sterling Glen of Lynbrook ^{(2) (i)}	Lynbrook, NY	D	Q2-05	80.0	28.2	28.2	22.6	100	
Ashton Mill	Providence, RI	D	Q2-05	100.0	27.2	27.2	27.2	193	
100 Landsdowne Street	Cambridge, MA	D	Q3-05	100.0	59.2	59.2	59.2	203	
Sterling Glen of Roslyn ^{(3) (c) (i)}	Roslyn, NY	D	Q3-05	40.0	0.0	61.9	24.8	158	
					242.2	422.3	310.6	1,654	
Total 2003 Under Construction ^{(b) (j)}					\$ 803.5	\$ 1,380.2	\$ 940.7		

Residential phased-in units under construction ^{(c) (e)}:								Under Const./Total	
Settler's Landing at Greentree	Streetsboro, OH		2001-04	50.0	\$ 0.0	\$ 25.9	\$ 13.0	104 / 408	
Arbor Glen	Twinsburg, OH		2001-07	50.0	0.0	20.2	10.1	144 / 288	
Eaton Ridge	Sagamore Hills, OH		2002-04	50.0	0.0	14.6	7.3	36 / 260	
Newport Landing	Coventry, OH		2002-05	50.0	0.0	16.0	8.0	108 / 336	
Total ^{(b) (f)}					\$ 0.0	\$ 76.7	\$ 38.4	392 / 1,292	

See attached 2003 footnotes.

(1) Formerly Stone Gate at Bellefair

(2) Formerly Tanglewood Crest

(3) Formerly Bryant Landing

Forest City Enterprises, Inc. Operating and Other Data

Development Pipeline

2003 FOOTNOTES

- (a) Amounts are presented on the full consolidation method of accounting, a GAAP measure. Under full consolidation, costs are reported as consolidated at 100 percent if deemed under the Company's control or on the equity method of accounting if the Company is deemed to not have control.
- (b) Cost at FCE Economic Share represents Forest City's share of cost, based on the Company's pro-rata ownership of each property (a non-GAAP measure), under the pro-rata consolidation method of accounting the company determines its economic share by multiplying its pro-rata ownership of the applicable property of the total cost.
- (c) Reported under the equity method of accounting. This method represents a GAAP measure for investments in which the Company is deemed to not have control.
- (d) The difference between the full consolidation amount (GAAP) of \$380.0 million of cost and Forest City's economic share (a non-GAAP measure) of \$471.3 million of cost consists of a reduction to full consolidation for minority interest of \$60.4 million of cost and the addition of Forest City's share of cost for unconsolidated investments of \$151.7 million.
- (e) Phased-in openings. Costs are representative of the total project.
- (f) The difference between the full consolidation amount (GAAP) of \$0.0 million of cost and Forest City's economic share (a non-GAAP measure) of \$76.7 million of cost consists of Forest City's share of cost for unconsolidated investments of \$76.7 million.
- (g) Represents the Company's portion of this 1.1 million square-foot office condominium.
- (h) Project also includes 141,000 total square feet (57,000 sq ft owned/managed by FCE) of retail and 34,000 square feet of office space.
- (i) Supported-living property.
- (j) The difference between the full consolidation amount (GAAP) of \$803.5 million of cost and Forest City's economic share (a non-GAAP measure) of \$940.7 million of cost consists of a reduction to full consolidation for minority interest of \$139.6 million of cost and the addition of Forest City's share of cost for unconsolidated investments of \$276.8 million.
- (k) Formerly Nine MetroTech South.
- (l) Includes 44,934 square feet of office space.
- (m) Includes 235,000 square feet of office space.
- (n) The Company will have an option to acquire this property.
- (o) This project will also include the acquisition of an adjacent retail center totaling 508,000 square feet.

**Forest City Enterprises, Inc.
Operating and Other Data**

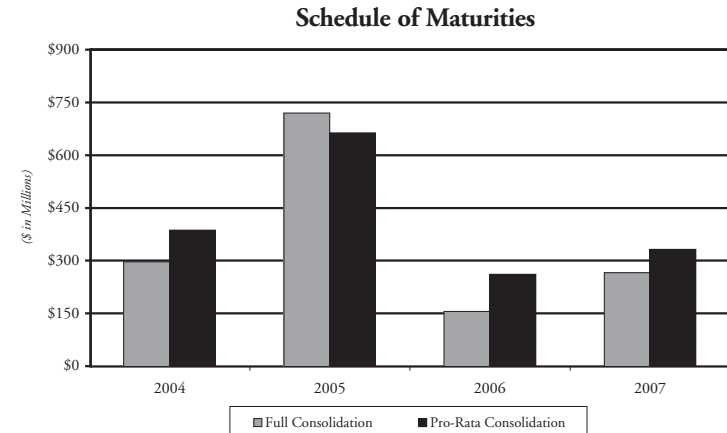
**Scheduled Maturities Table: Non-Recourse Mortgage Debt
As of January 31, 2004**

	2004				2005				2006			
	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Pro-Rata Consolidation	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Pro-Rata Consolidation	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Pro-Rata Consolidation
Fixed:												
Fixed rate debt	72,851	14,533	33,977	92,295	139,041	17,605	42,239	163,675	432,608	89,383	37,359	380,584
UDAG	377	91	10,728	11,014	10,929	94	—	10,835	8,133	493	—	7,640
Total Fixed Rate Debt	73,228	14,624	44,705	103,309	149,970	17,699	42,239	174,510	440,741	89,876	37,359	388,224
Variable:												
Variable rate debt	211,623	32,042	37,229	216,810	126,098	24,696	49,972	151,374	233,715	75,322	71,248	229,641
Tax Exempt	52,340	5,185	5,386	52,541	21,000	—	40,057	61,057	45,000	—	133	45,133
Total Variable Rate Debt	263,963	37,227	42,615	269,351	147,098	24,696	90,029	212,431	278,715	75,322	71,381	274,774
Total Non-Recourse Mortgage Debt	337,191	51,851	87,320	372,660	297,068	42,395	132,268	386,941	719,456	165,198	108,740	662,998
Weighted Average Rate	4.14%	4.42%	5.39%	4.39%	5.20%	4.84%	4.70%	5.07%	5.52%	5.56%	4.92%	5.41%

	2007				2008				Thereafter			
	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Pro-Rata Consolidation	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Pro-Rata Consolidation	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Pro-Rata Consolidation
Fixed:												
Fixed rate debt	129,704	23,765	115,307	221,246	236,206	21,038	89,674	304,842	1,469,813	267,021	308,716	1,511,508
UDAG	588	162	—	426	608	167	967	1,408	55,023	12,526	—	42,497
Total Fixed Rate Debt	130,292	23,927	115,307	221,672	236,814	21,205	90,641	306,250	1,524,836	279,547	308,716	1,554,005
Variable:												
Variable rate debt	24,886	2,127	16,665	39,424	29,349	3,341	65	26,073	131,735	832	12,596	143,499
Tax Exempt	—	—	146	146	—	—	160	160	202,550	28,375	38,242	212,417
Total Variable Rate Debt	24,886	2,127	16,811	39,570	29,349	3,341	225	26,233	334,285	29,207	50,838	355,916
Total Non-Recourse Mortgage Debt	155,178	26,054	132,118	261,242	266,163	24,546	90,866	332,483	1,859,121	308,754	359,554	1,909,921
Weighted Average Rate	6.77%	7.01%	6.99%	6.85%	6.92%	6.76%	6.73%	6.88%	6.06%	6.36%	6.08%	6.02%

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	Total			
	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Pro-Rata Consolidation
Fixed:				
Fixed rate debt	2,480,223	433,345	627,272	2,674,150
Weighted average rate	6.91%	6.83%	7.12%	6.97%
UDAG	75,658	13,533	11,695	73,820
Weighted average rate	2.03%	2.25%	7.34%	2.83%
Total Fixed Rate Debt	2,555,881	446,878	638,967	2,747,970
Variable:				
Variable rate debt	757,406	138,360	187,775	806,821
Weighted average rate	4.18%	4.39%	3.45%	3.98%
Tax Exempt	320,890	33,560	84,124	371,454
Weighted average rate	1.95%	1.99%	1.74%	1.90%
Total Variable Rate Debt	1,078,296	171,920	271,899	1,178,275
Total Non-Recourse Mortgage Debt	3,634,177	618,798	910,866	3,926,245
Weighted Average Rate	5.80%	5.92%	5.87%	5.80%



Supplemental Financial Information

Forest City Enterprises, Inc. Supplemental Financial Information

As discussed on page 2, we present certain financial amounts under the pro-rata consolidation method (a non-GAAP measure) because we believe that it more accurately reflects the manner in which we operate our business. The information in the tables below present amounts for both full consolidation, a GAAP measure, and pro-rata consolidation, providing a reconciliation of the difference between the two methods. Under the pro-rata consolidation method, the Company presents its partnership investments proportionate to its share of ownership for each line item of its consolidated financial statements. Under full consolidation, partnership assets and liabilities are reported as consolidated at 100% if deemed under the Company's control, or on the equity method of accounting if the Company does not have control.

Consolidated Balance Sheet Information- January 31, 2004

	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Pro-Rata Consolidation (Non-GAAP)
<i>(in thousands)</i>				
Assets				
Real Estate				
Completed rental properties	\$ 4,523,748	\$ 706,045	\$ 996,505	\$ 4,814,208
Projects under development	544,389	72,999	123,578	594,968
Land held for development or sale	33,450	—	49,607	83,057
Total Real Estate	5,101,587	779,044	1,169,690	5,492,233
Less accumulated depreciation	(730,705)	(109,941)	(215,350)	(836,114)
Real Estate, net	4,370,882	669,103	954,340	4,656,119
Cash and equivalents	107,491	16,830	29,413	120,074
Restricted cash	257,795	38,678	23,059	242,176
Notes and accounts receivable, net	422,765	21,440	18,331	419,656
Inventories	46,140	—	—	46,140
Investments in and advances to real estate affiliates . .	432,584	—	(78,634)	353,950
Other assets	257,415	44,455	31,562	244,522
Total Assets	\$ 5,895,072	\$ 790,506	\$ 978,071	\$ 6,082,637
Liabilities and Shareholders' Equity				
Liabilities				
Mortgage debt, nonrecourse	\$ 3,634,177	\$ 618,798	\$ 910,866	\$ 3,926,245
Notes payable	152,111	16,529	8,948	144,530
Long-term credit facility	56,250	—	—	56,250
Senior and subordinated debt	320,400	—	—	320,400
Accounts payable and accrued expenses	639,824	106,705	58,257	591,376
Deferred income taxes	294,925	—	—	294,925
Total Liabilities	5,097,687	742,032	978,071	5,333,726
Minority Interest	48,474	48,474	—	—
Total Shareholders' Equity	748,911	—	—	748,911
Total Liabilities and Shareholders' Equity	\$ 5,895,072	\$ 790,506	\$ 978,071	\$ 6,082,637

Forest City Enterprises, Inc.
Supplemental Financial Information

Financial Statement Presentation

Consolidated Balance Sheet Information - January 31, 2003

	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Pro-Rata Consolidation
	<i>(in thousands)</i>			
Assets				
Real Estate				
Completed rental properties	\$ 3,866,625	\$ 634,004	\$ 875,282	\$ 4,107,903
Projects under development	572,476	77,432	132,265	627,309
Land held for development or sale	35,036	-	39,471	74,507
Total Real Estate	4,474,137	711,436	1,047,018	4,809,719
Less accumulated depreciation	(615,653)	(96,033)	(195,301)	(714,921)
Real Estate, net	3,858,484	615,403	851,717	4,094,798
Cash and equivalents	122,356	13,163	29,717	138,910
Restricted cash	127,046	22,052	30,302	135,296
Notes and accounts receivable, net	286,652	31,587	20,235	275,300
Inventories	38,638	-	-	38,638
Investments in and advances to real estate affiliates . .	489,205	-	(62,423)	426,782
Other assets	170,248	24,953	32,070	177,365
Total Assets	\$ 5,092,629	\$ 707,158	\$ 901,618	\$ 5,287,089
Liabilities and Shareholders' Equity				
Liabilities				
Mortgage debt, nonrecourse	\$ 3,016,107	\$ 529,817	\$ 845,161	\$ 3,331,451
Notes payable	79,484	16,561	6,086	69,009
Long-term credit facility	135,250	-	-	135,250
Senior and subordinated debt	220,400	-	-	220,400
Accounts payable and accrued expenses	585,042	80,172	50,371	555,241
Deferred income taxes	261,376	-	-	261,376
Total Liabilities	4,297,659	626,550	901,618	4,572,727
Minority Interest	80,608	80,608	-	-
Total Shareholders' Equity	714,362	-	-	714,362
Total Liabilities and Shareholders' Equity . .	\$ 5,092,629	\$ 707,158	\$ 901,618	\$ 5,287,089

Forest City Enterprises, Inc.
Supplemental Financial Information

Consolidated Earnings Information - Year Ended January 31, 2004

	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation (Non-GAAP)
	<i>(in thousands)</i>				
Revenues					
Rental properties	\$ 898,339	\$ 149,883	\$ 260,489	\$ 5,444	\$ 1,014,389
Lumber trading	123,249	-	-	-	123,249
	<u>1,021,588</u>	<u>149,883</u>	<u>260,489</u>	<u>5,444</u>	<u>1,137,638</u>
Expenses					
Operating expenses	636,407	87,669	144,552	3,926	697,216
Interest expense	198,122	33,231	58,431	1,033	224,355
Loss (gain) on early extinguishment of debt	10,718	(98)	47	190	11,053
Provision for decline in real estate	3,238	484	4,621	-	7,375
Depreciation and amortization	127,631	19,316	33,837	731	142,883
	<u>976,116</u>	<u>140,602</u>	<u>241,488</u>	<u>5,880</u>	<u>1,082,882</u>
Equity in earnings of unconsolidated entities	31,751	-	(15,428)	-	16,323
(Loss) gain on disposition of operating properties and other investments	(171)	-	(3,573)	6,446	2,702
Earnings before income taxes	<u>77,052</u>	<u>9,281</u>	<u>-</u>	<u>6,010</u>	<u>73,781</u>
Income tax expense (benefit)					
Current	(2,102)	-	-	2,087	(15)
Deferred	30,901	-	-	226	31,127
	<u>28,799</u>	<u>-</u>	<u>-</u>	<u>2,313</u>	<u>31,112</u>
Earnings before minority interest and discontinued operations	48,253	9,281	-	3,697	42,669
Minority interest	(9,281)	(9,281)	-	-	-
Earnings from continuing operations	<u>38,972</u>	<u>-</u>	<u>-</u>	<u>3,697</u>	<u>42,669</u>
Discontinued operations, net of tax and minority interest					
Loss from operations	(200)	-	-	200	-
Gain on disposition of operating properties	3,897	-	-	(3,897)	-
	<u>3,697</u>	<u>-</u>	<u>-</u>	<u>(3,697)</u>	<u>-</u>
Net earnings	<u>\$ 42,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,669</u>

Forest City Enterprises, Inc.
Supplemental Financial Information

Consolidated Earnings Information - Year Ended January 31, 2003

	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation (Non-GAAP)
	<i>(in thousands)</i>				
Revenues					
Rental properties	\$ 784,677	\$ 133,309	\$ 222,119	\$ 16,162	\$ 889,649
Lumber trading	97,060	-	-	-	97,060
	<u>881,737</u>	<u>133,309</u>	<u>222,119</u>	<u>16,162</u>	<u>986,709</u>
Expenses					
Operating expenses	540,106	74,888	123,000	10,017	598,235
Interest expense	174,227	33,450	54,814	2,506	198,097
Loss on early extinguishment of debt	1,653	-	-	-	1,653
Provision for decline in real estate	8,221	-	-	-	8,221
Depreciation and amortization	113,361	18,427	25,661	3,411	124,006
	<u>837,568</u>	<u>126,765</u>	<u>203,475</u>	<u>15,934</u>	<u>930,212</u>
Equity in earnings of unconsolidated real estate entites	38,684	-	(18,644)	-	20,040
(Loss) gain on disposition of operating properties and other investments	(295)	-	-	6,914	6,619
Earnings before income taxes	<u>82,558</u>	<u>6,544</u>	<u>-</u>	<u>7,142</u>	<u>83,156</u>
Income tax expense					
Current	4,733	-	-	1,280	6,013
Deferred	27,315	-	-	997	28,312
	<u>32,048</u>	<u>-</u>	<u>-</u>	<u>2,277</u>	<u>34,325</u>
Earnings before minority interest and discontinued operations	50,510	6,544	-	4,865	48,831
Minority interest	(6,544)	(6,544)	-	-	-
Earnings from continuing operations	43,966	-	-	4,865	48,831
Discontinued operations, net of tax and minority interest					
Earnings from operations	685	-	-	(685)	-
Gain on disposition of operating properties	4,180	-	-	(4,180)	-
	<u>4,865</u>	<u>-</u>	<u>-</u>	<u>(4,865)</u>	<u>-</u>
Net earnings	<u>\$ 48,831</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,831</u>

Forest City Enterprises, Inc.
Supplemental Financial Information

Investments in and Advances to Real Estate Affiliates

Included in Investments in and Advances to Real Estate Affiliates are unconsolidated investments in entities which the Company does not control and which are accounted for on the equity method as well as advances to other partners. Summarized financial information for the equity method investments is as follows:

January 31,	Combined (100%)		Pro-Rata Share (Non-GAAP)	
	2004	2003	2004	2003
	<i>(in thousands)</i>			
Balance Sheet:				
Completed rental properties	\$ 2,375,832	\$ 2,384,920	\$ 996,506	\$ 875,282
Projects under development	263,687	307,566	123,578	132,265
Land held for development or sale	104,851	85,663	49,607	39,471
Investments in and advances to real estate affiliates - syndicated residential partnerships ⁽¹⁾	-	-	40,790	86,057
Accumulated depreciation	(499,297)	(484,845)	(215,350)	(195,301)
Other assets	246,268	278,024	102,364	112,324
Total Assets	\$ 2,491,341	\$ 2,571,328	\$ 1,097,495	\$ 1,050,098
Mortgage debt, nonrecourse	\$ 2,153,443	\$ 2,226,384	\$ 910,866	\$ 845,161
Advances from general partner	1,385	18,355	-	-
Other liabilities	166,907	166,286	67,205	56,457
Partners' equity	169,606	160,303	119,424	148,480
Total Liabilities and Partners' Equity	\$ 2,491,341	\$ 2,571,328	\$ 1,097,495	\$ 1,050,098
Years ended January 31,	2004	2003	2004	2003
Operations:				
Revenues	\$ 566,706	\$ 544,712	\$ 260,489	\$ 222,119
Equity in earnings of unconsolidated entities on a pro-rata basis	-	-	16,323	20,040
Operating expenses	(305,792)	(295,142)	(144,552)	(123,000)
Interest expense	(132,062)	(133,231)	(58,478)	(54,814)
Depreciation and amortization	(78,615)	(68,724)	(33,837)	(25,661)
Provision for decline in real estate	(4,621)	-	(4,621)	-
Loss on disposition of operating properties and other investments	(3,573)	-	(3,573)	-
Net Earnings (pre-tax)	\$ 42,043	\$ 47,615	\$ 31,751	\$ 38,684

Following is a reconciliation of partners' equity to the Company's carrying value in the Consolidated Balance Sheet information presented above:

Partners' equity, as above	\$ 169,606	\$ 160,303
Equity of other partners	51,567	30,178
Company's investment in partnerships	118,039	130,125
Advances to partnerships, as above	1,385	18,355
Advances to other Real Estate Affiliates	313,160	340,725
Investments in and Advances to Real Estate Affiliates	\$ 432,584	\$ 489,205

(1) The Company is a general partner in several syndicated residential partnerships which are accounted for on the equity method under both full consolidation and pro-rata consolidation. Summarized Balance Sheet information at the Company's economic share is as follows:

Total Assets	\$ 240,362	\$ 531,585
Total Liabilities	\$ 199,572	\$ 445,528
Partner's Equity	\$ 40,790	\$ 86,057

Forest City Enterprises, Inc.
Supplemental Financial Information

Real Estate and Related Nonrecourse Mortgage Debt

January 31, 2004				
	Total Cost	Less Accumulated Depreciation	Net Cost	Nonrecourse Mortgage Debt
<i>(in thousands)</i>				
Full Consolidation:				
Completed rental properties				
Residential	\$ 1,121,189	\$ 119,087	\$ 1,002,102	\$ 853,527
Commercial				
Retail centers	1,377,125	193,977	1,183,148	1,009,342
Office and other buildings	1,996,469	397,554	1,598,915	1,440,366
Central Station and Stapleton	792	368	424	-
Corporate and other equipment	28,173	19,719	8,454	-
	<u>4,523,748</u>	<u>730,705</u>	<u>3,793,043</u>	<u>3,303,235</u>
Projects under development				
Residential	137,473	-	137,473	151,447
Commercial				
Retail centers	229,364	-	229,364	85,223
Office and other buildings	137,327	-	137,327	69,639
Central Station and Stapleton	40,225	-	40,225	11,618
	<u>544,389</u>	<u>-</u>	<u>544,389</u>	<u>317,927</u>
Land held for development or sale	33,450	-	33,450	13,015
Total real estate and mortgage debt	<u>\$ 5,101,587</u>	<u>\$ 730,705</u>	<u>\$ 4,370,882</u>	<u>\$ 3,634,177</u>
Less Minority Interest:				
Completed rental properties				
Residential	\$ 50,313	\$ 4,272	\$ 46,041	\$ 37,174
Commercial				
Retail centers	232,301	21,676	210,625	219,546
Office and other buildings	423,352	83,956	339,396	300,690
Central Station and Stapleton	79	37	42	-
Corporate and other equipment	-	-	-	-
	<u>706,045</u>	<u>109,941</u>	<u>596,104</u>	<u>557,410</u>
Projects under development				
Residential	6,077	-	6,077	20,420
Commercial				
Retail centers	36,136	-	36,136	25,567
Office and other buildings	27,693	-	27,693	14,239
Central Station and Stapleton	3,093	-	3,093	1,162
	<u>72,999</u>	<u>-</u>	<u>72,999</u>	<u>61,388</u>
Land held for development or sale	-	-	-	-
Total real estate and mortgage debt	<u>\$ 779,044</u>	<u>\$ 109,941</u>	<u>\$ 669,103</u>	<u>\$ 618,798</u>

Forest City Enterprises, Inc.
Supplemental Financial Information

Real Estate and Related Nonrecourse Mortgage Debt (continued)

	January 31, 2004			
	Total Cost	Less Accumulated Depreciation	Net Cost	Nonrecourse Mortgage Debt
<i>(in thousands)</i>				
Plus Unconsolidated Investments at Pro-Rata:				
Completed rental properties				
Residential	\$ 439,539	\$ 100,030	\$ 339,509	\$ 373,641
Commercial				
Retail centers	405,365	64,006	341,359	403,079
Office and other buildings	151,255	51,121	100,134	96,437
Central Station and Stapleton	346	193	153	-
Corporate and other equipment	-	-	-	-
	<u>996,505</u>	<u>215,350</u>	<u>781,155</u>	<u>873,157</u>
Projects under development				
Residential	23,886	-	23,886	12,063
Commercial				
Retail centers	66,443	-	66,443	76
Office and other buildings	11,465	-	11,465	3,593
Central Station and Stapleton	21,784	-	21,784	2,200
	<u>123,578</u>	<u>-</u>	<u>123,578</u>	<u>17,932</u>
Land held for development or sale	49,607	-	49,607	19,777
Total real estate and mortgage debt	<u>\$ 1,169,690</u>	<u>\$ 215,350</u>	<u>\$ 954,340</u>	<u>\$ 910,866</u>
Pro-Rata Consolidation (Non-GAAP):				
Completed rental properties				
Residential	\$ 1,510,415	\$ 214,845	\$ 1,295,570	\$ 1,189,994
Commercial				
Retail centers	1,550,189	236,307	1,313,882	1,192,875
Office and other buildings	1,724,372	364,719	1,359,653	1,236,113
Central Station and Stapleton	1,059	524	535	-
Corporate and other equipment	28,173	19,719	8,454	-
	<u>4,814,208</u>	<u>836,114</u>	<u>3,978,094</u>	<u>3,618,982</u>
Projects under development				
Residential	155,282	-	155,282	143,090
Commercial				
Retail centers	259,671	-	259,671	59,732
Office and other buildings	121,099	-	121,099	58,993
Central Station and Stapleton	58,916	-	58,916	12,656
	<u>594,968</u>	<u>-</u>	<u>594,968</u>	<u>274,471</u>
Land held for development or sale	83,057	-	83,057	32,792
Total real estate and mortgage debt	<u>\$ 5,492,233</u>	<u>\$ 836,114</u>	<u>\$ 4,656,119</u>	<u>\$ 3,926,245</u>

Forest City Enterprises, Inc. and Subsidiaries
Supplemental Financial Information

Forest City Rental Properties Corporation (“Rental Properties”) is a wholly-owned subsidiary of Forest City Enterprises, Inc. engaged in the ownership, development, acquisition and management of real estate projects, including apartment complexes, regional malls and retail centers, hotels, office buildings and mixed-use facilities, as well as large land development projects. Consolidated balance sheet and statements of earnings for Rental Properties and its subsidiaries follow.

Forest City Rental Properties Corporation and Subsidiaries
Consolidated Balance Sheet Information - January 31, 2004

	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Pro-Rata Consolidation (Non-GAAP)
<i>(in thousands)</i>				
Assets				
Real Estate				
Completed rental properties	\$ 4,495,575	\$ 706,046	\$ 996,506	\$ 4,786,035
Projects under development	543,986	72,999	123,578	594,565
Total Real Estate	5,039,561	779,045	1,120,084	5,380,600
Less accumulated depreciation	(710,986)	(109,941)	(215,350)	(816,395)
Real Estate, net	4,328,575	669,104	904,734	4,564,205
Cash and equivalents	66,295	16,830	23,562	73,027
Restricted cash	257,685	38,678	22,517	241,524
Notes and accounts receivable, net	183,818	21,440	16,324	178,702
Investments in and advances to real estate affiliates . .	381,526	–	(47,675)	333,851
Other assets	232,047	44,454	30,949	218,542
Total Assets	\$ 5,449,946	\$ 790,506	\$ 950,411	\$ 5,609,851
Liabilities and Shareholders' Equity				
Liabilities				
Mortgage debt, nonrecourse	\$ 3,621,162	\$ 618,798	\$ 891,089	\$ 3,893,453
Notes payable	74,856	16,529	6,313	64,640
Long-term credit facility	56,250	–	–	56,250
Senior and subordinated debt	20,400	–	–	20,400
Accounts payable and accrued expenses	655,528	106,705	53,009	601,832
Deferred income taxes	323,163	–	–	323,163
Total Liabilities	4,751,359	742,032	950,411	4,959,738
Minority Interest	48,474	48,474	–	–
Shareholders' Equity				
Common stock and additional paid-in capital	200,878	–	–	200,878
Retained earnings	446,660	–	–	446,660
	647,538	–	–	647,538
Accumulated other comprehensive loss	2,575	–	–	2,575
Total Shareholders' Equity	650,113	–	–	650,113
Total Liabilities and Shareholders' Equity	\$ 5,449,946	\$ 790,506	\$ 950,411	\$ 5,609,851

Forest City Enterprises, Inc. and Subsidiaries
Summarized Financial Information

Forest City Rental Properties Corporation and Subsidiaries
Consolidated Balance Sheet Information - January 31, 2003

	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Pro-Rata Consolidation (Non-GAAP)
<i>(in thousands)</i>				
Assets				
Real Estate				
Completed rental properties	\$ 3,840,802	\$ 634,004	\$ 875,282	\$ 4,082,080
Projects under development	572,476	77,432	132,265	627,309
Total Real Estate	4,413,278	711,436	1,007,547	4,709,389
Less accumulated depreciation	(597,787)	(96,033)	(195,301)	(697,055)
Real Estate, net	3,815,491	615,403	812,246	4,012,334
Cash and equivalents	54,676	13,163	22,580	64,093
Restricted cash	126,868	22,052	30,082	134,898
Notes and accounts receivable, net	163,369	31,587	16,007	147,789
Investments in and advances to real estate affiliates . .	442,432	-	(44,953)	397,479
Other assets	149,210	24,953	31,386	155,643
Total Assets	\$ 4,752,046	\$ 707,158	\$ 867,348	\$ 4,912,236
Liabilities and Shareholder's Equity				
Liabilities				
Mortgage debt, nonrecourse	\$ 3,005,271	\$ 529,817	\$ 818,709	\$ 3,294,163
Notes payable	64,601	16,561	3,533	51,573
Long-term credit facility	135,250	-	-	135,250
Senior and subordinated debt	20,400	-	-	20,400
Accounts payable and accrued expenses	565,297	80,172	45,106	530,231
Deferred income taxes	287,512	-	-	287,512
Total Liabilities	4,078,331	626,550	867,348	4,319,129
Minority Interest	80,608	80,608	-	-
Shareholder's Equity				
Common stock and additional paid-in capital	200,878	-	-	200,878
Retained earnings	392,003	-	-	392,003
	592,881	-	-	592,881
Accumulated other comprehensive gain	226	-	-	226
Total Shareholder's Equity	593,107	-	-	593,107
Total Liabilities and Shareholder's Equity	\$ 4,752,046	\$ 707,158	\$ 867,348	\$ 4,912,236

Forest City Enterprises, Inc. and Subsidiaries
Supplemental Financial Information

Forest City Rental Properties Corporation and Subsidiaries
Consolidated Earnings Information

	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation (Non-GAAP)
<i>(in thousands)</i>					
Year Ended January 31, 2004					
Revenues					
Real estate operations	\$ 861,013	\$ 149,883	\$ 242,852	\$ 5,444	\$ 959,426
Expenses					
Operating expenses	478,733	87,671	132,542	3,926	527,530
Interest expense	191,723	33,231	57,663	1,033	217,188
Loss on early extinguishment of debt	(767)	(99)	47	190	(431)
Provision for decline in real estate	3,238	484	-	-	2,754
Depreciation and amortization	123,727	19,315	33,597	731	138,740
	<u>796,654</u>	<u>140,602</u>	<u>223,849</u>	<u>5,880</u>	<u>885,781</u>
Equity in earnings of unconsolidated entities	27,573	-	(15,430)	-	12,143
Gain (loss) on disposition of operating properties and other investments	463	-	(3,573)	6,446	3,336
Earnings before income taxes	<u>92,395</u>	<u>9,281</u>	<u>-</u>	<u>6,010</u>	<u>89,124</u>
Income tax (benefit) expense					
Current	(168)	-	-	2,087	1,919
Deferred	32,322	-	-	226	32,548
	<u>32,154</u>	<u>-</u>	<u>-</u>	<u>2,313</u>	<u>34,467</u>
Earnings before minority interest and discontinued operations	<u>60,241</u>	<u>9,281</u>	<u>-</u>	<u>3,697</u>	<u>54,657</u>
Minority interest	(9,281)	(9,281)	-	-	-
Earnings from continuing operations	50,960	-	-	3,697	54,657
Discontinued operations, net of tax and minority interest					
Loss from operations	(200)	-	-	200	-
Gain on disposition of operating properties	3,897	-	-	(3,897)	-
	<u>3,697</u>	<u>-</u>	<u>-</u>	<u>(3,697)</u>	<u>-</u>
Net earnings	<u>\$ 54,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,657</u>

Forest City Enterprises, Inc.
Supplemental Financial Information

Forest City Rental Properties Corporation and Subsidiaries
Consolidated Earnings Information

	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation (Non-GAAP)
<i>(in thousands)</i>					
Year Ended January 31, 2003					
Revenues					
Real estate operations	\$ 766,822	\$ 133,309	\$ 200,922	\$ 16,162	\$ 850,597
Expenses					
Operating expenses	417,440	74,888	106,936	10,017	459,505
Interest expense	169,463	33,450	52,461	2,506	190,980
Loss on early extinguishment of debt	1,653	-	-	-	1,653
Provision for decline in real estate	8,221	-	-	-	8,221
Depreciation and amortization	109,241	18,427	25,493	3,411	119,718
	<u>706,018</u>	<u>126,765</u>	<u>184,890</u>	<u>15,934</u>	<u>780,077</u>
Equity in earnings of unconsolidated entities	33,462	-	(16,032)	-	17,430
Gain on disposition of operating properties and other investments	-	-	-	6,914	6,914
Earnings before income taxes	<u>94,266</u>	<u>6,544</u>	<u>-</u>	<u>7,142</u>	<u>94,864</u>
Income tax expense					
Current	8,869	-	-	1,280	10,149
Deferred	24,383	-	-	997	25,380
	<u>33,252</u>	<u>-</u>	<u>-</u>	<u>2,277</u>	<u>35,529</u>
Earnings before minority interest and discontinued operations	61,014	6,544	-	4,865	59,335
Minority interest	(6,544)	(6,544)	-	-	-
Earnings from continuing operations	54,470	-	-	4,865	59,335
Discontinued operations, net of tax and minority interest					
Earnings from operations	685	-	-	(685)	-
Gain on disposition of operating properties	4,180	-	-	(4,180)	-
	<u>4,865</u>	<u>-</u>	<u>-</u>	<u>(4,865)</u>	<u>-</u>
Net earnings	<u>\$ 59,335</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,335</u>

Forest City Enterprises, Inc.
Supplemental Financial Information

The following is a summary of the real estate activity of the Company's Real Estate Groups as presented on pro-rata consolidation including a reconciliation from full consolidation to pro-rata consolidation.

Forest City Rental Properties Corporation - Real Estate Activity ⁽¹⁾

	January 31,				
	Pro-Rata Consolidation (Non-GAAP)				
2004	2003	2002	2001	2000 ⁽⁷⁾	

(in thousands)

Forest City Rental Properties Corporation – Real Estate Activity ⁽¹⁾

Real estate – end of year

Completed rental properties	\$ 4,786,035	\$ 4,082,080	\$ 3,614,420	\$ 3,215,411	\$ 2,866,913
Projects under development	594,565	627,309	543,105	500,358	478,766
Real estate, at cost	5,380,600	4,709,389	4,157,525	3,715,769	3,345,679
Less accumulated depreciation	(816,395)	(697,055)	(613,902)	(569,604)	(532,607)
Total real estate	\$ 4,564,205	\$ 4,012,334	\$ 3,543,623	\$ 3,146,165	\$ 2,813,072

Real Estate Activity during the year

Completed rental properties					
Capital expenditures	\$ 38,890	\$ 43,266	\$ 67,422	\$ 44,552	\$ 37,822
Transferred from projects under development.	377,578	305,982	363,180	281,617	257,859
Acquisitions	374,305	172,860	78,499	181,394	-
Total additions	790,773	522,108	509,101	507,563	295,681
Dispositions	(86,818) ⁽²⁾	(54,448) ⁽³⁾	(110,092) ⁽⁴⁾	(159,065) ⁽⁵⁾	(30,416) ⁽⁶⁾
Completed rental properties, net additions.	703,955	467,660	399,009	348,498	265,265
Projects under development					
New development	344,834	390,186	405,927	303,209	324,553
Transferred to completed rental properties	(377,578)	(305,982)	(363,180)	(281,617)	(257,859)
Projects under development, net additions.	(32,744)	84,204	42,747	21,592	66,694
Increase in real estate, at cost	\$ 671,211	\$ 551,864	\$ 441,756	\$ 370,090	\$ 331,959

Forest City Enterprises, Inc.
Supplemental Financial Information

Forest City Rental Properties Corporation - Real Estate Activity ⁽¹⁾ - (Continued)

Years Ended January 31,	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Pro-Rata Consolidation (Non-GAAP)
<i>(in thousands)</i>				
2004				
Real estate - end of year				
Completed rental properties	\$ 4,495,575	\$ 706,046	\$ 996,506	\$ 4,786,035
Projects under development	543,986	72,999	123,578	594,565
Real estate, at cost	5,039,561	779,045	1,120,084	5,380,600
Less accumulated depreciation	(710,986)	(109,941)	(215,350)	(816,395)
Total real estate	<u>\$ 4,328,575</u>	<u>\$ 669,104</u>	<u>\$ 904,734</u>	<u>\$ 4,564,205</u>
Real estate activity during the year				
Completed rental properties				
Capital expenditures	\$ 36,159	\$ 4,806	\$ 7,537	\$ 38,890
Transferred from projects under development . .	304,321	53,599	126,856	377,578
Acquisitions	382,472	24,021	15,854	374,305
Total additions	722,952	82,426	150,247	790,773
Dispositions	(68,179)	(10,384)	(29,023)	(86,818) ⁽²⁾
Completed rental properties, net additions . . .	654,773	72,042	121,224	703,955
Projects under development				
New development	275,831	49,166	118,169	344,834
Transferred to completed rental properties	(304,321)	(53,599)	(126,856)	(377,578)
Projects under development, net transfers	(28,490)	(4,433)	(8,687)	(32,744)
Increase in real estate, at cost	<u>\$ 626,283</u>	<u>\$ 67,609</u>	<u>\$ 112,537</u>	<u>\$ 671,211</u>
2003				
Real estate - end of year				
Completed rental properties	\$ 3,840,802	\$ 634,004	\$ 875,282	\$ 4,082,080
Projects under development	572,476	77,432	132,265	627,309
Real estate, at cost	4,413,278	711,436	1,007,547	4,709,389
Less accumulated depreciation	(597,787)	(96,033)	(195,301)	(697,055)
Total real estate	<u>\$ 3,815,491</u>	<u>\$ 615,403</u>	<u>\$ 812,246</u>	<u>\$ 4,012,334</u>
Real estate activity during the year				
Completed rental properties				
Capital expenditures	\$ 37,909	\$ 14,539	\$ 19,896	\$ 43,266
Transferred from projects under development . .	265,720	26,514	66,776	305,982
Acquisitions	158,872	24	14,012	172,860
Total additions	462,501	41,077	100,684	522,108
Dispositions	(53,268)	(61)	(1,241)	(54,448) ⁽³⁾
Completed rental properties, net additions . . .	409,233	41,016	99,443	467,660
Projects under development				
New development	376,992	61,452	74,646	390,186
Transferred to completed rental properties	(265,720)	(26,514)	(66,776)	(305,982)
Projects under development, net additions	111,272	34,938	7,870	84,204
Increase in real estate, at cost	<u>\$ 520,505</u>	<u>\$ 75,954</u>	<u>\$ 107,313</u>	<u>\$ 551,864</u>
2002				
Real estate - end of year				
Completed rental properties	\$ 3,431,569	\$ 592,988	\$ 775,839	\$ 3,614,420
Projects under development	461,204	42,494	124,395	543,105
Real estate, at cost	3,892,773	635,482	900,234	4,157,525
Less accumulated depreciation	(519,584)	(80,877)	(175,195)	(613,902)
Total real estate	<u>\$ 3,373,189</u>	<u>\$ 554,605</u>	<u>\$ 725,039</u>	<u>\$ 3,543,623</u>
Real estate activity during the year				
Completed rental properties				
Capital expenditures	\$ 74,881	\$ 11,232	\$ 3,773	\$ 67,422
Transferred from projects under development . .	263,428	28,972	128,724	363,180
Acquisitions	83,830	5,331	0	78,499
Total additions	422,139	45,535	132,497	509,101
Dispositions	(100,622)	(27,122)	(36,592)	(110,092) ⁽⁴⁾
Completed rental properties, net additions . . .	321,517	18,413	95,905	399,009
Projects under development				
New development	291,824	16,519	130,622	405,927
Transferred to completed rental properties	(263,428)	(28,972)	(128,724)	(363,180)
Projects under development, net additions (transfers)	28,396	(12,453)	1,898	42,747
Increase in real estate, at cost	<u>\$ 349,913</u>	<u>\$ 5,960</u>	<u>\$ 97,803</u>	<u>\$ 441,756</u>

Forest City Enterprises, Inc.
Supplemental Financial Information

Forest City Rental Properties Corporation - Real Estate Activity ⁽¹⁾ - (Continued)

Years Ended January 31,	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Pro-Rata Consolidation (Non-GAAP)
<i>(in thousands)</i>				
2001				
Real estate - end of year				
Completed rental properties	\$ 3,110,052	\$ 574,575	\$ 679,934	\$ 3,215,411
Projects under development	432,808	54,947	122,497	500,358
Real estate, at cost	3,542,860	629,522	802,431	3,715,769
Less accumulated depreciation	(480,353)	(76,301)	(165,552)	(569,604)
Total real estate	<u>\$ 3,062,507</u>	<u>\$ 553,221</u>	<u>\$ 636,879</u>	<u>\$ 3,146,165</u>
Real estate activity during the year				
Completed rental properties				
Capital expenditures	\$ 44,259	\$ 3,128	\$ 3,421	\$ 44,552
Transferred from projects under development	383,141	143,169	41,645	281,617
Acquisitions	187,069	5,675	0	181,394
Total additions	614,469	151,972	45,066	507,563
Dispositions	(165,375)	(7,774)	(1,464)	(159,065) ⁽⁵⁾
Completed rental properties, net additions	449,094	144,198	43,602	348,498
Projects under development				
New development	316,550	71,843	58,502	303,209
Transferred to completed rental properties	(383,141)	(143,169)	(41,645)	(281,617)
Projects under development, net additions (transfers)	(66,591)	(71,326)	16,857	21,592
Increase in real estate, at cost	<u>\$ 382,503</u>	<u>\$ 72,872</u>	<u>\$ 60,459</u>	<u>\$ 370,090</u>

2000

Real estate - end of year				
Completed rental properties	\$ 2,660,958	\$ 430,377	\$ 636,332	\$ 2,866,913
Projects under development	499,399	126,273	105,640	478,766
Real estate, at cost	3,160,357	556,650	741,972	3,345,679
Less accumulated depreciation	(443,381)	(66,690)	(155,916)	(532,607)
Total real estate, net	<u>\$ 2,716,976</u>	<u>\$ 489,960</u>	<u>\$ 586,056</u>	<u>\$ 2,813,072</u>

- (1) The table includes only the real estate activity for the Company's Real Estate Groups owned by Forest City Rental Properties Corporation, a wholly-owned subsidiary engaged in the ownership, development, acquisition and management of real estate projects, including apartment complexes, regional malls and retail centers, hotels, office buildings and mixed-use facilities, as well as large land development projects.
- (2) Primarily reflects the dispositions of *Waterford Village*, *Laurels* and *Vineyards*. *Waterford Village* is a 576-unit apartment community in Indianapolis, Indiana. *Laurels* is a 520-unit apartment community in Justice, Illinois and *Vineyards* is a 386-unit apartment community in Broadview Heights, Ohio.
- (3) Primarily reflects the dispositions of *Courtland Center* and *Bay Street*. *Courtland Center* has 458,000 square-feet in Flint, Michigan. *Bay Street* has 16,000 square-feet in Staten Island, New York.
- (4) Primarily reflects the dispositions of *Tucson Mall*, *Bowling Green Mall*, *Newport Plaza*, *Baymont Inn*, *Chapel Hill Towers*, *Palm Villas*, *Peppertree*, *Oaks*, and *Whitehall Terrace*. *Tucson Mall* has 1,304,000 square-feet in Tucson, Arizona. *Bowling Green Mall* has 242,000 square-feet in Bowling Green, Kentucky. *Newport Plaza* has 157,000 square-feet in Newport, Kentucky. *Baymont Inn* has 101 rooms in Mayfield Hts., Ohio. *Palm Villas* is a 350-unit apartment community in Henderson, Nevada. *Peppertree* and *Oaks* are apartment communities in Texas with 208 and 248 units, respectively. *Chapel Hill Towers* and *Whitehall Terrace* are apartment communities in Ohio with 402 and 188 units, respectively.
- (5) Primarily reflects the dispositions of *Tucson Place*, *Canton Centre Mall*, *Gallery at Metrotech*, *Studio Colony* and *Highland*. *Tucson Place* has 276,000 square feet in Tucson, Arizona. *Canton Centre Mall* has 680,000 square-feet in Canton, Ohio and *Gallery at Metrotech* has 163,000 square-feet in Brooklyn, New York. *Studio Colony* and *Highland* are apartment communities in California with 369 and 556 units, respectively.
- (6) Primarily reflects the disposition of *Rolling Acres Mall*, a 1,014,000 square-foot mall in Akron, Ohio.
- (7) Effective January 31, 2001, the Company implemented a change in the presentation of its financial results. Prior to January 31, 2001, the Company used the pro-rata method of consolidation to report its partnership investments proportionate to its share of ownership for each line item of its consolidated financial statements. In accordance with the FASB's Emerging Issues Task Force Issue No. 00-1, "Investor Balance Sheet and Income Statement Display under the Equity Method for Investments in Certain Partnerships and Other Ventures," the Company no longer uses the pro-rata consolidation method for partnerships. Accordingly, partnership investments that were previously reported on the pro-rata method are now reported as consolidated at 100% if deemed under the Company's control, or otherwise on the equity method of accounting. Certain data for the year ended January 31, 2000 has been re-presented from its original reporting.

Forest City Enterprises, Inc.
Supplemental Financial Information

Results of Operations

Net Earnings - Net Earnings for the Company for the year ended January 31, 2004 were \$42,669,000 versus \$48,831,000 for the year ended January 31, 2003. The negative fluctuation for this year compared to prior year is primarily attributable to a loss on early extinguishment of the Company's \$200,000,000 8.5% senior notes due 2008, increased abandoned development project write-offs, and non-recurring Host Marriott lease termination fee income in 2002. These decreases were partially offset by earnings from new properties generated from 24 project openings and acquisitions that occurred during 2002 and the addition of nine residential communities, three office buildings and one retail center during the year ended January 31, 2004. In addition, the Company also experienced increased land sales in the Land Development group, increased earnings in the Lumber Trading group and an increase in non-recurring interest income in a participating note receivable.

Net Operating Income from Real Estate Groups - Net Operating Income ("NOI") is defined as Revenues less Operating Expenses. Under the full consolidation method which is in accordance with GAAP, NOI from the combined Commercial Group and Residential Group ("Real Estate Groups") for 2003 was \$414,235,000 compared to \$371,427,000 for 2002, an 11.5% increase. This increase over the prior year is primarily attributable to new property NOI generated from 24 project openings and acquisitions that occurred during 2002 and the addition of nine residential communities, three office buildings and one retail center during the year ended January 31, 2004. In addition, the Company also experienced increased land sales in the Land Development group and increased earnings in the Lumber Trading group. These increases were partially offset by increased abandoned development project write-offs, non-recurring Host Marriott lease termination fee income received in 2002.

The Company believes NOI provides it, as well as, investors, additional information about its core business operations, and along with earnings is necessary to understand its business and operating results. Management analyzes property NOI using the pro-rata consolidation method because it provides operating data at the Company's ownership share and the Company publicly discloses and discusses its performance using this method of consolidation to compliment its GAAP disclosures. Under the pro-rata consolidation method, NOI from the Real Estate Groups for 2003 was \$416,974,000 compared to \$373,597,000 for 2002, an 11.6% increase. Comparable NOI for Real Estate Groups (NOI for stabilized properties in operation throughout both years) decreased by 1.4% for the year due to weak real estate fundamentals, particularly in the residential and hotel portfolios. Including the expected NOI for the twelve months following stabilization for the properties that were opened, expanded or acquired in 2003, net of property disposals, NOI for Real Estate Groups would be approximately \$460,000,000 for 2003.

EBDT - The Company uses an additional measure, along with net earnings, to report its operating results. This measure, referred to as Earnings Before Depreciation, Amortization and Deferred Taxes (EBDT), is not a measure of operating results or cash flows from operations as defined by generally accepted accounting principles (GAAP) and may not be directly comparable to similarly-titled measures reported by other companies. The Company believes that EBDT provides additional information about its core operations and, along with net earnings, is necessary to understand its operating results. EBDT is used by management in assessing operating performance, considering capital requirements and allocation of resources by segment and on a consolidated basis. The Company believes EBDT is important to investors because it provides another method for the investor to measure the Company's long term operating performance as net earnings can vary from year to year due to property dispositions, acquisitions and other factors that have a short term impact

EBDT is defined as net earnings excluding the following items: i) gain (loss) on disposition of operating properties and other investments (net of tax); ii) the adjustment to recognize rental revenues and rental expense using the straight-line method; iii) noncash charges from Forest City Rental Properties Corporation, a wholly-owned subsidiary of Forest City Enterprises, Inc., for depreciation, amortization (including amortization of mortgage procurement costs) and deferred income taxes; iv) provision for decline in real estate (net of tax); v) extraordinary items (net of tax); and vi) cumulative effect of change in accounting principle (net of tax). Early extinguishment of debt is now reported in operating earnings instead of extraordinary items. However, early extinguishment of debt is excluded from EBDT through the year ended January 31, 2003. Beginning February 1, 2003, early extinguishment of debt is included in EBDT.

EBDT is reconciled to net earnings, the most comparable financial measure calculated in accordance with GAAP on page 30. The adjustment to recognize rental revenues and rental expenses on the straight-line method is excluded because it is management's opinion that rental revenues and expenses should be recognized when due from the tenants or due to the landlord. The Company excludes depreciation and amortization expense related to real estate operations from EBDT because the Company believes the values of its properties, in general, have appreciated, over time, in excess of their original cost. Deferred taxes from real estate operations, the result of timing differences of certain net expense items deducted in a future year for Federal income tax purposes, are excluded until the year in which they are reflected in the Company's current tax provision. The provision for decline in real estate is excluded from EBDT because it varies from year to year based on factors unrelated to the Company's overall financial performance and is related to the ultimate gain or loss on dispositions of operating properties. The Company's EBDT may not be directly comparable to similarly-titled measures reported by other companies.

The Company's EBDT for the year ended January 31, 2004 grew by 9.3% to \$212,392,000 from \$194,399,000. This increase over the prior year is primarily attributable to new property EBDT generated from 24 project openings and acquisitions that occurred during 2002 and the addition of nine residential communities, three office buildings and one retail center during the year ended January 31, 2004. In addition, the Company also experienced increased land sales in the Land Development group and an increase in non-recurring interest income in a participating note receivable. These increases were partially offset by a loss on early extinguishment of the Company's \$200,000,000 8.5% senior notes due 2008, increased abandoned development project write-offs, and non-recurring Host Marriott lease termination fee income in 2002.

Summary of EBDT - The information in the tables on pages 30-37 present amounts for both full consolidation and pro-rata consolidation, providing a reconciliation of the difference between the two methods, as well as a reconciliation from EBDT to Net Earnings. Under the pro-rata consolidation method, the Company presents its partnership investments proportionate to its share of ownership for each line item of its consolidated financial statements. Under full consolidation, partnership assets and liabilities are reported as consolidated at 100 percent if deemed under the Company's control, or on the equity method of accounting if the Company does not have control.

Forest City Enterprises, Inc.
Supplemental Financial Information

	Years Ended January 31,	
	2004	2003
	<i>(in thousands)</i>	
Reconciliation of Net Earnings to Earnings Before Depreciation, Amortization and Deferred Taxes (EBDT) ⁽²⁾		
Net earnings	\$ 42,669	\$ 48,831
Depreciation and amortization - Real Estate Groups ⁽⁵⁾	138,739	119,717
Depreciation and amortization - equity method investments ⁽³⁾	1,779	491
Deferred income tax expense - Real Estate Groups ⁽⁷⁾	32,548	25,380
Deferred income tax expense on early extinguishment of debt ⁽⁶⁾⁽⁷⁾	-	654
Deferred income tax benefit-Non-Real Estate Groups: ⁽⁷⁾		
Loss on disposition of other investments	(259)	(250)
Provision for decline in real estate recorded on equity method	(1,828)	-
Current income tax expense on non-operating earnings: ⁽⁷⁾		
Provision for decline in real estate	(608)	-
Gain (loss) on disposition of other investments	9	133
Gain on disposition included in discontinued operations	2,549	2,327
Loss on disposition recorded on equity method	(819)	-
Straight-line rent adjustment ⁽⁴⁾	(7,060)	(5,484)
Provision for decline in real estate, net of minority interest	2,754	8,221
Provision for decline in real estate recorded on equity method	4,621	-
Loss on disposition recorded on equity method	3,573	-
Loss on disposition of other investments	171	295
Discontinued operations: ⁽¹⁾		
Gain on disposition of operating properties	(6,769)	(6,969)
Minority interest	323	54
Loss on early extinguishment of debt, net of tax ⁽⁶⁾	-	999
Earnings Before Depreciation, Amortization and Deferred Taxes (EBDT) ⁽²⁾	\$ 212,392	\$ 194,399

- (1) The Company adopted the provisions of Statement of Financial Accounting Standard (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," effective February 1, 2002. Pursuant to the definition of a component of an entity of SFAS No. 144, assuming no significant continuing involvement, all earnings of properties which have been sold or held for sale are reported as discontinued operations.
- (2) The Company uses an additional measure, along with net earnings, to report its operating results. This measure, referred to as Earnings Before Depreciation, Amortization and Deferred Taxes ("EBDT"), is not a measure of operating results as defined by generally accepted accounting principles and may not be directly comparable to similarly-titled measures reported by other companies. The Company believes that EBDT provides additional information about its operations, and along with net earnings, is necessary to understand its operating results. EBDT is defined as net earnings excluding the following items: i) gain (loss) on disposition of operating properties and other investments (net of tax); ii) the adjustment to recognize rental revenues and rental expense using the straight-line method; iii) noncash charges from Forest City Rental Properties Corporation, a wholly-owned subsidiary of Forest City Enterprises, Inc., for depreciation, amortization and deferred income taxes; iv) provision for decline in real estate (net of tax); v) extraordinary items (net of tax); and vi) cumulative effect of change in accounting principle (net of tax). Early extinguishment of debt is now reported in operating earnings. However, early extinguishment of debt is excluded from EBDT through the year ended January 31, 2003. Beginning February 1, 2003, early extinguishment of debt will be included in EBDT.
- (3) Amount represents depreciation expense for certain syndicated properties accounted for on the equity method of accounting under both full consolidation and pro-rata consolidation. See Note E - Investments In and Advances to Affiliates in Form 10-K for the year ended January 31, 2004 for further discussion of these syndicated properties.
- (4) Effective for the year ended January 31, 2001, the Company recognizes minimum rents on a straight-line basis over the term of the related lease pursuant to the provision of SFAS No. 13, "Accounting for Leases." The straight-line rent adjustment is recorded as an increase or decrease to revenue from Forest City Rental Properties Corporation, a wholly-owned subsidiary of Forest City Enterprises, Inc., with the applicable offset to either accounts receivable or accounts payable, as appropriate.
- (5) The following table provides detail of Depreciation and Amortization. The Company's Real Estate Groups are owned by Forest City Rental Properties Corporation, a wholly-owned subsidiary engaged in the ownership, development, acquisition and management of real estate projects, including apartment complexes, regional malls and retail centers, hotels, office buildings and mixed-use facilities, as well as large land development projects.

	Year Ended January 31,	
	2004	2003
Full Consolidation	\$ 127,631	\$ 113,361
Non-Real Estate Groups	(3,903)	(4,121)
Real Estate Group Full Consolidation	123,728	109,240
Real Estate Groups related to minority interest	(19,316)	(18,427)
Real Estate Group equity method	33,596	25,493
Discontinued operations	731	3,411
Real Estate Groups Pro-Rata Consolidation	\$ 138,739	\$ 119,717

- (6) The Company has adopted the provisions of Statement of Financial Accounting Standards No. 145, "Rescission of FASB Statement No. 4, 44 and 64, Amendment of FASB Statement No. 13 on Technical Corrections" (SFAS No. 145) which requires gains or losses from early extinguishment of debt to be classified in operating earnings. The Company previously reported gains or losses from early extinguishment of debt as extraordinary item, net of tax, in its Consolidated Statements of Earnings as follows:

	Year Ended January 31,	
	2004	2003
Loss on early extinguishment of debt reclassified to continuing operations	\$ -	\$ (1,653)
Deferred income tax benefit	-	(654)
Loss on early extinguishment of debt, net of tax	\$ -	(999)

Forest City Enterprises, Inc.
Supplemental Financial Information

(7) The following table provides detail of Income Tax Expense (Benefit):

	Years Ended January 31,	
	2004	2003
	<i>(in thousands)</i>	
(A) Operating earnings		
Current	\$ (684)	\$ 4,600
Deferred	33,880	31,470
	<u>33,196</u>	<u>36,070</u>
(B) Provision for decline in real estate		
Current	(608)	—
Deferred	(481)	(3,251)
Subtotal	<u>(1,089)</u>	<u>(3,251)</u>
Deferred - Equity method investment- Non Real Estate Groups	<u>(1,828)</u>	—
	<u>(2,917)</u>	<u>(3,251)</u>
(C) (Loss) gain on disposition of other investments		
Current	9	133
Deferred - Real Estate Groups	(259)	(250)
Deferred - Non-Real Estate Groups	183	—
	<u>(67)</u>	<u>(117)</u>
(D) Loss on disposition recorded on equity method		
Current	(819)	—
Deferred	(594)	—
	<u>(1,413)</u>	—
(E) Deferred taxes on early extinguishment of debt	—	(654)
Subtotal (A)(B)(C)(D)(E)		
Current	(2,102)	4,733
Deferred	30,901	27,315
Income tax expense	<u>28,799</u>	<u>32,048</u>
(F) Discontinued operations		
Operating earnings		
Current	(462)	(1,047)
Deferred	226	589
	<u>(236)</u>	<u>(458)</u>
Gain (loss) on disposition of operating properties		
Current	2,549	2,327
Deferred	—	408
	<u>2,549</u>	<u>2,735</u>
	<u>2,313</u>	<u>2,277</u>
Grand Total (A)(B)(C)(D)(E)(F)		
Current	(15)	6,013
Deferred	31,127	28,312
	<u>\$ 31,112</u>	<u>\$ 34,325</u>
Recap of Grand Total:		
Real Estate Groups		
Current	1,919	10,149
Deferred	32,548	25,380
	<u>34,467</u>	<u>35,529</u>
Non-Real Estate Groups		
Current	(1,934)	(4,136)
Deferred	(1,421)	2,932
	<u>(3,355)</u>	<u>(1,204)</u>
Grand Total	<u>\$ 31,112</u>	<u>\$ 34,325</u>

Summary of Earnings Before Depreciation, Amortization and Deferred Taxes (EBDT) - Year Ended January 31, 2004 (in thousands)

	Commercial Group 2003					Residential Group 2003				
	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation
Revenues	\$ 638,070	\$ 136,633	\$ 154,672	\$ —	\$ 656,109	\$ 169,547	\$ 8,115	\$ 84,734	\$ 5,444	\$ 251,610
Exclude straight-line rent adjustment	(12,158)	—	—	—	(12,158)	(526)	—	—	—	(526)
Adjusted revenues	625,912	136,633	154,672	—	643,951	169,021	8,115	84,734	5,444	251,084
Operating expenses, including depreciation and amortization for non-Real Estate Groups	345,914	78,651	85,366	16	352,645	97,190	6,034	45,753	3,910	140,819
Exclude straight-line rent adjustment	(5,624)	—	—	—	(5,624)	—	—	—	—	—
Adjusted operating expenses	340,290	78,651	85,366	16	347,021	97,190	6,034	45,753	3,910	140,819
Add equity in earnings of unconsolidated entities	11,215	—	(12,062)	—	(847)	10,192	—	(1,345)	—	8,847
Add back equity method depreciation expense	21,702	—	(21,702)	—	—	13,673	—	(11,894)	—	1,779
Net operating income	318,539	57,982	35,542	(16)	296,083	95,696	2,081	25,742	1,534	120,891
Interest expense	135,851	32,057	35,542	—	139,336	29,288	1,174	22,122	1,033	51,269
(Gain) loss on early extinguishment of debt	—	—	—	—	—	(766)	(98)	47	190	(431)
Loss on disposition recorded on equity method	—	—	—	—	—	(3,573)	—	3,573	—	—
Provision for decline in real estate recorded on equity method	—	—	—	—	—	—	—	—	—	—
Income tax provision (benefit)	2,871	—	—	(181)	2,690	(1,741)	—	—	(281)	(2,022)
Minority interest in earnings before depreciation and amortization	25,925	25,925	—	—	—	1,005	1,005	—	—	—
Add: EBDT from discontinued operations	165	—	—	(165)	—	592	—	—	(592)	—
Earnings before depreciation, amortization and deferred taxes (EBDT)	\$ 154,057	\$ —	\$ —	\$ —	\$ 154,057	\$ 72,075	\$ —	\$ —	\$ —	\$ 72,075
Reconciliation to net earnings:										
Earnings before depreciation, amortization and deferred taxes (EBDT)	\$ 154,057	\$ —	\$ —	\$ —	\$ 154,057	\$ 72,075	\$ —	\$ —	\$ —	\$ 72,075
Depreciation and amortization - Real Estate Groups	(103,490)	—	—	—	(103,490)	(36,177)	—	—	(731)	(36,908)
Deferred taxes - Real Estate Groups	(23,766)	—	—	(87)	(23,853)	(19,907)	—	—	(139)	(20,046)
Straight-line rent adjustment	6,534	—	—	—	6,534	526	—	—	—	526
Provision for decline in real estate, net of tax and minority interest	(683)	—	—	—	(683)	(982)	—	—	—	(982)
Provision for decline in real estate, recorded on equity method, net of tax	—	—	—	—	—	—	—	—	—	—
(Loss) gain on disposition of operating properties and other investments, net of tax	—	—	—	(64)	(64)	280	—	(2,160)	3,961	2,081
Loss on disposition reported on equity method, net of tax	—	—	—	—	—	(2,160)	—	2,160	—	—
Discontinued operations, net of tax, and minority interest: ^(a)										
Depreciation and amortization	—	—	—	—	—	(731)	—	—	731	—
Deferred taxes	(87)	—	—	87	—	(139)	—	—	139	—
Gain in disposition of operating properties	(64)	—	—	64	—	3,961	—	—	(3,961)	—
Net earnings	\$ 32,501	\$ —	\$ —	\$ —	\$ 32,501	\$ 16,746	\$ —	\$ —	\$ —	\$ 16,746

Summary of Earnings Before Depreciation, Amortization and Deferred Taxes (EBDT) - Year Ended January 31, 2004 (in thousands) continued

	Land Group 2003					Lumber Trading Group 2003				
	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation
Revenues	\$ 90,179	\$ 5,135	\$ 21,083	\$ -	\$ 106,127	\$ 123,249	\$ -	\$ -	\$ -	\$ 123,249
Exclude straight-line rent adjustment	-	-	-	-	-	-	-	-	-	-
Adjusted revenues	90,179	5,135	21,083	-	106,127	123,249	-	-	-	123,249
Operating expenses, including depreciation and amortization for non-Real Estate Groups	58,647	2,984	13,674	-	69,337	112,030	-	-	-	112,030
Exclude straight-line rent adjustment	-	-	-	-	-	-	-	-	-	-
Adjusted operating expenses	58,647	2,984	13,674	-	69,337	112,030	-	-	-	112,030
Add equity in earnings of unconsolidated entities	10,330	-	(2,021)	-	8,309	-	-	-	-	-
Add back equity method depreciation expense	-	-	-	-	-	-	-	-	-	-
Net operating income	41,862	2,151	5,388	-	45,099	11,219	-	-	-	11,219
Interest expense	3,098	-	767	-	3,865	3,302	-	-	-	3,302
(Gain) loss on early extinguishment of debt	-	-	-	-	-	-	-	-	-	-
Loss on disposition recorded on equity method	-	-	-	-	-	-	-	-	-	-
Provision for decline in real estate recorded on equity method	(4,621)	-	4,621	-	-	-	-	-	-	-
Income tax provision (benefit)	12,633	-	-	-	12,633	4,216	-	-	-	4,216
Minority interest in earnings before depreciation and amortization	2,151	2,151	-	-	-	-	-	-	-	-
Add: EBDT from discontinued operations	-	-	-	-	-	-	-	-	-	-
Earnings before depreciation, amortization and deferred taxes (EBDT)	\$ 28,601	\$ -	\$ -	\$ -	\$ 28,601	\$ 3,701	\$ -	\$ -	\$ -	\$ 3,701
Reconciliation to net earnings:										
Earnings before depreciation, amortization and deferred taxes (EBDT)	\$ 28,601	\$ -	\$ -	\$ -	\$ 28,601	\$ 3,701	\$ -	\$ -	\$ -	\$ 3,701
Depreciation and amortization - Real Estate Groups	(120)	-	-	-	(120)	-	-	-	-	-
Deferred taxes - Real Estate Groups	(14,093)	-	-	-	(14,093)	-	-	-	-	-
Straight-line rent adjustment	-	-	-	-	-	-	-	-	-	-
Provision for decline in real estate, net of tax and minority interest	-	-	(2,793)	-	(2,793)	-	-	-	-	-
Provision for decline in real estate recorded on equity method, net of tax	(2,793)	-	2,793	-	-	-	-	-	-	-
(Loss) gain on disposition of operating properties and other investments, net of tax	-	-	-	-	-	-	-	-	-	-
Loss on disposition reported on equity method, net of tax	-	-	-	-	-	-	-	-	-	-
Discontinued operations, net of tax, and minority interest: ^(a)										
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-
Deferred taxes	-	-	-	-	-	-	-	-	-	-
Gain in disposition of operating properties	-	-	-	-	-	-	-	-	-	-
Net earnings	\$ 11,595	\$ -	\$ -	\$ -	\$ 11,595	\$ 3,701	\$ -	\$ -	\$ -	\$ 3,701

Summary of Earnings Before Depreciation, Amortization and Deferred Taxes (EBDT) - Year Ended January 31, 2004 (in thousands) continued

	Corporate Activities 2003					Total 2003				
	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation
Revenues	\$ 543	\$ -	\$ -	\$ -	\$ 543	\$ 1,021,588	\$ 149,883	\$ 260,489	\$ 5,444	\$ 1,137,638
Exclude straight-line rent adjustment	-	-	-	-	-	(12,684)	-	-	-	(12,684)
Adjusted revenues	543	-	-	-	543	1,008,904	149,883	260,489	5,444	1,124,954
Operating expenses, including depreciation and amortization for non-Real Estate Groups	26,529	-	-	-	26,529	640,310	87,669	144,793	3,926	701,360
Exclude straight-line rent adjustment	-	-	-	-	-	(5,624)	-	-	-	(5,624)
Adjusted operating expenses	26,529	-	-	-	26,529	634,686	87,669	144,793	3,926	695,736
Add equity in earnings of unconsolidated entities	14	-	-	-	14	31,751	-	(15,428)	-	16,323
Add back equity method depreciation expense	-	-	-	-	-	35,375	-	(33,596)	-	1,779
Net operating income	(25,972)	-	-	-	(25,972)	441,344	62,214	66,672	1,518	447,320
Interest expense	26,583	-	-	-	26,583	198,122	33,231	58,431	1,033	224,355
(Gain) loss on early extinguishment of debt	11,484	-	-	-	11,484	10,718	(98)	47	190	11,053
Loss on disposition recorded on equity method	-	-	-	-	-	(3,573)	-	3,573	-	-
Provision for decline in real estate recorded on equity method	-	-	-	-	-	(4,621)	-	4,621	-	-
Income tax provision (benefit)	(17,997)	-	-	-	(17,997)	(18)	-	-	(462)	(480)
Minority interest in earnings before depreciation and amortization	-	-	-	-	-	29,081	29,081	-	-	-
Add: EBDT from discontinued operations	-	-	-	-	-	757	-	-	(757)	-
Earnings before depreciation, amortization and deferred taxes (EBDT)	\$ (46,042)	\$ -	\$ -	\$ -	\$ (46,042)	\$ 212,392	\$ -	\$ -	\$ -	\$ 212,392
Reconciliation to net earnings:										
Earnings before depreciation, amortization and deferred taxes (EBDT)	\$ (46,042)	\$ -	\$ -	\$ -	\$ (46,042)	\$ 212,392	\$ -	\$ -	\$ -	\$ 212,392
Depreciation and amortization - Real Estate Groups	-	-	-	-	-	(139,787)	-	-	(731)	(140,518)
Deferred taxes - Real Estate Groups	24,552	-	-	-	24,552	(33,214)	-	-	(226)	(33,440)
Straight-line rent adjustment	-	-	-	-	-	7,060	-	-	-	7,060
Provision for decline in real estate, net of tax and minority interest	-	-	-	-	-	(1,665)	-	(2,793)	-	(4,458)
Provision for decline in real estate recorded on equity method, net of tax	-	-	-	-	-	(2,793)	-	2,793	-	-
(Loss) gain on disposition of operating properties and other investments, net of tax	(384)	-	-	-	(384)	(104)	-	(2,160)	3,897	1,633
Loss on disposition reported on equity method, net of tax	-	-	-	-	-	(2,160)	-	2,160	-	-
Discontinued operations, net of tax, and minority interest:										
Depreciation and amortization	-	-	-	-	-	(731)	-	-	731	-
Deferred taxes	-	-	-	-	-	(226)	-	-	226	-
Gain in disposition of operating properties	-	-	-	-	-	3,897	-	-	(3,897)	-
Net earnings	\$ (21,874)	\$ -	\$ -	\$ -	\$ (21,874)	\$ 42,669	\$ -	\$ -	\$ -	\$ 42,669

(a) The Company adopted the provision of Statement of Financial Accounting Standard (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," effective February 1, 2002. Pursuant to the definition of a component of an entity of SFAS No. 144, assuming no significant continuing involvement, all earnings of properties which have been sold or held for sale are reported as discontinued operations.

Summary of Earnings Before Depreciation, Amortization and Deferred Taxes (EBDT) - Year Ended January 31, 2003 (in thousands)

	Commercial Group 2002					Residential Group 2002				
	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation
Revenues	\$ 585,065	\$ 123,884	\$ 115,224	\$ 6,177	\$ 582,582	\$ 127,295	\$ 4,797	\$ 76,655	\$ 9,985	\$ 209,138
Exclude straight-line rent adjustment	(12,255)	—	—	81	(12,174)	—	—	—	—	—
Adjusted revenues	572,810	123,884	115,224	6,258	570,408	127,295	4,797	76,655	9,985	209,138
Operating expenses, including depreciation and amortization for non-Real Estate Groups	314,694	68,479	60,389	2,993	309,597	73,634	3,685	41,152	7,024	118,125
Exclude straight-line rent adjustment	(6,690)	—	—	—	(6,690)	—	—	—	—	—
Adjusted operating expenses	308,004	68,479	60,389	2,993	302,907	73,634	3,685	41,152	7,024	118,125
Add equity in earnings of unconsolidated entities	8,650	—	(8,704)	—	(54)	18,326	—	(3,680)	—	14,646
Add back equity method depreciation expense	15,656	—	(15,656)	—	—	10,328	—	(9,837)	—	491
Net operating income	289,112	55,405	30,475	3,265	267,447	82,315	1,112	21,986	2,961	106,150
Interest expense	123,087	32,753	30,475	723	121,532	23,621	697	21,986	1,783	46,693
Exclude early extinguishment of debt ^(a)	—	—	—	—	—	(1,653)	—	—	—	(1,653)
Adjusted interest expense	123,087	32,753	30,475	723	121,532	21,968	697	21,986	1,783	45,040
Income tax provision (benefit)	(1,113)	—	—	(8)	(1,121)	9,105	—	—	(1,039)	8,066
Exclude tax on early extinguishment of debt ^(a)	—	—	—	—	—	654	—	—	—	654
Adjusted income tax provision (benefit)	(1,113)	—	—	(8)	(1,121)	9,759	—	—	(1,039)	8,720
Minority interest in earnings before depreciation and amortization	22,652	22,652	—	—	—	415	415	—	—	—
Add: EBDT from discontinued operations	2,550	—	—	(2,550)	—	2,217	—	—	(2,217)	—
Earnings before depreciation, amortization and deferred taxes (EBDT)	\$ 147,036	\$ —	\$ —	\$ —	\$ 147,036	\$ 52,390	\$ —	\$ —	\$ —	\$ 52,390
Reconciliation to net earnings:										
Earnings before depreciation, amortization and deferred taxes (EBDT)	\$ 147,036	\$ —	\$ —	\$ —	\$ 147,036	\$ 52,390	\$ —	\$ —	\$ —	\$ 52,390
Depreciation and amortization - Real Estate Groups	(89,554)	—	—	(1,415)	(90,969)	(27,161)	—	—	(1,996)	(29,157)
Deferred taxes - Real Estate Groups	(18,665)	—	—	(2,989)	(21,654)	(10,586)	—	—	1,992	(8,594)
Straight-line rent adjustment	5,565	—	—	(81)	5,484	—	—	—	—	—
Early extinguishment of debt, net of tax ^(a)	—	—	—	—	—	(999)	—	—	—	(999)
Provision for decline in real estate, net of tax	(4,391)	—	—	—	(4,391)	(579)	—	—	—	(579)
Gain on disposition of operating properties and other investments, net of tax	—	—	—	4,180	4,180	—	—	—	—	—
Discontinued operations, net of tax, and minority interest:										
Depreciation and amortization	(1,415)	—	—	1,415	—	(1,996)	—	—	1,996	—
Deferred taxes	(2,989)	—	—	2,989	—	1,992	—	—	(1,992)	—
Straight-line rent adjustment	(81)	—	—	81	—	—	—	—	—	—
Gain in disposition of operating properties and other investments	4,180	—	—	(4,180)	—	—	—	—	—	—
Net earnings	\$ 39,686	\$ —	\$ —	\$ —	\$ 39,686	\$ 13,061	\$ —	\$ —	\$ —	\$ 13,061

(a) Early extinguishment of debt, which was formerly reported as an extraordinary item, is now reported as interest expense. However, early extinguishment of debt will be excluded from EBDT through the year ended January 31, 2003. Beginning February 1, 2003, early extinguishment of debt will be included in EBDT.

Summary of Earnings Before Depreciation, Amortization and Deferred Taxes (EBDT) - Year Ended January 31, 2003 (in thousands) continued

	Land Group 2002					Lumber Trading Group 2002				
	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation
Revenues	\$ 71,175	\$ 4,628	\$ 30,240	\$ -	\$ 96,787	\$ 97,060	\$ -	\$ -	\$ -	\$ 97,060
Exclude straight-line rent adjustment	-	-	-	-	-	-	-	-	-	-
Adjusted revenues	71,175	4,628	30,240	-	96,787	97,060	-	-	-	97,060
Operating expenses, including depreciation and amortization for non-Real Estate Groups	43,093	2,724	21,627	-	61,996	93,274	-	-	-	93,274
Exclude straight-line rent adjustment	-	-	-	-	-	-	-	-	-	-
Adjusted operating expenses	43,093	2,724	21,627	-	61,996	93,274	-	-	-	93,274
Add equity in earnings of unconsolidated entities	11,678	-	(6,260)	-	5,418	-	-	-	-	-
Add back equity method depreciation expense	-	-	-	-	-	-	-	-	-	-
Net operating income	39,760	1,904	2,353	-	40,209	3,786	-	-	-	3,786
Interest expense	785	-	2,353	-	3,138	2,655	-	-	-	2,655
Exclude early extinguishment of debt ^(a)	-	-	-	-	-	-	-	-	-	-
Adjusted interest expense	785	-	2,353	-	3,138	2,655	-	-	-	2,655
Income tax provision (benefit)	15,008	-	-	-	15,008	957	-	-	-	957
Exclude tax on early extinguishment of debt ^(a)	-	-	-	-	-	-	-	-	-	-
Adjusted income tax provision (benefit)	15,008	-	-	-	15,008	957	-	-	-	957
Minority interest in earnings before depreciation and amortization	1,904	1,904	-	-	-	-	-	-	-	-
Add: EBDT from discontinued operations	-	-	-	-	-	-	-	-	-	-
Earnings before depreciation, amortization and deferred taxes (EBDT)	\$ 22,063	\$ -	\$ -	\$ -	\$ 22,063	\$ 174	\$ -	\$ -	\$ -	\$ 174
Reconciliation to net earnings:										
Earnings before depreciation, amortization and deferred taxes (EBDT)	\$ 22,063	\$ -	\$ -	\$ -	\$ 22,063	\$ 174	\$ -	\$ -	\$ -	\$ 174
Depreciation and amortization - Real Estate Groups	(83)	-	-	-	(83)	-	-	-	-	-
Deferred taxes - Real Estate Groups	3,040	-	-	-	3,040	-	-	-	-	-
Straight-line rent adjustment	-	-	-	-	-	-	-	-	-	-
Early extinguishment of debt, net of tax ^(a)	-	-	-	-	-	-	-	-	-	-
Provision for decline in real estate, net of tax	-	-	-	-	-	-	-	-	-	-
Gain on disposition of operating properties and other investments, net of tax	-	-	-	-	-	-	-	-	-	-
Discontinued operations, net of tax, and minority interest:										
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-
Deferred taxes	-	-	-	-	-	-	-	-	-	-
Straight-line rent adjustment	-	-	-	-	-	-	-	-	-	-
Gain on disposition of operating properties and other investments	-	-	-	-	-	-	-	-	-	-
Net earnings	\$ 25,020	\$ -	\$ -	\$ -	\$ 25,020	\$ 174	\$ -	\$ -	\$ -	\$ 174

(a) Early extinguishment of debt, which was formerly reported as an extraordinary item, is now reported as interest expense. However, early extinguishment of debt will be excluded from EBDT through the year ended January 31, 2003. Beginning February 1, 2003, early extinguishment of debt will be included in EBDT.

Summary of Earnings Before Depreciation, Amortization and Deferred Taxes (EBDT) - Year Ended January 31, 2003 (in thousands) continued

	Corporate Activities 2002					Total 2002				
	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation	Full Consolidation	Less Minority Interest	Plus Unconsolidated Investments at Pro-Rata	Plus Discontinued Operations	Pro-Rata Consolidation
Revenues	\$ 1,142	\$ —	\$ —	\$ —	\$ 1,142	\$ 881,737	\$ 133,309	\$ 222,119	\$ 16,162	\$ 986,709
Exclude straight-line rent adjustment	—	—	—	—	—	(12,255)	—	—	81	(12,174)
Adjusted revenues	1,142	—	—	—	1,142	869,482	133,309	222,119	16,243	974,535
Operating expenses, including depreciation and amortization for non-Real Estate Groups	19,532	—	—	—	19,532	544,227	74,888	123,168	10,017	602,524
Exclude straight-line rent adjustment	—	—	—	—	—	(6,690)	—	—	—	(6,690)
Adjusted operating expenses	19,532	—	—	—	19,532	537,537	74,888	123,168	10,017	595,834
Add equity in earnings of unconsolidated entities	30	—	—	—	30	38,684	—	(18,644)	—	20,040
Add back equity method depreciation expense	—	—	—	—	—	25,984	—	(25,493)	—	491
Net operating income	(18,360)	—	—	—	(18,360)	396,613	58,421	54,814	6,226	399,232
Interest expense	25,732	—	—	—	25,732	175,880	33,450	54,814	2,506	199,750
Exclude early extinguishment of debt ^(a)	—	—	—	—	—	(1,653)	—	—	—	(1,653)
Adjusted interest expense	25,732	—	—	—	25,732	174,227	33,450	54,814	2,506	198,097
Income tax provision (benefit)	(16,828)	—	—	—	(16,828)	7,129	—	—	(1,047)	6,082
Exclude tax on early extinguishment of debt ^(a)	—	—	—	—	—	654	—	—	—	654
Adjusted income tax provision (benefit)	(16,828)	—	—	—	(16,828)	7,783	—	—	(1,047)	6,736
Minority interest in earnings before depreciation and amortization	—	—	—	—	—	24,971	24,971	—	—	—
Add: EBDT from discontinued operations	—	—	—	—	—	4,767	—	—	(4,767)	—
Earnings before depreciation, amortization and deferred taxes (EBDT)	\$ (27,264)	\$ —	\$ —	\$ —	\$ (27,264)	\$ 194,399	\$ —	\$ —	\$ —	\$ 194,399
Reconciliation to net earnings:										
Earnings before depreciation, amortization and deferred taxes (EBDT)	\$ (27,264)	\$ —	\$ —	\$ —	\$ (27,264)	\$ 194,399	\$ —	\$ —	\$ —	\$ 194,399
Depreciation and amortization - Real Estate Groups	—	—	—	—	—	(116,798)	—	—	(3,411)	(120,209)
Deferred taxes - Real Estate Groups	(1,668)	—	—	—	(1,668)	(27,879)	—	—	(997)	(28,876)
Straight-line rent adjustment	—	—	—	—	—	5,565	—	—	(81)	5,484
Early extinguishment of debt, net of tax ^(a)	—	—	—	—	—	(999)	—	—	—	(999)
Provision for decline in real estate, net of tax	—	—	—	—	—	(4,970)	—	—	—	(4,970)
Gain on disposition of operating properties and other investments, net of tax	(178)	—	—	—	(178)	(178)	—	—	4,180	4,002
Discontinued operations, net of tax, and minority interest:										
Depreciation and amortization	—	—	—	—	—	(3,411)	—	—	3,411	—
Deferred taxes	—	—	—	—	—	(997)	—	—	997	—
Straight-line rent adjustment	—	—	—	—	—	(81)	—	—	81	—
Gain in disposition of operating properties and other investments	—	—	—	—	—	4,180	—	—	(4,180)	—
Net earnings	\$ (29,110)	\$ —	\$ —	\$ —	\$ (29,110)	\$ 48,831	\$ —	\$ —	\$ —	\$ 48,831

(a) Early extinguishment of debt, which was formerly reported as an extraordinary item, is now reported as interest expense. However, early extinguishment of debt will be excluded from EBDT through the year ended January 31, 2003. Beginning February 1, 2003, early extinguishment of debt will be included in EBDT.

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