SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

|X| Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2003

OR

|_| Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____________to

Commission File Number 1-13762

RECKSON OPERATING PARTNERSHIP, L. P.
(Exact name of registrant as specified in its charter)

DELAWARE	11-3233647
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
225 BROADHOLLOW ROAD, MELVILLE, NY (Address of principal executive offices)	11747 (Zip Code)

Registrant's telephone number, including area code: (631) 694-6900

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K, or any amendment to this Form 10-K. [X]

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes No X

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement of Reckson Associates Realty Corp. relating to its Annual Shareholder's Meeting to be held June 4, 2004 are incorporated by reference into Part III.

As of March 12, 2004, 3,463,545 common units of limited partnership interest were held by non-affiliates of the Registrant. There is no established trading market for such units.

TABLE OF CONTENTS

ITEM NO.		PAGE
	PART I	
1.	Business	3
2.	Properties	19
3.	Legal Proceedings	30
4.	Submission of Matters to a Vote of Security Holders	30
	PART II	
5.	Market for Registrant's Common Equity and Related Security Matters	31
6.	Selected Financial Data	32
7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	34
7(a).	Quantitative and Qualitative Disclosures about Market Risk	66
8.	Financial Statements and Supplementary Data	67
9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	67
	PART III	
10.	Directors and Executive Officers of the Registrant	68
11.	Executive Compensation	68
12.	Security Ownership of Certain Beneficial Owners and Management	68
13.	Certain Relationships and Related Transactions	68

14. Controls and Procedures.. 68
15. Financial Statements and Schedules, Exhibits and Reports on Form 8-K...................... 69

PART IV

16. Principal Accountant Fees and Services.. 69

PART I

ITEM 1. BUSINESS

GENERAL

Reckson Operating Partnership, L. P. (the "Operating Partnership") commenced operations on June 2, 1995. Reckson Associates Realty Corp. (the "Company"), which serves as the sole general partner of the Operating Partnership, is a fully integrated, self administered and self managed real estate investment trust ("REIT"). The Operating Partnership and the Company, collectively, the "Company" were formed for the purpose of continuing the commercial real estate business of Reckson Associates, its affiliated partnerships and other entities ("Reckson").

For more than 40 years, Reckson has been engaged in the business of owning, developing, acquiring, constructing, managing and leasing office and industrial properties in the New York City tri-state area (the "Tri-State Area"). Based on industry surveys, management believes that the Company is one of the largest owners and operators of Class A central business district ("CBD") and suburban office properties in the Tri-State Area. The Company operates as a fully integrated, self-administered and self-managed real estate investment trust ("REIT"). As of December 31, 2003 the Company owned 89 properties (inclusive of 10 joint venture properties) in the Tri-State Area markets, encompassing approximately 14.7 million rentable square feet, all of which are managed by the Company. The properties include 16 Class A CBD office properties encompassing approximately 5.3 million rentable square feet. The CBD office properties consist of five properties located in New York City, nine properties located in Stamford, CT and two properties located in White Plains, NY. Together the CBD office properties comprised 42% of the Company's net operating income (property operating revenues less property operating expenses) for the three months ended December 31, 2003. These properties also include 61 Class A suburban office properties encompassing approximately 8.4 million rentable square feet, of which 42 of these properties, or 75% as measured by square footage, are located within the Company's ten office parks. Reckson has historically emphasized the development and acquisition of its suburban office properties in large-scale suburban office parks. The Company believes that owning properties in planned office parks provides certain strategic advantages, including the following: (i) certain tenants prefer being located in a park with other high quality companies to enhance their corporate image, (ii) parks afford tenants certain aesthetic amenities such as a common landscaping plan, standardization of signage and common dining and recreational facilities, (iii) tenants may expand (or contract) their business within a park, enabling them to centralize business functions and (iv) a park provides tenants with access to other tenants and may facilitate business relationships between tenants. Additionally, the properties include 11 industrial / R&D properties encompassing approximately 1.0 million rentable square feet and one retail property comprising approximately 9,000 rentable square feet. The Company also owns a 355,000 square foot office property located in Orlando, Florida.

In November 2003, the Company sold all but three of the properties included in its Long Island industrial building portfolio to members of the Rechler family for approximately $315.5 million. (See "Recent Developments" for further discussion on this sale.)

Through its ownership of properties in the key CBD and suburban office markets in the Tri-State Area, the Company believes it has a unique competitive advantage as the trend toward the regional decentralization of the workplace increases. Due to the events of September 11, 2001, as well as technological advances, which further enable decentralization, companies are strategically re-evaluating the benefits and feasibility of regional decentralization and reassessing their long-term space needs. The Company believes this multi-location regional decentralization will continue to take place, increasing as companies begin to have better visibility as to the future of the economy, further validating our regional strategy of maintaining a significant market share in the key CBD and suburban office markets in the Tri-State Area.

The Company also owns approximately 313 acres of land in 12 separate parcels of which the Company can develop approximately 3.0 million square feet of office space. The Company is currently evaluating alternative land uses for certain of the land holdings to realize the highest economic value. These alternatives may include rezoning certain land parcels from commercial to residential for potential disposition. As of December 31, 2003, the Company had invested approximately $116.8 million in these development projects. Management has made subjective assessments as to the value and recoverability of these investments based on current and proposed development plans, market comparable land values and alternative use values. The Company has capitalized approximately $10.0 million for the year ended December 31, 2003 related to real estate taxes, interest and other carrying costs related to these development projects. In October 2003, the Company entered into contracts to sell two land parcels aggregating approximately 128 acres of its land holdings located in New Jersey. The contracts provided for aggregate sales prices ranging from $23 million to $43 million. These sales are contingent upon obtaining zoning for residential use of the land and other customary approvals. The proceeds ultimately received from such sales will be based upon the number of residential units permitted by the rezoning. The aggregate cost basis of these land parcels was approximately $11.8 million at December 31, 2003. The closing is scheduled to occur upon the rezoning which is anticipated to occur within 9 to 33 months. During February 2004, a 3.9 acre land parcel located on Long Island was condemned by the Town of Oyster Bay (see "Recent Developments" for further discussion).

The Company has historically opportunistically purchased underdeveloped land, vacant buildings or buildings that were under managed or under performing. The Company applies its real estate expertise to develop, redevelop, renovate and reposition their assets with the goal of creating value in these real estate assets. Since the IPO the Company has developed, redeveloped, renovated or repositioned 17 properties encompassing approximately 2.6 million square feet of office and industrial / R&D space.

The Company holds a $17.0 million note receivable which bears interest at 12% per annum and is secured by a minority partnership interest in Omni Partners, L. P., owner of the Omni, a 579,000 square foot Class A office property located in Uniondale, N.Y., effectively increasing its economic interest in the property owning partnership (the "Omni Note"). The Company currently owns a 60% majority partnership interest in Omni Partners, L.P. and on March 14, 2007 may exercise an option to acquire the remaining 40% interest for a price based on 90% of the fair market value of the property. The Company holds a $15 million participating interest in a $30 million junior mezzanine note loan which is secured by a pledge of an indirect ownership interest of an entity which owns the ground leasehold estate under a 1.1 million square foot office complex located on Long Island, New York (the "Mezz Note"). The Mezz Note matures in September 2005, currently bears interest at 13.43%, and the borrower has the right to extend for three additional one-year periods. The Company also holds three other notes receivable aggregating $21.5 million which bear interest at rates ranging from 10.5% to 12% per annum and are secured in part by a minority partner's preferred unit interest in the Operating Partnership, an interest in real property and a

personal guarantee (the "Other Notes" and collectively with the Omni Note, and the Mezz Note, the "Note Receivable Investments").

As of December 31, 2003, management has made subjective assessments as to the underlying security value on the Company's Note Receivable Investments. These assessments indicated an excess of market value over carrying value related to the Company's Note Receivable Investments. Based on these assessments the Company's management believes there is no impairment to the carrying value related to the Company's Note Receivable Investments. The Company also owns a 355,000 square foot office building in Orlando, Florida. This non-core real estate holding was acquired in May 1999 in connection with the Company's initial New York City portfolio acquisition. This property is cross-collateralized under a $101.0 million mortgage note payable along with one of the Company's New York City buildings. The Company has the right to repay this note in November 2004, prior to its maturity date.

The Company also owns a 60% non-controlling interest in a 172,000 square foot office building located at 520 White Plains Road in White Plains, New York (the "520JV"), which it manages - the remaining 40% interest is owned by JAH Realties L.P. Jon Halpern, a director of HQ Global Workplaces, is a partner in JAH Realties, L.P. As of December 31, 2003, the 520JV had total assets of $19.8 million, a mortgage note payable of $12.0 million and other liabilities of $185,000. The Company's allocable share of the 520JV mortgage note payable is approximately $7.9 million. This mortgage note payable bears interest at 8.85% per annum and matures on September 1, 2005. The operating agreement of the 520JV requires joint decisions from all members on all significant operating and capital decisions including sale of the property, refinancing of the property's mortgage debt, development and approval of leasing strategy and leasing of rentable space. As a result of the decision-making participation relative to the operations of the property, the Company accounts for the 520JV under the equity method of accounting.

During July 1998, the Company formed Metropolitan Partners, LLC ("Metropolitan") for the purpose of acquiring Class A office properties in New York City. Currently the Company owns, through Metropolitan, five Class A office properties aggregating approximately 3.5 million square feet.

During September 2000, the Company formed a joint venture (the "Tri-State JV") with Teachers Insurance and Annuity Association ("TIAA") and contributed nine Class A suburban office properties aggregating approximately 1.5 million square feet to the Tri-State JV for a 51% majority ownership interest. TIAA contributed approximately $136 million for a 49% interest in the Tri-State JV, which was then distributed to the Company. In August 2003, the Company acquired TIAA's 49% interest in the property located at 275 Broadhollow Road, Melville, NY for approximately $12.4 million. As a result, the Tri-State JV owns eight Class A suburban office properties aggregating approximately 1.4 million square feet. The Company is responsible for managing the day-to-day operations and business affairs of the Tri-State JV and has substantial rights in making decisions affecting the properties such as leasing, marketing and financing. The minority member has certain rights primarily intended to protect its investment. For purposes of its financial statements the Company consolidates the Tri-State JV.

On December 21, 2001, the Company formed a joint venture with the New York State Teachers' Retirement Systems ("NYSTRS") (the "919JV") whereby NYSTRS acquired a 49% indirect interest in the property located at 919 Third Avenue, New York, NY for $220.5 million which included $122.1 million of its proportionate share of secured mortgage debt and approximately $98.4 million of cash which was then distributed to the Company. The Company is responsible for managing the day-to-day operations and business affairs of the 919JV and has substantial rights in making decisions affecting the property such as developing a budget, leasing and marketing. The minority member has certain rights primarily intended to protect its investment. For purposes of its financial statements the Company consolidates the 919JV.

As of December 31, 2001, the Company has invested approximately $59.8 million in REIT-qualified joint ventures with Reckson Strategic Venture Partners, LLC ("RSVP"), a real estate venture capital fund created in 1997 as a research and development vehicle for the Company to invest in alternative real estate sectors outside the Company's core office and industrial focus (see "Recent Developments-Other Investing Activities" for further discussion).

All of the Company's interests in its properties, land held for development, the Note Receivable Investments and joint ventures are held directly or indirectly by, and all of its operations are conducted through, the Operating Partnership. Reckson Associates Realty Corp. controls the Operating Partnership as the sole general partner and, as of December 31, 2003, owned approximately 94.2% of the Operating Partnership's outstanding common units of limited partnership interest ("OP Units").

The Company seeks to maintain cash reserves for normal repairs, replacements, improvements, working capital and other contingencies. The Company has established an unsecured credit facility (the "Credit Facility") with a maximum borrowing amount of $500 million scheduled to mature on December 30, 2005. The Credit Facility requires the Company to comply with a number of financial and other covenants on an ongoing basis.

The Company maintains access to unsecured debt markets through its investment grade ratings on its senior unsecured debt. The Company's ratings as of December 31, 2003 from the major rating organizations are as follows:

Rating Organization	Rating	Outlook
Standard & Poor's	BBB-	Stable
Fitch	BBB-	Stable
Moody's	Ba1	Stable

These security ratings are not a recommendation to buy, sell or hold the Company's securities and they are subject to revision or withdrawal at any time by the rating organization. Ratings assigned by every rating organization have their own meaning within the organization's overall classification system. Each rating should be evaluated independently of any other rating.

There are numerous commercial properties that compete with the Company in attracting tenants and numerous companies that compete in selecting land for development and properties for acquisition.

The Company's principal executive offices are located at 225 Broadhollow Road, Melville, New York 11747 and its telephone number at that location is (631) 694-6900. At December 31, 2003, the Company had approximately 270 employees.

The Operating Partnership makes certain filings with the Securities and Exchange Commission, including its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports, available free of charge through its website, www.reckson.com, as soon as reasonably practicable after they are filed with the Securities and Exchange Commission. The Company's SEC filings, annual report to shareholders, press releases and recent presentations are also available free of charge on the website.

RECENT DEVELOPMENTS

Acquisitions, Dispositions and Investing Activities

In November 2003, the Company disposed of all but three of its 95 property, 5.9 million square foot, Long Island industrial building portfolio to members of the Rechler family (the "Disposition") for approximately $315.5 million, comprised of $225.1 million in cash and debt assumption and 3,932,111 OP Units valued at approximately $90.4 million. Approximately $204 million of cash sales proceeds from the Disposition were used to repay borrowings under the Credit Facility. Two of the remaining three properties, which are subject to transfer pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code"), are anticipated to close during 2004. There can be no assurances that the Company will meet the requirements of Section 1031 by identifying and acquiring qualified replacement properties in the required time frame, in which case the Company would incur the tax liability on the capital gain realized of approximately $1.5 million. The disposition of the other property, which is subject to certain environmental issues, is conditioned upon the approval of the buyer's lender, which has not been obtained. As a result, the Company may not dispose of this property as a part of the Disposition. Management believes that if the Company were to continue to hold this property the cost to address the environmental issues would not have a material adverse effect on the Company, but there can be no assurance in this regard. These three remaining properties aggregate approximately $7.1 million of the $315.5 million sales price. In addition, four of the five remaining options granted to the Company at the time of the Company's IPO to purchase interests in properties owned by Rechler family members (including three properties in which the Rechler family members hold non-controlling interests and one industrial property) were terminated along with management contracts relating to three of such properties.

In connection with the closing, the employment of Donald Rechler, Roger Rechler, Gregg Rechler and Mitchell Rechler as officers of the Company terminated and Roger Rechler, Gregg Rechler and Mitchell Rechler resigned as members of the Board of Directors. In connection with the Disposition and the terminations of employment, the Company incurred the following restructuring charges: (i) approximately $7.5 million related to outstanding stock loans under the Company's historical long term incentive program ("LTIP") were transferred to the entity that acquired the Long Island industrial building portfolio and approximately $642,000 of loans related to life insurance contracts were extinguished, (ii) approximately $2.9 was million paid to the departing Rechler family members in exchange for 127,689 of rights to receive shares of Class A common stock that were granted in 2002 and their rights that were granted in 2003 were forfeited in their entirety and (iii) with respect to two of the departing Rechler family members participating in the Company's March 2003 LTIP, each received 8,681 shares of the Company's Class A common stock related to the service component of their core award which was valued at $293,000 in the aggregate. In addition, if the Company was to attain its annual performance measure under the March 2003 LTIP in March 2004, these individuals will also be entitled to each receive 26,041 shares of Class A common stock representing the balance of the annual core award as if they remained in continuous employment with the Company. The remainder of their core awards was forfeited, as was the entire amount of the special outperformance component of the March 2003 LTIP. The Company also incurred additional restructure charges of approximately $1.2 million related primarily to the release and severance of approximately 25 employees. Total restructure charges of approximately $12.5 million were mitigated by a $972,000 fee from departing Rechler family members, related to the termination of the Company's option to acquire certain property which was either owned by certain Rechler family members or in which the Rechler family members own a non-controlling minority interest.

A number of shareholder derivative actions have been commenced purportedly on behalf of the Company against the Board of Directors relating to the Disposition. The complaints allege, among other things, that the process by which the directors agreed to the transaction was not sufficiently independent of the Rechler family and did not involve a "market check" or third party auction process and, as a result, was not for adequate consideration. The plaintiffs seek similar relief, including a declaration that the directors violated their fiduciary duties and damages. The Company's management believes that the complaints are without merit.

In January 2004, the Company sold a 104,000 square foot office property located on Long Island for approximately $18.5 million. Net proceeds from the sale were used to repay borrowings under the Credit Facility.

In January 2004, the Company acquired 1185 Avenue of the Americas, a 42-story, 1.1 million square foot Class A office tower, located between 46th and 47th Streets in New York City for $321 million. In connection with this acquisition, the Company assumed a $202 million mortgage and $48 million of mezzanine debt. The balance of the purchase price was paid through an advance under the Credit Facility. The floating rate mortgage and mezzanine debt both mature in August 2004 and presently have a weighted average interest rate of 4.95%. The property is also encumbered by a ground lease, which has a remaining term of approximately 40 years with rent scheduled to be re-set at the end of 2005 and then remain constant for the balance of the term.

During February 2004, a 3.9 acre land parcel located on Long Island was condemned by the Town of Oyster Bay. As consideration for the condemnation the Company anticipates to initially receive approximately $1.8 million. The Company's cost basis in this land parcel at December 31, 2003 was approximately $1.4 million. The Company is currently contesting this valuation and seeking payment of additional consideration from the Town of Oyster Bay but there can be no assurances that the Company will be successful in obtaining any such additional consideration.

In February 2004, the Company signed a contract to sell a 175,000 square foot office building located on Long Island for approximately $30 million of which the Company owns a 51% interest. Net proceeds from the sale are anticipated to be used to repay outstanding borrowings under the Credit Facility.

Other Investing Activities

During 1997, the Company formed FrontLine Capital Group, formerly Reckson Service Industries, Inc. ("FrontLine") and RSVP. RSVP is a real estate venture capital fund which invested primarily in real estate and real estate operating companies outside the Company's core office focus and whose common equity is held indirectly by FrontLine. In connection with the formation and spin-off of FrontLine, the Operating Partnership established an unsecured credit facility with FrontLine (the "FrontLine Facility") in the amount of $100 million for FrontLine to use in its investment activities, operations and other general corporate purposes. The Company advanced approximately $93.4 million under the FrontLine Facility. The Operating Partnership also approved the funding of investments of up to $100 million relating to RSVP (the "RSVP Commitment"), through RSVP-controlled joint ventures (for REIT-qualified investments) or advances made to FrontLine under an unsecured loan facility (the "RSVP Facility") having terms similar to the FrontLine Facility (advances made under the RSVP Facility and the FrontLine Facility hereafter, the "FrontLine Loans"). During March 2001, the Company increased the RSVP Commitment to $110 million and as of December 31, 2003 approximately $109.1 million was funded under the RSVP Commitment, of which $59.8 million represents investments by the Company in RSVP-controlled (REIT-qualified) joint ventures and $49.3 million represents loans made to FrontLine under the RSVP Facility. As of December 31, 2003, interest accrued (net of reserves) under the FrontLine Facility and the RSVP Facility was approximately $19.6 million.

At June 30, 2001, the Company assessed the recoverability of the FrontLine Loans and reserved approximately $3.5 million of the interest accrued during the three-month period then ended. In addition, the Company formed a committee of its Board of Directors, comprised solely of independent directors, to consider any actions to be taken by the Company in connection with the FrontLine Loans and its investments in joint ventures with RSVP. During the third quarter of 2001, the Company noted a significant deterioration in FrontLine's operations and financial condition and, based on its assessment of value and recoverability and considering the findings and recommendations of the committee and its financial advisor, the Company recorded a $163 million valuation reserve charge, inclusive of anticipated costs, in its consolidated statements of operations relating to its investments in the FrontLine Loans and joint ventures with RSVP. The Company has discontinued the accrual of interest income with respect to the FrontLine Loans. The Company has also reserved against its share of GAAP equity in earnings from the RSVP controlled joint ventures funded through the RSVP Commitment until such income is realized through cash distributions.

At December 31, 2001, the Company, pursuant to Section 166 of the Code, charged off for tax purposes $70 million of the aforementioned reserve directly related to the FrontLine Facility, including accrued interest. On February 14, 2002, the Company charged off for tax purposes an additional $38 million of the reserve directly related to the FrontLine Facility, including accrued interest, and $47 million of the reserve directly related to the RSVP Facility, including accrued interest.

FrontLine is in default under the FrontLine Loans from the Operating Partnership and on June 12, 2002, filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code.

In September 2003, RSVP completed the restructuring of its capital structure and management arrangements. In connection with the restructuring, RSVP redeemed the interest of the preferred equity holders of RSVP for an aggregate of approximately $137 million in cash including proceeds from the disposition of all of the privatization and medical offices assets and the transfer to the preferred equity holders of the assets that comprised RSVP's parking investment valued at approximately $28.5 million. RSVP also restructured its management arrangements whereby a management company formed by its former managing directors has been retained to manage RSVP pursuant to a management agreement and the employment contracts of the managing directors with RSVP have been terminated. The management agreement provides for an annual base management fee and disposition fees equal to 2% of the net proceeds received by RSVP on asset sales. (The base management fee and disposition fees are subject to a maximum over the term of the agreement of $7.5 million.) In addition, the managing directors retained a one-third residual interest in RSVP's assets, which is subordinated to the distribution of an aggregate amount of $75 million to RSVP and/or the Company in respect of its joint ventures with RSVP. The management agreement has a three-year term, subject to early termination in the event of the disposition of all of the assets of RSVP.

In connection with the restructuring, RSVP and certain of its affiliates obtained a $60 million secured loan. In connection with this loan, the Operating Partnership agreed to indemnify the lender in respect of any environmental liabilities incurred with regard to RSVP's remaining assets in which the Operating Partnership has a joint venture interest (primarily certain student housing assets held by RSVP) and guaranteed the obligation of an affiliate of RSVP to the lender in an amount up to $6 million plus collection costs for any losses incurred by the lender as a result of certain acts of malfeasance on the part of RSVP and/or its affiliates. The loan is scheduled to mature in 2006 and is expected to be repaid from proceeds of asset sales by RSVP.

As a result of the foregoing, the net carrying value of the Company's investments in the FrontLine Loans and joint venture investments with RSVP, inclusive of the Company's share of previously accrued GAAP equity in earnings on those investments is approximately $65 million, which was reassessed with no change by management as of December 31, 2003. Such amount has been reflected in investments in service companies and affiliate loans and joint ventures on the Company's consolidated balance sheet.

Scott H. Rechler, who serves as President, Chief Executive Officer and a director of the Company, serves as CEO and Chairman of the Board of Directors of FrontLine and is its sole board member. Scott H. Rechler also serves as a member of the management committee of RSVP.

The following table sets forth the Company's original invested capital (at cost and before valuation reserves) in RSVP controlled (REIT-qualified) joint ventures and amounts, which were advanced under the RSVP Commitment to FrontLine, for its investment in RSVP controlled investments (in thousands):

	RSVP controlled joint ventures	Amounts advanced	Total
Privatization	$ 21,480	$ 3,520	$ 25,000
Student Housing	18,086	3,935	22,021
Medical Offices	20,185	--	20,185
Parking	--	9,091	9,091
Resorts	--	8,057	8,057
Net leased retail	--	3,180	3,180
Other assets and overhead	--	21,598	21,598
	$ 59,751	$ 49,381	$ 109,132

In September 2003, RSVP completed the restructuring of its capital structure. In connection with the restructuring, RSVP redeemed the interest of the preferred equity holders of RSVP for an aggregate of $137 million in cash (including proceeds from the disposition of all of the Privatization and Medical Offices assets) and the transfer to the preferred equity holders of the assets that comprised RSVP's parking investments valued at approximately $28.5 million.

Leasing Activity

During the year ended December 31, 2003, the Company executed 222 leases encompassing approximately 2.3 million square feet. The following table summarizes the leasing activity by location and property type:

	Number of leases	Leased square feet	Average effective rent (1)
CBD office properties			
Connecticut	17	69,704	$28.20
New York City	22	305,455	$43.77
Westchester	4	12,683	$23.56
Subtotal / Weighted average	43	387,842	$40.31
Suburban office properties			
Long Island	65	573,591	$25.22
New Jersey	30	457,315	$21.66
Westchester	46	276,867	$20.46
Subtotal / Weighted average	141	1,307,773	$22.97
Industrial properties			
Long Island	36	553,230	$ 7.28
New Jersey	2	15,675	$10.57
Subtotal / Weighted average	38	568,905	$ 7.37
Total	222	2,264,520	$22.02

(1) Base rent adjusted on a straight-line basis for free rent periods, tenant improvements and leasing commissions

Financing Activities

The Company currently has a three year $500 million unsecured revolving credit facility (the "Credit Facility") from JPMorgan Chase Bank, as administrative agent, Wells Fargo Bank, National Association as syndication agent and Citicorp North America, Inc. and Wachovia Bank, National Association as co-documentation agents. The Credit Facility matures in December 2005, contains options for a one-year extension subject to a fee of 25 basis points and, upon receiving additional lender commitments, increasing the maximum revolving credit amount to $750 million. In addition, borrowings under the Credit Facility are currently priced off LIBOR plus 90 basis points and the Credit Facility carries a facility fee of 20 basis points per annum. In the event of a change in the Operating Partnership's senior unsecured credit rating the interest rates and facility fee are subject to change. At December 31, 2003, the outstanding borrowings under the Credit Facility aggregated $169 million and carried a weighted average interest rate of 2.86% per annum.

The following table sets forth the Company's Applicable Margin, pursuant to the Credit Facility, which indicates the additional respective percentages per annum applied to LIBOR based-borrowings determined based on the Operating Partnership's senior unsecured credit rating:

Senior unsecured credit rating	Applicable Margin
A- / A3	.600%
BBB+ / Baa1	.625%
BBB / Baa2	.700%
BBB- / Baa3	.900%
Below BBB- / Baa3 or unrated	1.20%

The Company utilizes the Credit Facility primarily to finance real estate investments, fund its real estate development activities and for working capital purposes. At December 31, 2003, the Company had availability under the Credit Facility to borrow approximately an additional $331 million subject to compliance with certain financial covenants.

On January 22, 2004, the Operating Partnership issued $150 million of seven-year 5.15% (5.196% effective rate) senior unsecured notes. Prior to the issuance of these notes the Company entered into several anticipatory interest rate hedge instruments to protect itself against potentially rising interest rates. At the time the notes were issued the Company incurred a net cost of approximately $980,000 to settle these instruments. Such costs will be amortized over the term of the notes. Net proceeds of approximately $148 million received from this issuance were used to repay outstanding borrowings under the Credit Facility.

Stock, Unit Issuances and Other Equity Offerings

On August 7, 2003, the Operating Partnership issued 465,845 Class C OP Units valued at $24.00 per unit in connection with its acquisition of a Class A office property located in Stamford, Connecticut.

On October 24, 2003, the Company gave notice to its Class B common stockholders that it would exercise its option to exchange 100% of its Class B common stock outstanding (9,915,313 shares) on November 25, 2003 for an equal number of shares of its Class A common stock. In connection with the Company's exchange of its Class B common stock, the Operating Partnership exchanged its Class B common units held by the Company for an equal number of Class A common units. Such exchange occurred on November 25, 2003.

On November 10, 2003, as partial consideration for the Company's sale of its Long Island industrial building portfolio to the departing Rechler family members the Company redeemed and retired approximately 3.9 million OP Units valued at approximately $90.4 million, or $23.00 per share. In addition, during the year ended December 31, 2003, certain limited partners exchanged approximately 258,000 OP Units for an equal number of shares of the Company's Class A common stock.

The Board of Directors of the Company has authorized the purchase of up to five million shares of the Company's Class A common stock. Transactions conducted on the New York Stock Exchange will be effected in accordance with the safe harbor provisions of the Securities Exchange Act of 1934 and may be terminated by the Company at any time. During the year ended December 31, 2003, under this buy-back program, the Company purchased 252,000 shares of Class A common stock for an aggregate purchase price of approximately $4.5 million or $18.01 per share.

During 2003, employees of the Company exercised 58,809 of their stock options resulting in proceeds to the Company of approximately $1.0 million.

In January 2004, the Company exercised its option to redeem two million shares, or 100% of its outstanding 8.85% Series B Convertible Cumulative Preferred Stock for approximately 1,958,000 shares of its Class A common stock.

The Operating Partnership issues additional units to the Company, and thereby increases the Company's general partnership interest in the Operating Partnership, with terms similar to the terms of any securities (i.e.: common stock or preferred stock) issued by the Company (including any securities issued by the Company upon the exercise of stock options). Any consideration received by the Company in respect of the issuance of its securities is contributed to the Operating Partnership.

On March 15, 2004, the Company issued 5.5 million shares of its Class A common stock at $27.18 per share, net of underwriting discount, for proceeds aggregating approximately $149.5 million. In addition, the underwriter was granted a 30-day over-allotment option to purchase up to an additional 825,000 shares. Net proceeds were used to repay $100 million of the Operating Partnership's 7.4% senior unsecured notes at their maturity on March 15, 2004, repay borrowings under the Credit Facility and for general corporate purposes.

Other

In March of 2004, the Company received notification from the Internal Revenue Service indicating that they have selected the 2001 tax return of the Operating Partnership for examination. The examination process has not yet commenced.

BUSINESS STRATEGIES AND GROWTH OPPORTUNITIES

The Company's primary business objectives are to maximize current return to its stockholders and the Operating Partnership's partners through increases in distributable cash flow per share / OP Unit and to increase stakeholders' long-term total return through the appreciation in value of its common stock and OP Units. The Company's core business strategy is based on a long-term outlook considering real estate as a cyclical business. The Company seeks to accomplish long-term stability and success by developing and maintaining an infrastructure and franchise that is modeled for success over the long-term. This approach allows the Company to recognize different points in the market cycle and adjust our strategy accordingly. Although the Company has recently experienced increased leasing activity, the Company remains cautious about the market environment. With this cautious bias we choose to maintain our conservative strategy of focusing on retaining high occupancies, controlling operating expenses, maintaining a high level of investment discipline and preserving financial flexibility. The Company plans to achieve these objectives by continuing Reckson's business strategies and capitalizing on the internal and external growth opportunities as described below.

Business Strategies. Management believes that throughout its 40-year operating history, Reckson has created value in its properties through a variety of market cycles by implementing the operating strategies described below. These operating strategies include: (i) a multidisciplinary leasing approach that involves architectural design and construction personnel as well as leasing professionals, (ii) innovative marketing programs that strategically position the Company's properties and distinguish its portfolio from the competition, increase brand equity and gain market-share. These cost-effective, high-yield programs include electronic web-casting, targeted outdoor and print media campaigns and sales promotion that enhances broker relationships and influences tenant retention, (iii) a comprehensive tenant service program and property amenities designed to maximize tenant satisfaction and retention, (iv) cost control management and systems that take advantage of economies of scale that arise from the Company's market position and efficiencies attributable to the state-of-the-art energy control systems at many of the office properties, (v) a fully integrated infrastructure of proprietary and property management accounting systems which encompasses technologically advanced systems and tools that provide meaningful information, on a real time basis, throughout the entire organization and (vi) an acquisition, disposition and development strategy that is continuously adjusted in light of anticipated changes in market conditions and that seeks to capitalize on management's multidisciplinary expertise and market knowledge to modify, upgrade and reposition a property in its marketplace in order to maximize value.

The Company also currently intends to adhere to a policy of maintaining a stabilized debt ratio over time (defined as the total debt of the Company as a percentage of the sum of the Company's total debt and the market value of its equity) of not more than 50%. This debt ratio is intended to provide the Company with financial flexibility to select the optimal source of capital (whether debt or equity) with which to finance external growth. There can be no assurances that the Company will not adjust this policy in the future. As of December 31, 2003, the Company's debt ratio was approximately 41.2%. This calculation is net of minority partners' proportionate share of joint venture debt and includes the Company's share of unconsolidated joint venture debt.

Growth Opportunities. The Company intends to achieve its primary business objectives by applying its corporate strategies to the internal and external growth opportunities described below.

Internal Growth. To the extent New York City, the Long Island, Westchester, New Jersey and Southern Connecticut office markets stabilize and begin to recover with limited new supply, management believes the Company is well positioned to benefit from rental revenue growth through: (i) contractual annual compounding of 3-4% Base Rent increases (defined as fixed gross rental amounts that exclude payments on account of real estate taxes, operating expense escalations and base electrical charges) on approximately 90% of existing leases from its Long Island properties, (ii) periodic contractual increases in Base Rent on existing leases from its Westchester properties, the New Jersey properties, the New York City properties and the Southern Connecticut properties and (iii) the potential for increases to Base Rents as leases expire and space is re-leased at the higher rents that exist in the current market environment.

Through its ownership of properties in the key CBD and suburban office markets in the Tri-State Area, the Company believes it has a unique competitive advantage as the trend toward the regional decentralization of the workplace increases. Due to the events of September 11, 2001 as well as technological advances, which further enable decentralization, companies are strategically re-evaluating the benefits and feasibility of regional decentralization and reassessing their long-term space needs. The Company believes this multi-location regional decentralization will continue to take place, increasing as companies begin to have better visibility as to the future of the economy, further validating our regional strategy of maintaining a significant market share in the key CBD and suburban office markets in the Tri-State Area.

External Growth. The Company seeks to acquire multi-tenant Class A office buildings in New York City and the surrounding Tri-State Area CBD and core suburban markets located in the Tri-State Area. Management believes that the Tri-State Area presents future opportunities to acquire or invest in properties at attractive yields. The Company believes that its (i) capital structure, in particular its Credit Facility providing for a maximum borrowing amount of up to $500 million and access to unsecured debt markets, (ii) ability to acquire a property for OP Units and thereby defer the seller's income tax on gain, (iii) operating economies of scale, (iv) relationships with financial institutions and private real estate owners, (v) fully integrated operations in its five existing divisions and (vi) its substantial position and franchise in the submarkets in which it owns properties will enhance the Company's ability to identify and capitalize on acquisition opportunities. The Company also intends to selectively develop new Class A CBD and suburban office properties and to continue to redevelop existing properties as these opportunities arise. The Company will concentrate its development activities on Class A CBD and suburban office properties within the Tri-State Area. The Company's expansion into the New York City office market has provided it with future opportunities to acquire interests in properties at attractive yields. The Company also believes that its New York City division provides additional leasing and operational capabilities and enhances its overall franchise value by being the only real estate operating company in the Tri-State Area with significant presence in both Manhattan and key Tri-State Area sub-markets.

In addition, when valuations for commercial real estate properties are high, the Company will seek to sell certain properties or interests therein to realize value and profit created. The Company will then seek opportunities to reinvest the capital realized from these dispositions back into value-added assets in the Company's core Tri-State Area markets, as well as pursue its stock repurchase program when deemed appropriate.

ENVIRONMENTAL MATTERS

Under various Federal, state and local laws, ordinances and regulations, an owner of real estate is liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. These laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore as to any property is generally not limited under such enactments and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. Persons who arrange for the disposal or treatment of hazardous or toxic substances may also be liable for the costs of removal or remediation of such substances at a disposal or treatment facility, whether or not such facility is owned or operated by such person. Certain environmental laws govern the removal, encapsulation or disturbance of asbestos-containing materials ("ACMs") when such materials are in poor condition, or in the event of renovation or demolition. Such laws impose liability for release of ACMs into the air and third parties may seek recovery from owners or operators of real properties for personal injury associated with ACMs. In connection with the ownership (direct or indirect), operation, management and development of real properties, the Company may be considered an owner or operator of such properties or as having arranged for the disposal or treatment of hazardous or toxic substances and, therefore, potentially liable for removal or remediation costs, as well as certain other related costs, including governmental fines and injuries to persons and property.

All of the Company's office and industrial / R&D properties have been subjected to a Phase I or similar environmental audit after April 1, 1994 (which involved general inspections without soil sampling, ground water analysis or radon testing and, for the Company's properties constructed in 1978 or earlier, survey inspections to ascertain the existence of ACMs were conducted) completed by independent environmental consultant companies (except for 35 Pinelawn Road which was originally developed by Reckson and subjected to a Phase 1 in April 1992). These environmental audits have not revealed any environmental liability that would have a material adverse effect on the Company's business.

Soil, sediment and groundwater contamination, consisting of volatile organic compounds ("VOCs") and metals, has been identified at the property at 32 Windsor Place, Central Islip, New York. The contamination is associated with industrial activities conducted by a tenant at the property over a number of years. The contamination, which was identified through an environmental investigation conducted on behalf of the Company, has been reported to the New York State Department of Environmental Conservation. The Company has notified the tenant of the findings and has demanded that the tenant take appropriate actions to fully investigate and remediate the contamination. Under applicable environmental laws, both the tenant and the Company are liable for the cost of investigation and remediation. The Company does not believe that the cost of investigation and remediation will be material and the Company has recourse against the tenant. However, there can be no assurance that the Company will not incur liability that would have a material adverse effect on the Company's business.

ITEM 2. PROPERTIES

GENERAL

As of December 31, 2003 the Company owned 89 properties (including 10 joint venture properties) in the Tri-State Area CBD and suburban markets, encompassing approximately 14.7 million rentable square feet, all of which are managed by the Company. The properties include 16 Class A CBD office properties encompassing approximately 5.3 million rentable square feet. The CBD office properties consist of five properties located in New York City, nine properties located in Stamford, CT and two properties located in White Plains, NY. The CBD office properties comprised 42% of the Company's net operating income (property operating revenues less property operating expenses) for the three months ended December 31, 2003. The properties also include 61 Class A suburban office properties encompassing approximately 8.4 million rentable square feet, of which 42 of these properties, or 75% as measured by square footage, are located within the Company's ten office parks. Reckson has historically emphasized the development and acquisition of properties that are part of large-scale suburban office parks. The Company believes that owning properties in planned office and industrial parks provides certain strategic advantages, including the following: (i) certain tenants prefer being located in a park with other high quality companies to enhance their corporate image, (ii) parks afford tenants certain aesthetic amenities such as a common landscaping plan, standardization of signage and common dining and recreational facilities, (iii) tenants may expand (or contract) their business within a park, enabling them to centralize business functions and (iv) a park provides tenants with access to other tenants and may facilitate business relationships between tenants. The properties also include 11 industrial / R&D properties encompassing approximately 1.0 million rentable square feet and one retail property comprising approximately 9,000 rentable square feet. The Company also owns a 355,000 square foot office property located in Orlando, Florida.

Set forth below is a summary of certain information relating to the Company's properties, categorized by office and industrial / R&D properties, as of December 31, 2003.

OFFICE PROPERTIES

General

As of December 31, 2003, the Company owned or had an interest in 16 Class A CBD office properties encompassing approximately 5.3 million square feet and 61 Class A suburban office properties encompassing approximately 8.4 million square feet. As of December 31, 2003, the office properties were approximately 91.5% leased (percent leased excludes properties under development) to approximately 900 tenants.

The office properties are Class A office buildings and are well-located, well-maintained and professionally managed. In addition, these properties are modern with high finishes and achieve among the highest rent, occupancy and tenant retention rates within their sub-markets. The 16 Class A CBD office properties consist of five properties located in New York City, nine properties located in Stamford, CT and two properties located in White Plains, NY. Forty-two of the 61 suburban office properties are located within the Company's ten office parks. The buildings in these office parks offer a full array of amenities including health clubs, racquetball courts, sun decks, restaurants, computer controlled HVAC access systems and conference centers. Management believes that the location, quality of construction and amenities as well as the Company's reputation for providing a high level of tenant service have enabled the Company to attract and retain a national tenant base. The office tenants include national companies representing all major industry groups including consumer products, financial services, pharmaceuticals, health care, telecommunication and technology and insurance and service companies, such as "Big Four" accounting firms and major law firms.

The office properties are leased to both national and local tenants. Leases on the office properties are typically written for terms ranging from five to ten years and require: (i) payment of a fixed gross rental amount that excludes payments on account of real estate tax, operating expense escalations and base electrical charges ("Base Rent"), (ii) payment of a base electrical charge, (iii) payment of real estate tax escalations over a base year, (iv) payment of compounded annual increases to Base Rent and/or payment of operating expense escalations over a base year, (v) payment of overtime HVAC and electric, and (vi) payment of electric escalations over a base year. In virtually all leases, the landlord is responsible for structural repairs. Renewal provisions typically provide for renewal rates at market rates or a percentage thereof, provided that such rates are not less than the most recent renewal rates.

The following table sets forth certain information as of December 31, 2003 for each of the office properties.

	PERCENTAGE OWNERSHIP	OWNERSHIP INTEREST (GROUND LEASE EXPIRATION DATE) (1)	YEAR CONSTRUCTED	LAND AREA (ACRES)
CBD Office Properties:				
Landmark Square				
One Landmark Sq., Stamford, CT	100%	Fee	1973	N/A
Two Landmark Sq., Stamford, CT	100%	Fee	1976	N/A
Three Landmark Sq., Stamford, CT	100%	Fee	1978	N/A
Four Landmark Sq., Stamford, CT	100%	Fee	1977	N/A
Five Landmark Sq., Stamford, CT	100%	Fee	1976	N/A
Six Landmark Sq., Stamford, CT	100%	Fee	1984	N/A
Total- Landmark Square				7.2
Other Stamford Properties				
1055 Washington Blvd., Stamford, CT	100%	Fee	1987	1.5
680 Washington Blvd., Stamford, CT	51%	Fee	1989	1.3
750 Washington Blvd., Stamford, CT	51%	Fee	1989	2.4
Total-Stamford Towers				5.2
Stand-alone Westchester				
360 Hamilton Ave., White Plains, NY	100%	Fee	1977	1.5
140 Grand St., White Plains, NY	100%	Fee	1991	2.2
Total-Stand-alone Westchester				3.7
New York City Office Properties				
120 W. 45th St., New York, NY	100%	Fee	1989	0.4
100 Wall St., New York, NY	100%	Fee	1969	0.5
810 Seventh Ave., New York, NY	100%	Fee(5)	1970	0.6
919 Third Ave., New York, NY	100%	Fee(6)	1971	1.5
1350 Ave. of the Americas, New York, NY	100%	Fee	1966	0.6
Total-New York City Office Properties				3.6
Total CBD Office Properties				19.7
Suburban Office Properties:				
Huntington Melville Corporate Center				
395 North Service Rd, Melville, NY	100%	Lease (2081)	1988	7.5
200 Broadhollow Rd,, Melville, NY	100%	Fee	1981	4.6
48 South Service Rd, Melville, NY	100%	Fee	1986	7.3
35 Pinelawn Rd, Melville, NY	100%	Fee	1980	6.0
275 Broadhollow Rd, Melville, NY	100%	Fee	1970	5.8
58 South Service Rd, Melville, NY	100%	Fee	2000	16.5
1305 Old Walt Whitman Rd, Melville, NY	51%	Fee	1998(3)	18.1
Total- Huntington Meville Corporate Center				65.8
North Shore Atrium				
6800 Jericho Turnpike, Syosset, NY	100%	Fee	1977	13.0
6900 Jericho Turnpike, Syosset, NY	100%	Fee	1982	5.0
Total-North Shore Atrium				18.0
Nassau West Corporate Center				
50 Charles Lindbergh Blvd., Mitchel Field, NY	100%	Lease (2082)	1984	9.1
60 Charles Lindbergh Blvd., Mitchel Field, NY	100%	Lease (2082)	1989	7.8
51 Charles Lindbergh Blvd. , Mitchel Field, NY	100%	Lease (2084)	1989	6.6
55 Charles Lindbergh Blvd. , Mitchel Field, NY	100%	Lease (2082)	1982	10.0
333 Earl Ovington Blvd., Mitchel Field, NY	60%	Lease (2088)	1991	30.6
90 Merrick Ave., Mitchel Field, NY	51%	Lease (2084)	1985	13.2
Total-Nassau West Corporate Center				77.3

	NUMBER OF FLOORS	RENTABLE SQUARE FEET	PERCENT LEASED	ANNUAL BASE RENT (2)	ANNUAL BASE RENT PER LEASED SQ. FT.	NUMBER OF TENANT LEASES
CBD Office Properties:						
Landmark Square						
One Landmark Sq., Stamford, CT	22	280,661	83.7%	$ 5,825,595	$ 20.76	51
Two Landmark Sq., Stamford, CT	3	36,889	91.7%	$ 810,020	$ 21.96	8
Three Landmark Sq., Stamford, CT	6	128,887	94.3%	$ 3,234,142	$ 25.09	14
Four Landmark Sq., Stamford, CT	5	99,446	62.9%	$ 1,111,599	$ 11.18	10
Five Landmark Sq., Stamford, CT	3	58,000	100.0%	$ 314,384	$ 5.42	3
Six Landmark Sq., Stamford, CT	10	170,080	98.4%	$ 4,215,211	$ 24.78	7
Total- Landmark Square		773,963	87.6%	$ 15,510,951	$ 20.04	93
Other Stamford Properties						
1055 Washington Blvd., Stamford, CT	10	178,855	76.6%	$ 3,679,745	$ 20.57	16
680 Washington Blvd., Stamford, CT	11	132,759	100.0%	$ 4,085,458	$ 30.77	6
750 Washington Blvd., Stamford, CT	11	185,671	98.2%	$ 4,758,575	$ 25.63	9
Total-Stamford Towers		497,285	90.9%	$ 12,523,778	$ 25.18	31
Stand-alone Westchester						
360 Hamilton Ave., White Plains, NY	12	381,257	87.9%	$ 8,613,036	$ 22.59	13
140 Grand St., White Plains, NY	9	124,229	88.7%	$ 2,652,606	$ 21.35	8
Total-Stand-alone Westchester		505,486	88.1%	$ 11,265,642	$ 22.29	21
New York City Office Properties						
120 W. 45th St., New York, NY	40	441,140	97.8%	$ 18,206,283	$ 41.27	31
100 Wall St., New York, NY	29	461,134	82.5%	$ 13,231,149	$ 28.69	23
810 Seventh Ave., New York, NY	42	690,977	88.1%	$ 23,391,614	$ 33.85	27
919 Third Ave., New York, NY	47	1,363,158	99.6%	$ 58,287,632	$ 42.76	15
1350 Ave. of the Americas, New York, NY	35	543,842	95.3%	$ 17,340,309	$ 31.88	67
Total-New York City Office Properties		3,500,251	94.2%	$130,456,987	$ 37.27	163
Total CBD Office Properties		5,276,985	92.3%	$169,757,358	$ 32.17	308
Suburban Office Properties:						
Huntington Melville Corporate Center						
395 North Service Rd, Melville, NY	4	187,374	100.0%	$ 5,274,218	$ 28.15	5
200 Broadhollow Rd,, Melville, NY	4	68,053	95.8%	$ 1,526,750	$ 22.43	12
48 South Service Rd, Melville, NY	4	127,274	99.5%	$ 2,660,558	$ 20.90	10
35 Pinelawn Rd, Melville, NY	2	108,136	100.0%	$ 2,162,477	$ 20.00	34
275 Broadhollow Rd, Melville, NY	4	126,770	100.0%	$ 3,088,583	$ 24.36	1
58 South Service Rd, Melville, NY	4	279,886	88.8%	$ 7,435,773	$ 26.57	9
1305 Old Walt Whitman Rd, Melville, NY	3	164,166	100.0%	$ 4,364,216	$ 26.58	5
Total- Huntington Meville Corporate Center		1,061,659	96.7%	$ 26,512,575	$ 24.97	76
North Shore Atrium						
6800 Jericho Turnpike, Syosset, NY	2	204,331	94.2%	$ 3,847,063	$ 18.83	42
6900 Jericho Turnpike, Syosset, NY	4	94,945	100.0%	$ 2,042,699	$ 21.51	14
Total-North Shore Atrium		299,276	96.1%	$ 5,889,762	$ 19.68	56
Nassau West Corporate Center						
50 Charles Lindbergh Blvd., Mitchel Field, NY	6	215,000	88.3%	$ 4,431,914	$ 20.61	19
60 Charles Lindbergh Blvd., Mitchel Field, NY	2	195,570	29.6%	$ 1,401,701	$ 7.17	3
51 Charles Lindbergh Blvd. , Mitchel Field, NY	1	108,000	100.0%	$ 2,634,349	$ 24.39	1
55 Charles Lindbergh Blvd. , Mitchel Field, NY	2	214,581	100.0%	$ 2,837,056	$ 13.22	2
333 Earl Ovington Blvd., Mitchel Field, NY	10	583,337	93.2%	$ 15,141,208	$ 25.96	24
90 Merrick Ave., Mitchel Field, NY	9	234,996	94.1%	$ 6,009,539	$ 25.57	21
Total-Nassau West Corporate Center		1,551,484	86.0%	$ 32,455,767	$ 20.92	70

	PERCENTAGE OWNERSHIP	OWNERSHIP INTEREST (GROUND LEASE EXPIRATION DATE) (1)	YEAR CONSTRUCTED	LAND AREA (ACRES)
Tarrytown Corporate Center				
505 White Plains Rd., Tarrytown, NY	100%	Fee	1974	1.4
520 White Plains Rd., Tarrytown, NY	60%	Fee(4)	1981	6.8
555 White Plains Rd., Tarrytown, NY	100%	Fee	1972	4.2
560 White Plains Rd., Tarrytown, NY	100%	Fee	1980	4.0
580 White Plains Rd., Tarrytown, NY	100%	Fee	1977	6.1
660 White Plains Rd., Tarrytown, NY	100%	Fee	1983	10.9
Total-Tarrytown Corporate Center				33.4
Reckson Executive Park				
1 International Dr., Ryebrook, NY	100%	Fee	1983	N/A
2 International Dr., Ryebrook, NY	100%	Fee	1983	N/A
3 International Dr., Ryebrook, NY	100%	Fee	1983	N/A
4 International Dr., Ryebrook, NY	100%	Fee	1986	N/A
5 International Dr., Ryebrook, NY	100%	Fee	1986	N/A
6 International Dr., Ryebrook, NY	100%	Fee	1986	N/A
Total-Reckson Executive Park				44.4
Summit at Valhalla				
100 Summit Dr., Valhalla, NY	100%	Fee	1988	11.3
200 Summit Dr., Valhalla, NY	100%	Fee	1990	18.0
500 Summit Dr., Valhalla, NY	100%	Fee	1986	29.1
Total-Summit at Valhalla				58.4
Mt. Pleasant Corporate Center				
115/117 Stevens Ave., Mt. Pleasant, NY	100%	Fee	1984	5.0
Total-Mt Pleasant Corporate Center				5.0
Stand-alone Long Island Properties				
400 Garden City Plaza, Garden City, NY	51%	Fee	1989	5.7
88 Duryea Rd., Melville, NY	100%	Fee	1986	1.5
310 East Shore Rd., Great Neck, NY	100%	Fee	1981	1.5
333 East Shore Rd., Great Neck, NY	100%	Lease (2030)	1976	1.5
520 Broadhollow Rd., Melville, NY	100%	Fee	1978	7.0
1660 Walt Whitman Rd., Melville, NY	100%	Fee	1980	6.5
150 Motor Parkway, Hauppauge, NY	100%	Fee	1984	11.3
120 Mineola Blvd., Mineola, NY	100%	Fee	1989	0.7
300 Motor Parkway, Hauppauge, NY	100%	Fee	1979	4.2
48 Harbor Pk Dr., Port Washington, NY	100%	Fee	1976	2.7
50 Marcus Dr., Melville, NY	100%	Fee	2000	12.9
Total-Stand-alone Long Island				55.5
Stand-alone Westchester				
120 White Plains Rd., Tarrytown, NY	51%	Fee	1984	9.7
80 Grasslands, Elmsford, NY	100%	Fee	1989	4.9
Total-Stand-alone Westchester				14.6
Executive Hill Office Park				
100 Executive Dr., Rt. 280 Corridor, NJ	100%	Fee	1978	10.1
200 Executive Dr., Rt. 208 Corridor, NJ	100%	Fee	1980	8.2
300 Executive Dr., Rt. 280 Corridor, NJ	100%	Fee	1984	8.7
10 Rooney Circle, Rt. 280 Corridor, NJ	100%	Fee	1971	5.2
Total-Executive Hill Office Park				32.2
University Square Princeton				
100 Campus Dr., Princeton/Rt. 1 Corridor, NJ	100%	Fee	1987	N/A
104 Campus Dr., Princeton/Rt. 1 Corridor, NJ	100%	Fee	1987	N/A
115 Campus Dr., Princeton/Rt. 1 Corridor, NJ	100%	Fee	1987	N/A
Total-University Square				11.0
Short Hills Office Complex				
101 John F. Kennedy Parkway, Short Hills, NJ	100%	Fee	1981	9.0
103 John F. Kennedy Parkway, Short Hills, NJ (3)	100%	Fee	1981	6.0
51 John F. Kennedy Parkway, Short Hills, NJ	51%	Fee	1988	11.0
Total- Short Hills Office				26.0

	NUMBER OF FLOORS	RENTABLE SQUARE FEET	PERCENT LEASED	ANNUAL BASE RENT (2)	ANNUAL BASE RENT PER LEASED SQ. FT.	NUMBER OF TENANT LEASES
Tarrytown Corporate Center						
505 White Plains Rd., Tarrytown, NY	2	26,319	91.1%	$ 320,423	$ 12.17	20
520 White Plains Rd., Tarrytown, NY	6	155,162	98.3%	$ 3,274,395	$ 21.10	3
555 White Plains Rd., Tarrytown, NY	5	121,886	89.0%	$ 2,195,871	$ 18.02	7
560 White Plains Rd., Tarrytown, NY	6	124,117	93.8%	$ 2,501,815	$ 20.16	19
580 White Plains Rd., Tarrytown, NY	6	169,447	65.1%	$ 2,455,550	$ 14.49	12
660 White Plains Rd., Tarrytown, NY	6	253,226	91.7%	$ 5,416,509	$ 21.39	35
Total-Tarrytown Corporate Center		850,157	87.5%	$16,164,563	$ 19.01	96
Reckson Executive Park						
1 International Dr., Ryebrook, NY	3	90,000	100.0%	$ 1,155,000	$ 12.83	1
2 International Dr., Ryebrook, NY	3	90,000	100.0%	$ 1,155,000	$ 12.83	1
3 International Dr., Ryebrook, NY	3	91,193	67.1%	$ 1,080,224	$ 11.85	4
4 International Dr., Ryebrook, NY	3	87,833	92.9%	$ 1,862,929	$ 21.21	7
5 International Dr., Ryebrook, NY	3	90,000	51.1%	$ 0	$ 0.00	1
6 International Dr., Ryebrook, NY	3	94,753	84.0%	$ 1,893,621	$ 19.98	9
Total-Reckson Executive Park		543,779	82.5%	$ 7,146,774	$ 13.14	23
Summit at Valhalla						
100 Summit Dr., Valhalla, NY	4	248,174	87.3%	$ 5,527,232	$ 22.27	7
200 Summit Dr., Valhalla, NY	4	233,391	99.4%	$ 5,926,008	$ 25.39	9
500 Summit Dr., Valhalla, NY	4	208,660	100.0%	$ 5,529,490	$ 26.50	1
Total-Summit at Valhalla		690,225	95.2%	$16,982,730	$ 24.60	17
Mt. Pleasant Corporate Center						
115/117 Stevens Ave., Mt. Pleasant, NY	3	166,191	97.3%	$ 3,383,522	$ 20.36	19
Total-Mt Pleasant Corporate Center		166,191	97.3%	$ 3,383,522	$ 20.36	19
Stand-alone Long Island Properties						
400 Garden City Plaza, Garden City, NY	5	174,408	99.1%	$ 3,880,083	$ 22.25	20
88 Duryea Rd., Melville, NY	2	23,878	100.0%	$ 558,371	$ 23.38	4
310 East Shore Rd., Great Neck, NY	4	50,108	98.1%	$ 1,216,437	$ 24.28	18
333 East Shore Rd., Great Neck, NY	2	17,650	81.4%	$ 348,566	$ 19.75	8
520 Broadhollow Rd., Melville, NY	1	85,784	100.0%	$ 1,879,121	$ 21.91	3
1660 Walt Whitman Rd., Melville, NY	1	76,851	79.5%	$ 1,376,469	$ 17.91	6
150 Motor Parkway, Hauppauge, NY	4	185,475	96.4%	$ 4,084,416	$ 22.02	23
120 Mineola Blvd., Mineola, NY	6	101,572	78.4%	$ 1,936,735	$ 19.07	6
300 Motor Parkway, Hauppauge, NY	1	54,154	89.0%	$ 790,543	$ 14.60	6
48 Harbor Pk Dr., Port Washington, NY	1	35,000	100.0%	$ 827,502	$ 23.64	1
50 Marcus Dr., Melville, NY	2	163,762	100.0%	$ 3,938,677	$ 24.05	1
Total-Stand-alone Long Island		968,642	94.2%	$20,836,920	$ 21.51	96
Stand-alone Westchester						
120 White Plains Rd., Tarrytown, NY	6	206,754	96.0%	$ 5,200,561	$ 25.15	12
80 Grasslands, Elmsford, NY	3	87,114	100.0%	$ 1,900,643	$ 21.82	5
Total-Stand-alone Westchester		293,868	97.2%	$ 7,101,204	$ 24.16	17
Executive Hill Office Park						
100 Executive Dr., Rt. 280 Corridor, NJ	3	93,349	84.6%	$ 1,689,771	$ 18.10	9
200 Executive Dr., Rt. 208 Corridor, NJ	4	105,628	98.2%	$ 2,271,924	$ 21.51	9
300 Executive Dr., Rt. 280 Corridor, NJ	4	124,664	93.9%	$ 2,657,216	$ 21.32	10
10 Rooney Circle, Rt. 280 Corridor, NJ	3	70,716	78.9%	$ 1,374,846	$ 19.44	2
Total-Executive Hill Office Park		394,357	90.2%	$ 7,993,757	$ 20.27	30
University Square Princeton						
100 Campus Dr., Princeton/Rt. 1 Corridor, NJ	1	27,888	100.0%	$ 648,433	$ 23.25	3
104 Campus Dr., Princeton/Rt. 1 Corridor, NJ	1	70,239	100.0%	$ 1,663,171	$ 23.68	2
115 Campus Dr., Princeton/Rt. 1 Corridor, NJ	1	33,600	100.0%	$ 834,759	$ 24.84	1
Total-University Square		131,727	100.0%	$ 3,146,363	$ 23.89	6
Short Hills Office Complex						
101 John F. Kennedy Parkway, Short Hills, NJ	6	189,524	44.0%	$ 922,826	$ 4.87	2
103 John F. Kennedy Parkway, Short Hills, NJ (3)	4	123,000	100.0%	$ 4,182,000	$ 34.00	1
51 John F. Kennedy Parkway, Short Hills, NJ	5	250,713	100.0%	$ 8,993,253	$ 35.87	19
Total- Short Hills Office		563,237	81.2%	$14,098,079	$ 25.03	22

	PERCENTAGE OWNERSHIP	OWNERSHIP INTEREST (GROUND LEASE EXPIRATION DATE) (1)	YEAR CONSTRUCTED	LAND AREA (ACRES)
Stand-alone New Jersey Properties				
99 Cherry Hill Road, Parsippany, NJ	100%	Fee	1982	8.8
119 Cherry Hill Rd, Parsippany, NJ ..	100%	Fee	1982	9.3
One Eagle Rock, Hanover, NJ	100%	Fee	1986	10.4
3 University Plaza, Hackensack, NJ ..	100%	Fee	1985	10.6
1255 Broad St., Clifton, NJ	100%	Fee	1968	11.1
492 River Rd., Nutley, NJ	100%	Fee	1952	17.3
Total- Stand-alone NJ Properties				67.5
Total Suburban Office Properties				509.1
Total-Office Properties				528.8

	NUMBER OF FLOORS	RENTABLE SQUARE FEET	PERCENT LEASED	ANNUAL BASE RENT (2)	ANNUAL BASE RENT PER LEASED SQ. FT.	NUMBER OF TENANT LEASES
Stand-alone New Jersey Properties						
99 Cherry Hill Road, Parsippany, NJ	3	93,396	85.6%	$ 1,498,822	$ 16.05	12
119 Cherry Hill Rd, Parsippany, NJ ..	3	95,179	68.8%	$ 1,315,148	$ 13.82	12
One Eagle Rock, Hanover, NJ	3	144,587	97.3%	$ 2,692,295	$ 18.62	6
3 University Plaza, Hackensack, NJ ..	6	219,590	100.0%	$ 5,075,500	$ 23.11	19
1255 Broad St., Clifton, NJ	2	193,574	100.0%	$ 4,328,639	$ 22.36	2
492 River Rd., Nutley, NJ	13	130,009	100.0%	$ 2,177,651	$ 16.75	1
Total- Stand-alone NJ Properties		876,335	94.6%	$ 17,088,055	$ 19.50	52
Total Suburban Office Properties		8,390,937	91.0%	$178,800,071	$ 21.31	580
Total-Office Properties		13,667,922	91.5%	$348,557,429	$ 25.50	888

- ------------------

(1) Ground lease expirations assume exercise of renewal options by the lessee.

(2) Represents Base Rent, net of electric reimbursement, of signed leases at December 31, 2003 adjusted for scheduled contractual increases during the 12 months ending December 31, 2004. Total Base Rent for these purposes reflects the effect of any lease expirations that occur during the 12-month period ending December 31, 2004. Amounts included in rental revenue for financial reporting purposes have been determined on a straight-line basis rather than on the basis of contractual rent as set forth in the foregoing table.

(3) Year renovated.

(4) The actual fee interest in is held by the County of Westchester Industrial Development Agency. The fee interest in 520 White Plains Road may be acquired if the outstanding principal under certain loan agreements and annual basic installments are prepaid in full.

(5) There is a ground lease in place on a small portion of the land which expires in 2066.

(6) There is a ground lease in place on a small portion of the land which expires in 2066.

INDUSTRIAL / R&D PROPERTIES

As of December 31, 2003, the Company owned 11 industrial / R&D properties that encompass approximately 1.0 million rentable square feet. As of December 31, 2003, the industrial / R&D properties were approximately 75.5% leased to 22 tenants. Three of these properties aggregating approximately 143,000 square feet are currently under contract for sale. The Company anticipates the sale of these properties to occur during 2004.

The following table sets forth certain information as of December 31, 2003 for each of the industrial / R&D Properties:

	PERCENTAGE OWNERSHIP	OWNERSHIP INTEREST (GROUND LEASE EXPIRATION DATE)	YEAR CONSTRUCTED	LAND AREA (ACRES)	CLEARANCE HEIGHT (FEET)(1)
LONG ISLAND INDUSTRIAL					
Islip & Hauppauge Long Island					
32 Windsor Pl., Islip, NY	100.0%	Fee	1971	2.5	18
300 Kennedy Drive, Haupauge, NY	100.0%	Fee	1969	4.1	12
350 Kennedy Drive, Haupauge, NY	100.0%	Fee	1970	4.5	26

Islip Long Island Total				11.1	
NEW JERSEY INDUSTRIAL					
Western Morris and South Plainfield					
100 Forge Way, Rockaway, NJ	100.0%	Fee	1986	3.5	24
200 Forge Way, Rockaway, NJ	100.0%	Fee	1989	12.7	28
300 Forge Way, Rockaway, NJ	100.0%	Fee	1989	4.2	24
400 Forge Way, Rockaway, NJ	100.0%	Fee	1989	12.8	28
40 Cragwood Rd., South Plainfield, NJ.	100.0%	Fee	1965	13.5	16

W. Morris S. Plainfield Total				46.7	
WESTCHESTER INDUSTRIAL					
Elmsford Westchester					
100 Grasslands Rd., Elmsford, NY	100.0%	Fee	1964	3.6	16
500 Saw Mill Rd., Elmsford, NY	100.0%	Fee	1968	7.3	22

Elmsford Westchester Total				10.9	
CONNECTICUT INDUSTRIAL					
Shelton Connecticut					
710 Bridgeport, Shelton, CT	100.0%	Fee	1971-1979	36.1	22

Shelton Connecticut Total				36.1	
TOTAL INDUSTRIAL				104.8	

	RESEARCH AND DEVELOPMENT FINISH	RENTABLE SQUARE FEET	PERCENT LEASED	ANNUAL BASE RENT (2)	ANNUAL RENT PER LEASED SQ. FT.	NUMBER OF TENANT LEASES
LONG ISLAND INDUSTRIAL						
Islip & Hauppauge Long Island						
32 Windsor Pl., Islip, NY	10%	43,000	100.0%	$ 162,123	$ 3.77	1
300 Kennedy Drive, Haupauge, NY	100%	50,000	100.0%	$ 357,146	$ 7.14	1
350 Kennedy Drive, Haupauge, NY	50%	50,489	100.0%	$ 344,830	$ 6.83	1
		------	-----	----------	-------	-
Islip Long Island Total		143,489	100.0%	$ 864,099	$ 6.02	3
NEW JERSEY INDUSTRIAL						
Western Morris and South Plainfield						
100 Forge Way, Rockaway, NJ	46%	20,150	92.3%	$ 161,864	$ 8.03	4
200 Forge Way, Rockaway, NJ	53%	72,118	100.0%	$ 634,638	$ 8.80	2
300 Forge Way, Rockaway, NJ	63%	24,200	50.4%	$ 52,104	$ 2.15	1
400 Forge Way, Rockaway, NJ	20%	73,000	100.0%	$ 547,768	$ 7.50	3
40 Cragwood Rd., South Plainfield, NJ.	30%	130,793	70.3%	$1,299,367	$ 9.93	4
		-------	-----	----------	-------	-
W. Morris S. Plainfield Total		320,261	83.7%	$2,695,741	$ 8.42	14
WESTCHESTER INDUSTRIAL						
Elmsford Westchester						
100 Grasslands Rd., Elmsford, NY	100%	47,690	100.0%	$ 897,500	$ 18.82	3
500 Saw Mill Rd., Elmsford, NY	20%	92,000	100.0%	$1,002,800	$ 10.90	1
		-------	-----	----------	-------	--
Elmsford Westchester Total		139,690	100.0%	$1,900,300	$ 13.60	4
CONNECTICUT INDUSTRIAL						
Shelton Connecticut						
710 Bridgeport, Shelton, CT	29%	452,414	54.3%	$2,032,502	$ 4.49	1
		-------	-----	----------	-------	--
Shelton Connecticut Total		452,414	54.3%	$2,032,502	$ 4.49	1
TOTAL INDUSTRIAL		1,055,854	75.5%	$7,492,642	$ 7.10	22

- ------------------

(1) Calculated as the difference from the lowest beam to floor.

(2) Represents Base Rent, net of electric reimbursement, of signed leases at December 31, 2003 adjusted for scheduled contractual increases during the 12 months ending December 31, 2004. Total Base Rent for these purposes

reflects the effect of any lease expirations that occur during the 12 month period ending December 31, 2004. Amounts included in rental revenue for financial reporting purposes have been determined on a straight-line basis rather than on the basis of contractual rent as set forth in the foregoing table.

RETAIL PROPERTY

As of December 31, 2003, the Company owned one freestanding retail property encompassing approximately 9,000 square feet located in Great Neck, New York. This property is 100% leased.

DEVELOPMENTS IN PROGRESS

As of December 31, 2003, the Company had invested approximately $66.4 million in developments in progress. In addition, the Company has invested approximately $37.1 million relating to 12 remaining parcels of land on which it can develop approximately 3.0 million square feet of office space. Management has made subjective assessments as to the value and recoverability of these investments based on current and proposed development plans, market comparable land values and alternative use values.

During February 2003, the Company, through Reckson Construction Group, Inc., entered into a contract with an affiliate of First Data Corp. to sell a 19.3-acre parcel of land located in Melville, New York and was retained by the purchaser to develop a build-to-suit 195,000 square foot office building for aggregate consideration of approximately $47 million. This transaction closed on March 11, 2003 and development of the aforementioned office building has commenced and is near completion. Net proceeds from the land sale of approximately $18.3 million were used to establish an escrow account with a qualified intermediary for a future exchange of real property pursuant to Section 1031 of the Code (a "Section 1031" exchange). A Section 1031 Exchange allows for the deferral of taxes related to the gain attributable to the sale of property if qualified replacement property is identified within 45 days, and such qualified property is then acquired within 180 days from the initial sale. The Company identified and acquired certain qualified replacement properties to complete the 1031 exchange. Two of the qualified replacement properties were subsequently contracted for sale as part of the Company's Long Island industrial building portfolio sale. There can be no assurances that the Company will identify or acquire additional qualified replacement properties in which case the Company would incur the tax liability on the capital gain realized of approximately $1.5 million.

THE OPTION PROPERTIES

In connection with the IPO, the Company was granted ten-year options to acquire ten properties (the "Option Properties") which were either owned by certain Rechler family members who were also executive officers of the Company, or in which the Rechler family members own a non-controlling minority interest at a price based upon an agreed upon formula. In years prior to 2001, one of these properties was sold by the Rechler family members to a third party and four of these properties were acquired by the Company for an aggregate purchase price of approximately $35 million, which included the issuance of approximately 475,000 OP Units valued at approximately $8.8 million.

On November 10, 2003, in connection with the Company's sale of its Long Island industrial building portfolio four of the five remaining options (the "Remaining Option Properties") granted to the Company at the time of the IPO to purchase interests in properties owned by Rechler family members were terminated. In return the Company received an aggregate payment from the Rechler family members of $972,000. Rechler family members have also agreed to extend the term of the remaining option on the property located at 225 Broadhollow Road, Melville, NY (the Company's current headquarters) for five years and to release the Company from approximately 15,500 square feet under its lease at this property. In connection with the restructuring of the remaining option the Rechler family members paid the Company $1 million in return for the Company's agreement not to exercise the option during the next three years. As part of the agreement, the exercise price of the option payable by the Company was increased by $1 million.

HISTORICAL NON-INCREMENTAL REVENUE-GENERATING CAPITAL EXPENDITURES, TENANT IMPROVEMENT COSTS AND LEASING COMMISSIONS

The following table sets forth annual and per square foot non-incremental revenue-generating capital expenditures in which the Operating Partnership paid or accrued, during the respective periods, to retain revenues attributable to existing leased space for the years ended 1999 through 2003 for the Operating Partnership's office and industrial / R&D properties.

NON-INCREMENTAL REVENUE GENERATING CAPITAL EXPENDITURES(1)

	1999	2000
Suburban Office Properties		
Total	$ 2,298,899	$ 3,289,116
Per Square Foot	$ 0.23	$ 0.33
NYC Office Properties		
Total	N/A	$ 946,718
Per Square Foot	N/A	$ 0.38
Industrial Properties		
Total	$ 1,048,688	$ 813,431
Per Square Foot	$ 0.11	$ 0.11
Total Portfolio		
Total	$ 3,347,587	$ 5,049,265
Per Square Foot	$ 0.17	$ 0.25

	2001	2002	AVERAGE 1999-2002	20003(2)
Suburban Office Properties				
Total	$ 4,606,069	$ 5,283,674	$ 3,869,440	$ 6,791,336
Per Square Foot	$ 0.45	$ 0.53	$ 0.39	$ 0.67
NYC Office Properties				
Total	$ 1,584,501	$ 1,939,111	$ 1,490,110	$ 1,922,209
Per Square Foot	$ 0.45	$ 0.56	0.46	$ 0.55
Industrial Properties				
Total	$ 711,666	$ 1,881,627	$ 1,113,853	$ 1,218,401
Per Square Foot	$ 0.11	$ 0.28	$ 0.15	$ 0.23
Total Portfolio				
Total	$ 6,902,236	$ 9,104,413		$ 9,931,946
Per Square Foot	$ 0.34	$ 0.45		$ 0.52

Notes:
- -----

(1) Represents capital expenditures at 100% of cost for all consolidated properties excluding One Orlando Center, in Orlando, FL.

(2) Excludes non-incremental capital expenditures of $435,140 incurred during the fourth quarter 2003 for the industrial properties which were sold during the period.

The following table sets forth annual and per square foot non-incremental revenue-generating tenant improvement costs and leasing commissions in which the Operating Partnership committed to perform, during the respective periods, to retain revenues attributable to existing leased space for the years 1999 through 2003 for the Operating Partnership's office and industrial / R&D properties:

NON-INCREMENTAL REVENUE GENERATING TENANT IMPROVEMENTS AND LEASING COMMISSIONS

	1999	2000	2001
LONG ISLAND OFFICE PROPERTIES			
Tenant Improvements	$ 1,009,357	$ 2,853,706	$ 2,722,457
Per Square Foot Improved	$ 4.73	$ 6.99	$ 8.47
Leasing Commissions	$ 551,762	$ 2,208,604	$ 1,444,412
Per Square Foot Leased	$ 2.59	$ 4.96	$ 4.49
Total Per Square Foot	$ 7.32	$ 11.95	$ 12.96
WESTCHESTER OFFICE PROPERTIES			
Tenant Improvements	$ 1,316,611	$ 1,860,027	$ 2,584,728
Per Square Foot Improved	$ 5.62	$ 5.72	$ 5.91
Leasing Commissions	$ 457,730	$ 412,226	$ 1,263,012
Per Square Foot Leased	$ 1.96	$ 3.00	$ 2.89
Total Per Square Foot	$ 7.58	$ 8.72	$ 8.80

CONNECTICUT OFFICE PROPERTIES			
Tenant Improvements	$ 179,043	$ 385,531	$ 213,909
Per Square Foot Improved	$ 4.88	$ 4.19	$ 1.46
Leasing Commissions	$ 110,252	$ 453,435	$ 209,322
Per Square Foot Leased	$ 3.00	$ 4.92	$ 1.43
Total Per Square Foot	$ 7.88	$ 9.11	$ 2.89
NEW JERSEY OFFICE PROPERTIES			
Tenant Improvements	$ 454,054	$ 1,580,323	$ 1,146,385
Per Square Foot Improved	$ 2.29	$ 6.71	$ 2.92
Leasing Commissions	$ 787,065	$ 1,031,950	$ 1,602,962
Per Square Foot Leased	$ 3.96	$ 4.44	$ 4.08
Total Per Square Foot	$ 6.25	$ 11.15	$ 7.00
NEW YORK CITY OFFICE PROPERTIES			
Tenant Improvements	N/A	$ 65,267	$ 788,930
Per Square Foot Improved	N/A	$ 1.79	$ 15.69
Leasing Commissions	N/A	$ 418,185	$ 1,098,829
Per Square Foot Leased	N/A	$ 11.50	$ 21.86
Total Per Square Foot	N/A	$ 13.29	$ 37.55
INDUSTRIAL PROPERTIES			
Tenant Improvements	$ 375,646	$ 650,216	$ 1,366,488
Per Square Foot Improved	$ 0.25	$ 0.95	$ 1.65
Leasing Commissions	$ 835,108	$ 436,506	$ 354,572
Per Square Foot Leased	$ 0.56	$ 0.64	$ 0.43
Total Per Square Foot	$ 0.81	$ 1.59	$ 2.08
TOTAL PORTFOLIO			
Tenant Improvements	$ 3,334,711	$ 7,395,070	$ 8,822,897
Per Square Foot Improved	$ 1.53	$ 4.15	$ 4.05
Leasing Commissions	$ 2,741,917	$ 4,960,906	$ 5,973,109
Per Square Foot Leased	$ 1.26	$ 3.05	$ 2.75
Total Per Square Foot	$ 2.79	$ 7.20	$ 6.80

	2002	AVERAGE 1999-2002	2003 (3)	NEW	RENEWAL
LONG ISLAND OFFICE PROPERTIES					
Tenant Improvements	$ 1,917,466	$ 2,125,747	$ 3,774,722	$ 2,850,868	$ 923,854
Per Square Foot Improved	$ 7.81	$ 7.00	$ 7.05	$ 10.58	$ 3.47
Leasing Commissions	$ 1,026,970	$ 1,307,937	$ 2,623,245	$ 2,110,056	$ 513,190
Per Square Foot Leased	$ 4.18	$ 4.06	$ 4.90	$ 7.83	$ 1.93
Total Per Square Foot	$ 11.99	$ 11.06	$ 11.95	$ 18.41	$ 5.40
WESTCHESTER OFFICE PROPERTIES					
Tenant Improvements	$6,391,589 (2)	$ 3,038,239	$ 3,732,370	$ 3,250,244	$ 482,126
Per Square Foot Improved	$ 15.05	$ 8.08	$ 15.98	$ 22.24	$ 5.51
Leasing Commissions	$ 1,975,850	$ 1,027,204	$ 917,487	$ 810,491	$ 106,997
Per Square Foot Leased	$ 4.65	$ 3.13	$ 3.93	$ 5.55	$ 1.23
Total Per Square Foot	$ 19.70	$ 11.21	$ 19.91	$ 27.79	$ 6.74
CONNECTICUT OFFICE PROPERTIES					
Tenant Improvements	$ 491,435	$ 317,480	$ 588,087	$ 529,328	$ 58,759
Per Square Foot Improved	$ 3.81	$ 3.58	$ 8.44	$ 14.56	$ 1.76
Leasing Commissions	$ 307,023	$ 270,008	$ 511,360	$ 306,212	$ 205,148
Per Square Foot Leased	$ 2.38	$ 2.93	$ 7.34	$ 8.42	$ 6.15
Total Per Square Foot	$ 6.19	$ 6.51	$ 15.78	$ 22.98	$ 7.91
NEW JERSEY OFFICE PROPERTIES					
Tenant Improvements	$ 2,842,521	$ 1,505,821	$ 4,327,295	$ 3,614,058	$ 713,237
Per Square Foot Improved	$ 10.76	$ 5.67	$ 11.57	$ 24.65	$ 3.14
Leasing Commissions	$ 1,037,012	$ 1,114,747	$ 1,892,635	$ 1,142,697	$ 749,938
Per Square Foot Leased	$ 3.92	$ 4.10	$ 5.06	$ 7.80	$ 3.30
Total Per Square Foot	$ 14.68	$ 9.77	$ 16.63	$ 32.45	$ 6.44
NEW YORK CITY OFFICE PROPERTIES					
Tenant Improvements	$ 4,350,106	$ 1,734,768	$5,810,017 (4)	$ 5,526,757	$ 283,260
Per Square Foot Improved	$ 18.39	$ 11.96	$ 32.84	$ 44.52	$ 5.37
Leasing Commissions	$ 2,019,837	$ 1,178,950	$2,950,330 (4)	$ 2,659,682	$ 290,648
Per Square Foot Leased	$ 8.54	$ 13.97	$ 16.68	$ 21.43	$ 5.51
Total Per Square Foot	$ 26.93	$ 25.93	$ 49.52	$ 65.95	$ 10.88
INDUSTRIAL PROPERTIES					
Tenant Improvements	$ 1,850,812	$ 1,060,791	$ 1,249,200	$ 998,972	$ 250,228
Per Square Foot Improved	$ 1.97	$ 1.20	$ 2.42	$ 3.25	$ 1.19
Leasing Commissions	$ 890,688	$ 629,218	$ 574,256	$ 500,654	$ 73,602
Per Square Foot Leased	$ 0.95	$ 0.64	$ 1.11	$ 1.63	$ 0.35
Total Per Square Foot	$ 2.92	$ 1.84	$ 3.53	$ 4.88	$ 1.54
TOTAL PORTFOLIO					
Tenant Improvements	$17,843,929	$ 9,782,846	$19,481,691	$16,770,227	$2,711,464

Per Square Foot Improved	$ 7.96	$ 4.75	$ 10.22	$ 16.28	$ 3.09
Leasing Commissions	$ 7,257,380	$ 5,528,064	$ 9,469,313	$ 7,529,792	$1,939,523
Per Square Foot Leased	$ 3.24	$ 2.66	$ 4.97	$ 7.31	$ 2.21
Total Per Square Foot	$ 11.20	$ 7.41	$ 15.19	$ 23.59	$ 5.30

Notes:

(1) Representstenant improvements and leasing commissions at 100% of cost for all consolidated properties excluding One Orlando Center, in Orlando, FL.

As noted, incremental revenue-generating tenant improvement costs and leasing commissions are excluded from the tables set forth above. The historical capital expenditures, tenant improvement costs and leasing commissions set forth above are not necessarily indicative of future non-incremental revenue-generating capital expenditures or non-incremental revenue-generating tenant improvement costs and leasing commissions that may be incurred to retain revenues on leased space.

The following table sets forth the Operating Partnership's components of its paid or accrued non-incremental and incremental revenue-generating capital expenditures, tenant improvements and leasing costs for the year ended December 31, 2003 as reported on its Statements of Cash Flows - Investment Activities contained in its consolidated financial statements (in thousands):

Capital expenditures:	
Non-incremental	$ 9,931
Incremental	2,834
Tenant Improvements:	
Non-incremental	24,370
Incremental	6,206
Additions to commercial real estate properties	$43,341
Leasing costs:	
Non-incremental	$12,766
Incremental	3,320
Payment of deferred leasing costs	$16,086
Acquisition and development costs	$64,891

The following table sets forth the Operating Partnership's top 25 tenants based on base rental revenue as of December 31, 2003.

TENANT NAME (1)	TENANT TYPE	TOTAL SQUARE FEET	PERCENT OF PRO-RATA SHARE OF ANNUALIZED BASE RENTAL REVENUE	PERCENT OF CONSOLIDATED ANNUALIZED BASE RENTAL REVENUE
* Debevoise & Plimpton	Office	465,420	3.7%	6.2%
Verizon Communications Inc.	Office	210,426	1.8%	1.5%
* Schulte Roth & Zabel	Office	287,177	1.6%	2.7%
* Fuji Photo Film USA	Office	186,484	1.4%	1.3%
Dun & Bradstreet Corp.	Office	123,000	1.3%	1.1%
United Distillers	Office	137,918	1.3%	1.1%
* WorldCom/MCI	Office	245,030	1.3%	1.2%
Arrow Electronics, Inc.	Office	163,762	1.3%	1.1%
T.D. Waterhouse	Office	103,381	1.1%	0.9%
* Banque Nationale De Paris	Office	145,834	1.0%	1.7%
North Fork Bank	Office	126,770	1.0%	0.8%
D.E. Shaw	Office	70,104	1.0%	0.8%
* Kramer Levin Nessen Kamin	Office	158,144	1.0%	1.6%
Heller Ehrman White	Office	64,526	1.0%	0.8%
Vytra Healthcare	Office	105,613	0.9%	0.8%
Practicing Law Institute	Office	77,500	0.9%	0.8%
* Prudential	Office	116,910	0.9%	0.9%
P.R. Newswire Associates	Office	67,000	0.9%	0.7%
* Draft Worldwide Inc.	Office	124,008	0.8%	1.4%
Hoffmann-La Roche Inc.	Office	120,736	0.8%	0.7%
Laboratory Corp. of America	Office	108,000	0.8%	0.7%
* State Farm	Office	164,013	0.8%	1.2%
* HQ Global	Office	126,487	0.8%	0.8%
EMI Entertainment World	Office	65,844	0.8%	0.7%
Lockheed Martin Corp.	Office	123,554	0.8%	0.7%

(1) Ranked by pro rata share of annualized base rental revenue adjusted for pro rata share of joint venture interests.

* Part or all of space occupied by tenant is in a 51% or more owned joint venture building.

The following table sets forth the Operating Partnership's lease expiration table, as of January 1, 2004 for its total portfolio of properties, its office properties and its industrial / R&D portfolio:

TOTAL PORTFOLIO

YEAR OF EXPIRATION	NUMBER OF LEASES EXPIRING	SQUARE FEET EXPIRING	% OF TOTAL PORTFOLIO SQ FT	CUMULATIVE % OF TOTAL PORTFOLIO SQ FT

2004	155	996,801	6.8%	6.8%
2005	196	1,667,233	11.4%	18.3%
2006	184	1,686,741	11.6%	29.8%
2007	104	1,123,286	7.7%	37.5%
2008	115	983,926	6.7%	44.3%
2009	78	1,092,960	7.5%	51.8%
2010 and thereafter	236	5,542,515	38.1%	89.7%
Total/Weighted Average	1,068	13,093,462	89.7%	
Total Portfolio Square Feet		14,589,628		

OFFICE PORTFOLIO

YEAR OF EXPIRATION	NUMBER OF LEASES EXPIRING	SQUARE FEET EXPIRING	% OF TOTAL OFFICE SQ FT	CUMULATIVE % OF TOTAL PORTFOLIO SQ FT
2004	151	952,981	7.0%	7.0%
2005	194	1,571,083	11.5%	18.5%
2006	180	1,589,775	11.6%	30.1%
2007	100	1,053,794	7.7%	37.8%
2008	112	941,113	6.9%	44.7%
2009	77	1,047,979	7.7%	52.4%
2010 and thereafter	232	5,274,095	38.6%	91.0%
Total/Weighted Average	1,046	12,430,820	91.0%	
Total Office Portfolio Square Feet		13,667,922		

INDUSTRIAL/R&D PORTFOLIO

YEAR OF EXPIRATION	NUMBER OF LEASES EXPIRING	SQUARE FEET EXPIRING	% OF TOTAL INDUSTRIAL/R&D SQ FT	CUMULATIVE % OF TOTAL PORTFOLIO SQ FT
2004	4	43,820	4.8%	4.8%
2005	2	96,150	10.4%	15.2%
2006	4	96,966	10.5%	25.7%
2007	4	69,492	7.5%	33.2%
2008	3	42,813	4.6%	37.9%
2009	1	44,981	4.9%	42.8%
2010 and thereafter	4	268,420	29.1%	71.9%
Total/Weighted Average	22	662,642	71.9%	
Total Industrial/R&D Portfolio Square Feet	921,706			

MORTGAGE INDEBTEDNESS

The following table sets forth certain information regarding the mortgage debt of the Company, as of December 31, 2003.

Property	Principal Amount Outstanding	Interest Rate	Maturity Date	Amortization Schedule
	(in thousands)			
395 North Service Road, Melville, NY.............	$ 19,301	6.45%	October 26, 2005	(2)
200 Summit Lake Drive, Valhalla, NY..............	18,937	9.25%	January 1, 2006	25 year
1350 Avenue of the Americas, NY, NY..............	73,779	6.52%	June 1, 2006	30 year
Landmark Square, Stamford, CT (4).................	44,029	8.02%	October 7, 2006	25 year
100 Summit Lake Drive, Valhalla, NY..............	17,718	8.50%	April 1, 2007	15 year
333 Earl Ovington Blvd., Mitchell Field, NY (1)...	52,869	7.72%	August 14, 2007	25 year
810 7th Avenue, NY, NY (6)........................	81,314	7.73%	August 1, 2009	25 year
100 Wall Street, NY, NY (6).......................	35,236	7.73%	August 1, 2009	25 year
6800 Jericho Turnpike, Syosset, NY................	7,229	8.07%	July 1, 2010	25 year
6900 Jericho Turnpike, Syosset, NY................	13,696	8.07%	July 1, 2010	25 year
580 White Plains Road, Tarrytown, NY.............	12,476	7.86%	September 1, 2010	25 year
919 3rd Avenue, NY, NY (5)........................	244,047	6.867%	August 1, 2011	30 year
120 West 45th Street, NY, NY (7)..................	63,245	6.82% (3)	November 1, 2027	28 year
One Orlando Center, Orlando, FL (7)...............	37,759	6.82% (3)	November 1, 2027	28 year
Total / Weighted average....................	$721,635	7.24%		

- -----

(1) The Company has a 60% general partnership interest in this property and its proportionate share of the aggregate principal amount of the mortgage debt is approximately $31.7 million.
(2) Principal payments of $34,000 per month.
(3) Subject to interest rate adjustment on November 1, 2004 to the greater of 8.82% per annum or the yield of non-callable U.S. Treasury obligations with a term of fifteen years plus 2% per annum. The Company has the ability to prepay the loan at that time.
(4) Encompasses six Class A office properties.
(5) The Company has a 51% membership interest in this property and its proportionate share of the aggregate principal amount of the mortgage debt is approximately $124.5 million.
(6,7) These properties are cross-collateralized

In addition, the Company has a 60% interest in an unconsolidated joint venture property. The Company's pro-rata share of the mortgage debt at December 31, 2003 is approximately $7.9 million. This mortgage note payable bears interest at 8.85% per annum and matures on September 1, 2005 at which time the Company's share of the mortgage debt will be approximately $6.9 million.

ITEM 3. LEGAL PROCEEDINGS

A number of shareholder derivative actions have been commenced purportedly on behalf of the Company against the Board of Directors in the Supreme Court of the State of New York, County of Nassau (Lowinger v. Rechler et al., Index No. 01 4162/03 (9/16/03)), the Supreme Court of the State of New York, County of Suffolk (Steiner v. Rechler et al., Index No. 03 32545 (10/2/03) and Lighter v. Rechler et al., Index No. 03 23593 (10/3/03)), the United States District Court, Eastern District of New York (Tucker v. Rechler et al., Case No. cv 03 4917 (9/26/03), Clinton Charter Township Police and Fire Retirement System v. Rechler et al., Case No. cv 03 5008 (10/1/03) and Teachers' Retirement System of Louisiana v. Rechler et al., Case No. cv 03 5178 (10/14/03) which have been consolidated into a single action on 10/3/03) and the Circuit Court for Baltimore County (Sekuk Global Enterprises Profit Sharing Plan v. Rechler et al., Civil No. 24-C-03007496 (10/16/03), Hoffman v. Rechler et al., 24-C-03-007876 (10/27/03) and Chirko v. Rechler et al., 24-C-03-008010 (10/30/03) which have been consolidated into a single action on 1/20/04), relating to the sale of the Long Island Industrial Building Portfolio to certain members of the Rechler family. The complaints allege, among other things, that the process by which the directors agreed to the transaction was not sufficiently independent of the Rechler family and did not involve a "market check" or third party auction process and as a result was not for adequate consideration. The Plaintiffs seek similar relief, including a declaration that the directors violated their fiduciary duties, equitable relief and damages. The Company believes that complaints are without merit.

Except as provided above, the Company is not presently subject to any material litigation nor, to the Company's knowledge, is any litigation threatened against the Company, other than routine actions for negligence or other claims and administrative proceedings arising in the ordinary course of business, some of which are expected to be covered by liability insurance and all of which collectively are not expected to have a material adverse effect on the liquidity, results of operations or business or financial condition of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of stockholders during the fourth quarter of the year ended December 31, 2003.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

There is no established trading market for the Registrant's common equity. As of March 12, 2004, there were approximately 70 holders of the Registrant's common equity.

COMMON UNITS

The following table sets forth, for the periods indicated, the distributions declared by the Operating Partnership for each respective quarter ended.

	Class A Distribution	Class B Distribution (2)	Class C Distribution
March 31, 2002.........	$.4246	$.6492	--
June 30, 2002..........	$.4246	$.6485 (1)	--
September 30, 2002.....	$.4246	$.6471	--
December 31, 2002......	$.4246	$.6471	--
March 31, 2003.........	$.4246	$.6471	--
June 30, 2003..........	$.4246	$.6471	--
September 30, 2003.....	$.4246	$.6471	--
December 31, 2003......	$.4246	$.6471	$.28 (3)

(1) Commencing with the distribution for the three-month period ended July 31, 2002; the Board of Directors of the Company decreased the quarterly distribution to $.6471 per share, which is equivalent to an annual distribution of $2.5884 per share.
(2) On November 25, 2003, the Company elected to exchange all of its Class B common stock for an equal number of shares of its Class A common stock. As a result, the Class B common stock ceased trading. In connection with the Company's exchange of its Class B common stock, the Operating Partnership exchanged its Class B common units held by the Company for an equal number of Class A common units.
(3) Based on a current annual distribution rate of approximately $1.87 per unit. These OP Units were issued on August 7, 2003.

ITEM 6. SELECTED FINANCIAL DATA (in thousands except per share data and property count)

The following table sets forth our selected financial data and should be read in conjunction with our Financial Statements and notes thereto included in Item 8, "Financial Statements and Supplementary Data" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-K.

In connection with this Annual Report on Form 10-K, we are restating our historical audited consolidated financial statements as a result of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). During 2003, we classified the Company's Long Island industrial building portfolio and a office property located on Long Island as held for sale and, in compliance with SFAS 144, have reported revenues and expenses from these properties as discontinued operations for each period presented in our Annual Report on Form 10-K. This reclassification has no effect on our reported net income or funds from operations.

We are also providing updated summary selected financial information, which is included below reflecting the prior period reclassification as discontinued operations of the properties classified as held for sale during 2003.

	Reckson Operating Partnership, L. P. For the year ended December 31,				
	2003	2002	2001	2000	1999
OPERATING DATA:					
Total revenues	$ 470,282	$ 458,069	$ 467,805	$ 442,362	$ 351,643
Total expenses	416,463	377,998	355,068	333,153	263,934
Income before distributions to preferred unit holders, minority interests, equity in earnings of real estate joint ventures and service companies, gain on sales of real estate, valuation reserves and discontinued operations	53,819	80,071	112,737	109,209	87,709
Minority interests	17,972	18,730	15,975	9,120	6,802
Valuation reserves on investments in affiliate loans and joint ventures and other investments	--	--	166,101	--	--
Preferred distributions	22,360	23,123	23,977	28,012	27,001
Equity in earnings of real estate joint ventures and service companies	30	1,113	2,087	4,383	2,148
Gain on sales of real estate	--	537	20,173	18,669	10,052
Discontinued operations	142,847	21,347	11,113	4,524	5,128
Net income (loss) allocable to common unit holders	$ 156,364	$ 61,215	$ (59,943)	$ 99,653	$ 71,234
PER UNIT DATA: (1)					
Net income (loss) per weighted average common unit:					
Basic net income (loss)	$ .18	$ .54	$ (1.29)	$ 1.15	$ .95
Gain on sales of real estate	--	.01	.28	.28	.17
Discontinued operations	2.29	.30	.16	.07	.09
Class A common unit	$ 2.47	$ .85	$ (.85)	$ 1.50	$ 1.21
Basic net income (loss)	$ .39	$ .83	$ (1.88)	$ 1.76	$ 1.53
Gain on sales of real estate	--	.01	.42	.43	.27
Discontinued operations	1.55	.44	.23	.11	.14
Class B common unit	$ 1.94	$ 1.28	$ (1.23)	$ 2.30	$ 1.94
Basic net income (loss)	$ .09	$ --	$ --	$ --	$ --
Gain on sales of real estate	--	--	--	--	--
Discontinued operations	5.65	--	--	--	--
Class C common unit	$ 5.74	$ --	$ --	$ --	$ --
Weighted average common units outstanding:					
Class A common units	55,786	57,059	55,773	50,766	47,975
Class B common units	8,910	10,122	10,284	10,284	6,744
Class C common units	188	--	--	--	--
Cash distributions declared per unit:					
Class A common unit	$ 1.70	$ 1.70	$ 1.66	$ 1.53	$ 1.45
Class B common unit	$ 2.12	$ 2.59	$ 2.55	$ 2.35	$ 1.54
Class C common unit	$ .28	$ --	$ --	$ --	$ --

ITEM 6. SELECTED FINANCIAL DATA (in thousands except per share data and property count) (continued)

	Reckson Operating Partnership, L. P. For the year ended December 31,				
	2003	2002	2001	2000	1999
BALANCE SHEET DATA (PERIOD END):					
Commercial real estate properties, before accumulated depreciation	$ 2,796,789	$2,707,878	$2,643,045	$2,537,193	$2,017,170
Cash and cash equivalents (5)	23,069	30,576	121,975	17,843	21,368
Total assets	2,750,680	2,912,052	2,998,782	2,999,794	2,734,577
Mortgage notes payable	721,635	733,761	744,613	722,312	452,338
Unsecured credit facility (5)	169,000	267,000	271,600	216,600	297,600
Unsecured term loan	---	---	---	---	75,000
Senior unsecured notes	499,445	499,305	449,463	449,385	449,313
Market value of equity (2)	1,792,895	1,681,372	1,915,587	2,016,390	1,726,845
Total market capitalization including debt (2 and 3)	3,050,142	3,052,818	3,251,599	3,397,204	2,993,756
OTHER DATA:					
Funds from operations (4)	$ 134,889	$ 158,422	$ 180,743	$ 168,340	$ 131,815
Total square feet (at end of period)	14,733	20,284	20,611	21,291	21,385
Number of properties (at end of period)	89	178	182	188	189

(1) Based on the weighted average common units outstanding for the period then ended.

(2) Based on the market value of the Operating Partnership's common units, the stated value of the Operating Partnership's preferred units and the number of units outstanding at the end of the period.

(3) Debt amount is net of minority partners' proportionate share of joint venture debt plus the Operating Partnership's share of unconsolidated joint venture debt.

(4) Management believes that funds from operations ("FFO") is an appropriate measure of performance of an equity REIT. Although FFO is a non-GAAP measure, the Company believes it provides useful information to its shareholders, potential investors and management. The Company computes FFO in accordance with standards established by the National Association of Real Estate Investment Trusts ("NAREIT") as net income or loss, excluding gains or losses from sales of depreciable properties plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO does not represent cash generated from operating activities in accordance with GAAP and is not indicative of cash available to fund cash needs. FFO should not be considered as an alternative to net income as an indicator of the Company's operating performance or as an alternative to cash flow as a measure of liquidity. FFO for the year ended December 31, 2003 includes a gain from the sale of land and build-to-suit transaction in the amount of $18.8 million. For the years ended December 31, 2002 and 2001, pursuant to the Company's adoption of FASB Statement No. 145, which addresses reporting for gains and losses from extinguishment of debt, the Company has reduced previously reported FFO by approximately $2.6 million and $2.9 million, respectively, related to the write-off of certain deferred loan costs incurred in connection with the Company's refinancing of its debt. These costs were previously recorded as an extraordinary loss and therefore excluded from the Company's calculation of FFO. In addition, FFO for the year ended December 31, 2001 excludes $163 million of valuation reserves on investments in affiliate loans and joint ventures. Since all companies and analysts do not calculate FFO in a similar fashion, the Company's calculation of FFO may not be comparable to similarly titled measures as reported by other companies. A reconciliation of FFO to net income allocable to common shareholders, the GAAP measure the Company believes to be the most directly comparable, is contained in Item 7 of this Form 10-K.

(5) On January 4, 2002, approximately $85 million of the cash proceeds received from the sale of a 49% interest in the property located at 919 Third Avenue, New York, NY, was used to pay down the Operating Partnership's unsecured credit facility.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the historical financial statements of Reckson Operating Partnership, L.P. (the "Operating Partnership") and related notes thereto.

The Operating Partnership considers certain statements set forth herein to be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to the Operating Partnership's expectations for future periods. Certain forward-looking statements, including, without limitation, statements relating to the timing and success of acquisitions and the completion of development or redevelopment of properties, the financing of the Operating Partnership's operations, the ability to lease vacant space and the ability to renew or relet space under expiring leases, involve risks and uncertainties. Many of the forward-looking statements can be identified by the use of words such as "believes", "may", "expects", "anticipates", "intends" or similar expressions. Although the Operating Partnership believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, the actual results may differ materially from those set forth in the forward-looking statements and the Operating Partnership can give no assurance that its expectation will be achieved. Among those risks, trends and uncertainties are: the general economic climate, including the conditions affecting industries in which our principal tenants compete; changes in the supply of and demand for office in the New York Tri-State area; changes in interest rate levels; changes in the Operating Partnership's senior unsecured credit ratings; changes in the Operating Partnership's cost and access to capital; downturns in rental rate levels in our markets and our ability to lease or re-lease space in a timely manner at current or anticipated rental rate levels; the availability of financing to us or our tenants; financial condition of our tenants; changes in operating costs, including utility, security, real estate tax and insurance costs; repayment of debt owed to the Operating Partnership by third parties (including FrontLine Capital Group); risks associated with joint ventures; liability for uninsured losses or environmental matters; and other risks associated with the development and acquisition of properties, including risks that development may not be completed on schedule, that the tenants will not take occupancy or pay rent, or that development or operating costs may be greater than anticipated. Consequently, such forward-looking statements should be regarded solely as reflections of the Operating Partnership's current operating and development plans and estimates. These plans and estimates are subject to revisions from time to time as additional information becomes available, and actual results may differ from those indicated in the referenced statements.

CRITICAL ACCOUNTING POLICIES

The consolidated financial statements of the Operating Partnership include accounts of the Operating Partnership, the Company and all majority-owned and controlled subsidiaries. The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the Operating Partnership's consolidated financial statements and related notes. In preparing these financial statements, management has utilized information available including its past history, industry standards and the current economic environment, among other factors, in forming its estimates and judgments of certain amounts included in the consolidated financial statements, giving due consideration to materiality. It is possible that the ultimate outcome as anticipated by management in formulating its estimates inherent in these financial statements may not materialize. However, application of the critical accounting policies below involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. In addition, other companies may utilize different estimates, which may impact comparability of the Operating Partnership's results of operations to those of companies in similar businesses.

Revenue Recognition and Accounts Receivable

Minimum rental revenue is recognized on a straight-line basis, which averages minimum rents over the terms of the leases. The excess of rents recognized over amounts contractually due are included in deferred rents receivable on the Operating Partnership's balance sheets. The leases also typically provide for tenant reimbursements of common area maintenance and other operating expenses and real estate taxes. Ancillary and other property related income is recognized in the period earned.

The Operating Partnership makes estimates of the collectibility of its accounts receivables related to base rents, tenant escalations and reimbursements and other revenue or income. The Operating Partnership specifically analyzes tenant receivables and analyzes historical bad debts, customer credit worthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of its allowance for doubtful accounts. In addition, when tenants are in bankruptcy the Operating Partnership makes estimates of the expected recovery of pre-petition administrative and damage claims. In some cases, the ultimate resolution of those claims can exceed a year. These estimates have a direct impact on the Operating Partnership's net income, because a higher bad debt reserve results in less net income.

The Operating Partnership incurred approximately $4.7 million and $6.3 million of bad debt expense for the years ended December 31, 2003 and 2002, respectively, related to tenant receivables and deferred rents receivable which accordingly reduced total revenues and reported net income during the period.

The Operating Partnership records interest income on investments in mortgage notes and notes receivable on an accrual basis of accounting. The Operating Partnership does not accrue interest on impaired loans where, in the judgment of management, collection of interest according to the contractual terms is considered doubtful. Among the factors the Operating Partnership considers in making an evaluation of the collectibility of interest are: (i) the status of the loan, (ii) the value of the underlying collateral, (iii) the financial condition of the borrower and (iv) anticipated future events.

Reckson Construction Group, Inc., Reckson Construction and Development LLC, the successor to Reckson Construction Group, Inc., and Reckson Construction Group New York, Inc. use the percentage-of-completion method for recording amounts earned on their contracts. This method records amounts earned as revenue in the proportion that actual costs incurred to date bear to the estimate of total costs at contract completion.

Gain on sales of real estate are recorded when title is conveyed to the buyer, subject to the buyer's financial commitment being sufficient to provide economic substance to the sale and the Operating Partnership having no substantial continuing involvement with the buyer.

The Operating Partnership follows the guidance provided for under the Financing Accounting Standards Board ("FASB") Statement No. 66 "Accounting for Sales of Real Estate" ("Statement No. 66"), which provides guidance on sales contracts that are accompanied by agreements which require the seller to develop the property in the future. Under Statement No. 66 profit is recognized and allocated to the sale of the land and the later development or construction work on the basis of estimated costs of each activity; the same rate of profit is attributed to each activity. As a result, profits are recognized and reflected over the improvement period on the basis of costs incurred (including land) as a percentage of total costs estimated to be incurred. The Operating Partnership uses the percentage of completion method, as future costs of development and profit are reliably estimated.

Real Estate

Land, buildings and improvements, furniture, fixtures and equipment are recorded at cost. Tenant improvements, which are included in buildings and improvements, are also stated at cost. Expenditures for ordinary maintenance and repairs are expensed to operations as they are incurred. Renovations and / or replacements, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives.

Depreciation is computed utilizing the straight-line method over the estimated useful lives of ten to thirty years for buildings and improvements and five to ten years for furniture, fixtures and equipment. Tenant improvements are amortized on a straight-line basis over the term of the related leases.

The Operating Partnership is required to make subjective assessments as to the useful lives of its properties for purposes of determining the amount of depreciation to reflect on an annual basis with respect to those properties. These assessments have a direct impact on the Operating Partnership's net income. Should the Operating Partnership lengthen the expected useful life of a particular asset, it would be depreciated over more years, and result in less depreciation expense and higher annual net income.

Assessment by the Operating Partnership of certain other lease related costs must be made when the Operating Partnership has a reason to believe that the tenant will not be able to execute under the term of the lease as originally expected.

On July 1, 2001 and January 1, 2002, the Operating Partnership adopted FASB Statement No.141 "Business Combinations" and FASB Statement No. 142, "Goodwill and Other Intangibles", respectively. As part of the acquisition of real estate assets, the fair value of the real estate acquired is allocated to the acquired tangible assets, consisting of land, building and building improvements, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, other value of in-place leases, and value of tenant relationships, based in each case on their fair values. The Operating Partnership assesses fair value based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known trends, and market / economic conditions that may affect the property. If the Operating Partnership incorrectly estimates the values at acquisition or the undiscounted cash flows, initial allocation of purchase price and future impairment charges may be different.

Long Lived Assets

On a periodic basis, management assesses whether there are any indicators that the value of the real estate properties may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the carrying value of the property. Such cash flows consider factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other factors. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the fair value of the property.

The Operating Partnership is required to make subjective assessments as to whether there are impairments in the value of its real estate properties and other investments. These assessments have a direct impact on the Operating Partnership's net income, because taking an impairment results in an immediate negative adjustment to net income. In determining impairment, if any, the Operating Partnership has adopted FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long Lived Assets".

Variable Interest Entities

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), which explains how to identify variable interest entities ("VIE") and how to assess whether to consolidate such entities. The initial determination of whether an entity qualifies as a VIE shall be made as of the date at which a primary beneficiary becomes involved with the entity and reconsidered as of the date of a triggering event, as defined. The provisions of this interpretation are immediately effective for VIEs formed after January 31, 2003. In December 2003 the FASB issued FIN 46R, deferring the effective date until the period ending March 31, 2004 for interests held by public companies in variable interest entities created before February 1, 2003, which were non-special purpose entities. Management has not yet determined whether any of its consolidated or unconsolidated subsidiaries represent VIEs pursuant to such interpretation. Such determination could result in a change in the Operating Partnership's consolidation policy related to such entities.

OVERVIEW AND BACKGROUND

Reckson Operating Partnership, L. P. (the "Operating Partnership") commenced operations on June 2, 1995. Reckson Associates Realty Corp. (the "Company"), which serves as the sole general partner of the Operating Partnership, is a fully integrated, self administered and self managed real estate investment trust ("REIT"). The Operating Partnership and the Company, collectively, the "Company" were formed for the purpose of continuing the commercial real estate business of Reckson Associates, its affiliated partnerships and other entities ("Reckson").

Reckson Associates, the predecessor to the Company, was engaged in the ownership, management, operation, leasing and development of commercial real estate properties, principally office and industrial / R&D buildings, and also owned certain undeveloped land located primarily on Long Island, New York. In June 1995, the Company completed an initial public offering (the "IPO"), succeeded to the Reckson Group's real estate business and commenced operations.

The Operating Partnership is engaged in the ownership, operation, acquisition, leasing, financing, management and development of primarily office and to a lesser extent industrial / R&D properties and also owns land for future development. The Operating Partnership's growth strategy is focused on the commercial real estate markets in and around the New York City tri-state area (the "Tri-State Area"). The Company owns all of its interests in its real properties, directly or indirectly, through the Operating Partnership.

In connection with the IPO, the Company was granted ten year options to acquire ten properties (the "Option Properties") which were either owned by certain Rechler family members who were also executive officers of the Company, or in which the Rechler family members owned a non-controlling minority interest at a price based upon an agreed upon formula. In years prior to 2001, one Option Property was sold by the Rechler family members to a third party and four of the Option Properties were acquired by the Company for an aggregate purchase price of approximately $35 million, which included the issuance of approximately 475,000 common units of limited partnership interest in the Operating Partnership ("OP Units") valued at approximately $8.8 million.

On November 10, 2003, in connection with the Company's sale of its Long Island industrial building portfolio, four of the five remaining options (the "Remaining Option Properties") granted to the Company at the time of the IPO to purchase interests in properties owned by Rechler family members were terminated, along with management contracts relating to three of such properties. In return the Company received an aggregate payment from the Rechler family members of $972,000. Rechler family members have also agreed to extend the term of the remaining option on the property located at 225 Broadhollow Road, Melville, NY (the Company's current headquarters) for five years and to release the Company from approximately 15,500 square feet under its lease at this property. In connection with the restructuring of the remaining option the Rechler family members paid the Company $1 million in return for the Company's agreement not to exercise the option during the next three years. As part of the agreement, the exercise price of the option payable by the Company was increased by $1 million.

The Operating Partnership conducts its management, leasing and construction related services through the Company's taxable REIT subsidiaries as defined by the Internal Revenue Code of 1986, as amended (the "Code"). These services are currently provided by Reckson Management Group, Inc., RANY Management Group, Inc., Reckson Construction and Development LLC, the successor to Reckson Construction Group, Inc., and Reckson Construction Group New York, Inc. (the "Service Companies") in which, as of September 30, 2002 the Operating Partnership owned a 97% non-controlling interest. An entity which is substantially owned by certain Rechler family members who are also executive officers of the Company owned a 3% controlling interest in the Service Companies. In order to minimize the potential for corporate conflicts of interests, which became possible as a result of changes to the Code that permit REITs to own 100% of taxable REIT subsidiaries, the independent directors of the Company approved the purchase by the Operating Partnership of the remaining 3% interests in the Service Companies. On October 1, 2002, the Operating Partnership acquired such 3% interests in the Service Companies for an aggregate purchase price of approximately $122,000. Such amount was less than the total amount of capital contributed by the Rechler family members. As a result of the acquisition of the remaining interests in the Service Companies, the Operating Partnership commenced consolidating the operations of the Service Companies. During the year ended December 31, 2003, Reckson Construction Group, Inc. billed approximately $775,000 of market rate services and Reckson Management Group, Inc. billed approximately $279,000 of market rate management fees to the Remaining Option Properties. In addition, for the year ended December 31, 2003, Reckson Construction Group, Inc. performed market rate services, aggregating approximately $207,000, for a property in which certain former executive officers of the Company maintain an equity interest.

Reckson Management Group, Inc. leases approximately 28,000 square feet of office and storage space at a Remaining Option Property located at 225 Broad Hollow Road, Melville, New York for its corporate offices at an annual base rent of approximately $785,000. Reckson Management Group, Inc. had also entered into a short-term license agreement at the property for 6,000 square feet of temporary space, which expired in January 2004. Reckson Management Group, Inc. also leases 10,722 square feet of warehouse space used for equipment, materials and inventory storage at a property owned by certain members of the Rechler family at an annual base rent of approximately $75,000.

A company affiliated with an independent director of the Company leases 15,566 square feet in a property owned by the Company at an annual base rent of approximately $447,000. Reckson Strategic Venture Partners, LLC ("RSVP") leased 5,144 square feet in one of the Company's joint venture properties at an annual base rent of approximately $176,000. On June 15, 2003, this lease was mutually terminated and RSVP vacated the premises.

During July 1998, the Company formed Metropolitan Partners, LLC ("Metropolitan") for the purpose of acquiring Class A office properties in New York City. Currently the Company owns, through Metropolitan, five Class A office properties aggregating approximately 3.5 million square feet.

During September 2000, the Company formed a joint venture (the "Tri-State JV") with Teachers Insurance and Annuity Association ("TIAA") and contributed nine Class A suburban office properties aggregating approximately 1.5 million square feet to the Tri-State JV for a 51% majority ownership interest. TIAA contributed approximately $136 million for a 49% interest in the Tri-State JV, which was then distributed to the Company. In August 2003, the Company acquired TIAA's 49% interest in the property located at 275 Broadhollow Road, Melville, NY, for approximately $12.4 million. As a result, the Tri-State JV owns eight Class A suburban office properties aggregating approximately 1.4 million square feet. The Company is responsible for managing the day-to-day operations and business affairs of the Tri-State JV and has substantial rights in making decisions affecting the properties such as leasing, marketing and financing. The minority member has certain rights primarily intended to protect its investment. For purposes of its financial statements the Company consolidates the Tri-State JV.

On December 21, 2001, the Company formed a joint venture with the New York State Teachers' Retirement Systems ("NYSTRS") (the "919JV") whereby NYSTRS acquired a 49% indirect interest in the property located at 919 Third Avenue, New York, NY for $220.5 million which included $122.1 million of its proportionate share of secured mortgage debt and approximately $98.4 million of cash which was then distributed to the Company. The Company is responsible for managing the day-to-day operations and business affairs of the 919JV and has substantial rights in making decisions affecting the property such as developing a budget, leasing and marketing. The minority member has certain rights primarily intended to protect its investment. For purposes of its financial statements the Company consolidates the 919JV.

In November 2003, the Company disposed of all but three of its 95 property, 5.9 million square foot, Long Island industrial building portfolio to members of the Rechler family (the "Disposition") for approximately $315.5 million, comprised of $225.1 million in cash and debt assumption and 3,932,111 OP Units valued at approximately $90.4 million. Approximately $204 million of cash sales proceeds from the Disposition were used to repay borrowings under the Company's Credit Facility. Two of the remaining three properties, which are subject to transfer pursuant to Section 1031 of the Code are anticipated to close during 2004. There can be no assurances that the Company will meet the requirements of Section 1031 by identifying and acquiring qualified replacement properties in the required time frame, in which case the Company would incur the tax liability on the capital gain realized of approximately $1.5 million. The disposition of the other property, is subject to certain environmental issues, is conditioned upon the approval of the buyer's lender, which has not been obtained. As a result, the Company may not dispose of this property as a part of the Disposition. Management believes that if the Company were to continue to hold this property the cost to address the environmental issues would not have a material adverse effect on the Company, but there can be no assurance in this regard. These three remaining properties aggregate approximately $7.1 million of the $315.5 million sales price.

In connection with the closing, the employment of Donald Rechler, Roger Rechler, Gregg Rechler and Mitchell Rechler as officers of the Company terminated and Roger Rechler, Gregg Rechler and Mitchell Rechler resigned as members of the Board of Directors. In connection with the Disposition and the terminations of employment, the Company incurred the following restructuring charges: (i) approximately $7.5 million related to outstanding stock loans under the Company's historical long term incentive program ("LTIP") were transferred to the entity that acquired the Long Island industrial building portfolio and approximately $642,000 of loans related to life insurance contracts were extinguished, (ii) approximately $2.9 was million paid to the departing Rechler family members in exchange for 127,689 of rights to receive shares of Class A common stock that were granted in 2002 and their rights that were granted in 2003 were forfeited in their entirety and (iii) with respect to two of the departing Rechler family members participating in the Company's March 2003 LTIP, each received 8,681 shares of the Company's Class A common stock related to the service component of their core award which was valued at $293,000 in the aggregate. In addition, if the Company was to attain its annual performance measure under the March 2003 LTIP in March 2004, these individuals will also be entitled to each receive 26,041 shares of Class A common stock representing the balance of the annual core award as if they remained in continuous employment with the Company. The remainder of their core awards was forfeited, as was the entire amount of the special outperformance component of the March 2003 LTIP. The Company also incurred additional restructure charges of approximately $1.2 million related primarily to the release and severance of approximately 25 employees. Total restructure charges of approximately $12.5 million were mitigated by a $972,000 fee from departing Rechler family members, related to the termination of the Company's option to acquire certain property which was either owned by certain Rechler family members or in which the Rechler family members own a non-controlling minority interest.

As of December 31, 2003 the Company owned 89 properties (inclusive of 10 joint venture properties) in the Tri-State Area Central Business District ("CBD") and suburban markets, encompassing approximately 14.7 million rentable square feet, all of which are managed by the Company. The properties include 16 Class A CBD office properties encompassing approximately 5.3 million rentable square feet. The CBD office properties consist of five properties located in New York City, nine properties located in Stamford, CT and two properties located in White Plains, NY. The CBD office properties comprised 42% of the Company's net operating income (property operating revenues less property operating expenses) for the three months ended December 31, 2003. These properties also include 61 Class A suburban office properties encompassing approximately 8.4 million rentable square feet, of which 42 of these properties, or 75% as measured by square footage, are located within the Company's ten office parks. Reckson has historically emphasized the development and acquisition of properties that are part of large-scale suburban office parks. The Company believes that owning properties in planned office parks provides certain strategic advantages, including the following: (i) certain tenants prefer being located in a park with other high quality companies to enhance their corporate image, (ii) parks afford tenants certain aesthetic amenities such as a common landscaping plan, standardization of signage and common dining and recreational facilities, (iii) tenants may expand (or contract) their business within a park, enabling them to centralize business functions and (iv) a park provides tenants with access to other tenants and may facilitate business relationships between tenants. Additionally, the properties include 11 industrial / R&D properties encompassing approximately 1.0 million rentable square feet and one retail property comprising approximately 9,000 rentable square feet. The Company also owns a 355,000 square foot office property located in Orlando, Florida.

As of December 31, 2003, the Company also owned approximately 313 acres of land in 12 separate parcels of which the Company can develop approximately 3.0 million square feet of office space. The Company is currently evaluating alternative land uses for certain of the land holdings to realize the highest economic value. These alternatives may include rezoning certain land parcels from commercial to residential for potential disposition. As of December 31, 2003, the Company had invested approximately $116.8 million in these development projects. Management has made subjective assessments as to the value and recoverability of these investments based on current and proposed development plans, market comparable land values and alternative use values. The Company has capitalized approximately $10.0 million for the year ended December 31, 2003, related to real estate taxes, interest and other carrying costs related to these development projects. In October 2003, the Company entered into contracts to sell two land parcels aggregating approximately 128 acres of its land holdings located in New Jersey. The contracts provided for aggregate sales prices ranging from $23 million to $43 million. These sales are contingent upon obtaining zoning for residential use of the land and other customary approvals. The proceeds ultimately received from such sales will be based upon the number of residential units permitted by the rezoning. The aggregate cost basis of these land parcels at December 31, 2003 was approximately $11.8 million. The closing is scheduled to occur upon the rezoning, which is anticipated to occur within 9 to 33 months. In addition, during February 2004, a 3.9 acre land parcel located on Long Island was condemned by the Town of Oyster Bay. As consideration for the condemnation the Company anticipates to initially receive approximately $1.8 million. The Company's cost basis in this land parcel at December 31, 2003 was approximately $1.4 million. The Company is currently contesting this valuation and seeking payment of additional consideration from the Town of Oyster Bay but there can be no assurances that the Company will be successful in obtaining any such additional consideration.

The Company holds a $17.0 million interest in a note receivable, which bears interest at 12% per annum and is secured by a minority partnership interest in Omni Partners, L.P., owner of the Omni, a 579,000 square foot Class A office property located in Uniondale, New York (the "Omni Note"). The Company currently owns a 60% majority partnership interest in Omni Partnership, L.P. and on March 14, 2007 may exercise an option to acquire the remaining 40% interest for a price based on 90% of the fair market value of the property. The Company holds a $15 million participating interest in a $30 million junior mezzanine note loan which is secured by a pledge of an indirect ownership interest of an entity which owns the ground leasehold estate under a 1.1 million square foot office complex located on Long Island, New York (the "Mezz Note"). The Mezz Note matures in September 2005; currently bears interest at 13.43%, and the borrower has the right to extend for three additional one-year periods. The Company also holds three other notes receivable aggregating $21.5 million bearing interest at rates ranging from 10.5% to 12% per annum. These notes are secured in part by a minority partner's preferred unit interest in the Operating Partnership, an interest in real property and a personal guarantee (the "Other Notes" and collectively with the Omni Note, and the Mezz Note, the "Note Receivable Investments").

Management has made subjective assessments as to the underlying security value on the Company's Note Receivable Investments. These assessments indicated an excess of market value over carrying value related to the Company's Note Receivable Investments. Based on these assessments, the Company's management believes there is no impairment to the carrying value related to the Company's Note Receivable Investments. The Company also owns a 355,000 square foot office building in Orlando, Florida. This non-core real estate holding was acquired in May 1999 in connection with the Company's initial New York City portfolio acquisition. This property is cross-collateralized under a $101.0 million mortgage note along with one of the Company's New York City buildings. The Company has the right to pre-pay this note in November 2004, prior to its maturity date.

The Company also owns a 60% non-controlling interest in a 172,000 square foot office building located at 520 White Plains Road in White Plains, New York (the "520JV"), which it manages - the remaining 40% interest is owned by JAH Realties L.P. Jon Halpern, a director of HQ Global Workplaces, is a partner in JAH Realties, L.P. As of December 31, 2003, the 520JV had total assets of $19.8 million, a mortgage note payable of $12.0 million and other liabilities of $185,000. The Company's allocable share of the 520JV mortgage note payable is approximately $7.9 million. This mortgage note payable bears interest at 8.85% per annum and matures on September 1, 2005. During the second quarter of 2003, HQ Global Workplaces, a tenant of the 520JV surrendered approximately one-third of its premises. As a result, the 520JV incurred a write-off of $633,000 relating to its deferred rents receivable. The operating agreement of the 520JV requires joint decisions from all members on all significant operating and capital decisions including sale of the property, refinancing of the property's mortgage debt, development and approval of leasing strategy and leasing of rentable space. As a result of the decision-making participation relative to the operations of the property, the Company accounts for the 520JV under the equity method of accounting. In accordance with the equity method of accounting the Company's proportionate share of the 520JV income was approximately $30,000, $648,000 and $478,000 for the years ended December 31, 2003, 2002 and 2001, respectively.

Through its ownership of properties in the key CBD and suburban office markets in the Tri-State Area, the Company believes it has a unique competitive advantage as the trend toward the regional decentralization of the workplace increases. Due to the events of September 11, 2001, as well as technological advances, which further enable decentralization, companies are strategically re-evaluating the benefits and feasibility of regional decentralization and reassessing their long-term space needs. The Company believes this multi-location regional decentralization will continue to take place, increasing as companies begin to have better visibility as to the future of the economy, further validating our regional strategy of maintaining a significant market share in the key CBD and suburban office markets in the Tri-State Area.

The Company's core business strategy is based on a long-term outlook considering real estate as a cyclical business. The Company seeks to accomplish long-term stability and success by developing and maintaining an infrastructure and franchise that is modeled for success over the long-term. This approach allows the Company to recognize different points in the market cycle and adjust our strategy accordingly. Currently, the Company remains cautious about the market environment. With this cautious bias we choose to maintain our conservative operating strategy of focusing on retaining high occupancies, controlling operating expenses, maintaining a high level of investment discipline and preserving financial flexibility.

The market capitalization of the Company at December 31, 2003 was approximately $3.1 billion. The Company's market capitalization is based on the sum of (i) the market value of the Company's Class A common stock and OP Units (assuming conversion) of $24.30 per share / unit (based on the closing price of the Company's Class A common stock on December 31, 2003), (ii) the liquidation preference value of the Company's preferred stock of $25.00 per share, (iii) the liquidation preference value of the Operating Partnership's preferred units of $1,000 per unit and (iv) approximately $1.3 billion (including its share of joint venture debt and net of minority partners' interests share of joint venture debt) of debt outstanding at December 31, 2003. As a result, the Company's total debt to total market capitalization ratio at December 31, 2003 equaled approximately 41.2%.

During 1997, the Company formed FrontLine Capital Group, formerly Reckson Service Industries, Inc. ("FrontLine") and RSVP. RSVP is a real estate venture capital fund which invested primarily in real estate and real estate operating companies outside the Company's core office focus and whose common equity is held indirectly by FrontLine. In connection with the formation and spin-off of FrontLine, the Operating Partnership established an unsecured credit facility with FrontLine (the "FrontLine Facility") in the amount of $100 million for FrontLine to use in its investment activities, operations and other general corporate purposes. The Company advanced approximately $93.4 million under the FrontLine Facility. The Operating Partnership also approved the funding of investments of up to $100 million relating to RSVP (the "RSVP Commitment"), through RSVP-controlled joint ventures (for REIT-qualified investments) or advances made to FrontLine under an unsecured loan facility (the "RSVP Facility") having terms similar to the FrontLine Facility (advances made under the RSVP Facility and the FrontLine Facility hereafter, the "FrontLine Loans"). During March 2001, the Company increased the RSVP Commitment to $110 million and as of December 31, 2003 approximately $109.1 million was funded under the RSVP Commitment, of which $59.8 million represents investments by the Company in RSVP-controlled (REIT-qualified) joint ventures and $49.3 million represents loans made to FrontLine under the RSVP Facility. As of December 31, 2003, interest accrued (net of reserves) under the FrontLine Facility and the RSVP Facility was approximately $19.6 million.

At June 30, 2001, the Company assessed the recoverability of the FrontLine Loans and reserved approximately $3.5 million of the interest accrued during the three-month period then ended. In addition, the Company formed a committee of its Board of Directors, comprised solely of independent directors, to consider any actions to be taken by the Company in connection with the FrontLine Loans and its investments in joint ventures with RSVP. During the third quarter of 2001, the Company noted a significant deterioration in FrontLine's operations and financial condition and, based on its assessment of value and recoverability and considering the findings and recommendations of the committee and its financial advisor, the Company recorded a $163 million valuation reserve charge, inclusive of anticipated costs, in its consolidated statements of operations relating to its investments in the FrontLine Loans and joint ventures with RSVP. The Company has discontinued the accrual of interest income with respect to the FrontLine Loans. The Company has also reserved against its share of GAAP equity in earnings from the RSVP controlled joint ventures funded through the RSVP Commitment until such income is realized through cash distributions.

At December 31, 2001, the Company, pursuant to Section 166 of the Code, charged off for tax purposes $70 million of the aforementioned reserve directly related to the FrontLine Facility, including accrued interest. On February 14, 2002, the Company charged off for tax purposes an additional $38 million of the reserve directly related to the FrontLine Facility, including accrued interest, and $47 million of the reserve directly related to the RSVP Facility, including accrued interest.

FrontLine is in default under the FrontLine Loans from the Operating Partnership and on June 12, 2002, filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code.

In September 2003, RSVP completed the restructuring of its capital structure and management arrangements. In connection with the restructuring, RSVP redeemed the interest of the preferred equity holders of RSVP for an aggregate of approximately $137 million in cash and the transfer to the preferred equity holders of the assets that comprised RSVP's parking investment valued at approximately $28.5 million. RSVP also restructured its management arrangements whereby a management company formed by its former managing directors has been retained to manage RSVP pursuant to a management agreement and the employment contracts of the managing directors with RSVP have been terminated. The management agreement provides for an annual base management fee and disposition fees equal to 2% of the net proceeds received by RSVP on asset sales. (The base management fee and disposition fees are subject to a maximum over the term of the agreement of $7.5 million.) In addition, the managing directors retained a one-third residual interest in RSVP's assets, which is subordinated to the distribution of an aggregate amount of $75 million to RSVP and/or the Company in respect of its joint ventures with RSVP. The management agreement has a three-year term, subject to early termination in the event of the disposition of all of the assets of RSVP.

In connection with the restructuring, RSVP and certain of its affiliates obtained a $60 million secured loan. In connection with this loan, the Operating Partnership agreed to indemnify the lender in respect of any environmental liabilities incurred with regard to RSVP's remaining assets in which the Operating Partnership has a joint venture interest (primarily certain student housing assets held by RSVP) and guaranteed the obligation of an affiliate of RSVP to the lender in an amount up to $6 million plus collection costs for any losses incurred by the lender as a result of certain acts of malfeasance on the part of RSVP and/or its affiliates. The loan is scheduled to mature in 2006 and is expected to be repaid from proceeds of asset sales by RSVP.

As a result of the foregoing, the net carrying value of the Company's investments in the FrontLine Loans and joint venture investments with RSVP, inclusive of the Company's share of previously accrued GAAP equity in earnings on those investments, is approximately $65 million, which was reassessed with no change by management as of December 31, 2003. Such amount has been reflected in investments in service companies and affiliate loans and joint ventures on the Company's consolidated balance sheet.

Scott H. Rechler, who serves as President, Chief Executive Officer and a director of the Company, serves as CEO and Chairman of the Board of Directors of FrontLine and is its sole board member. Scott H. Rechler also serves as a member of the management committee of RSVP.

HQ Global Workplaces, Inc. ("HQ"), one of the largest providers of flexible officing solutions in the world and which was formerly controlled by FrontLine, previously operated eleven executive office centers comprising approximately 205,000 square feet at the Company's properties, including two operated at the Company's joint venture properties. On March 13, 2002, as a result of experiencing financial difficulties, HQ voluntarily filed a petition for relief under Chapter 11 of the U.S. Bankruptcy Code and subsequently rejected three of its leases with the Company and surrendered approximately an additional 20,500 square feet from two other leases. The Company has since re-leased 100% of the rejected space. In September 2003, the Bankruptcy Court approved the assumption and amendment by HQ of its remaining eight leases with the Company. The assumed leases expire between 2007 and 2011, encompass approximately 150,000 square feet and provide for current annual base rents totaling approximately $3.5 million. A committee designated by the Board and chaired by an independent director conducted all negotiations with HQ.

WorldCom/MCI and its affiliates ("WorldCom"), a telecommunications company, which leased approximately 527,000 square feet in thirteen of the Company's properties located throughout the Tri-State Area voluntarily filed a petition for relief under Chapter 11 of the U.S. Bankruptcy Code on July 21, 2002. The Bankruptcy Court granted WorldCom's petition to reject four of its leases with the Company. The four rejected leases aggregated approximately 282,000 square feet and were to provide for contractual base rents of approximately $7.2 million for the 2003 calendar year. The Company has agreed to restructure five of the remaining leases. Pursuant to WorldCom's Plan of Reorganization, which has been confirmed by the Bankruptcy Court, WorldCom must assume or reject the remaining leases prior to the effective date of the Plan. The effective date of the Plan is estimated to occur during the first quarter of 2004. All of WorldCom's leases are current on base rental charges through March 31, 2004, other than under the four rejected leases, and the Company currently holds approximately $195,000 in security deposits relating to the non-rejected leases. There can be no assurance as to whether WorldCom will affirm or reject any or all of its remaining leases with the Company.

As of December 31, 2003, WorldCom occupied approximately 245,000 square feet of office space with aggregate annual base rental revenues of approximately $4.1 million, or 1.1% of the Company's total 2003 annualized rental revenue based on base rental revenue earned on a consolidated basis.

RESULTS OF OPERATIONS

The following table is a comparison of the results of operations for the year ended December 31, 2003 to the year ended December 31, 2002:

	Year ended December 31,			
			Change	
	2003	2002	Dollars	Percent
PROPERTY OPERATING REVENUES:				
Base rents	$ 385,225	$395,308	$(10,083)	(2.6)%
Tenant escalations and reimbursements	60,556	55,441	5,115	9.2%
TOTAL PROPERTY OPERATING REVENUES	$ 445,781	$450,749	$ (4,968)	(1.1)%
PROPERTY OPERATING EXPENSES:				
Operating expenses	$ 108,152	$ 97,253	$ 10,899	11.2%
Real estate taxes	72,259	65,778	6,481	9.9%
TOTAL PROPERTY OPERATING EXPENSES	$ 180,411	$163,031	$ 17,380	10.7%
OTHER INCOME	$ 24,501	$ 7,320	$ 17,181	234.7%
OTHER EXPENSES:				
Interest expense	$ 82,487	$ 83,309	$ (822)	(1.0)%
Marketing, general and administrative	32,746	29,214	3,532	12.1%
TOTAL OTHER EXPENSES	$ 115,233	$112,523	$ 2,710	2.4%

The Operating Partnership's property operating revenues, which include base, rents and tenant escalations and reimbursements ("Property Operating Revenues") decreased by $ 5.0 million from 2002 to 2003. The Operating Partnership's base rent reflects the positive impact of the straight-line rent adjustment of $16.7 million in 2003 as compared to $26.8 million in 2002, a decrease of $10.1 million. The 2003 and 2002 straight-line adjustment includes $6.9 million and $10.9 million respectively, generated from the property located at 919 Third Avenue, New York, NY, which is primarily attributable to rental abatement periods for the three largest tenants. In addition, Property Operating Revenues increased by $6.1 million attributable to lease up of newly developed and redeveloped assets and $7.5 million in built in rent increases for existing tenants in our same store properties. These increases were offset by $4.3 million of revenue attributable to properties that were sold during the year, including 92 properties in the Long Island industrial building portfolio. $2.9 million in reduced termination fees and $6.4 million of revenue lost due to weighted average occupancy decrease in our same store properties.

The 2003 increase in property operating expenses, real estate taxes and ground rents ("Property Expenses") is primarily due to a $9.2 million increase in operating expenses and a $6.7 million increase in real estate taxes related to the Operating Partnership's "same store" properties. Development properties going into service increased property expenses by an additional $1.5 million. Included in the $9.2 million increase in operating expenses is $1.7 million and $.5 million of increased insurance and security costs, respectively. Increases in insurance and security costs result primarily from implications of the events that occurred on September 11, 2001. The security cost increases relate primarily to our New York City properties. Also included in the $9.2 million increase are operating expenses of the Operating Partnership's same store properties, which represent a $4.2 million, increase in repairs and maintenance and a $2.8 million increase in utility costs. Increases in utility costs primarily relates to rate increases per energy unit. Increases in real estate taxes is attributable to the significant increases levied by certain municipalities, particularly in New York City and Nassau County, New York which have experienced severe fiscal budget issues.

Other income increased by $17.2 million. This increase is primarily attributable to the gain recognized on the First Data land sale and build-to-suit construction contract.

Gross operating margins (defined as Property Operating Revenues less Property Expenses, taken as a percentage of Property Operating Revenues) for 2003 and 2002 were 59.5% and 63.8%, respectively. The decrease from 2002 to 2003 in gross operating margin percentages resulted primarily from portfolio wide increases in real estate taxes, utilities and property and liability insurance costs as well as decreases to revenues primarily as a result of decreased portfolio occupancy.

The following table is a comparison of the results of operations for the year ended December 31,2002 to the year ended December 31,2001:

	Year ended December 31,			
			Change	
	2002	2001	Dollars	Percent
PROPERTY OPERATING REVENUES:				
Base rents	$395,308	$392,824	$ 2,484	0.6%
Tenant escalations and reimbursements	55,441	54,739	702	1.3%
TOTAL PROPERTY OPERATING REVENUES	$450,749	$447,563	$ 3,186	0.7%
PROPERTY OPERATING EXPENSES:				
Operating expenses	$ 97,253	$ 94,411	$ 2,842	3.0%
Real estate taxes	65,778	61,566	4,212	6.8%
TOTAL PROPERTY OPERATING EXPENSES	$163,031	$155,977	$ 7,054	4.5%
OTHER INCOME	$ 7,320	$ 20,242	$(12,922)	(63.8)%
OTHER EXPENSES:				
Interest expense	$ 83,309	$ 82,624	$ 685	0.8%
Marketing, general and administrative	29,214	24,289	4,925	20.3%
TOTAL OTHER EXPENSES	$112,523	$106,913	$ 5,610	5.2%

The Operating Partnership's Property Operating Revenues increased by $3.2 million from 2001 to 2002. The Operating Partnership's base rent reflects the positive impact of the straight-line rent adjustment of $26.8 million in 2002 as compared to $41.6 million in 2001, a decrease of $14.8 million. The 2002 and 2001 straight-line adjustment includes $10.9 million and $26.9 million respectively, generated from the property located at 919 Third Avenue, New York, NY, which is primarily attributable to rental abatement periods for the three largest tenants. The net increase in base rents is attributable to fixed increases to base rent in certain of the Operating Partnership's leases.

The 2002 increase in Property Expenses consists of a $2.8 million increase in operating expenses and a $4.2 million increase in real estate taxes. Included in the $2.8 million increase in operating expenses is $1.4 million and $ .7 million of increased insurance and security costs, respectively. These increases result primarily from implications of the events that occurred on September 11, 2001. The security cost increases relate primarily to the Operating Partnership's New York City properties.

Other income decreased by $12.9 million. This decrease is primarily due to a decrease of $11.6 million related to interest earned on advances made under the FrontLine Loans.

Gross operating margins for 2002 and 2001 were 63.8% and 65.1%, respectively. The decrease from 2001 to 2002 in gross operating margin percentages resulted primarily from portfolio wide increases in real estate taxes, utilities and property and liability insurance costs.

Marketing, general and administrative expenses were $32.7 million in 2003, $29.2 million in 2002 and $24.3 million in 2001. The increase in marketing, general and administrative expenses is primarily due to the increased costs of maintaining offices and infrastructure in each of the Operating Partnership's five divisional markets, increased directors and officers insurance costs and other costs associated with complying with the provisions of Sarbanes Oxley legislation including additional directors of the Company and independent accounting and legal fees. The Operating Partnership's business strategy has been to expand further into the Tri-State Area CBD and suburban office markets, to create a superior franchise value by applying its standards for high quality office space and premier tenant service to its five operating divisions. Over the past three years the Operating Partnership has supported this effort by increasing its marketing programs and strengthening its resources and operating systems. The cost of these efforts is reflected in marketing, general and administrative expenses. Marketing, general and administrative expenses as a percentage of total revenues from continuing operations were 7.0% in 2003, 6.4% in 2002 and 6.0% in 2001. The competitive market environment has resulted in decreased portfolio occupancies and market rental rates and has negatively impacted the Operating Partnership's revenues. As a result, marketing, general and administrative expenses as a percentage of total revenues has increased.

Interest expense was $82.5 million in 2003, $83.3 million in 2002 and $82.6 million in 2001. The decrease of approximately $822,000 from 2003 to 2002 was primarily a result of the Operating Partnership's adoption of FASB Statement No. 145, "Reporting Gains and Losses from Extinguishment of Debt" which caused the reclassification of approximately $2.6 million of previously reported extraordinary losses to interest expense. The 2002 extraordinary loss was the result of the Operating Partnership's refinancing its unsecured credit facility in December 2002 and writing off the related unamortized deferred loan costs. This decrease was mitigated by an increase in interest expense of approximately $1.5 million on the Operating Partnership's $50 million, 6% senior unsecured notes issued in June 2002. The increase of approximately $670,000 from 2001 to 2002 is attributable to (i) increased interest expense of $1.7 million on the Operating Partnership's senior unsecured notes resulting from the issuance of $50 million of five-year notes in June 2002, which was used to repay lower internal cost borrowings under the Operating Partnership's floating rate credit facility, (ii) a net increase in mortgage interest expense of approximately $520,000 which was primarily attributable to the $50 million principal increase on the debt of 919 Third Avenue in July 2001, and the satisfaction of three mortgage notes payable aggregating approximately $24.3 million during 2001, (iii) approximately a $2.0 million decrease in capitalized interest attributable to a decrease in the level of development projects and (iv) a decrease of $5.4 million of interest expense allocated to discontinued operations in connection with the Operating Partnership's adoption of FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" on January 1, 2002. These resulting increases, aggregating approximately $9.6 million, were mitigated primarily by a decrease of approximately $8.7 million on the Operating Partnership's unsecured credit facility resulting from an overall decrease in interest rates.

On November 10, 2003, in connection with the Company's sale of its Long Island industrial building portfolio, the settlement of the employment contracts of the departing Rechler family members, and the cost of certain other organizational changes, the Company incurred net restructuring charges of approximately $11.6 million during the three months ended December 31, 2003.

Included in depreciation and amortization expense are amortized financing costs of $3.3 million in 2003, $4.5 million in 2002 and $4.5 million in 2001.

For the year ended December 31, 2001, the Operating Partnership's consolidated statement of operations includes valuation reserve charges of $166.1 million primarily consisting of $163 million related to the Operating Partnership's investments in the FrontLine Loans and joint ventures with RSVP (See "Overview and Background" for a further discussion of this valuation reserve charge).

LIQUIDITY AND CAPITAL RESOURCES

Historically, rental revenue has been the principal source of funds to pay operating expenses, debt service and non-incremental capital expenditures, excluding incremental capital expenditures of the Operating Partnership. The Operating Partnership expects to meet its short-term liquidity requirements generally through its net cash provided by operating activities along with its unsecured credit facility described below. The credit facility contains several financial covenants with which the Operating Partnership must be in compliance in order to borrow funds thereunder. During certain quarterly periods, the Operating Partnership may incur significant leasing costs as a result of increased market demands from tenants and high levels of leasing transactions that result from the re-tenanting of scheduled expirations or early terminations of leases. The Operating Partnership is currently experiencing high tenanting costs including tenant improvement costs, leasing commissions and free rent in all of its markets. For the year ended December 31, 2003, the Operating Partnership paid $50.3 million for tenanting costs including tenant improvement costs and leasing commissions. This compares to $49.7 million paid for the year ended December 31, 2002. As a result of these and / or other operating factors, the Company's cash flow from operating activities was not sufficient to pay 100% of the dividends paid on its common stock or the Operating Partnership's OP Units during 2003. To meet the short-term funding requirements relating to these leasing costs, the Company has used proceeds of property sales or borrowings under its credit facility. Based on the Operating Partnership's anticipated leasing for 2004 it may incur similar shortfalls. The Operating Partnership currently intends to fund any shortfalls with proceeds from non-income producing asset sales or borrowings under its credit facility. The Company periodically reviews its dividend policy to determine the appropriateness of the Company's dividend rate and OP Unit distribution rate relative to the Company's cash flows. The Company adjusts its dividend rate and the OP Unit distribution rate based on forecasted increases and decreases in its cash flow as well as required distributions of taxable income to maintain REIT status. There can be no assurance that the Company will maintain the current quarterly distribution level on its common stock or the Operating Partnership's OP Units. The Company expects to meet certain of its financing requirements through long-term secured and unsecured borrowings and the issuance of debt and equity securities of the Company. There can be no assurance that there will be adequate demand for the Company's equity at the time or at the price in which the Company desires to raise capital through the sale of additional equity. Similarly, there can be no assurance that the Operating Partnership will be able to access the unsecured debt markets at the time when the Operating Partnership desires to sell its unsecured notes. In addition, when valuations for commercial real estate properties are high, the Operating Partnership will seek to sell certain land inventory to realize value and profit created. The Operating Partnership will then seek opportunities to reinvest the capital realized from these dispositions back into value-added assets in the Operating Partnership's core Tri-State Area markets. The Operating Partnership will refinance existing mortgage indebtedness, senior unsecured notes or indebtedness under its credit facility at maturity or retire such debt through the issuance of additional debt securities or additional equity securities. The Operating Partnership anticipates that the current balance of cash and cash equivalents and cash flows from operating activities, together with cash available from borrowings, equity offerings and proceeds from sales of land and non-income producing assets, will be adequate to meet the capital and liquidity requirements of the Operating Partnership in both the short and long-term. The Operating Partnership's senior unsecured debt is currently rated "BBB-" by Fitch, "BBB-" by Standard & Poors and "Ba1" by Moody's. The rating agencies review the ratings assigned to an issuer such as the Operating Partnership on an ongoing basis. Negative changes in the Operating Partnership's senior unsecured ratings would result in increases in the Operating Partnership's borrowing costs, including borrowings under the Operating Partnership's unsecured credit facility.

As a result of current economic conditions, certain tenants have either not renewed their leases upon expiration or have paid the Operating Partnership to terminate their leases. In addition, a number of U.S. companies have filed for protection under federal bankruptcy laws. Certain of these companies are tenants of the Operating Partnership. The Operating Partnership is subject to the risk that other companies that are tenants of the Operating Partnership may file for bankruptcy protection. This may have an adverse impact on the financial results and condition of the Operating Partnership. In addition, vacancy rates in our markets are at the higher end of the range of historical cycles and in some instances our asking rents in our markets have trended lower and landlords are being required to grant greater concessions such as free rent and tenant improvements. Our markets have also been experiencing higher real estate taxes and utility rates. Additionally, the Operating Partnership carries comprehensive liability, fire, extended coverage and rental loss insurance on all of its properties. Six of the Operating Partnership's properties, including 1185 Avenue of the Americas, which was purchased in January 2004, are located in New York City. As a result of the events of September 11, 2001, insurance companies are limiting coverage for acts of terrorism in "all risk" policies. In November 2002, the Terrorism Risk Insurance Act of 2002 was signed into law, which, among other things, requires insurance companies to offer coverage for losses resulting from defined "acts of terrorism" through 2004. The Operating Partnership's current insurance coverage provides for full replacement cost of its properties, (other than its two largest properties), including for acts of terrorism up to $500 million on a per occurrence basis. The two largest properties are covered for up to $200 million on such policies and are covered under separate policies, which include coverage for acts of terrorism, up to the estimated replacement cost for these properties.

The impact of the terrorist attacks of September 11, 2001, in New York City may adversely affect the value of the Operating Partnership's New York City properties and its ability to generate cash flow. There may be a decrease in demand for office space in metropolitan areas that are considered at risk for future terrorist attacks, and this decrease may reduce the Operating Partnership's revenues from property rentals.

In order to qualify as a REIT for federal income tax purposes, the Company is required to make distributions to its stockholders of at least 90% of REIT taxable income. The Company expects to use its cash flow from operating activities for distributions to stockholders and for payment of recurring, non-incremental revenue-generating expenditures. The Company intends to invest amounts accumulated for distribution in short-term investments.

Summary of Cash Flows

Net cash provided by operating activities totaled $161.2 million in 2003, $196.1 million in 2002, and $188.8 million in 2001. The decrease in 2003 is attributable to a more competitive operating environment in which the Operating Partnership made a limited number of commercial property acquisitions as well as a decrease in market rental rates and lower occupancies in the Operating Partnership's portfolio. The 2002 increase is primarily attributable to the growth in cash flow provided by increased occupancy levels of the Operating Partnership's development properties and as a result of fixed increases in certain of the Operating Partnership's leases.

Net cash provided by investing activities totaled $ 109.5 million in 2003. Net cash used in investing activities totaled $85.1 million in 2002 and $87.5 million in 2001. Cash provided by investing activities in 2003 is primarily attributable to proceeds from the sale of the Long Island industrial building portfolio, which was offset by the purchase of assets and investments in developments and commercial real estate properties. Cash flows used in investing activities during 2002 related primarily to the Operating Partnership's ongoing development of its properties, the acquisition of approximately 52.7 acres of development land located in Valhalla, NY and costs associated with creating tenant space including the payment of leasing costs. Cash used in investing activities during 2001 related primarily to investments in real estate properties including development costs. Included in these investing activities for the 2001 period is the Operating Partnership's investment of approximately $18.7 million in RSVP-controlled (REIT qualified) joint ventures. Cash used in investing activities for the 2001 period was offset by proceeds from the redemption of the Operating Partnership's preferred equity investments in Keystone Property Trust as well as from sales of real estate, securities and mortgage note receivable repayments.

Net cash used in financing activities totaled $ 278.2 million in 2003 and $202.2 million in 2002. Net cash provided by financing activities totaled $3.8 million in 2001. Cash used in financing activities for 2003 primarily resulted from secured debt amortization payments and the repayment of outstanding borrowings on the Operating Partnership's unsecured credit facility from proceeds from the sale of the Long Island industrial building portfolio. Cash used in financing activities during 2002 related primarily to the Company's stock buy-back program and repurchases of its Series A preferred stock aggregating approximately $75 million. These uses of cash were offset by the Operating Partnership issuing $50 million of five-year senior unsecured notes. Cash provided by financing activities during 2001 related primarily to proceeds from secured debt financings, minority partner contributions and advances under the Operating Partnership's unsecured credit facility. Cash provided by financing activities for 2001 was offset by advances made under the FrontLine Loans of approximately $7.2 million. In each of the three years ended December 31, cash was used in financing activities by principal payments on secured borrowings and the unsecured credit facility as well as loan issuance costs and distributions.

Investing Activities

During February 2003, the Company, through Reckson Construction Group, Inc., entered into a contract with an affiliate of First Data Corp. to sell a 19.3-acre parcel of land located in Melville, New York and was retained by the purchaser to develop a build-to-suit 195,000 square foot office building for aggregate consideration of approximately $47 million. This transaction closed on March 11, 2003 and development of the aforementioned office building has commenced and is near completion. Net proceeds from the land sale of approximately $18.3 million were used to establish an escrow account with a qualified intermediary for a future exchange of real property pursuant to Section 1031 of the Code (a "Section 1031 Exchange"). A Section 1031 Exchange allows for the deferral of taxes related to the gain attributable to the sale of property if qualified replacement property is identified within 45 days and such qualified replacement property is then acquired within 180 days from the initial sale. As described below, the Company identified and acquired certain qualified replacement properties. In accordance with Statement No. 66, the Company has estimated its book gain on this land sale and build-to-suit transaction to be approximately $22.4 million, of which $18.8 million has been recognized during the year ended December 31, 2003 and is included in investment and other income on the Company's statement of operations. Approximately $3.6 million is estimated to be earned in 2004 as the development is completed.

On May 22, 2003, the Company, through Reckson Construction Group, Inc., acquired two industrial redevelopment properties in Hauppauge, Long Island encompassing approximately 100,000 square feet for total consideration of approximately $6.5 million. On August 27, 2003, the Company, through Reckson Construction Group, Inc., acquired the remaining 49% interest in the property located at 275 Broadhollow Road, Melville, NY, from the Company's joint venture partner, TIAA, for approximately $12.4 million. These acquisitions were financed from the sales proceeds being held by the aforementioned qualified intermediary and the properties acquired were qualified replacement properties. As a result of these acquisitions, the Company successfully completed the exchange of real property pursuant to Section 1031 and thereby deferred the taxes related to the gain recognized on the proceeds received from the land sale to First Data Corp. Two of the qualified replacement properties were subsequently contracted for sale as part of the Company's Long Island industrial building portfolio sale. There can be no assurances that the Company will identify or acquire additional qualified replacement properties in which case the Company would incur the tax liability on the capital gain realized of approximately $1.5 million.

On August 7, 2003, the Company acquired a ten story, 181,800 square foot Class A office property located in Stamford, Connecticut. This acquisition was financed, in part, through an advance under the Company's unsecured credit facility of $21.6 million and the issuance of 465,845 Class C OP Units valued at $24.00 per unit. In accordance with FASB Statement No. 141 "Business Combinations", the Company allocated and recorded a net deferred intangible lease asset of approximately $1.5 million, representing the net value of acquired above and below market leases, assumed lease origination costs and other value of in-place leases. The net value of the above and below market leases is amortized over the remaining terms of the respective leases to rental income and such amortization amounted to approximately $331,000 during the 2003 period of ownership. In addition, amortization expense on the value of lease origination costs was approximately $114,000 during the 2003 period of ownership. At acquisition, there were 16 in-place leases aggregating approximately 136,000 square feet with a weighted average remaining lease term of approximately 21 months.

On September 5, 2003, the Company acquired the Mezz Note which is comprised of three tranches based upon priority: a $14 million A tranche, a $14 million B tranche and a $2 million C tranche. The Company acquired a 25% interest in the A tranche, a 75% interest in the B tranche and a 50% interest in the C tranche. Interest is payable on the tranches at 9.5%, 12.5% and 12.5%, respectively, over the greater of one month LIBOR or 1.63%. As a result, the minimum weighted average interest rate accruing to the Company is 13.43% per annum. In addition, as part of the Company's participation it received a 1% origination fee amounting to $150,000. Such fee is being recognized over a three-year period.

On November 24 2003, the Company sold a 181,000 square foot office property located on Long Island for approximately $24.4 million. Net proceeds from the sale were used to pay outstanding borrowings under the Company's unsecured credit facility.

In January 2004, the Company sold a 104,000 square foot office property located on Long Island for approximately $18.5 million. Net proceeds from the sale were used to repay borrowings under the Company's unsecured credit facility.

In January 2004, the Company acquired 1185 Avenue of the Americas, a 42-story, 1.1 million square foot Class A office tower, located between 46th and 47th Streets in New York City for $321 million. In connection with this acquisition, the Company assumed a $202 million mortgage and $48 million of mezzanine debt. The balance of the purchase price was paid through an advance under the Company's unsecured Credit Facility. The floating rate mortgage and mezzanine debt both mature in August 2004 and presently have a weighted average interest rate of 4.95%. The property is also encumbered by a ground lease, which has a remaining term of approximately 40 years with rent scheduled to be re-set at the end of 2005 and then remain constant for the balance of the term.

During February 2004, a 3.9 acre land parcel located on Long Island was condemned by the Town of Oyster Bay. As consideration for the condemnation the Company anticipates to initially receive approximately $1.8 million. The Company's cost basis in this land parcel at December 31, 2003 was approximately $1.4 million. The Company is currently contesting this valuation and seeking payment of additional consideration from the Town of Oyster Bay but there can be no assurances that the Company will be successful in obtaining any such additional consideration.

In February 2004, the Company signed a contract to sell a 175,000 square foot office building located on Long Island for approximately $30 million of which the Company owns a 51% interest. Net proceeds from the sale are anticipated to be used to pay outstanding borrowings under the Company's unsecured credit facility.

The following table sets forth the Company's original invested capital (at cost and before valuation reserves) in RSVP controlled (REIT-qualified) joint ventures and amounts, which were advanced under the RSVP Commitment to FrontLine, for its investment in RSVP controlled investments (in thousands):

	RSVP controlled joint ventures	Amounts advanced	Total
Privatization	$21,480	$ 3,520	$ 25,000
Student Housing	18,086	3,935	22,021
Medical Offices	20,185	--	20,185
Parking	--	9,091	9,091
Resorts	--	8,057	8,057
Net leased retail	--	3,180	3,180
Other assets and overhead	--	21,598	21,598
	$59,751	$49,381	$109,132

In September 2003, RSVP completed the restructuring of its capital structure. In connection with the restructuring, RSVP redeemed the interest of the preferred equity holders of RSVP for an aggregate of $137 million in cash (including proceeds from the disposition of all of the Privatization and Medical Offices assets) and the transfer to the preferred equity holders of the assets that comprised RSVP's parking investments valued at approximately $28.5 million.

Financing Activities

During 2003, the Operating Partnership paid cash distributions on its Class A common units of approximately $1.70 per unit, approximately $2.59 per unit on its Class B common units and approximately $.28 per unit on its Class C common units which were issued on August 7, 2003.

On November 10, 2003, as partial consideration for the Company's sale of its Long Island industrial building portfolio to the departing Rechler family members, the Company redeemed and retired, approximately 3.9 million OP Units valued at approximately $90.4 million or $23.00 per share. In addition, during the year ended December 31, 2003, certain limited partners exchanged approximately 258,000 OP Units for an equal number of shares of the Company's Class A common stock.

During the year ended December 31, 2002, certain limited partners exchanged approximately 11,303 preferred units of limited partnership interest in the Operating Partnership, with a liquidation preference value of approximately $11.3 million, for 451,934 OP Units at an average price of $24.66 per OP Unit. In addition, certain limited partners exchanged 666,468 OP Units for an equal number of shares of the Company's Class A common stock.

On August 7, 2003, in conjunction with the Operating Partnership's acquisition of a Class A office property located in Stamford, Connecticut, it issued 465,845 Class C OP Units to the sellers of the property. The Class C OP Units are substantially identical to the Class A OP Units except that the Class C OP Units will receive an initial annual distribution of $1.87 per unit, which amount will increase or decrease pro-rata based upon changes in the dividend paid on the Company's Class A common stock.

The Board of Directors of the Company has authorized the purchase of up to five million shares of the Company's Class A common stock. During the year ended December 31, 2003, as a result of this buy-back program, the Operating Partnership purchased 252,000 Class A common units at an average price of $18.01 per unit for an aggregate purchase price of approximately $4.5 million.

The Board of Directors of the Company has formed a pricing committee to consider purchases of up to $75 million of the Company's outstanding preferred securities. During October 2002, the Company purchased and retired 357,500 shares of its Series A preferred stock at $22.29 per share for approximately $8.0 million. As a result, the Operating Partnership purchased and retired an equal number of preferred units of general partnership interest from the Company and reduced annual preferred distributions by approximately $682,000.

The Operating Partnership currently has a three year $500 million unsecured revolving credit facility (the "Credit Facility") from JPMorgan Chase Bank, as administrative agent, Wells Fargo Bank, National Association as syndication agent and Citicorp North America, Inc. and Wachovia Bank, National Association as co-documentation agents. The Credit Facility matures in December 2005, contains options for a one-year extension subject to a fee of 25 basis points and, upon receiving additional lender commitments, increasing the maximum revolving credit amount to $750 million. At December 31, 2003, borrowings under the Credit Facility were priced off LIBOR plus 120 basis points and the Credit Facility carried a facility fee of 30 basis points per annum. On January 28, 2004, the Operating Partnership received an investment grade rating on its senior unsecured debt from Fitch Ratings of BBB-. This rating along with the Operating Partnership's existing investment grade rating of BBB- from Standard & Poors, resulted in the pricing on outstanding borrowings to decrease to LIBOR plus 90 basis points and the facility fee to decrease to 20 basis points per annum. In the event of a change in the Operating Partnership's senior unsecured credit rating the interest rates and facility fee are subject to change. At December 31,

2003, the outstanding borrowings under the Credit Facility aggregated $169 million and carried a weighted average interest rate of 2.86% per annum.

The Operating Partnership utilizes the Credit Facility primarily to finance real estate investments, fund its real estate development activities and for working capital purposes. At December 31, 2003, the Operating Partnership had availability under the Credit Facility to borrow approximately an additional $331 million subject to compliance with certain financial covenants.

In January 2004, the Operating Partnership exercised its option to redeem two million shares, or 100% of its outstanding Series B preferred stock for approximately 1,958,000 shares of its Class A common stock.

On January 22, 2004, the Operating Partnership issued $150 million of seven-year 5.15% (5.196% effective rate) senior unsecured notes. Prior to the issuance of these notes the Company entered into several anticipatory interest rate hedge instruments to protect itself against potentially rising interest rates. At the time the notes were issued the Company incurred a net cost of approximately $980,000 to settle these instruments. Such costs will be amortized over the term of the notes. Net proceeds of approximately $148 million received from this issuance were used to repay outstanding borrowings under the Credit Facility.

On March 15, 2004, the Company issued 5.5 million shares of its Class A common stock at $27.18 per share, net of underwriting discount, for proceeds aggregating approximately $149.5 million. In addition, the underwriter was granted a 30-day over-allotment option to purchase up to an additional 825,000 shares. Net proceeds were used to repay $100 million of the Operating Partnership's 7.4% senior unsecured notes at their maturity on March 15, 2004, repay borrowings under the Credit Facility and for general corporate purposes.

The Operating Partnership issues additional units to the Company, and thereby increases the Company's general partnership interest in the Operating Partnership, with terms similar to the terms of any securities (i.e.: common stock or preferred stock) issued by the Company (including any securities issued by the Company upon the exercise of stock options). Any consideration received by the Company in respect of the issuance of its securities is contributed to the Operating Partnership. In addition, the Operating Partnership or a subsidiary, funds the compensation of personnel, including any amounts payable under the Company's LTIP.

Capitalization

The Operating Partnership's indebtedness at December 31, 2003 totaled approximately $1.3 billion (including its share of joint venture debt and net of minority partners' interests share of joint venture debt) and was comprised of $169.0 million outstanding under the Credit Facility, approximately $499.4 million of senior unsecured notes and approximately $588.8 million of mortgage indebtedness with a weighted average interest rate of approximately 7.32% and a weighted average maturity of approximately 8.1 years. Based on the Operating Partnership's total market capitalization of approximately $3.1 billion at December 31, 2003 (calculated based on the sum of (i) the market value of the Company's Class A common stock and OP Units, assuming conversion, (ii) the liquidation preference value of the Company's preferred stock, (iii) the liquidation preference value of the Operating Partnership's preferred units and (iv) the $1.3 billion of debt), the Operating Partnership's debt represented approximately 41.2% of its total market capitalization.

On October 16, 2000, the Company's Board of Directors announced that it adopted a Shareholder Rights Plan designed to protect its shareholders from various abusive takeover tactics, including attempts to acquire control of the Company at an inadequate price, depriving its shareholders of the full value of their investment. The Operating Partnership has adopted a similar rights plan (the "Rights Plan") which would be triggered in the event the Company's Shareholder Rights Plan is triggered. A description of the Rights Plan is included in the Notes to Financial Statements of the Operating Partnership.

Contractual Obligations and Commercial Commitments

The following table sets forth the Operating Partnership's significant debt obligations by scheduled principal cash flow payments and maturity date and its commercial commitments by scheduled maturity at December 31, 2003 (in thousands):

	MATURITY DATE						
	2004	2005	2006	2007	2008	THEREAFTER	TOTAL
Mortgage notes payable (1)	$ 12,853	$ 13,887	$ 13,478	$ 10,969	$ 9,989	$105,178	$ 166,354
Mortgage notes payable (2)(3)	--	18,553	129,920	60,539	--	346,269	555,281
Senior unsecured notes	100,000	--	--	200,000	--	200,000	500,000
Unsecured credit facility	--	169,000	--	--	--	--	169,000
Land lease obligations	2,993	2,995	2,961	2,888	2,888	47,309	62,034
Air rights lease obligations (4)	333	333	333	333	333	3,680	5,345
Operating leases	785	813	842	870	370	--	3,680
	$116,964	$205,581	$147,534	$275,599	$13,580	$702,436	$1,461,694

(1) Scheduled principal amortization payments.
(2) Principal payments due at maturity.
(3) In addition, the Operating Partnership has a 60% interest in an unconsolidated joint venture property. The Operating Partnership's pro rata share of the mortgage debt at December 31, 2003 is approximately $7.9 million. This mortgage note payable bears interest at 8.85% per annum and matures on September 1, 2005 at which time the Operating Partnership's share of the mortgage debt will be approximately $6.9 million.
(4) Excludes approximately $453,000 in aggregate payments due under a Long Island office property which was sold in January 2004

Certain of the mortgage notes payable are guaranteed by certain limited partners in the Operating Partnership and / or the Company. In addition, consistent with customary practices in non-recourse lending, certain non-recourse mortgages may be recourse to the Operating Partnership under certain limited circumstances including environmental issues and breaches of material representations.

At December 31, 2003, the Operating Partnership had approximately $1.0 million in outstanding undrawn standby letters of credit issued under the Credit Facility. In addition, approximately $44 million, or 6.1%, of the Operating Partnership's mortgage debt is recourse to the Company.

Other Matters

Seven of the Operating Partnership's office properties which were acquired by the issuance of OP Units are subject to agreements limiting the Operating Partnership's ability to transfer them prior to agreed upon dates without the consent of the limited partner who transferred the respective property to the Operating Partnership. In the event the Operating Partnership transfers any of these properties prior to the expiration of these limitations, the Operating Partnership may be required to make a payment relating to taxes incurred by the limited partner. These limitations expire between 2007 and 2013.

Two of the Operating Partnership's office properties are held in joint ventures, which contain certain limitations on transfer. These limitations include requiring the consent of the joint venture partner to transfer a property prior to various specified dates ranging from 2003 to 2005, rights of first offer, and buy / sell provisions.

In connection with the Disposition, the employment of Donald Rechler, Roger Rechler, Gregg Rechler and Mitchell Rechler as officers of the Company terminated and Roger Rechler, Gregg Rechler and Mitchell Rechler resigned as members of the Board of Directors. In connection with the Disposition and the terminations of employment, the Company incurred the following restructuring charges: (i) approximately $7.5 million related to outstanding stock loans under the Company's historical long term incentive program ("LTIP") were transferred to the entity that acquired the Long Island industrial building portfolio and approximately $642,000 of loans related to life insurance contracts were extinguished, (ii) approximately $2.9 million paid to the departing Rechler family members in exchange for 127,689 of rights to receive shares of Class A common stock that were granted in 2002 and their rights that were granted in 2003 were forfeited in their entirety and (iii) with respect to two of the departing Rechler family members participating in the Company's March 2003 LTIP, each received 8,681 shares of the Company's Class A common stock related to the service component of their core award which was valued at $293,000 in the aggregate. In addition, if the Company was to attain its annual performance measure under the March 2003 LTIP in March 2004, these individuals will also be entitled to each receive 26,041 shares of Class A common stock representing the balance of the annual core award as if they remained in continuous employment with the Company. The remainder of their core awards was forfeited, as was the entire amount of the special outperformance component of the March 2003 LTIP. The Company also incurred additional restructure charges of approximately $1.2 million related primarily to the release and severance of approximately 25 employees. Total restructure charges of approximately $12.5 million were mitigated by a $972,000 fee from the departing Rechler family members related to the termination of the Company's option to acquire certain property which was either owned by certain Rechler family members or in which the Rechler family members own a non-controlling interest .

A number of shareholder derivative actions have been commenced purportedly on behalf of the Company against its Board of Directors relating to the Disposition. The complaints allege, among other things, that the process by which the directors agreed to the transaction was not sufficiently independent of the Rechler family and did not involve a "market check" or third party auction process and, as a result, was not for adequate consideration. The plaintiffs seek similar relief, including a declaration that the directors violated their fiduciary duties and damages. The Company's management believes that the complaints are without merit.

In July 2002, as a result of certain provisions of the Sarbanes Oxley legislation, the Company discontinued the use of stock loans in its LTIP. In connection with LTIP grants made prior to the enactment of the Sarbanes Oxley legislation the Company made stock loans to certain executive and senior officers to purchase 1,372,393 shares of its Class A common stock at market prices ranging from $18.44 per share to $27.13 per share. The stock loans were set to bear interest at the mid-term Applicable Federal Rate and were secured by the shares purchased. Such stock loans (including accrued interest) were scheduled to vest and be ratably forgiven each year on the anniversary of the grant date based upon vesting periods ranging from four to ten years based on continued service and in part on attaining certain annual performance measures. These stock loans had an initial aggregate weighted average vesting period of approximately nine years. As of December 31, 2003, and giving effect to the settlement of the employment contracts of certain executive officers, there remains 264,144 shares of common stock subject to the original stock loans which are anticipated to vest between 2004 and 2011. Approximately $3.1 million and $4.5 million of compensation expense was recorded for the years ended December 31, 2003 and 2002, respectively, related to these LTIP. Such amounts have been included in marketing, general and administrative expenses on the accompanying consolidated statements of operations.

The outstanding stock loan balances due from executive and senior officers aggregated approximately $5.6 million and $17.0 million at December 31, 2003 and December 31, 2002, respectively, and have been included as a reduction of additional paid in capital on the accompanying consolidated balance sheets. Other outstanding loans to executive and senior officers at December 31, 2003 and December 31, 2002 amounted to approximately $2.9 million and $2.0 million, respectively, primarily related to tax payment advances on stock compensation awards and life insurance contracts made to certain executive and non-executive officers.

In November 2002 and March 2003 an award of rights was granted to certain executive officers of the Company (the "2002 Rights" and "2003 Rights", respectively and collectively, the "Rights"). Each Right represents the right to receive, upon vesting, one share of Class A common stock if shares are then available for grant under one of the Company's stock option plans or, if shares are not so available, an amount of cash equivalent to the value of such stock on the vesting date. The 2002 Rights will vest in four equal annual installments beginning on November 14, 2003 (and shall be fully vested on November 14, 2006). The 2003 Rights will be earned as of March 13, 2005 and will vest in three equal annual installments beginning on March 13, 2005 (and shall be fully vested on March 13, 2007). Dividends on the shares will be held by the Company until such shares become vested, and will be distributed thereafter to the applicable officer. The 2002 Rights also entitle the holder thereof to cash payments in respect of taxes payable by the holder resulting from the Rights. The 2002 Rights aggregate 190,524 shares of the Company's Class A common stock and the 2003 Rights aggregate 60,760 shares of Class A common stock. As of December 31, 2003, and giving effect to the settlement of the employment contracts of certain executive officers, there remains 47,126 shares of Class A common stock related to the 2002 Rights and 26,040 shares of Class A common stock related to the 2003 rights. During the year ended December 31, 2003, the Company recorded approximately $855,000 of compensation expense related to the Rights. Such amount has been included in marketing, general and administrative expenses on the accompanying consolidated statements of operations.

In March 2003, the Company established a new LTIP for its executive and senior officers. The four-year plan has a core award, which provides for annual stock based compensation based upon continued service and in part based on attaining certain annual performance measures. The plan also has a special outperformance award, which provides for compensation to be earned at the end of a four-year period if the Company attains certain four-year cumulative performance measures. Amounts earned under the special outperformance award may be paid in cash or stock at the discretion of the Compensation Committee of the Board. Performance measures are based on total shareholder returns on a relative and absolute basis. On March 13, 2003, the Company made available 1,384,102 shares of its Class A common stock under its existing stock option plans in connection with the core award of this LTIP for twelve of its executive and senior officers. During May 2003, two of the Company's executive officers waived these awards under this LTIP in their entirety, which aggregated 277,778 shares or 20% of the core awards granted. In addition, the special outperformance awards of the LTIP were amended to increase the per share base price above which the four year cumulative return is measured from $18.00 to $22.40. As of December 31, 2003 and giving effect to the settlement of the employment contracts of certain executive officers, there remains 879,858 shares of Class A common stock reserved for future issuance under the core award of this LTIP. With respect to the core award of this LTIP, the Company recorded approximately $2.6 million of compensation expense for the year ended December 31, 2003. Such amount has been included in marketing, general and administrative expenses on the accompanying consolidated statements of operations. Further, no provision will be made for the special outperformance award of this LTIP until such time as achieving the requisite performance measures is determined to be probable.

OFF BALANCE SHEET ARRANGEMENTS

The Operating Partnership has no off balance sheet arrangements except for its 60% non-controlling interest in the 520 JV and its joint venture interest in RSVP (for a more detailed description of these arrangements see "Overview and Background" of this Item 7).

INFLATION

The office leases generally provide for fixed base rent increases or indexed escalations. In addition, the office leases provide for separate escalations of real estate taxes, operating expenses and electric costs over a base amount. The industrial / R&D leases generally provide for fixed base rent increases, direct pass through of certain operating expenses and separate real estate tax escalations over a base amount. The Operating Partnership believes that inflationary increases in expenses will be mitigated by contractual rent increases and expense escalations described above. As a result of the impact of the events of September 11, 2001, the Operating Partnership has realized increased insurance costs, particularly relating to property and terrorism insurance, and security costs. The Operating Partnership has included these costs as part of its escalatable expenses and has billed them to its tenants consistent with the terms of the underlying leases. To the extent the Operating Partnership's properties contain vacant space, the Operating Partnership will bear such inflationary increases in expenses.

The Credit Facility bears interest at a variable rate, which will be influenced by changes in short-term interest rates, and is sensitive to inflation.

FUNDS FROM OPERATIONS

Management believes that funds from operations ("FFO") is an appropriate measure of performance of an equity REIT. Although FFO is a non-GAAP measure, the Operating Partnership believes it provides useful information to its shareholders, potential investors and management. The Operating Partnership computes FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts ("NAREIT") as net income or loss, excluding gains or losses from sales of depreciable properties plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO does not represent cash generated from operating activities in accordance with GAAP and is not indicative of cash available to fund cash needs. FFO should not be considered as an alternative to net income as an indicator of the Operating Partnership's operating performance or as an alternative to cash flow as a measure of liquidity. (See Selected Financial Data). FFO for the year ended December 31, 2003 includes a gain from the sale of land and build-to-suit transaction in the amount of $18.8 million. For the years ended December 31, 2002 and 2001, pursuant to the Operating Partnership's adoption of FASB Statement No. 145, which addresses reporting for gains and losses from extinguishment of debt, the Operating Partnership has reduced previously reported FFO by approximately $2.6 million and $2.9 million, respectively, related to the write-off of certain deferred loan costs incurred in connection with the Operating Partnership's refinancing of its debt. These costs were previously recorded as an extraordinary loss and therefore excluded from the Operating Partnership's calculation of FFO. In addition, FFO for the year ended December 31, 2001 excludes $163 million of valuation reserves on investments in affiliate loans and joint ventures.

Since all companies and analysts do not calculate FFO in a similar fashion, the Operating Partnership's calculation of FFO presented herein may not be comparable to similarly titled measures as reported by other companies.

The following table presents the Operating Partnership's FFO calculation for the years ended December 31 (in thousands):

	2003	2002	2001
Net income (loss) allocable to common unitholders..........	$156,364	$ 61,215	$(59,943)
Adjustments for basic Funds From Operations			
Add:			
Real estate depreciation and amortization..............	113,940	108,906	100,967
Minority partners' interests in consolidated partnerships.....................................	17,972	18,730	15,975
Valuation reserves on investments in affiliate loans and joint ventures...............................	--	--	163,000
Less:			
Gain on sales of real estate...........................	126,789	5,433	20,173
Amounts distributable to minority partners in consolidated partnerships.........................	26,598	24,996	19,083
Basic Funds From Operations................................	134,889	158,422	180,743
Add:			
Dividends and distributions on dilutive shares and units...	1,093	23,123	26,601
Diluted Funds From Operations..............................	$135,982	$181,545	$207,344
Weighted Average Shares/OP Units outstanding (1)...........	64,884	67,180	66,057
Diluted Weighted Average Shares/OP Units outstanding (1)....	65,715	78,133	79,027

(1) Assumes conversion of limited partnership units of the Operating Partnership.

ITEM 7(A). QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The primary market risk facing the Operating Partnership is interest rate risk on its long-term debt, mortgage notes and notes receivable. The Operating Partnership will, when advantageous, hedge its interest rate risk using financial instruments. The Operating Partnership is not subject to foreign currency risk.

The Operating Partnership manages its exposure to interest rate risk on its variable rate indebtedness by borrowing on a short-term basis under its Credit Facility until such time as it is able to retire the short-term variable rate debt with either a long-term fixed rate debt offering, long term mortgage debt, equity offerings or through sales or partial sales of assets.

The Operating Partnership will recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges will be adjusted to fair value through income. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability or firm commitment through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. As of December 31, 2003, the Operating Partnership had certain derivatives outstanding related to the Operating Partnership's January 2004 issuance of senior unsecured notes. At December 31, 2003 the fair value of these instruments reasonably approximated their carrying value.

The fair market value ("FMV") of the Operating Partnership's long term debt, mortgage notes and notes receivable is estimated based on discounting future cash flows at interest rates that management believes reflect the risks associated with long term debt, mortgage notes and notes receivable of similar risk and duration.

The following table sets forth the Operating Partnership's long-term debt obligations by scheduled principal cash flow payments and maturity date, weighted average interest rates and estimated FMV at December 31, 2003 (dollars in thousands):

	For the Year Ended December 31							
	2004	2005	2006	2007	2008	Thereafter	Total (1)	F M V
Long term debt:								
Fixed rate..........	$ 112,853	$ 32,440	$143,398	$271,508	$9,989	$651,447	$1,221,635	$1,306,303
Weighted average interest rate.....	7.41%	6.90%	7.37%	7.14%	7.23%	7.32%	7.28%	
Variable rate.......	$ --	$169,000	$ --	$ --	$ --	$ --	$ 169,000	$ 169,000
Weighted average interest rate.....	--%	2.86%	--%	--%	--%	--%	2.86%	

(1) Includes aggregate unamortized issuance discounts of approximately $555,000 on the senior unsecured notes issued during March 1999 and June 2002, which are due at maturity.

In addition, the Operating Partnership has assessed the market risk for its variable rate debt, which is based upon LIBOR, and believes that a one percent increase in the LIBOR rate would have an approximate $1.7 million annual increase in interest expense based on $169 million of variable rate debt outstanding at December 31, 2003.

The following table sets forth the Operating Partnership's mortgage notes and notes receivable by scheduled maturity date, weighted average interest rates and estimated FMV at December 31, 2003 (dollars in thousands):

	For the Year Ended December 31							
	2004	2005	2006	2007	2008	Thereafter	Total (1)	F M V
Mortgage notes and notes receivable:								
Fixed rate............	$21,500	$ --	$ --	$16,990	$ --	$ --	$38,490	$39,368
Weighted average interest rate......	10.85%	--%	--%	12.0%	--%	--%	11.36%	
Variable rate..........	$ --	$15,000	$ --	$ --	$ --	$ --	$15,000	$15,000
Weighted average interest rate.......	--%	13.43%	--%	--%	--%	--%	13.43%	

(1) Excludes interest receivables aggregating approximately $1.5 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The response to this item is included in a separate section of this Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in our filings under the Securities Exchange Act of 1934 is reported within the time periods specified in the SEC's rules and forms. In this regard, the Operating Partnership has formed a Disclosure Committee currently comprised of all of the Company's executive officers as well as certain other employees with knowledge of information that may be considered in the SEC reporting process. The Committee has responsibility for the development and assessment of the financial and non-financial information to be included in the reports filed by the Operating Partnership with the SEC and assists the Company's Chief Executive Officer and Chief Financial Officer in connection with their certifications contained in the Operating Partnership's SEC reports. The Committee meets regularly and reports to the Company's Audit Committee, with the participation of the Company's management, on a quarterly or more frequent basis. Our principal executive and financial officers have evaluated, with the participation of the Company's management, our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Based upon the evaluation, our principal executive and financial officers concluded that such disclosure controls and procedures are effective.

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART III

ITEMS 10, 11, 12, 13 AND 14

The Company is the sole managing general partner of the Operating Partnership. All of the Company's business is conducted through the Operating Partnership. As a result, the information required by items 10, 11, 12, 13 and 14 is identical to the information contained in Items 10, 11, 12, 13 and 14 of the Company's Form 10-K, which incorporates by reference information appearing in the Company's Proxy Statement furnished to shareholders in connection with the Company's 2004 Annual Meeting. Such information is incorporated by reference in this Form 10-K.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1 and 2) Financial Statement Schedules

The following consolidated financial information is included as a separate section of this annual report on Form 10-K:

	PAGE
RECKSON OPERATING PARTNERSHIP, L.P.	
Report of Independent Auditors	75
Consolidated Balance Sheets as of December 31, 2003 and December 31, 2002	76
Consolidated Statements of Operations for the years ended December 31, 2003, 2002, and 2001	78
Consolidated Statements of Partners' Capital for the years ended December 31, 2003, 2002, and 2001	79
Consolidated Statements of Cash Flows for the years ended December 31, 2003, 2002, and 2001	80
Notes to Consolidated Financial Statements	81
Schedule III - Real Estate and Accumulated Depreciation	117

All other schedules are omitted since the required information is not present in amounts sufficient to require submission of the schedule or because the information required is included in the financial statements and notes thereto.

(3) Exhibits

EXHIBIT NUMBER	FILING REFERENCE	DESCRIPTION
3.1	a	Amended and Restated Agreement of Limited Partnership of the Registrant
3.2	e	Supplement to the Amended and Restated Agreement of Limited Partnership of the Registrant Establishing Series A Preferred Units of Limited Partnership Interest
3.3	e	Supplement to the Amended and Restated Agreement of Limited Partnership of the Registrant Establishing Series B Preferred Units of Limited Partnership Interest
3.4	e	Supplement to the Amended and Restated Agreement of Limited Partnership of the Registrant Establishing Series C Preferred Units of Limited Partnership Interest
3.5	e	Supplement to the Amended and Restated Agreement of Limited Partnership of the Registrant Establishing Series D Preferred Units of Limited Partnership Interest
3.6	g	Supplement to the Amended and Restated Agreement of Limited Partnership of the Registrant Establishing Series B Common Units of Limited Partnership Interest
3.7	g	Supplement to the Amended and Restated Agreement of Limited Partnership of the Registrant Establishing Series E Preferred Partnership Units of Limited Partnership
3.8	j	Supplement to the Amended and Restated Agreement of Limited Partnership of the Registrant Establishing Series F Junior Participating Preferred Partnership Units Issuable Under the Rights Plan
3.9	s	Supplement to the Amended and Restated Agreement of Limited Partnership of the Registrant Establishing the Series C Common Units of Limited Partnership Interest
4.1	f	Form of 7.40% Notes due 2004 of the Registrant
4.2	f	Form of 7.75% Notes due 2009 of the Registrant
4.3	f	Indenture, dated March 26, 1999, among the Registrant, Reckson Associates Realty Corp. (the "Company"), and The Bank of New York, as trustee
4.4	j	Rights Agreement, dated as of October 13, 2000, between the Registrant and American Stock Transfer and Trust Company
4.5	n	Form of 6.00% Notes due 2007 of the Registrant
4.6	d	Note Purchase Agreement for the Senior Unsecured Notes
4.7	v	Form of 5.15% Notes due 2011 of the Registrant
10.1	d	Third Amended and Restated Agreement of Limited Partnership of Omni Partners, L.P.
10.2	h	Amendment and Restatement of Employment and Non-Competition Agreement, dated as of August 15, 2000

		between the Company and Scott Rechler
10.3	h	Amendment and Restatement of Employment and Non-Competition Agreement, dated as of August 15, 2000 between the Company and Michael Maturo
10.4	h	Amendment and Restatement of Employment and Non-Competition Agreement, dated as of August 15, 2000 between the Company and Jason Barnett
10.5	w	Employment and Noncompetition Agreement, dated as of July 16, 2001, between the Company and F.D. Rich
10.6	w	Employment and Noncompetition Agreement, dated as of November 20, 2002, among the Company, Metropolitan Partners LLC and Philip Waterman III
10.7	a	Purchase Option Agreement relating to 225 Broadhallow Road
10.8	s	Amended and Restated 1995 Stock Option Plan

10.9	c	1996 Employee Stock Option Plan
10.10	b	Ground Leases for certain of the properties
10.11	s	Amended and Restated 1997 Stock Option Plan
10.12	d	1998 Stock Option Plan
10.13	h	Amended and Restated Severance Agreement, dated August 15, 2000 between the Company and Scott Rechler
10.14	h	Amended and Restated Severance Agreement, dated August 15, 2000 between the Company and Michael Maturo
10.15	h	Amended and Restated Severance Agreement, dated August 15, 2000 between the Company and Jason Barnett
10.16	g	Amended and Restated Credit Agreement dated as of August 4, 1999 between Reckson Service Industries, Inc., as borrower and the Registrant, as Lender relating to Reckson Strategic Venture Partners, LLC ("RSVP Credit Agreement")
10.17	g	Amended and Restated Credit Agreement dated as of August 4, 1999 between Reckson Service Industries, Inc., as borrower and the Registrant, as Lender relating to the operations of Reckson Service Industries, Inc. ("RSI Credit Agreement")
10.18	g	Letter Agreement, dated November 30, 1999, amending the RSVP Credit Agreement and the RSI Credit Agreement
10.19	k	Second Amendment to the Amended and Restated Credit Agreement, dated March 30, 2001, between the Registrant and FrontLine Capital Group
10.20	l	Loan Agreement, dated as of June 1, 2001, between 1350 LLC, as Borrower, and Secore Financial Corporation, as Lender
10.21	l	Loan Agreement, dated as of July 18, 2001, between Metropolitan 919 3rd Avenue, LLC, as Borrower, and Secore Financial Corporation, as Lender
10.22	h	Operating Agreement dated as of September 28, 2000 between Reckson Tri-State Member LLC (together with its permitted successors and assigns) and TIAA Tri-State LLC
10.23	i	Agreement of Spreader, Consolidation and Modification of Mortgage Security Agreement among Metropolitan 810 7th Ave., LLC, 100 Wall Company LLC and Monumental Life Insurance Company
10.24	i	Consolidated, Amended and Restated Secured Promissory Note relating to Metropolitan 810 7th Ave., LLC and 100 Wall Company LLC
10.25	m	Amended and Restated Operating Agreement of 919 JV LLC
10.26	s	Amended and Restated 2002 Stock Option Plan
10.27	p	Indemnification Agreement, dated as of May 23, 2002, between the Company and Donald J. Rechler*
10.28	o	Second Amended and Restated Credit Agreement, dated as of December 30, 2002, among the Registrant, the institutions from time to time party thereto as Lenders and JPMorgan Chase Bank, as Administrative Agent
10.29	o	Form of Guarantee Agreement to the Second Amended and Restated Credit Agreement, between and among the Registrant, the institutions from time to time party thereto as Lenders and JPMorgan Chase Bank, as Administrative Agent
10.30	o	Form of Promissory Note to the Second Amended and Restated Credit Agreement, between and among the Registrant, the institutions from time to time party thereto as Lenders and JPMorgan Chase Bank, as Administrative Agent
10.31	o	First Amendment to Second Amended and Restated Credit Agreement, dated as of January 24, 2003, among the Registrant, JPMorgan Chase Bank, as Administrative Agent for the institutions from time to time party thereto as Lenders and Key Bank, N.A., as New Lender

10.32	r	Amended and Restated Long-Term Incentive Award Agreement, dated as of March 13, 2003, between the Company and Scott H. Rechler**
10.33	q	Award Agreement, dated November 14, 2002, between the Company and Scott H. Rechler***
10.34	q	Award Agreement, dated March 13, 2003, between the Company and Scott H. Rechler****
10.35	t	Redemption Agreement, dated as of September 10, 2003, by and among the Registrant, Reckson FS Limited Partnership and Rechler Equity Partners I LLC, as transferee
10.36	t	Property Sale Agreement, dated as of September 10, 2003, by and among the Registrant, Reckson FS Limited Partnership, RCG Kennedy Drive LLC and Rechler Equity Partners II LLC
10.37	t	Transition Agreement, dated as of September 10, 2003, by and between the Company, the Registrant and Donald Rechler
10.38	t	Transition Agreement, dated as of September 10, 2003, by and between the Company, the Registrant and Roger Rechler
10.39	t	Transition Agreement, dated as of September 10, 2003, by and between the Company, the Registrant and Mitchell Rechler
10.40	t	Transition Agreement, dated as of September 10, 2003, by and between the Company, the Registrant and Gregg Rechler
10.41	t	Amendment Agreement, dated as of September 10, 2003, by and between the Company, the Registrant and Scott Rechler
10.42	u	Purchase and Sale Agreement, dated as of November 10, 2003, between Reckson 1185 Avenue of the Americas LLC and 1185 Sixth LLC
12.1		Statement of Ratios of Earnings to Fixed Charges
14.1	w	Reckson Associates Realty Corp. Code of Ethics and Business Conduct
21.1		Statement of Subsidiaries
23.1		Consent of Independent Auditors
24.1		Power of Attorney (included in Part IV of the Form 10-K)
31.1		Certification of Scott H. Rechler, Chief Executive Officer and President of the Company, the sole general partner of the Registrant, pursuant to Rule 13a-14(a) or Rule 15(d)-14(a)
31.2		Certification of Michael Maturo, Executive Vice President, Treasurer and Chief Financial Officer of the Company, the sole general partner of the Registrant, pursuant to Rule 13a-14(a) or Rule 15(d)-14(a)
32.1		Certification of Scott H. Rechler, Chief Executive Officer and President of the Company, the sole general partner of the Registrant, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code
32.2		Certification of Michael Maturo, Executive Vice President, Treasurer and Chief Financial Officer of the Company, the sole general partner of the Registrant, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

(a) Previously filed as an exhibit to Registration Statement Form S-11 (No. 333-1280) and incorporated herein by reference.

(b) Previously filed as an exhibit to Registration Statement Form S-11 (No. 33-84324) and incorporated herein by reference.

(c) Previously filed as an exhibit to the Company's Form 8-K report filed with the SEC on November 25, 1996 and incorporated herein by reference.

(d) Previously filed as an exhibit to the Company's Form 10-K filed with the SEC on March 26, 1998 and incorporated herein by reference.

(e) Previously filed as an exhibit to the Company's Form 8-K report filed with the SEC on March 1, 1999 and incorporated herein by reference.

(f) Previously filed as an exhibit to the Registrant's Form 8-K filed with SEC on March 26, 1999 and incorporated herein by reference.

(g) Previously filed as an exhibit to the Company's Form 10-K filed with the SEC on March 17, 2000 and incorporated herein by reference.

(h) Previously filed as an exhibit to the Registrant's Form 8-K filed with the SEC on October 17, 2000 and incorporated herein by reference.

(i) Previously filed as an exhibit to the Company's Form 10-K filed with the SEC on March 21, 2001 and incorporated herein by reference.

(j) Previously filed as an exhibit to the Registrant's Form 10-K filed with the SEC on March 22, 2001 and incorporated herein by reference.

(k) Previously filed as an exhibit to the Registrant's Form 10-Q filed with the SEC on May 14, 2001 and incorporated herein by reference.

(l) Previously filed as an exhibit to the Registrant's Form 10-Q filed with the SEC on August 14, 2001 and incorporated herein by reference.

(m) Previously filed as an exhibit to the Registrant's Form 8-K filed with the SEC on January 8, 2002 and incorporated herein by reference.

(n) Previously filed as an exhibit to the Registrant's Form 8-K filed with the SEC on June 18, 2002 and incorporated herein by reference.

(o) Previously filed as an exhibit to the Registrant's Current Report on 8-K filed with the SEC on January 27, 2003 and incorporated herein by reference.

(p) Previously filed with the Registrant's Form 10-Q filed with the SEC on November 14, 2002 and incorporated herein by reference.

(q) Previously filed as an exhibit to the Registrant's Form 10-K filed with the SEC on March 31, 2003 and incorporated herein by reference.

(r) Previously filed as an exhibit to the Registrant's Form 10-Q filed with the SEC on May 15, 2003 and incorporated herein by reference.

(s) Previously filed as an exhibit to the Registrant's Form 10-Q filed with the SEC on August 14, 2003 and incorporated herein by reference.

(t) Previously filed as an exhibit to the Registrant's Form 8-K filed with the SEC on September 18, 2003 and incorporated herein by reference.

(u) Previously filed as an exhibit to the Registrant's Form 8-K filed on November 21, 2003 and incorporated herein by reference.

(v) Previously filed as an exhibit to the Registrant's Form 8-K filed on January 21, 2004 and incorporated herein by reference.

(w) Previously filed as an exhibit to the Company's Form 10-K filed on March 9, 2004 and incorporated herein by reference.

* Each of Scott H. Rechler, Michael Maturo, Jason M. Barnett, John V.N. Klein, Lewis S. Ranieri and Conrad D. Stephenson has entered into an Indemnification Agreement with the Company, dated as of May 23, 2002. Each of Ronald H. Menaker and Peter Quick has entered into an Indemnification Agreement with the Company dated as of May 1, 2002. Each of Douglas Crocker and Stanley Steinberg has entered into an Indemnification Agreement with the Company dated as of February 5, 2004. Elizabeth McCaul has entered into an Indemnification Agreement with the Company dated as of February 25, 2004. These Agreements are identical in all material respects to the Indemnification Agreement for Donald J. Rechler incorporated by reference herein.

** Each of Michael Maturo and Jason M. Barnett has entered into an Amended and Restated Long-Term Incentive Award Agreement with the Company, dated as of March 13, 2003. These Agreements are identical in all material respects to the Amended and Restated Long-Term Incentive Award Agreement for Scott H. Rechler incorporated by reference herein.

*** Michael Maturo has been awarded certain rights to shares of Class A Common Stock of the Company, pursuant to Award Agreements dated November 14, 2002. This Agreement is identical in all material respects to the Agreement for Scott H. Rechler incorporated by reference herein, except that Michael Maturo received rights to 27,588 shares.

**** Each of Michael Maturo and Jason M. Barnett has been awarded certain rights to shares of Class A Common Stock of the Company, pursuant to Award Agreements dated March 13, 2003. These Agreements are identical in all material respects to the Agreement for Scott H. Rechler incorporated by reference herein.

(B) REPORTS ON FORM 8-K:

Reports on Form 8-K

On October 1, 2003, the Registrant submitted a report on Form 8-K under Item 5 thereof in order to describe (i) the restructuring of the capital structure and management of RSVP and (ii) the shareholder litigation concerning the Registrant's proposed sale of its industrial building portfolio.

On October 22, 2003, the Registrant submitted a report on Form 8-K under Items 2 and 7 thereof in connection with the Registrant's disposition of its industrial building portfolio.

On November 5, 2003, the Registrant submitted a report on Form 8-K under Items 7 and 12 thereof in order to file a press release announcing its consolidated financial results for the quarter ended September 30, 2003.

On November 21, 2003, the Registrant submitted a report on Form 8-K under Items 2, 5 and 7 thereof in connection with (i) disposition of the Registrant's industrial building portfolio and (ii) the acquisition of 1185 Avenue of the Americas.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on March 8, 2004.

RECKSON OPERATING PARTNERSHIP, L.P.
By: Reckson Associates Realty Corp.

By: /s/ Scott H. Rechler

Scott H. Rechler,
Chief Executive Officer, President and Director

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors of Reckson Associates Realty Corp., the corporate general partner of the Registrant hereby severally constitute and appoint Scott H. Rechler and Michael Maturo, and each of them singly, our true and lawful attorneys-in-fact with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Form 10-K filed herewith and any and all amendments to said Form 10-K, and generally to do all such things in our names and in our capacities as officers and directors to enable Reckson Associates Realty Corp. to comply with the provisions of the Securities Exchange Act of 1934, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Form 10-K and any and all amendments thereto.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 8, 2004.

Signature	Title
/s/ Donald J. Rechler Donald J. Rechler	Chairman of the Board
/s/ Scott H. Rechler Scott H. Rechler	Chief Executive Officer, President and Director
/s/ Michael Maturo Michael Maturo	Executive Vice President, Treasurer and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
/s/ Ronald Menaker Ronald Menaker	Director
/s/ Peter Quick Peter Quick	Director
/s/ John V.N. Klein John V.N. Klein	Director
/s/ Lewis S. Ranieri Lewis S. Ranieri	Director
/s/ Conrad D. Stephenson Conrad D. Stephenson	Director
/s/ Douglas Crocker III Douglas Crocker III	Director
/s/ Stanley Steinberg Stanley Steinberg	Director
/s/ Elizabeth McCaul Elizabeth McCaul	Director

REPORT OF INDEPENDENT AUDITORS

To the Partners
Reckson Operating Partnership, L.P.

We have audited the accompanying consolidated balance sheets of Reckson Operating Partnership, L.P. as of December 31, 2003 and 2002, and the related consolidated statements of operations, partners' capital, and cash flows for each of the three years in the period ended December 31, 2003. We have also audited the financial statement schedule listed in the index at item 15(a). These financial statements and financial statement schedule are the responsibility of the Operating Partnership's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Reckson Operating Partnership, L.P. at December 31, 2003 and 2002, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

ERNST & YOUNG LLP

New York, New York
February 17, 2004,
except for Note 15,
as to which the date
is March 15, 2004

RECKSON OPERATING PARTNERSHIP, L.P.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	December 31, 2003	December 31, 2002
ASSETS		
Commercial real estate properties, at cost (Notes 2, 3, 5, and 6)		
Land	$ 386,501	$ 386,747
Buildings and improvements	2,251,455	2,199,896
Developments in progress:		
Land	90,706	92,924
Development costs	68,127	28,311
Furniture, fixtures and equipment	11,338	12,203
	2,808,127	2,720,081
Less accumulated depreciation	(469,642)	(382,022)
	2,338,485	2,338,059
Properties and related assets held for sale, net of accumulated depreciation (Note 6)	6,920	196,954
Investments in real estate joint ventures	5,904	6,116
Investment in mortgage notes and notes receivable (Note 6)	54,986	54,547
Cash and cash equivalents (Note 9)	23,069	30,576
Tenant receivables	12,034	12,529
Investments in service companies and affiliate loans and joint ventures (Note 8)	75,544	78,104
Deferred rents receivable	113,601	97,145
Prepaid expenses and other assets	35,074	32,577
Contract and land deposits and pre-acquisition costs	20,203	240
Deferred leasing and loan costs, less accumulated amortization of $56,108 and $41,502, respectively	64,860	65,205
Total Assets	$ 2,750,680	$ 2,912,052
LIABILITIES		
Mortgage notes payable (Note 2)	$ 721,635	$ 733,761
Mortgage notes payable and other liabilities associated with properties held for sale	333	10,722
Unsecured credit facility (Note 3)	169,000	267,000
Senior unsecured notes (Note 4)	499,445	499,305
Accrued expenses and other liabilities	90,527	85,849
Distributions payable	28,290	31,575
Total Liabilities	1,509,230	1,628,212
Minority interests in consolidated partnerships	233,070	242,934
Commitments and contingencies (Notes 9, 10, and 13)	--	--
PARTNERS' CAPITAL (Note 7)		
Preferred Capital, 10,854,162 units outstanding	281,690	281,690
General Partners Capital:		
Class A common units, 58,275,367 and 48,246,083 units outstanding, respectively	682,172	478,121
Class B common units, 0 and 9,915,313 units outstanding, respectively	--	209,675
Limited Partners Capital:		
Class A common units, 3,084,713 and 7,276,224 units issued and outstanding, respectively	38,613	71,420
Class C common units, 465,845 and 0 units issued and outstanding, respectively	5,905	--
Total Partners Capital	1,008,380	1,040,906
Total Liabilities and Partners Capital	$ 2,750,680	$ 2,912,052

(see accompanying notes to financial statements)

RECKSON OPERATING PARTNERSHIP, L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share amounts)

	For the year ended December 31,		
	2003	2002	2001
REVENUES (Note 10):			
Property operating revenues:			
Base rents	$ 385,225	$ 395,308	$ 392,824
Tenant escalations and reimbursements	60,556	55,441	54,739
Total property operating revenues	445,781	450,749	447,563
Interest income on mortgage notes and notes receivable (including $3,865, $4,287and $4,196, respectively from related parties)	6,568	6,279	6,238
Investment and other income (including $0, $85 and $5,164, respectively from related parties)	17,933	1,041	14,004
Total revenues	470,282	458,069	467,805
EXPENSES:			
Property operating expenses	180,411	163,031	155,977
Marketing, general and administrative	32,746	29,214	24,289
Interest	82,487	83,309	82,624
Restructure charges - net (Note 7)	11,580	--	--
Depreciation and amortization	109,239	102,444	92,178
Total expenses	416,463	377,998	355,068
Income before distributions to preferred unit holders, minority interests, equity in earnings of real estate joint ventures and service companies, gain on sales of real estate, valuation reserves and discontinued operations	53,819	80,071	112,737
Minority partners' interest in consolidated partnerships	(17,972)	(18,730)	(15,975)
Equity in earnings of service companies and real estate joint ventures (including $0, $465 and $1,450, respectively from related parties)	30	1,113	2,087
Gain on sales of real estate (Note 6)	--	537	20,173
Valuation reserves on investments in affiliate loans and joint ventures and other investments (Note 8)	--	--	(166,101)
Income (loss) before discontinued operations and distributions to preferred unitholders	35,877	62,991	(47,079)
Discontinued operations:			
Income from discontinued operations	16,058	16,452	11,113
Gain on sales of real estate	126,789	4,895	---
Net income (loss)	178,724	84,338	(35,966)
Preferred unit distributions	(22,360)	(23,123)	(23,977)
Net income (loss) allocable to common unitholders	$ 156,364	$ 61,215	$ (59,943)
Net income (loss) allocable to:			
Class A common units	$ 137,996	$ 48,286	$ (47,283)
Class B common units	17,288	12,929	(12,660)
Class C common units	1,080	--	--
Total	$ 156,364	$ 61,215	$ (59,943)

RECKSON OPERATING PARTNERSHIP, L. P.
CONSOLIDATED STATEMENTS OF OPERATIONS - (continued)
(IN THOUSANDS, EXCEPT UNIT DATA)

Net income (loss) per weighted average units:			
Class A common	$ .18	$ .54	$ (1.29)
Gain on sales of real estate	--	.01	.28
Discontinued operations	2.29	.30	.16
Net income (loss) per Class A common	$ 2.47	$ 85	$ (.85)
Class B common	$ .39	$ .83	$ (1.88)
Gain on sales of real estate	--	.01	.42
Discontinued operations	1.55	.44	.23
Net income (loss) per Class B common	$ 1.94	$ 1.28	$ (1.23)
Class C common	$ .09	$ --	$ --
Gain on sales of real estate	--	--	--
Discontinued operations	5.65	--	--
Net income (loss) per Class C common	$ 5.74	$ --	$ --
Weighted average common units outstanding:			
Class A common	55,786,000	57,059,000	55,773,000
Class B common	8,910,000	10,122,000	10,284,000
Class C common	188,000	--	--

(see accompanying notes to financial statements)

RECKSON OPERATING PARTNERSHIP, L. P.
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(IN THOUSANDS)

	General Partners' Capital			Limited Partners' Capital		
	Preferred Capital	Class B Common units	Class A Common units	Class A Common units	Class C Common units	Total Partners'Capital
Balance January 1, 2001	$ 313,126	$ 270,118	$ 575,570	$ 97,353	$ --	$ 1,256,167
Net loss	--	(12,660)	(41,253)	(6,030)	--	(59,943)
Contributions	--	--	82,821	18,745	--	101,566
Distributions	--	(26,030)	(81,142)	(12,604)	--	(119,776)
Retirement / redemption of units (Note 7)	(11,553)	--	15,421	(15,577)	--	(11,709)
Balance December 31, 2001	301,573	231,428	551,417	81,887	--	1,166,305
Net income	--	12,929	41,604	6,682	--	61,215
Contributions	--	--	26,227	2,473	--	28,700
Distributions	--	(26,250)	(84,365)	(12,449)	--	(123,064)
Retirement / redemption of units (Note 7)	(19,883)	(8,432)	(56,762)	(7,173)	--	(92,250)
Balance December 31, 2002	281,690	209,675	478,121	71,420	--	1,040,906
Net income	--	17,288	124,966	13,030	1,080	156,364
Contributions	--	--	17,602	--	--	17,602
Issuance of OP Units	--	--	203,833	6,008	5,172	215,013
Distributions	--	(23,130)	(83,367)	(11,656)	(347)	(118,500)
Retirement / redemption of units (Note 7)	--	(203,833)	(58,983)	(40,189)	--	(303,005)
Balance December 31, 2003	$ 281,690	$ --	$ 682,172	$ 38,613	$ 5,905	$ 1,008,380

(see accompanying notes to financial statements)

RECKSON OPERATING PARTNERSHIP, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the year ended December 31,		
	2003	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:			
NET INCOME (LOSS)	$ 178,724	84,338	(35,966)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization (including discontinued operations)	116,633	112,341	102,931
Write off of deferred loan costs	--	2,602	2,898
Minority partners' interests in consolidated partnerships	17,972	18,730	15,975
Gain on sales of real estate, securities and mortgage repayment	(126,789)	(4,804)	(20,173)
Valuation reserves on investments in affiliate loans and joint ventures and other investments	--	--	166,101
Equity in earnings of real estate joint ventures and service companies	(30)	(1,113)	(2,087)
Changes in operating assets and liabilities:			
Deferred rents receivable	(6,444)	(26,277)	(38,186)
Prepaid expenses and other assets	(5,225)	4,354	(4,869)
Tenant and affiliate receivables	1,919	(4,417)	1,878
Accrued expenses and other liabilities	(15,582)	10,346	342
Net cash provided by operating activities	161,178	196,100	188,844
CASH FLOWS FROM INVESTMENT ACTIVITIES:			
Purchases of commercial real estate properties	(40,500)	--	--
Increase in contract and land deposits and pre-acquisition costs	(20,000)	--	(3,267)
Increase in mortgage notes receivable	(15,000)	--	--
Additions to developments in progress	(24,391)	(41,896)	(8,260)
Additions to commercial real estate properties	(43,341)	(48,052)	(152,074)
Payment of deferred leasing costs	(16,086)	(16,414)	(10,513)
Distributions from investments in real estate joint ventures	243	276	82
Acquisition of controlling interests in service companies	--	(122)	--
Additions to furniture, fixtures and equipment	(196)	(2,414)	(635)
Investments in affiliate joint ventures	--	--	(25,056)
Proceeds from redemption of preferred securities	--	1,528	35,700
Proceeds from sales of real estate, securities and mortgage note receivable repayments	268,757	22,022	76,503
Net cash provided by (used in) investing activities	109,486	(85,072)	(87,520)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from secured borrowings	--	--	325,000
Principal payments on secured borrowings	(12,300)	(11,065)	(302,894)
Proceeds from issuance of senior unsecured notes, net of issuance costs	--	49,432	--
Payment of loan and equity issuance costs	(156)	(1,568)	(6,252)
Investments in affiliate loans and service companies	--	--	(14,227)
Proceeds from unsecured credit facility	132,000	158,000	153,000
Principal payments on unsecured credit facility	(230,000)	(162,600)	(98,000)
Contributions	1,028	6,310	2,813
Contributions by minority partners in consolidated partnerships	--	1,343	101,832
Distributions to minority partners in consolidated partnerships	(22,189)	(20,051)	(16,458)
Distributions	(142,016)	(147,334)	(139,568)
Retirement of OP Units	(4,538)	(74,692)	(1,421)
Net cash (used in) provided by financing activities	(278,171)	(202,225)	3,825
Net increase (decrease) in cash and cash equivalents	(7,507)	(91,197)	105,149
Cash and cash equivalents at beginning of period	30,576	121,773	16,624
Cash and cash equivalents at end of period	$ 23,069	$ 30,576	$ 121,773
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for interest, including interest capitalized	$ 97,644	$ 98,083	$ 105,087

(see accompanying notes to financial statements)

RECKSON OPERATING PARTNERSHIP, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2003

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

Reckson Operating Partnership, L. P. (the "Operating Partnership") commenced operations on June 2, 1995. Reckson Associates Realty Corp. (the "Company"), which serves as the sole general partner of the Operating Partnership, is a fully integrated, self administered and self managed real estate investment trust ("REIT"). The Operating Partnership and the Company, collectively, the "Company" were formed for the purpose of continuing the commercial real estate business of Reckson Associates, its affiliated partnerships and other entities.

The Operating Partnership is engaged in the ownership, management, operation, leasing and development of commercial real estate properties, principally office and to a lesser extent industrial buildings and also owns land for future development (collectively, the "Properties") located in the New York City tri-state area (the "Tri-State Area").

ORGANIZATION AND FORMATION OF THE OPERATING PARTNERSHIP

The Company was incorporated in Maryland in September 1994. In June 1995, the Company completed an Initial Public Offering (the "IPO") and commenced operations.

The Company became the sole general partner of the Operating Partnership by contributing substantially all of the net proceeds of the IPO, in exchange for an approximate 73% interest in the Operating Partnership. All Properties acquired by the Company are held by or through the Operating Partnership. In conjunction with the IPO, the Operating Partnership executed various option and purchase agreements whereby it issued common units of limited partnership interest in the Operating Partnership ("OP Units") to certain continuing investors and assumed certain indebtedness in exchange for (i) interests in certain property partnerships, (ii) fee simple and leasehold interests in properties and development land, (iii) certain other business assets and (iv) 100% of the non-voting preferred stock of the management and construction companies. The Company's ownership percentage in the Operating Partnership was approximately 94.2% and 89.5% at December 31, 2003 and 2002, respectively.

BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements include the consolidated financial position of the Operating Partnership at December 31, 2003 and 2002 and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2003. The Operating Partnership's investments in majority owned and controlled real estate joint ventures are reflected in the accompanying financial statements on a consolidated basis with a reduction for the minority partners' interest. The Operating Partnership also invests in real estate joint ventures where it may own less than a controlling interest. Such investments are reflected in the accompanying financial statements on the equity method of accounting. The operating results of Reckson Management Group, Inc., RANY Management Group, Inc., Reckson Construction Group New York, Inc. and Reckson Construction Group, Inc. (collectively, the "Service Companies"), in which the Operating Partnership owned a 97% non-controlling interest are reflected in the accompanying financial statements on the equity method of accounting through September 30, 2002. On October 1, 2002, the Operating Partnership acquired the remaining 3% interests in the Service Companies for an aggregate purchase price of approximately $122,000. As a result, the Operating Partnership commenced consolidating the operations of the Service Companies. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

Minority partners' interests in consolidated partnerships represent a 49% non-affiliated interest in RT Tri-State LLC, owner of an eight property suburban office portfolio, a 40% non-affiliated interest in Omni Partners, L.P., owner of a 579,000 square foot suburban office property and a 49% non-affiliated interest in Metropolitan 919 Third Avenue, LLC, owner of the property located at 919 Third Avenue, New York, NY.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Real Estate

Land, buildings and improvements, furniture, fixtures and equipment are recorded at cost. Tenant improvements, which are included in buildings and improvements, are also stated at cost. Expenditures for ordinary maintenance and repairs are expensed to operations as they are incurred. Renovations and / or replacements, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives.

Depreciation is computed utilizing the straight-line method over the estimated useful lives of ten to thirty years for buildings and improvements and five to ten years for furniture, fixtures and equipment. Tenant improvements, which are included in buildings and improvements, are amortized on a straight-line basis over the term of the related leases. Depreciation expense, net of discontinued operations, for each of the three years ended December 31, 2003 amounted to approximately $65.6 million, $67.0 million and $63.7 million, respectively.

The Company is required to make subjective assessments as to the useful lives of its properties for purposes of determining the amount of depreciation to reflect on an annual basis with respect to those properties. These assessments have a direct impact on the Company's net income. Should the Company lengthen the expected useful life of a particular asset, it would be depreciated over more years and result in less depreciation expense and higher annual net income.

Assessment by the Company of certain other lease related costs must be made when the Company has a reason to believe that the tenant will not be able to execute under the term of the lease as originally expected.

Long Lived Assets

On a periodic basis, management assesses whether there are any indicators that the value of the real estate properties may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the carrying value of the property. Such cash flows consider factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other factors. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the fair value of the property.

In October 2001, the Financial Accounting Standards Board ("FASB") issued Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("Statement No. 144"). Statement No. 144 provides accounting guidance for financial accounting and reporting for the impairment or disposal of long-lived assets. Statement No. 144 supersedes FASB Statement No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of. It also supersedes the accounting and reporting provisions of Accounting Principles Board Opinion No. 30, Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions related to the disposal of a segment of a business. The Company adopted Statement No. 144 on January 1, 2002. The adoption of this statement did not have a material effect on the results of operations or the financial position of the Company. The adoption of Statement No. 144 does not have an impact on net income (loss) allocable to common shareholders. Statement No. 144 only impacts the presentation of the results of operations and gain on sales of depreciable real estate assets for those properties sold during the period within the consolidated statements of operations. In accordance with the provisions of Statement No. 144, the Company allocated approximately $7.6 million, $7.3 million and $12.7 million of its unsecured corporate interest expense to discontinued operations for the three annual periods ended December 31, 2003, respectively. Such allocation was based upon the Company's weighted average interest rate incurred under its unsecured credit facility which was applied to the portion of the proceeds received from its asset sales as if such asset sales occurred at the beginning of each reported period.

On July 1, 2001 and January 1, 2002, the Company adopted FASB Statement No.141 "Business Combinations" and FASB Statement No. 142, "Goodwill and Other Intangibles", respectively. As part of the acquisition of real estate assets, the fair value of the real estate acquired is allocated to the acquired tangible assets, consisting of land, building and building improvements, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, other value of in-place leases, and value of tenant relationships, based in each case on their fair values. The Company assesses fair value based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known trends, and market / economic conditions that may affect the property. If the Company incorrectly estimates the values at acquisition or the undiscounted cash flows, initial allocation of purchase price and future impairment charges may be different.

Cash Equivalents

The Company considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Tenant's lease security deposits aggregating approximately $4.9 million and $5.6 million at December 31, 2003 and 2002, respectively, have been included in cash and cash equivalents on the accompanying balance sheets.

Deferred Costs

Tenant leasing commissions and related costs incurred in connection with leasing tenant space are capitalized and amortized over the life of the related lease. In addition, loan costs incurred in obtaining financing are capitalized and amortized over the term of the related loan.

Costs incurred in connection with equity offerings are charged to stockholders' equity when incurred.

Income Taxes

No provision has been made for income taxes in the accompanying consolidated financial statements since such taxes, if any, are the responsibility of the individual partners.

Revenue Recognition & Accounts Receivable

Minimum rental revenue is recognized on a straight-line basis over the term of a lease. The excess of rents recognized over amounts contractually due are included in deferred rents receivable on the accompanying balance sheets. Contractually due but unpaid rents are included in tenant receivables on the accompanying balance sheets. Certain lease agreements provide for reimbursement of real estate taxes, insurance, common area maintenance costs and indexed rental increases, which are recorded on an accrual basis.

The Company makes estimates of the collectibility of its accounts receivables related to base rents, tenant escalations and reimbursements and other revenue or income. The Company specifically analyzes tenant receivables and analyzes historical bad debts, customer credit worthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of its allowance for doubtful accounts. In addition, when tenants are in bankruptcy the Company makes estimates of the expected recovery of pre-petition administrative and damage claims. In some cases, the ultimate resolution of those claims can exceed a year. These estimates have a direct impact on the Company's net income, because a higher bad debt reserve results in less net income.

The Company incurred approximately $4.7 million and $6.3 million of bad debt expense for the years ended December 31, 2003 and 2002, respectively, related to tenant receivables and deferred rents receivable which accordingly reduced total revenues and reported net income during the period.

The Company records interest income on investments in mortgage notes and notes receivable on an accrual basis of accounting. The Company does not accrue interest on impaired loans where, in the judgment of management, collection of interest according to the contractual terms is considered doubtful. Among the factors the Company considers in making an evaluation of the collectibility of interest are: (i) the status of the loan, (ii) the value of the underlying collateral, (iii) the financial condition of the borrower and (iv) anticipated future events.

Gain on sales of real estate are recorded when title is conveyed to the buyer, subject to the buyer's financial commitment being sufficient to provide economic substance to the sale and the Company having no substantial continuing involvement with the buyer.

Net Income (Loss) Per Common Partnership Unit

Net income (loss) per Class A common partnership unit, Class B Common partnership unit and Class C common partnership unit is determined by allocating net income (loss) after preferred distributions and minority partners' interest in consolidated partnerships income to the general and limited partners based on their weighted average distribution per common partnership units outstanding during the respective periods presented.

Distributions to Preferred Unit Holders

Holders of preferred units of limited and general partnership interest are entitled to distributions based on the stated rates of return (subject to adjustment) for those units.

Derivative Instruments

FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," which became effective January 1, 2001, requires the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability, or firm commitment through earnings, or recognized in accumulated other comprehensive income ("OCI") until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings.

Extinguishment of Debt

In April 2002, the FASB issued Statement No. 145, ("Statement No. 145"), which rescinded Statement No. 4, "Reporting Gains and Losses from Extinguishment of Debt". Statement No. 145 is effective for fiscal years beginning after May 15, 2002. The Company adopted Statement No. 145 on January 1, 2003. As a result of the adoption of Statement No. 145, previously reported extraordinary losses resulting from the write-off of certain deferred loan costs related to debt refinancings reported in 2002 and 2001 have been reclassed to interest expense on the accompanying consolidated statements of operations. Such amounts,

totaled approximately $2.6 million and $2.9 million, respectively. The adoption of Statement No. 145 does not have an impact on net income (loss). Statement No. 145 only impacts the presentation of the results of operations within the consolidated statements of operations.

Recent Accounting Pronouncements

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 significantly changes the current practice in the accounting for, and disclosure of, guarantees. Guarantees and indemnification agreements meeting the characteristics described in FIN 45 are required to be initially recorded as a liability at fair value. FIN 45 also requires a guarantor to make significant new disclosures for virtually all guarantees even if the likelihood of the guarantor having to make payment under the guarantee is remote. The disclosure requirements within FIN 45 are effective for financial statements for annual or interim periods ending after December 15, 2002. The initial recognition and initial measurement provisions are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The adoption of FIN 45 did not have a material effect on the results of operations or the financial position of the Company.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), which explains how to identify variable interest entities ("VIE") and how to assess whether to consolidate such entities. The initial determination of whether an entity qualifies as a VIE shall be made as of the date at which a primary beneficiary becomes involved with the entity and reconsidered as of the date of a triggering event, as defined. The provisions of this interpretation are immediately effective for VIEs formed after January 31, 2003. In December 2003 the FASB issued FIN 46R, deferring the effective date until the period ending March 31, 2004 for interests held by public companies in variable interest entities created before February 1, 2003, which were non-special purpose entities. Management has not yet determined whether any of its consolidated or unconsolidated subsidiaries represent VIEs pursuant to such interpretation. Such determination could result in a change in the Company's consolidation policy related to such entities.

In May 2003, the FASB issued Statement No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" ("Statement No. 150"). Statement No. 150 is effective for financial instruments entered into or modified after May 15, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. It is to be implemented by reporting the cumulative effect of a change in an accounting principle for financial instruments created before the issuance date of the statement and still existing at the beginning of the interim period of adoption. The adoption of Statement No. 150 did not have a material effect the Company's financial position or results of operations.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

2. MORTGAGE NOTES PAYABLE

At December 31, 2003, there were 14 fixed rate mortgage notes payable with an aggregate outstanding principal amount of approximately $721.6 million. These mortgage notes are secured by properties with an aggregate carrying value at December 31, 2003 of approximately $1.5 billion and which are pledged as collateral against the mortgage notes payable. In addition, approximately $44.0 million of the $721.6 million is recourse to the Company. The mortgage notes bear interest at rates ranging from 6.45% to 9.25%, and mature between 2005 and 2027. The weighted average interest rates on the outstanding mortgage notes payable at December 31, 2003, 2002 and 2001 were approximately 7.2%, 7.3% and 7.3%, respectively. Certain of the mortgage notes payable are guaranteed by certain limited partners in the Operating Partnership and / or the Company.

The following table sets forth the Company's mortgage notes payable at December 31, 2003, by scheduled maturity date (dollars in thousands):

Property	Principal Outstanding	Interest Rate	Maturity Date	Amortization Term (Years)
395 North Service Road, Melville, NY	$ 19,301	6.45%	October, 2005	$34 per month
200 Summit Lake Drive, Valhalla, NY	18,937	9.25%	January, 2006	25
1350 Avenue of the Americas, NY, NY	73,779	6.52%	June, 2006	30
Landmark Square, Stamford, CT (a)	44,029	8.02%	October, 2006	25
100 Summit Lake Drive, Valhalla, NY	17,718	8.50%	April, 2007	15
333 Earle Ovington Blvd., Mitchel Field, NY (b)	52,869	7.72%	August, 2007	25
810 Seventh Avenue, NY, NY (e)	81,314	7.73%	August, 2009	25
100 Wall Street, NY, NY (e)	35,236	7.73%	August, 2009	25
6800 Jericho Turnpike, Syosset, NY	7,229	8.07%	July 1, 2010	25
6900 Jericho Turnpike, Syosset, NY	13,696	8.07%	July 1, 3010	25
580 White Plains Road, Tarrytown, NY	12,476	7.86%	September, 2010	25
919 Third Avenue, NY, NY (c)	244,047	6.867%	August, 2011	30
One Orlando Center, Orlando, FL (d)	37,759	6.82%	November, 2027	28
120 West 45th Street, NY, NY (d)	63,245	6.82%	November, 2027	28
Total / Weighted average	$ 721,635	7.24%		

- ------------------------

(a) Encompasses six Class A office properties.

(b) The Company has a 60% general partnership interest in this property and its proportionate share of the aggregate principal amount is approximately $31.7 million.

(c) The Company has a 51% membership interest in this property and its proportionate share of the aggregate principal amount is approximately $124.5 million.

(d) Subject to interest rate adjustment on November 1, 2004 to the greater of 8.82% per annum or the yield on non-callable U.S. Treasury obligations with a term of fifteen years plus 2% per annum. The Company has the ability to prepay the loan at that time. In addition, these properties are cross-collateralized.

(e) These properties are cross-collateralized.

In addition, the Company has a 60% interest in an unconsolidated joint venture property. The Company's pro rata share of the mortgage debt at December 31, 2003 is approximately $7.9 million. This mortgage note payable bears interest at 8.85% per annum and matures on September 1, 2005 at which time the Company's share of the mortgage debt will be approximately $6.9 million.

Scheduled principal repayments to be made during the next five years and thereafter, for mortgage notes payable outstanding at December 31, 2003, are as follows (in thousands):

	Scheduled principal	Due at maturity	Total
2004................	$ 12,853	$ --	$ 12,853
2005................	13,887	18,553	32,440
2006................	13,478	129,920	143,398
2007................	10,969	60,539	71,508
2008................	9,989	--	9,989
Thereafter..........	105,178	346,269	451,447
	$ 166,354	$ 555,281	$ 721,635

3. UNSECURED CREDIT FACILITY

The Company currently has a three year $500 million unsecured revolving credit facility (the "Credit Facility") from JPMorgan Chase Bank, as administrative agent, Wells Fargo Bank, National Association as syndication agent and Citicorp North America, Inc. and Wachovia Bank, National Association as co-documentation agents. The Credit Facility matures in December 2005, contains options for a one-year extension subject to a fee of 25 basis points and, upon receiving additional lender commitments, increasing the maximum revolving credit amount to $750 million. At December 31, 2003, borrowings under the Credit Facility were priced off LIBOR plus 120 basis points and the Credit Facility carried a facility fee of 30 basis points per annum. On January 28, 2004, the Company received an investment grade rating on its senior unsecured debt from Fitch ratings of BBB-. This rating along with the Company's existing investment grade rating of BBB- from Standard & Poors, resulted in the pricing on outstanding borrowings to decrease to LIBOR plus 90 basis points and the facility fee to decrease to 20 basis points per annum. In the event of a change in the Operating Partnership's senior unsecured credit rating the interest rates and facility fee are subject to change. At December 31, 2003, the outstanding borrowings under the Credit Facility aggregated $169 million and carried a weighted average interest rate of 2.86% per annum.

The Company utilizes the Credit Facility primarily to finance real estate investments, fund its real estate development activities and for working capital purposes. At December 31, 2003, the Company had availability under the Credit Facility to borrow approximately an additional $331 million subject to compliance with certain financial covenants.

The Company capitalized interest incurred on borrowings to fund certain development projects in the amount of $8.0 million, $8.3 million and $10.2 million for the years ended December 31, 2003, 2002 and 2001, respectively.

4. SENIOR UNSECURED NOTES

As of December 31, 2003, the Operating Partnership had outstanding approximately $499.4 million (net of issuance discounts) of senior unsecured notes (the "Senior Unsecured Notes"). The following table sets forth the Operating Partnership's Senior Unsecured Notes and other related disclosures by scheduled maturity date (dollars in thousands):

ISSUANCE	FACE AMOUNT	COUPON RATE	TERM	MATURITY
March 26, 1999	$100,000	7.40%	5 years	March 15, 2004
June 17, 2002	$ 50,000	6.00%	5 years	June 15, 2007
August 27, 1997	$150,000	7.20%	10 years	August 28, 2007
March 26, 1999	$200,000	7.75%	10 years	March 15, 2009

Interest on the senior unsecured notes is payable semiannually with principal and unpaid interest due on the scheduled maturity dates. In addition, the Senior Unsecured Notes issued on March 26, 1999 and June 17, 2002 was issued at aggregate discounts of $738,000 and $267,500, respectively. Such discounts are being amortized over the term of the Senior Unsecured Notes to which they relate.

On January 22, 2004, the Operating Partnership issued $150 million of seven-year 5.15% (5.196% effective rate) senior unsecured notes. Prior to the issuance of these notes the Company entered into several anticipatory interest rate hedge instruments to protect itself against potentially rising interest rates. At the time the notes were issued the Company incurred a net cost of approximately $980,000 to settle these instruments. Such costs will be amortized over the term of the notes. Net proceeds of approximately $148 million received from this issuance were used to repay outstanding borrowings under the Credit Facility.

5. LAND LEASES, AIR RIGHTS AND OPERATING LEASES

The Company leases, pursuant to noncancellable operating leases, the land on which eleven of its buildings were constructed. The leases, certain of which contain renewal options at the direction of the Company, expire between 2006 and 2090. The leases either contain provisions for scheduled increases in the minimum rent at specified intervals or for adjustments to rent based upon the fair market value of the underlying land or other indexes at specified intervals. Minimum ground rent is recognized on a straight-line basis over the terms of the leases. The excess of amounts recognized over amounts contractually due was approximately $3.2 million and $3.3 million at December 31, 2003 and 2002, respectively. These amounts are included in accrued expenses and other liabilities on the accompanying balance sheets.

In addition, the Company, through the acquisition of certain properties, is subject to an air rights lease agreement. This lease agreement has a term expiring 2048, including renewal options.

Reckson Management Group, Inc. is subject to operating leases for certain of its management offices and warehouse storage space. These operating leases expire 2009.

Future minimum lease commitments relating to the land leases, air rights lease agreements and operating leases during the next five years and thereafter are as follows (in thousands):

Year ended December 31,	Land Leases	Air Rights (1)	Operating Leases
2004	$ 2,993	$ 333	$ 785
2005	2,995	333	813
2006	2,961	333	842
2007	2,888	333	870
2008	2,888	333	370
Thereafter	47,309	3,680	--
	$ 62,034	$ 5,345	$ 3,680

(1) Excludes approximately $453,000 in aggregate payments due under a Long Island office property which was sold in January 2004.

In addition, aggregate expense contractually due under the Company's land leases, air rights and operating leases for each of the three years ended December 31, 2003 amounted to $3.4 million, $3.5 million and $4.9 million.

6. COMMERCIAL REAL ESTATE INVESTMENTS

As of December 31, 2003, the Company owned and operated 77 office properties (inclusive of 10 office properties owned through joint ventures) comprising approximately 13.7 million square feet, 11 industrial properties comprising approximately 1.0 million square feet and one retail property comprising approximately 9,000 square feet located in the Tri-State Area.

The Company also owns approximately 313 acres of land in 12 separate parcels of which the Company can develop approximately 3.0 million square feet of office space. The Company is currently evaluating alternative land uses for certain of the land holdings to realize the highest economic value. These alternatives may include rezoning certain land parcels from commercial to residential for potential disposition. As of December 31, 2003, the Company had invested approximately $116.8 million in these development projects. Management has made subjective assessments as to the value and recoverability of these investments based on current and proposed development plans, market comparable land values and alternative use values. The Company has capitalized approximately $10.0 million for the year ended December 31, 2003 related to real estate taxes, interest and other carrying costs related to these development projects. In October 2003, the Company entered into contracts to sell two land parcels aggregating approximately 128 acres of its land holdings located in New Jersey. The contracts provided for aggregate sales prices ranging from $23 million to $43 million. These sales are contingent upon obtaining zoning for residential use of the land and other customary approvals. The proceeds ultimately received from such sales will be based upon the number of residential units permitted by the rezoning. The aggregate cost basis of these assets at December 31, 2003 was approximately $11.8 million. The closing is scheduled to occur upon the rezoning, which is anticipated to occur within 9 to 33 months. During February 2004, a 3.9 acre land parcel located on Long Island was condemned by the Town of Oyster Bay. As consideration from the condemnation the Company anticipates to initially receive approximately $1.8 million. The Company's cost basis in this land parcel at December 31, 2003 was approximately $1.4 million. The Company is currently contesting this valuation and seeking payment of additional consideration from the Town of Oyster Bay but there can be no assurances that the Company will be successful in obtaining any such additional consideration.

The Company holds a $17.0 million note receivable, which bears interest at 12% per annum and is secured by a minority partnership interest in Omni Partners, L.P., owner of the Omni, a 579,000 square foot Class A office property located in Uniondale, New York (the "Omni Note"). The Company currently owns a 60% majority partnership interest in Omni Partners, L.P. and on March 14, 2007 may exercise an option to acquire the remaining 40% interest for a price based on 90% of the fair market value of the property. The Company holds a $15 million participating interest in a $30 million junior mezzanine note loan which is secured by a pledge of an indirect ownership interest of an entity which owns the ground leasehold estate under a 1.1 million square foot office complex located on Long Island, New York (the "Mezz Note"). The Mezz Note matures in September 2005, currently bears interest at 13.43%, and the borrower has the right to extend for three additional one-year periods. The Company also holds three other notes receivable aggregating $21.5 million which bear interest at rates ranging from 10.5% to 12% per annum. These notes are secured in part by a minority partner's preferred unit interest in the Operating Partnership, an interest in real property and a personal guarantee (the "Other Notes" and collectively with the Omni Note, the Mezz Note, the "Note Receivable Investments").

As of December 31, 2003, management has made subjective assessments as to the underlying security value on the Company's Note Receivable Investments. These assessments indicate an excess of market value over the carrying value related to the Company's Note Receivable Investments. Based on these assessments the Company's management believes there is no impairment to the carrying value related to the Company's Note Receivable Investments. The Company also owns a 355,000 square foot office building in Orlando, Florida. This non-core real estate holding was acquired in May 1999 in connection with the Company's initial New York City portfolio acquisition. This property is cross-collateralized under a $101.0 million mortgage note payable along with one of the Company's New York City buildings. The Company has the right to prepay this note in November 2004, prior to its maturity.

6. COMMERCIAL REAL ESTATE INVESTMENTS (CONTINUED)

The Company also owns a 60% non-controlling interest in a 172,000 square foot office building located at 520 White Plains Road in White Plains, New York (the "520JV"), which it manages - the remaining 40% interest is owned by JAH Realties L.P. Jon Halpern, a director of HQ Global Workplaces, is a partner in JAH Realties, L.P. As of December 31, 2003, the 520JV had total assets of $19.8 million, a mortgage note payable of $12.0 million and other liabilities of $185,000. The Company's allocable share of the 520JV mortgage note payable is approximately $7.9 million. This mortgage note payable bears interest at 8.85% per annum and matures on September 1, 2005. During the second quarter of 2003, HQ Global Workplaces, a tenant of the 520JV surrendered approximately one-third of its premises. As a result, the 520JV incurred a write-off of $633,000 relating to its deferred rents receivable. The operating agreement of the 520JV requires joint decisions from all members on all significant operating and capital decisions including sale of the property, refinancing of the property's mortgage debt, development and approval of leasing strategy and leasing of rentable space. As a result of the decision-making participation relative to the operations of the property, the Company accounts for the 520JV under the equity method of accounting. In accordance with the equity method of accounting the Company's proportionate share of the 520JV income was approximately $30,000, $648,000 and $478,000 for the years ended December 31, 2003, 2002 and 2001, respectively.

During September 2000, the Company formed a joint venture (the "Tri-State JV") with Teachers Insurance and Annuity Association ("TIAA") and contributed nine Class A suburban office properties aggregating approximately 1.5 million square feet to the Tri-State JV for a 51% majority ownership interest. TIAA contributed approximately $136 million for a 49% interest in the Tri-State JV, which was then distributed to the Company. In August 2003, the Company acquired TIAA's 49% interest in the property located at 275 Broadhollow Road, Melville, NY for approximately $12.4 million. As a result, the Tri-State JV owns eight Class A suburban office properties aggregating approximately 1.4 million square feet. The Company is responsible for managing the day-to-day operations and business affairs of the Tri-State JV and has substantial rights in making decisions affecting the properties such as leasing, marketing and financing. The minority member has certain rights primarily intended to protect its investment. For purposes of its financial statements the Company consolidates the Tri-State JV.

On December 21, 2001, the Company formed a joint venture with the New York State Teachers' Retirement System ("NYSTRS") (the "919JV") whereby NYSTRS acquired a 49% indirect interest in the property located at 919 Third Avenue, New York, NY for $220.5 million which included $122.1 million of its proportionate share of secured mortgage debt and approximately $98.4 million of cash which was then distributed to the Company. The Company is responsible for managing the day-to-day operations and business affairs of the 919JV and has substantial rights in making decisions affecting the property such as developing a budget, leasing and marketing. The minority member has certain rights primarily intended to protect its investment. For purposes of its financial statements the Company consolidates the 919JV.

During February 2003, the Company, through Reckson Construction Group, Inc., entered into a contract with an affiliate of First Data Corp. to sell a 19.3-acre parcel of land located in Melville, New York and was retained by the purchaser to develop a build-to-suit 195,000 square foot office building for aggregate consideration of approximately $47 million. This transaction closed on March 11, 2003 and development of the aforementioned office building has commenced and is near completion. Net proceeds from the land sale of approximately $18.3 million were used to establish an escrow account with a qualified intermediary for a future exchange of real property pursuant to Section 1031 of the Code (a "Section 1031 Exchange"). A Section 1031 Exchange allows for the deferral of taxes related to the gain attributable to the sale of property if qualified replacement property is identified within 45 days and such qualified replacement property is then acquired within 180 days from the initial sale. As described below, the Company identified and acquired certain qualified replacement properties. In accordance with Statement No. 66, the Company has estimated its book gain on this land sale and build-to-suit transaction to be approximately $22.4 million, of which $18.8 million has been recognized during the year ended December 31, 2003 and is included in investment and other income on the Company's statement of operations. Approximately $3.6 million is estimated to be earned in 2004 as the development is completed.

6. COMMERCIAL REAL ESTATE INVESTMENTS (CONTINUED)

On May 22, 2003, the Company, through Reckson Construction Group, Inc., acquired two industrial redevelopment properties in Hauppauge, Long Island encompassing approximately 100,000 square feet for total consideration of approximately $6.5 million. On August 27, 2003, the Company, through Reckson Construction Group, Inc., acquired the remaining 49% interest in the property located at 275 Broadhollow Road, Melville, NY, from the Company's joint venture partner, TIAA, for approximately $12.4 million. These acquisitions were financed from the sales proceeds being held by the aforementioned qualified intermediary and the properties acquired were qualified replacement properties. As a result of these acquisitions, the Company successfully completed the exchange of real property pursuant to Section 1031 and thereby deferred the taxes related to the gain recognized on the sale proceeds received from the land sale to First Data Corp. Two of the qualified replacement properties were subsequently contracted for sale as part of the Company's Long Island industrial building portfolio sale. There can be no assurances that the Company will identify or acquire additional qualified replacement properties in which case the Company would incur the tax liability on the capital gain realized of approximately $1.5 million.

On August 7, 2003, the Company acquired a ten story, 181,800 square foot Class A office property located in Stamford, Connecticut. This acquisition was financed, in part, through an advance under the Company's unsecured credit facility of $21.6 million and the issuance of 465,845 Class C OP Units valued at $24.00 per unit. In accordance with FASB Statement No. 141 "Business Combinations", the Company allocated and recorded a net deferred intangible lease asset of approximately $1.5 million, representing the net value of acquired above and below market leases, assumed lease origination costs and other value of in-place leases. The net value of the above and below market leases is amortized over the remaining terms of the respective leases to rental income and such amortization amounted to approximately $331,000 during the 2003 period of ownership. In addition, amortization expense on the value of lease origination costs was approximately $114,000 during the 2003 period of ownership. At acquisition, there were 16 in-place leases aggregating approximately 136,000 square feet with a weighted average remaining lease term of approximately 21 months.

On September 5, 2003, the Company acquired the Mezz Note which is comprised of three tranches based upon priority: a $14 million A tranche, a $14 million B tranche and a $2 million C tranche. The Company acquired a 25% interest in the A tranche, a 75% interest in the B tranche and a 50% interest in the C tranche. Interest is payable on the tranches at 9.5%, 12.5% and 12.5%, respectively, over the greater of one month LIBOR or 1.63%. As a result, the minimum weighted average interest rate accruing to the Company is 13.43% per annum. In addition, as part of the Company's participation it received a 1% origination fee amounting to $150,000. Such fee is being recognized over a three-year period.

In November 2003, the Company disposed of all but three of its 95 property, 5.9 million square foot, Long Island industrial building portfolio to members of the Rechler family (the "Disposition") for approximately $315.5 million, comprised of $225.1 million in cash and debt assumption and 3,932,111 OP Units valued at approximately $90.4 million. Approximately $204 million of cash sales proceeds from the Disposition were used to repay borrowings under the Company's Credit Facility. Two of the remaining three properties, which are subject to transfer pursuant to Section 1031 of the Code, are anticipated to close during 2004. There can be no assurances that the Company will meet the requirements of Section 1031 by identifying and acquiring qualified replacement properties in the required time frame, in which case the Company would incur the tax liability on the capital gain realized of approximately $1.5 million. The disposition of the other property, which is subject to certain environmental issues, is conditioned upon the approval of the buyer's lender, which has not been obtained. As a result, the Company may not dispose of this property as a part of the Disposition. Management believes that if the Company were to continue to hold this property the cost to address the environmental issues would not have a material adverse effect on the Company, but there can be no assurance in this regard. The three remaining properties aggregate approximately $7.1 million of the $315.5 million sales price. In addition, four of the five remaining options granted to the Company at the time of the Company's IPO to purchase interests in properties owned by Rechler family members (including three properties in which the Rechler family members hold non-controlling interests and one industrial property) were terminated along with management contracts relating to three of such properties (See Note 8).

On November 24 2003, the Company sold a 181,000 square foot office property located on Long Island for approximately $24.4 million. Net proceeds from the sale were used to pay outstanding borrowings under the Credit Facility.

In January 2004, the Company sold a 104,000 square foot office property located on Long Island for approximately $18.5 million. Net proceeds from the sale were used to repay borrowings under the Company's unsecured Credit Facility.

In January 2004, the Company acquired 1185 Avenue of the Americas, a 42-story, 1.1 million square foot Class A office tower, located between 46th and 47th Streets in New York City for $321 million. In connection with this acquisition, the Company assumed a $202 million mortgage and $48 million of mezzanine debt. The balance of the purchase price was paid through an advance under the Credit Facility. The floating rate mortgage and mezzanine debt both mature in August 2004 and presently have a weighted average interest rate of 4.95%. The property is also encumbered by a ground lease which has a remaining term of approximately 40 years with rent scheduled to be re-set at the end of 2005 and then remain constant for the balance of the term.

In February 2004, the Company signed a contract to sell a 175,000 square foot office building located on Long Island for approximately $30 million of which the Company owns a 51% interest. Net proceeds from the sale are anticipated to be used to pay outstanding borrowings under the Credit Facility.

7. PARTNERS' CAPITAL

The following table sets forth the Operating Partnership's annual distribution rates and distributions paid on each class of its common and preferred units for each of the years ended December 31:

	2003	2002	2001
Class A common unit:			
Distribution rate	$ 1.698	$ 1.698	$ 1.621
Distributions paid (in thousands)	$ 93,641	$ 97,552	$ 90,030
Class B common unit:			
Distribution rate	$ 2.588	$ 2.593	$ 2.498
Distributions paid (in thousands)	$ 25,665	$ 26,423	$ 25,692
Class C common unit:			
Distribution rate (1)	$ .28	$ --	$ --
Distributions paid (in thousands)	$ 130	$ --	$ --
Series A preferred unit:			
Distribution rate	$ 1.906	$ 1.906	$ 1.906
Distributions paid (in thousands)	$ 16,842	$ 17,524	$ 17,524
Series B preferred unit:			
Distribution rate	$ 2.213	$ 2.213	$ 2.171
Distributions paid (in thousands)	$ 4,425	$ 4,425	$ 4,300

---

(1) Based on a current annual distribution rate of approximately $1.87 per unit. These OP Units were issued on August 7, 2003.

On January 1, 2003, the Company had issued and outstanding 9,915,313 shares of Class B Exchangeable Common Stock, par value $.01 per share (the "Class B common stock"). The shares of Class B common stock were exchangeable at any time, at the option of the holder, into an equal number of shares of Class A common stock, subject to customary antidilution adjustments. The Company, at its option, could have redeemed any or all of the Class B common stock in exchange for an equal number of shares of the Company's Class A common stock at any time following November 23, 2003.

On October 24, 2003, the Company gave notice to its Class B common stockholders that it would exercise its option to exchange all of its Class B common stock outstanding on November 25, 2003 for an equal number of shares of Class A common stock. The Board of Directors declared a final cash dividend on the Company's Class B common stock to holders of record on November 25, 2003 in the amount of $.1758 per share, which was paid on January 12, 2004. The payment covered the period from November 1, 2003 through November 25, 2003 and was based on the previous quarterly Class B common stock dividend rate of $.6471 per share. In order to align the regular quarterly dividend payment schedule of the former holders of Class B common stock with the schedule of the holders of Class A common stock for periods subsequent to the exchange date for the Class B common stock, the Board of Directors also declared a cash dividend with regard to the Class A common stock to holders of record on October 14, 2003 in the amount of $.2585 per share, which was paid on January 12, 2004. This payment covered the period from October 1, 2003 through November 25, 2003 and was based on the current quarterly Class A common stock dividend rate of $.4246 per share. As a result, the Company has declared dividends through November 25, 2003 to all holders of Class A common stock and Class B common stock. The Board of Directors also declared the Class A common stock cash dividend for the portion of the fourth quarter subsequent to November 25, 2003. The holders of record of Class A common stock on January 2, 2004, giving effect to the exchange transaction, received a Class A common stock dividend in the amount of $.1661 per share, on January 12, 2004. This payment covered the period from November 26, 2003 through December 31, 2003 and was based on the current quarterly Class A common stock dividend rate of $.4246 per share.

The Board of Directors of the Company authorized the purchase of up to five million shares of the Company's Class A common stock. Transactions conducted on the New York Stock Exchange will be effected in accordance with the safe harbor provisions of the Securities Exchange Act of 1934 and may be terminated by the Company at any time. During the year ended December 31, 2003, under this buy-back program, the Company purchased 252,000 shares of Class A common stock at an average price of $18.01 per Class A share for an aggregate purchase price of approximately $4.5 million.

The Board of Directors of the Company has formed a pricing committee to consider purchases of up to $75 million of the Company's outstanding preferred securities. On October 14, 2002, the Company purchased and retired 357,500 shares of its Series A preferred stock at $22.29 per share for approximately $8.0 million. As a result of this purchase, annual preferred dividends decreased by approximately $682,000.

As of December 31, 2003, the Company had issued and outstanding two million shares of 8.85% Series B Convertible Cumulative Preferred Stock (the "Series B preferred stock"). The Series B preferred stock was redeemable by the Company as follows: (i) on or after March 2, 2002 to and including June 2, 2003, at an amount which provides an annual rate of return in respect to such share of 15%, (ii) on or after June 3, 2003 to and including June 2, 2004, $25.50 per share and (iii) on or after June 3, 2004 and thereafter, $25.00 per share. The Series B preferred stock, at the option of the holder, was convertible at any time into the Company's Class A common stock at a price of $26.05 per share. In January 2004, the Company exercised its option to redeem the two million shares of outstanding Series B preferred stock for approximately 1,958,000 shares of its Class A common stock. As a result of this redemption, based on current common dividend rates, net dividends will decrease by approximately $1.1 million.

On August 7, 2003, in conjunction with the Company's acquisition of a Class A office property located in Stamford, Connecticut it issued 465,845 Class C OP Units to the sellers of the property. The Class C OP Units are substantially identical to the Class A OP Units except that the Class C OP Units will receive an initial annual distribution of $1.87 per unit, which amount will increase or decrease pro-rata based upon changes in the dividend paid on the Company's Class A common stock.

On November 10, 2003, as partial consideration for the Company's sale of its Long Island industrial building portfolio to the departing Rechler family members, the Company redeemed and retired approximately 3.9 million OP Units valued at approximately $90.4 million or $23.00 per share. In addition, during the year ended December 31, 2003, certain limited partners exchanged approximately 258,000 OP Units for an equal number of shares of the Company's Class A common stock.

During the year ended December 31, 2002, certain limited partners exchanged approximately 11,303 preferred units of limited partnership interest in the Operating Partnership, with a liquidation preference value of approximately $11.3 million, for 451,934 OP Units at an average price of $24.66 per OP Unit. In addition, certain limited partners exchanged 666,468 OP Units for an equal number of shares of the Company's Class A common stock.

The Operating Partnership issues additional units to the Company, and thereby increases the Company's general partnership interest in the Operating Partnership, with terms similar to the terms of any securities (i.e.: common stock or preferred stock) issued by the Company (including any securities issued by the Company upon the exercise of stock options). Any consideration received by the Company in respect of the issuance of its securities is contributed to the Operating Partnership. In addition, the Operating Partnership or a subsidiary, funds the compensation of personnel, including any amounts payable under the Company's LTIP.

On October 16, 2000, the Company's Board of Directors announced that it adopted a Shareholder Rights Plan designed to protect its shareholders from various abusive takeover tactics, including attempts to acquire control of the Company at an inadequate price, depriving its shareholders of the full value of their investment. The Operating Partnership has adopted a similar rights plan (the "Rights Plan") which would be triggered in the event the Company's Shareholders Rights Plan is triggered. The Rights Plan was not adopted in response to any known effort to acquire control of the Operating Partnership or the Company.

During July 1998, the Company formed Metropolitan Partners, LLC ("Metropolitan") for the purpose of acquiring Class A office properties in New York City. In May 2001, a minority partner that owned an $85 million preferred equity investment in Metropolitan converted its preferred equity investment into 3,453,881 shares of the Company's Class A common stock based on a conversion price of $24.61 per share. As a result of the minority partner's conversion of their preferred equity investment, the Company owns 100% of Metropolitan.

On November 10, 2003, in connection with the Company's sale of its Long Island industrial building portfolio and the settlement of the employment contracts of the departing Rechler family members, the Company incurred the following restructuring charges: (i) approximately $7.5 million related to outstanding stock loans under the Company's historical LTIP program were transferred to the purchaser and approximately $642,000 of loans related to life insurance contracts were extinguished, (ii) approximately $2.9 million paid to the departing Rechler family members in exchange for 127,689, or 100%, of their 2002 Rights and their 2003 Rights were forfeited in their entirety and (iii) with respect to two of the departing Rechler family members participating in the Company's March 2003 LTIP, each received 8,681 shares of the Company's Class A common stock related to the service component of their core award which was valued at $293,000 in the aggregate. In addition, if the Company attains its annual performance measure in March 2004, these individuals will also be entitled to each receive 26,041 shares of Class A common stock representing the balance of the annual core award as if they had remained in continuous employment with the Company. The remainder of their core awards, aggregating 208,334 shares of Class A common stock, was forfeited. The Company also incurred additional restructure charges of approximately $1.2 million related primarily to the release and severance of approximately 25 employees. Total restructure charges of approximately $12.5 million were mitigated by a $972,000 fee from the departing Rechler family members related to the termination of the Company's option to acquire certain property which was either owned by certain Rechler family members or in which the Rechler family members own a non-controlling interest (see Note 8).

The Company had historically structured long term incentive programs ("LTIP") using restricted stock and stock loans. In July 2002, as a result of certain provisions of the Sarbanes Oxley legislation, the Company discontinued the use of stock loans in its LTIP. In connection with LTIP grants made prior to the enactment of the Sarbanes Oxley legislation the Company made stock loans to certain executive and senior officers to purchase 1,372,393 shares of its Class A common stock at market prices ranging from $18.44 per share to $27.13 per share. The stock loans were set to bear interest at the mid-term Applicable Federal Rate and were secured by the shares purchased. Such stock loans (including accrued interest) were scheduled to vest and be ratably forgiven each year on the anniversary of the grant date based upon vesting periods ranging from four to ten years based on continued service and in part on attaining certain annual performance measures. These stock loans had an initial aggregate weighted average vesting period of approximately nine years. As of December 31, 2003, and giving effect to the settlement of the employment contracts of certain executive officers, there remains 264,144 shares of common stock subject to the original stock loans which are anticipated to vest between 2004 and 2011. Approximately $3.1 million and $4.5 million of compensation expense was recorded for the years ended December 31, 2003 and 2002, respectively, related to these LTIP. Such amounts have been included in marketing, general and administrative expenses on the accompanying consolidated statements of operations.

The outstanding stock loan balances due from executive and senior officers aggregated approximately $5.6 million and $17.0 million at December 31, 2003 and December 31, 2002, respectively, and have been included as a reduction of additional paid in capital on the accompanying consolidated balance sheets. Other outstanding loans to executive and senior officers at December 31, 2003 and December 31, 2002 amounted to approximately $2.9 million and $2.0 million, respectively, primarily related to tax payment advances on stock compensation awards and life insurance contracts made to certain executive and non-executive officers.

In November 2002 and March 2003 an award of rights was granted to certain executive officers of the Company (the "2002 Rights" and "2003 Rights", respectively, and collectively, the "Rights"). Each Right represents the right to receive, upon vesting, one share of Class A common stock if shares are then available for grant under one of the Company's stock option plans or, if shares are not so available, an amount of cash equivalent to the value of such stock on the vesting date. The 2002 Rights will vest in four equal annual installments beginning on November 14, 2003 (and shall be fully vested on November 14, 2006). The 2003 Rights will be earned as of March 13, 2005 and will vest in three equal annual installments beginning on March 13, 2005 (and shall be fully vested on March 13, 2007). Dividends on the shares will be held by the Company until such shares become vested, and will be distributed thereafter to the applicable officer. The 2002 Rights also entitle the holder thereof to cash payments in respect of taxes payable by the holder resulting from the Rights. The 2002 Rights aggregate 190,524 shares of the Company's Class A common stock and the 2003 Rights aggregate 60,760 shares of Class A common stock. As of December 31, 2003, and giving effect to the settlement of the employment contracts of certain executive officers, there remains 47,126 shares of Class A common stock related to the 2002 Rights and 26,040 shares of Class A common stock related to the 2003 rights. During the year ended December 31, 2003, the Company recorded approximately $855,000 of compensation expense related to the Rights. Such amount has been included in marketing, general and administrative expenses on the accompanying consolidated statements of operations.

In March 2003, the Company established a new LTIP for its executive and senior officers. The four-year plan has a core award, which provides for annual stock based compensation based upon continued service and in part based on attaining certain annual performance measures. The plan also has a special outperformance award, which provides for compensation to be earned at the end of a four-year period if the Company attains certain four-year cumulative performance measures. Amounts earned under the special outperformance award may be paid in cash or stock at the discretion of the Compensation Committee of the Board. Performance measures are based on total shareholder returns on a relative and absolute basis. On March 13, 2003, the Company made available 1,384,102 shares of its Class A common stock under its existing stock option plans in connection with the core award of this LTIP for twelve of its executive and senior officers. During May 2003, two of the Company's executive officers waived these awards under this LTIP in their entirety, which aggregated 277,778 shares or 20% of the core awards granted. In addition, the special outperformance awards of the LTIP were amended to increase the per share base price above which the four year cumulative return is measured from $18.00 to $22.40. As of December 31, 2003 and giving effect to the settlement of the employment contracts of certain executive officers, there remains 879,858 shares of Class A common stock reserved for future issuance under the core award of this LTIP. With respect to the core award of this LTIP, the Company recorded approximately $2.6 million of compensation expense for the year ended December 31, 2003. Such amount has been included in marketing, general and administrative expenses on the accompanying consolidated statements of operations. Further, no provision will be made for the special outperformance award of this LTIP until such time as achieving the requisite performance measures is determined to be probable.

8. RELATED PARTY TRANSACTIONS

In connection with the IPO, the Company was granted ten year options to acquire ten properties (the "Option Properties") which were either owned by certain Rechler family members who were also executive officers of the Company, or in which the Rechler family members owned a non-controlling minority interest at a price based upon an agreed upon formula. In years prior to 2001, one Option Property was sold by the Rechler family members to a third party and four of the Option Properties were acquired by the Company for an aggregate purchase price of approximately $35 million, which included the issuance of approximately 475,000 OP Units valued at approximately $8.8 million.

On November 10, 2003, in connection with the Company's sale of its Long Island industrial building portfolio, four of the five remaining options (the "Remaining Option Properties") granted to the Company at the time of the IPO to purchase interests in properties owned by Rechler family members were terminated. In return the Company received an aggregate payment from the Rechler family members of $972,000. Rechler family members have also agreed to extend the term of the remaining option on the property located at 225 Broadhollow Road, Melville, NY (the Company's current headquarters) for five years and to release the Company from approximately 15,500 square feet under its lease at this property. In connection with the restructuring of the remaining option the Rechler family members paid the Company $1 million in return for the Company's agreement not to exercise the option during the next three years. As part of the agreement, the exercise price of the option payable by the Company was increased by $1 million.

As part of the Company's REIT structure it is provided management, leasing and construction related services through taxable REIT subsidiaries as defined by the Code. These services are currently provided by the Service Companies in which, as of September 30, 2002, the Operating Partnership owned a 97% non-controlling interest. An entity which is substantially owned by certain Rechler family members who are also executive officers of the Company owned a 3% controlling interest in the Service Companies. In order to minimize the potential for corporate conflicts of interests, which became possible as a result of changes to the Code that permit REITs to own 100% of taxable REIT subsidiaries, the independent directors of the Company approved the purchase by the Operating Partnership of the remaining 3% interests in the Service Companies. On October 1, 2002, the Operating Partnership acquired such 3% interests in the Service Companies for an aggregate purchase price of approximately $122,000. Such amount was less than the total amount of capital contributed by the Rechler family members. During the year ended December 31, 2003, Reckson Construction Group, Inc. billed approximately $775,000 of market rate services and Reckson Management Group, Inc. billed approximately $279,000 of market rate management fees to the Remaining Option Properties. In addition, for the year ended December 31, 2003, Reckson Construction Group, Inc. performed market rate services, aggregating approximately $207,000, for a property in which certain former executive officers of the Company maintain an equity interest.

Reckson Management Group, Inc. leases approximately 28,000 square feet of office and storage space at a Remaining Option Property located at 225 Broad Hollow Road, Melville, New York for its corporate offices at an annual base rent of approximately $ 785,000. The Company had also entered into a short-term license agreement at the property for 6,000 square feet of temporary space, which expired in January 2004. Reckson Management Group, Inc. also leases 10,722 square feet of warehouse space used for equipment, materials and inventory storage at a property owned by certain members of the Rechler family at an annual base rent of approximately $75,000.

A company affiliated with an independent director of the Company leases 15,566 square feet in a property owned by the Company at an annual base rent of approximately $447,000. Reckson Strategic Venture Partners, LLC ("RSVP") leased 5,144 square feet in one of the Company's joint venture properties at an annual base rent of approximately $176,000. On June 15, 2003, this lease was mutually terminated and RSVP vacated the premises.

During 1997, the Company formed FrontLine Capital Group, formerly Reckson Service Industries, Inc. ("FrontLine"), and RSVP. RSVP is a real estate venture capital fund which invested primarily in real estate and real estate operating companies outside the Company's core office focus and whose common equity is held indirectly by FrontLine. In connection with the formation and spin-off of FrontLine, the Operating Partnership established an unsecured credit facility with FrontLine (the "FrontLine Facility") in the amount of $100 million for FrontLine to use in its investment activities, operations and other general corporate purposes. The Company advanced approximately $93.4 million under the FrontLine Facility. The Operating Partnership also approved the funding of investments of up to $100 million relating to RSVP (the "RSVP Commitment"), through RSVP-controlled joint ventures (for REIT-qualified investments) or advances made to FrontLine under an unsecured loan facility (the "RSVP Facility") having terms similar to the FrontLine Facility (advances made under the RSVP Facility and the FrontLine Facility hereafter, the "FrontLine Loans"). During March 2001, the Company increased the RSVP Commitment to $110 million and as of December 31, 2003 approximately $109.1 million was funded under the RSVP Commitment, of which $59.8 million represents investments by the Company in RSVP-controlled (REIT-qualified) joint ventures and $49.3 million represents loans made to FrontLine under the RSVP Facility. As of December 31, 2003, interest accrued (net of reserves) under the FrontLine Facility and the RSVP Facility was approximately $19.6 million.

At June 30, 2001, the Company assessed the recoverability of the FrontLine Loans and reserved approximately $3.5 million of the interest accrued during the three-month period then ended. In addition, the Company formed a committee of its Board of Directors, comprised solely of independent directors, to consider any actions to be taken by the Company in connection with the FrontLine Loans and its investments in joint ventures with RSVP. During the third quarter of 2001, the Company noted a significant deterioration in FrontLine's operations and financial condition and, based on its assessment of value and recoverability and considering the findings and recommendations of the committee and its financial advisor, the Company recorded a $163 million valuation reserve charge, inclusive of anticipated costs, in its consolidated statements of operations relating to its investments in the FrontLine Loans and joint ventures with RSVP. The Company has discontinued the accrual of interest income with respect to the FrontLine Loans. The Company has also reserved against its share of GAAP equity in earnings from the RSVP controlled joint ventures funded through the RSVP Commitment until such income is realized through cash distributions.

At December 31, 2001, the Company, pursuant to Section 166 of the Code, charged off for tax purposes $70 million of the aforementioned reserve directly related to the FrontLine Facility, including accrued interest. On February 14, 2002, the Company charged off for tax purposes an additional $38 million of the reserve directly related to the FrontLine Facility, including accrued interest, and $47 million of the reserve directly related to the RSVP Facility, including accrued interest.

FrontLine is in default under the FrontLine Loans from the Operating Partnership and on June 12, 2002, filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code.

In September 2003, RSVP completed the restructuring of its capital structure and management arrangements. In connection with the restructuring, RSVP redeemed the interest of the preferred equity holders of RSVP for an aggregate of approximately $137 million in cash including proceeds from the disposition of all of the privatization and medical offices assets and the transfer to the preferred equity holders of the assets that comprised RSVP's parking investment valued at approximately $28.5 million. RSVP also restructured its management arrangements whereby a management company formed by its former managing directors has been retained to manage RSVP pursuant to a management agreement and the employment contracts of the managing directors with RSVP have been terminated. The management agreement provides for an annual base management fee and disposition fees equal to 2% of the net proceeds received by RSVP on asset sales. (The base management fee and disposition fees are subject to a maximum over the term of the agreement of $7.5 million.) In addition, the managing directors retained a one-third residual interest in RSVP's assets, which is subordinated to the distribution of an aggregate amount of $75 million to RSVP and/or the Company in respect of its joint ventures with RSVP. The management agreement has a three-year term, subject to early termination in the event of the disposition of all of the assets of RSVP.

In connection with the restructuring, RSVP and certain of its affiliates obtained a $60 million secured loan. In connection with this loan, the Operating Partnership agreed to indemnify the lender in respect of any environmental liabilities incurred with regard to RSVP's remaining assets in which the Operating Partnership has a joint venture interest (primarily certain student housing assets held by RSVP) and guaranteed the obligation of an affiliate of RSVP to the lender in an amount up to $6 million plus collection costs for any losses incurred by the lender as a result of certain acts of malfeasance on the part of RSVP and/or its affiliates. The loan is scheduled to mature in 2006 and is expected to be repaid from proceeds of asset sales by RSVP.

As a result of the foregoing, the net carrying value of the Company's investments in the FrontLine Loans and joint venture investments with RSVP, inclusive of the Company's share of previously accrued GAAP equity in earnings on those investments is approximately $65 million, which was reassessed with no change by management as of December 31, 2003. Such amount has been reflected in investments in service companies and affiliate loans and joint ventures on the Company's consolidated balance sheet.

Scott H. Rechler, who serves as President, Chief Executive Officer and a director of the Company, serves as CEO and Chairman of the Board of Directors of FrontLine and is its sole board member. Scott H. Rechler also serves as a member of the management committee of RSVP.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with FASB Statement No. 107, "Disclosures About Fair Value of Financial Instruments", management has made the following disclosures of estimated fair value at December 31, 2003 as required by FASB Statement No. 107.

Cash equivalents, accounts receivable, accounts payable and accrued expenses and variable rate debts are carried at amounts which reasonably approximate their fair values.

The fair value of the Company's long-term debt, mortgage notes and notes receivable is estimated based on discounting future cash flows at interest rates that management believes reflects the risks associated with long-term debt, mortgage notes and notes receivable of similar risk and duration. At December 31, 2003, the estimated aggregate fair value of the Company's notes and mortgage notes receivable exceeded their carrying value by approximately $878,000 and the aggregate fair value of the Company's long term debt exceeded its carrying value by approximately $84.7 million.

Considerable judgment is necessary to interpret market data and develop estimated fair value. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

10. RENTAL INCOME

The Company's properties are being leased to tenants under operating leases. The minimum rental amount due under certain leases is generally either subject to scheduled fixed increases or indexed escalations. In addition, the leases generally also require that the tenants reimburse the Company for increases in certain operating costs and real estate taxes above base year costs.

Expected future minimum rents to be received over the next five years and thereafter from leases in effect at December 31, 2003 are as follows (in thousands):

2004	$ 365,498
2005	333,839
2006	299,722
2007	268,567
2008	240,758
Thereafter	1,269,856
	$ 2,778,240

11. SEGMENT DISCLOSURE

The Company owns all of the interests in its real estate properties directly or indirectly through the Operating Partnership. The Company's portfolio consists of Class A office properties located within the New York City metropolitan area and Class A suburban office and industrial / R&D properties located and operated within the Tri-State Area (the "Core Portfolio"). The Company's portfolio also includes one office property located in Orlando, Florida. The Company has formed an Operating Committee that reports directly to the President and Chief Financial Officer who have been identified as the Chief Operating Decision Makers due to their final authority over resource allocation, decisions and performance assessment.

The Company does not consider (i) interest incurred on its Credit Facility and Senior Unsecured Notes, (ii) the operating performance of the office property located in Orlando, Florida, (iii) the operating performance of those properties reflected as discontinued operations on the Company's consolidated statements of operations, (iv) the operating results of the Service Companies and (v) restructure charges as part of its Core Portfolio's property operating performance for purposes of its component disclosure set forth below.

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. In addition, amounts reflected have been adjusted to give effect to the Company's discontinued operations in accordance with Statement No. 144.

The following tables set forth the components of the Company's revenues and expenses and other related disclosures, as required by FASB Statement No. 131, "Disclosures About Segments of an Enterprise and Related Information", for the years ended December 31 (in thousands):

	2003		
	Core Portfolio	Other	CONSOLIDATED TOTALS
REVENUES:			
Base rents, tenant escalations and reimbursements...	$ 438,684	$ 7,097	$ 445,781
Other income..	3,165	21,336	24,501
Total Revenues.................................	441,849	28,433	470,282
EXPENSES:			
Property expenses..................................	176,748	3,663	180,411
Marketing, general and administrative..............	16,078	16,668	32,746
Interest...	51,098	31,389	82,487
Restructure charges - net..........................	--	11,580	11,580
Depreciation and amortization......................	102,867	6,372	109,239
Total Expenses.................................	346,791	69,672	416,463
Income (loss) before minority interests, preferred dividends and distributions, equity in earnings of real estate joint ventures and service companies, gain on sales of real estate and discontinued operations....................	$ 95,058	$ (41,239)	$ 53,819
Total assets.......................................	$ 2,494,769	$ 255,911	$ 2,750,680

	2002		
	Core Portfolio	Other	CONSOLIDATED TOTALS
REVENUES:			
Base rents, tenant escalations and reimbursements ..	$ 442,485	$ 8,264	$ 450,749
Other income..	380	6,940	7,320
Total Revenues.................................	442,865	15,204	458,069
EXPENSES:			
Property expenses..................................	158,713	4,318	163,031
Marketing, general and administrative..............	16,322	12,892	29,214
Interest...	44,028	39,281	83,309
Depreciation and amortization......................	94,167	8,277	102,444
Total Expenses.................................	313,230	64,768	377,998
Income (loss) before minority interests, preferred dividends and distributions, equity in earnings of real estate joint ventures and service companies, gain on sales of real estate and discontinued operations.............	$ 129,635	$ (49,564)	$ 80,071
Total assets.......................................	$ 2,488,863	$ 423,189	$ 2,912,052

	2001		
	Core Portfolio	Other	CONSOLIDATED TOTALS
REVENUES:			
Base rents, tenant escalations and reimbursements...	$ 438,307	$ 9,256	$ 447,563
Other income.......................................	4,133	16,109	20,242
Total Revenues..................................	442,440	25,365	467,805
EXPENSES:			
Property expenses..................................	153,043	2,934	155,977
Marketing, general and administrative..............	18,155	6,134	24,289
Interest...	38,047	44,577	82,624
Depreciation and amortization......................	84,550	7,628	92,178
Total Expenses..................................	293,795	61,273	355,068
Income (loss) before minority interests, preferred dividends and distributions, valuation reserves, equity in earnings of real estate joint ventures and service companies, gain on sales of real estate and discontinued operations.............	$ 148,645	$ (35,908)	$ 112,737
Total assets.......................................	$ 2,569,774	$ 429,008	$ 2,998,782

12. NON-CASH INVESTING AND FINANCING ACTIVITIES

Additional supplemental disclosures of non-cash investing and financing activities are as follows:

On August 7, 2003, the Company issued 465,845 Class C OP Units valued at $24.00 per unit in connection with its acquisition of a Class A office property located in Stamford, Connecticut.

On October 24, 2003, the Company gave notice to its Class B common stockholders that it would exercise its option to exchange 100% of its Class B common stock outstanding (9,915,313 shares) on November 25, 2003 for an equal number of shares of its Class A common stock. Such exchange occurred on November 25, 2003.

On November 10, 2003, as partial consideration for the Company's sale of its Long Island industrial building portfolio to the departing Rechler family members, the Company redeemed and retired, approximately 3.9 million OP Units valued at approximately $90.4 million or $23.00 per share. In addition, as further consideration, the Company assigned approximately $6.0 million of mortgage indebtedness to the purchaser.

During the year ended December 31, 2003, certain limited partners exchanged approximately 258,000 OP Units for an equal number of shares of the Company's Class A common stock.

During the year ended December 31, 2002, certain limited partners exchanged approximately 11,303 preferred units of limited partnership interest in the Operating Partnership, with a liquidation preference value of approximately $11.3 million, for 451,934 OP Units at an average price of $24.66 per OP Unit. In addition, certain limited partners exchanged 666,468 OP Units for an equal number of shares of the Company's Class A common stock.

13. COMMITMENTS AND CONTINGENCIES

The Company has entered into amended and restated employment and noncompetition agreements with three executive officers. The agreements are for five years and expire on August 15, 2005. The Company has also entered into employment agreements with two additional officers prior to their appointment as executive officers. These agreements expire in July of 2004 and December of 2006, respectively.

The Company had outstanding undrawn letters of credit against its Credit Facility of approximately $1.0 million at December 31, 2003 and 2002.

The Company, through its Service Companies, sponsors a defined contribution savings plan pursuant to Section 401(k) of the Code. Under such plan, there are no prior service costs. Employees are generally eligible to participate in the plan after three months of service. Employer contributions are based on a discretionary amount determined by the Company's management. As of December 31, 2003, the Company has not made any contributions to the plan. Commencing with the calendar year beginning January 1, 2004, the Company has elected to match 50% to eligible participants deferral contribution up to 3% of their annual compensation, as defined, up to an aggregate of $1,000 per employee per year.

A number of shareholder derivative actions have been commenced purportedly on behalf of the Company against the Board of Directors relating to the Disposition. The complaints allege, among other things, that the process by which the directors agreed to the transaction was not sufficiently independent of the Rechler family and did not involve a "market check" or third party auction process and, as a result, was not for adequate consideration. The plaintiffs seek similar relief, including a declaration that the directors violated their fiduciary duties and damages. The Company's management believes that the complaints are without merit.

HQ Global Workplaces, Inc. ("HQ"), one of the largest providers of flexible officing solutions in the world and which was formerly controlled by FrontLine, previously operated eleven executive office centers comprising approximately 205,000 square feet at the Company's properties, including two operated at the Company's joint venture properties. On March 13, 2002, as a result of experiencing financial difficulties, HQ voluntarily filed a petition for relief under Chapter 11 of the U.S. Bankruptcy Code and subsequently rejected three of its leases with the Company and surrendered approximately an additional 20,500 square feet from two other leases. The Company has since re-leased 100% of the rejected space. In September 2003, the Bankruptcy Court approved the assumption and amendment by HQ of its remaining eight leases with the Company. The assumed leases expire between 2007 and 2011, encompass approximately 150,000 square feet and provide for current annual base rents totaling approximately $3.5 million. A committee designated by the Board and chaired by an independent director conducted all negotiations with HQ.

WorldCom/MCI and its affiliates ("WorldCom"), a telecommunications company, which leased approximately 527,000 square feet in thirteen of the Company's properties located throughout the Tri-State Area voluntarily filed a petition for relief under Chapter 11 of the U.S. Bankruptcy Code on July 21, 2002. The Bankruptcy Court granted WorldCom's petition to reject four of its leases with the Company. The four rejected leases aggregated approximately 282,000 square feet and were to provide for contractual base rents of approximately $7.2 million for the 2003 calendar year. The Company has agreed to restructure five of the remaining leases. Pursuant to WorldCom's Plan of Reorganization, which has been confirmed by the Bankruptcy Court, WorldCom must assume or reject the remaining leases prior to the effective date of the Plan. The effective date of the Plan is estimated to occur during the first quarter of 2004. All of WorldCom's leases are current on base rental charges through March 31, 2004, other than under the four rejected leases, and the Company currently holds approximately $195,000 in security deposits relating to the non-rejected leases. There can be no assurance as to whether WorldCom will affirm or reject any or all of its remaining leases with the Company.

As of December 31, 2003, WorldCom occupied approximately 245,000 square feet of office space with aggregate annual base rental revenues of approximately $4.1 million, or 1.1% of the Company's total 2003 annualized rental revenue based on base rental revenue earned on a consolidated basis.

14. QUARTERLY FINANCIAL DATA (Unaudited)

The following summary represents the Company's results of operations for each fiscal quarter during 2003 and 2002 (in thousands, except share amounts):

	2003			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total revenues as previously reported	$ 130,760	$ 127,412	$ 118,105	$ 118,679
Revenues from discontinued operations (a)	(12,440)	(12,234)	--	--
Total revenues (b)	$ 118,320	$ 115,178	$ 118,105	$ 118,679
Income before distributions to preferred unit holders, minority interests, equity in earnings of real estate joint ventures and service companies gain on sales of real estate, discontinued operations and extraordinary loss	$ 16,795	$ 15,101	$ 16,149	$ 5,774
Preferred unit distributions	(5,590)	(5,591)	(5,589)	(5,590)
Minority partners' interest in consolidated partnerships	(4,690)	(4,335)	(4,379)	(4,568)
Equity in earnings of real estate joint ventures and service companies	106	(270)	134	60
Discontinued operations	3,038	3,554	4,893	131,362
Net income allocable to common unit holders	$ 9,659	$ 8,459	$ 11,208	$ 127,038
Net income allocable to:				
Class A common units	$ 7,591	$ 6,643	$ 8,764	$ 114,998
Class B common units	2,068	1,816	2,396	11,008
Class C common units	--	--	48	1,032
Total	$ 9,659	$ 8,459	$ 11,208	$ 127,038
Net income per weighted average common unit:				
Class A common	$ .14	$ .12	$ .16	$ 2.01
Class B common	$ .21	.18	$ .24	$ 1.86
Class C common	$ --	$ --	$ .17	$ 2.21
Weighted average common units outstanding:				
Class A common	55,477,000	55,277,000	55,285,000	57,093,000
Class B common	9,915,000	9,915,000	9,915,000	5,928,000
Class C common	--	--	278,000	466,000

- ---
(a) excludes revenues from discontinued operations which were previously excluded from total revenues as previously reported
(b) amounts have been adjusted to give effect to the Company's discontinued operations in accordance with Statement No. 144.

14. QUARTERLY FINANCIAL DATA (Unaudited) (continued)

	2002			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total revenues as previously reported	$ 125,467	$ 125,635	$ 128,782	$ 128,842
Revenues from discontinued operations (a)	(12,361)	(12,920)	(11,815)	(12,426)
Gain on sales of real estate and equity in earnings of real estate joint ventures and service companies	(872)	(159)	(104)	--
Total revenues (b)	$ 112,234	$ 112,556	$ 116,863	$ 116,416
Income before distributions to preferred unit holders, minority interests, equity in earnings of real estate joint ventures and service companies gain on sales of real estate and discontinued operations	$ 24,210	$ 21,403	$ 18,999	$ 15,459
Preferred unit distributions	(5,948)	(5,767)	(5,760)	(5,648)
Minority partners' interest in consolidated partnerships	(5,120)	(4,813)	(4,446)	(4,351)
Equity in earnings of real estate joint ventures and service companies	335	159	104	515
Gain on sales of real estate	537	--	--	--
Discontinued operations	3,902	4,486	9,178	3,781
Net income allocable to common unit holders	$ 17,916	$ 15,468	$ 18,075	$ 9,756
Net income allocable to:				
Class A common units (c)	$ 14,093	$ 12,211	$ 14,275	$ 7,707
Class B common units (c)	3,823	3,257	3,800	2,049
Total	$ 17,916	$ 15,468	$ 18,075	$ 9,756
Net income per weighted average common unit:				
Class A common (c)	$ .25	$ .21	$ .25	$ .14
Class B common (c)	$ .37	$ .32	$ .38	$ .21
Weighted average common units outstanding:				
Class A common	57,520,000	58,275,000	56,802,000	55,660,000
Class B common	10,284,000	10,284,000	10,101,000	9,915,000

- ---------------------------
(a) excludes revenues from discontinued operations, which were previously excluded from total revenues as previously reported.
(b) amounts have been adjusted to give effect to the Company's discontinued operations in accordance with Statement No. 144.
(c) The net income allocable to common unit holders for the first, second and third quarters as previously reported has been adjusted to record the amortization of stock loans to certain executive and senior officers of the Company and other costs incurred by the Company on behalf of the Operating Partnership. These amounts aggregated approximately $.95 million, $.94 million and $1.1 million, respectively. Such amounts also adjusted net income per weighted average common unit as follows:

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER
Class A common	$ (.01)	$ (.01)	$ (.02)
Class B common	$ (.02)	$ (.02)	$ (.03)

15. SUBSEQUENT EVENT

On March 15, 2004, the Company issued 5.5 million shares of its Class A common stock at $27.18 per share, net of underwriting discount, for proceeds aggregating approximately $149.5 million. In addition, the underwriter was granted a 30-day over-allotment option to purchase up to an additional 825,000 shares. Net proceeds were used to repay $100 million of the Operating Partnership's 7.4% senior unsecured notes at their maturity on March 15, 2004, repay borrowings under the Credit Facility and for general corporate purposes.

COLUMN A	COLUMN D		COLUMN E		
	COST CAPITALIZED, SUBSEQUENT TO ACQUISITION		GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		
DESCRIPTION	LAND	BUILDINGS AND IMPROVEMENTS	LAND	BUILDINGS AND IMPROVEMENTS	TOTAL
1170 Northern Blvd., N. Great Neck, New York	--	347	30	446	476
50 Charles Lindbergh Blvd., Mitchel Field, New York .	--	6,351	--	18,440	18,440
200 Broadhollow Road Melville, New York	--	3,583	338	6,937	7,275
48 South Service Road Melville, New York	--	5,848	1,652	16,093	17,745
395 North Service Road Melville, New York	--	7,480	--	23,031	23,031
6800 Jericho Turnpike Syosset, New York	--	10,456	582	17,022	17,604
6900 Jericho Turnpike Syosset, New York	--	4,243	385	8,471	8,856
300 Motor Parkway Hauppauge, New York	--	1,838	276	2,974	3,250
88 Duryea Road Melville, New York	--	846	200	2,411	2,611
333 Earl Ovington Blvd., (Omni) Mitchel Field, New York	--	23,436	--	90,657	90,657
40 Cragwood Road South Plainfield, New Jersey	--	6,483	725	13,614	14,339
333 East Shore Road Great Neck, New York	--	606	--	1,170	1,170
310 East Shore Road Great Neck, New York	--	2,607	485	4,616	5,101
35 Pinelawn Road Melville, New York	--	3,219	999	10,292	11,291
520 Broadhollow Road Melville, New York	(1)	2,888	456	8,460	8,916
1660 Walt Whitman Road Melville, New York	--	1,393	370	6,465	6,835
48 Harbor Park Drive Port Washington, New York	--	570	1,304	2,817	4,121
60 Charles Lindbergh Mitchel Field, New York	--	2,107	--	22,907	22,907
505 White Plains Road Tarrytown, New York	--	417	210	1,749	1,959
555 White Plains Road Tarrytown, New York	51	4,775	763	8,908	9,671
560 White Plains Road Tarrytown, New York	(1)	5,213	1,520	13,969	15,489
580 White Plains Road Tarrytown, New York	--	3,714	2,414	18,309	20,723
660 White Plains Road Tarrytown, New York	45	6,565	3,974	29,205	33,179
Landmark Square Stamford, Connecticut	832	33,174	12,435	97,640	110,075
One Eagle Rock, East Hanover, New Jersey	--	5,159	803	12,722	13,525
710 Bridgeport Avenue Shelton, Connecticut	7	1,054	5,412	22,674	28,086
10 Rooney Circle West Orange, New Jersey	1	1,168	1,303	5,783	7,086
Executive Hill Office Park West Orange, New Jersey .	4	4,227	7,633	35,515	43,148
3 University Plaza Hackensack, New Jersey	--	3,186	7,894	15,032	22,926
150 Motor Parkway Hauppauge, New York	--	4,278	1,114	24,708	25,822
Reckson Executive Park Ryebrook, New York	--	6,759	18,343	61,787	80,130
University Square Princeton, New Jersey	(1)	1,827	3,287	10,715	14,002

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I
DESCRIPTION	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IS COMPUTED
1170 Northern Blvd., N. Great Neck, New York	176	1947	1962	10-30 Years
50 Charles Lindbergh Blvd., Mitchel Field, New York .	12,247	1984	1984	10-30 Years
200 Broadhollow Road Melville, New York	5,041	1981	1981	10-30 Years
48 South Service Road Melville, New York	9,647	1986	1986	10-30 Years
395 North Service Road Melville, New York	13,979	1988	1988	10-30 Years
6800 Jericho Turnpike Syosset, New York	11,837	1977	1978	10-30 Years
6900 Jericho Turnpike Syosset, New York	5,506	1982	1982	10-30 Years
300 Motor Parkway Hauppauge, New York	1,882	1979	1979	10-30 Years
88 Duryea Road Melville, New York	1,572	1980	1980	10-30 Years
333 Earl Ovington Blvd., (Omni) Mitchel Field, New York	34,347	1990	1995	10-30 Years
40 Cragwood Road South Plainfield, New Jersey	9,005	1970	1983	10-30 Years
333 East Shore Road Great Neck, New York	768	1976	1976	10-30 Years
310 East Shore Road Great Neck, New York	2,559	1981	1981	10-30 Years
35 Pinelawn Road Melville, New York	3,263	1980	1995	10-30 Years
520 Broadhollow Road Melville, New York	3,090	1978	1995	10-30 Years
1660 Walt Whitman Road Melville, New York	1,701	1980	1995	10-30 Years
48 Harbor Park Drive Port Washington, New York	657	1976	1996	10-30 Years
60 Charles Lindbergh Mitchel Field, New York	6,386	1989	1996	10-30 Years
505 White Plains Road Tarrytown, New York	569	1974	1996	10-30 Years
555 White Plains Road Tarrytown, New York	3,932	1972	1996	10-30 Years
560 White Plains Road Tarrytown, New York	4,385	1980	1996	10-30 Years
580 White Plains Road Tarrytown, New York	6,052	1997	1996	10-30 Years
660 White Plains Road Tarrytown, New York	9,148	1983	1996	10-30 Years
Landmark Square Stamford, Connecticut	23,208	1973-1984	1996	10-30 Years
One Eagle Rock, East Hanover, New Jersey	3,804	1986	1997	10-30 Years
710 Bridgeport Avenue Shelton, Connecticut	5,245	1971-1979	1997	10-30 Years
10 Rooney Circle West Orange, New Jersey	1,330	1971	1997	10-30 Years
Executive Hill Office Park West Orange, New Jersey .	7,783	1978-1984	1997	10-30 Years
3 University Plaza Hackensack, New Jersey	3,832	1985	1997	10-30 Years
150 Motor Parkway Hauppauge, New York	6,001	1984	1997	10-30 Years
Reckson Executive Park Ryebrook, New York	12,570	1983-1986	1997	10-30 Years
University Square Princeton, New Jersey	2,246	1987	1997	10-30 Years

Continued

RECKSON OPERATING PARTNERSHIP, L.P.
SCHEDULE III-REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2002
(IN THOUSANDS)

COLUMN A	COLUMN B	COLUMN C	
		INITIAL COST	
DESCRIPTION	ENCUMBRANCE	LAND	BUILDINGS AND IMPROVEMENTS
80 Grasslands Elmsford, New York	--	1,208	6,728
100 Forge Way Rockaway, New Jersey	--	315	902
200 Forge Way Rockaway, New Jersey	--	1,128	3,228
300 Forge Way Rockaway, New Jersey	--	376	1,075
400 Forge Way Rockaway, New Jersey	--	1,142	3,267
51 -- 55 Charles Lindbergh Blvd. Mitchel Field, New York	--	(A)	27,975
100 Summit Drive Valhalla, New York	17,718	3,007	41,351
115/117 Stevens Avenue Valhalla, New York	--	1,094	22,490
200 Summit Lake Drive Valhalla, New York	18,937	4,343	37,305
140 Grand Street White Plains, New York	--	1,932	18,744
500 Summit Lake Drive Valhalla, New York	--	7,052	37,309
99 Cherry Hill Road Parsippany, New Jersey	--	2,360	7,508
119 Cherry Hill Road Parsippany, New Jersey	--	2,512	7,622
500 Saw Mill River Road Elmsford, New York	--	1,542	3,796
120 W.45th Street New York, New York	63,245	28,757	162,809
1255 Broad Street Clifton, New Jersey	--	1,329	15,869
810 7th Avenue New York, New York	81,315	26,984 (A)	152,767
120 Mineola Blvd. Mineola, New York	--	1,869	10,603
100 Wall Street New York, New York	35,237	11,749	66,517
One Orlando Orlando, Florida	37,758	9,386	51,136
1350 Avenue of the Americas New York, New York .	73,779	19,222	109,168
919 3rd. Avenue New York, New York	244,047	101,644 (A)	205,736
360 Hamilton Avenue White Plains, New York	--	2,838	34,606
492 River Road Nutley, New Jersey	--	2,615	5,102
275 Broadhollow Road Melville, New York	--	3,850	12,958
400 Garden City Plaza Garden City, New York	--	9,081	17,004
90 Merrick Avenue East Meadow, New York	--	(A)	23,804
120 White Plains Road Tarrytown, New York	--	3,852	24,861
100 White Plains Road Tarrytown, New York	--	79	472
51 JFK Parkway Short Hills, New Jersey	--	10,053	62,504
680 Washington Blvd Stamford, Connecticut	--	4,561	23,698
750 Washington Blvd Stamford, Connecticut	--	7,527	31,940

COLUMN A	COLUMN D		COLUMN E		
	COST CAPITALIZED, SUBSEQUENT TO ACQUISITION		GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		
DESCRIPTION	LAND	BUILDINGS AND IMPROVEMENTS	LAND	BUILDINGS AND IMPROVEMENTS	TOTAL
80 Grasslands Elmsford, New York	--	616	1,208	7,344	8,552
100 Forge Way Rockaway, New Jersey	--	120	315	1,022	1,337
200 Forge Way Rockaway, New Jersey	--	546	1,128	3,774	4,902
300 Forge Way Rockaway, New Jersey	--	281	376	1,356	1,732
400 Forge Way Rockaway, New Jersey	--	250	1,142	3,517	4,659
51 -- 55 Charles Lindbergh Blvd. Mitchel Field, New York	--	4,315	--	32,290	32,290
100 Summit Drive Valhalla, New York	--	5,322	3,007	46,673	49,680
115/117 Stevens Avenue Valhalla, New York	--	2,003	1,094	24,493	25,587
200 Summit Lake Drive Valhalla, New York	--	11,111	4,343	48,416	52,759
140 Grand Street White Plains, New York	(1)	370	1,931	19,114	21,045
500 Summit Lake Drive Valhalla, New York	--	7,837	7,052	45,146	52,198
99 Cherry Hill Road Parsippany, New Jersey	5	1,784	2,365	9,292	11,657
119 Cherry Hill Road Parsippany, New Jersey	6	1,646	2,518	9,268	11,786
500 Saw Mill River Road Elmsford, New York	--	205	1,542	4,001	5,543
120 W.45th Street New York, New York	7,680 (B)	6,233	36,437	169,042	205,479
1255 Broad Street Clifton, New Jersey	--	4,930	1,329	20,799	22,128
810 7th Avenue New York, New York	117	15,698	27,101	168,465	195,566
120 Mineola Blvd. Mineola, New York	5	1,054	1,874	11,657	13,531
100 Wall Street New York, New York	93	13,195	11,842	79,712	91,554
One Orlando Orlando, Florida	32	7,067	9,418	58,203	67,621
1350 Avenue of the Americas New York, New York .	--	19,170	19,222	128,338	147,560
919 3rd. Avenue New York, New York	12,795	87,254	114,439	292,990	407,429
360 Hamilton Avenue White Plains, New York	--	23,100	2,838	57,706	60,544
492 River Road Nutley, New Jersey	1	4,354	2,616	9,456	12,072
275 Broadhollow Road Melville, New York	972	8,345	4,822	21,303	26,125
400 Garden City Plaza Garden City, New York	--	804	9,081	17,808	26,889
90 Merrick Avenue East Meadow, New York	--	1,231	--	25,035	25,035
120 White Plains Road Tarrytown, New York	--	902	3,852	25,763	29,615
100 White Plains Road Tarrytown, New York	--	79	79	551	630
51 JFK Parkway Short Hills, New Jersey	1	1,065	10,054	63,569	73,623
680 Washington Blvd Stamford, Connecticut	--	275	4,561	23,973	28,534
750 Washington Blvd Stamford, Connecticut	--	193	7,527	32,133	39,660

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I
DESCRIPTION	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IS COMPUTED
80 Grasslands Elmsford, New York	1,653	1989/1964	1997	10-30 Years
100 Forge Way Rockaway, New Jersey	231	1986	1998	10-30 Years
200 Forge Way Rockaway, New Jersey	803	1989	1998	10-30 Years
300 Forge Way Rockaway, New Jersey	404	1989	1998	10-30 Years
400 Forge Way Rockaway, New Jersey	697	1989	1998	10-30 Years
51 -- 55 Charles Lindbergh Blvd. Mitchel Field, New York	8,248	1981	1998	10-30 Years
100 Summit Drive Valhalla, New York	10,096	1988	1998	10-30 Years
115/117 Stevens Avenue Valhalla, New York	4,870	1984	1998	10-30 Years
200 Summit Lake Drive Valhalla, New York	9,014	1990	1998	10-30 Years
140 Grand Street White Plains, New York	3,632	1991	1998	10-30 Years
500 Summit Lake Drive Valhalla, New York	8,946	1986	1998	10-30 Years
99 Cherry Hill Road Parsippany, New Jersey	1,783	1982	1998	10-30 Years
119 Cherry Hill Road Parsippany, New Jersey	1,819	1982	1998	10-30 Years
500 Saw Mill River Road Elmsford, New York	806	1968	1998	10-30 Years
120 W.45th Street New York, New York	25,953	1998	1999	10-30 Years
1255 Broad Street Clifton, New Jersey	3,883	1999	1999	10-30 Years
810 7th Avenue New York, New York	25,946	1970	1999	10-30 Years
120 Mineola Blvd. Mineola, New York	1,940	1977	1999	10-30 Years
100 Wall Street New York, New York	12,582	1969	1999	10-30 Years
One Orlando Orlando, Florida	8,778	1987	1999	10-30 Years
1350 Avenue of the Americas New York, New York .	17,174	1966	2000	10-30 Years
919 3rd. Avenue New York, New York	27,572	1970	2000	10-30 Years
360 Hamilton Avenue White Plains, New York	8,930	2000	2000	10-30 Years
492 River Road Nutley, New Jersey	1,427	2000	2000	10-30 Years
275 Broadhollow Road Melville, New York	2,286	1970	1997	10-30 Years
400 Garden City Plaza Garden City, New York	2,875	1989	1997	10-30 Years
90 Merrick Avenue East Meadow, New York	4,591	1985	1997	10-30 Years
120 White Plains Road Tarrytown, New York	3,995	1984	1997	10-30 Years
100 White Plains Road Tarrytown, New York	58	1984	1997	10-30 Years
51 JFK Parkway Short Hills, New Jersey	9,886	1988	1998	10-30 Years
680 Washington Blvd Stamford, Connecticut	3,753	1989	1998	10-30 Years
750 Washington Blvd Stamford, Connecticut	4,842	1989	1998	10-30 Years

Continued

RECKSON OPERATING PARTNERSHIP, L.P.
SCHEDULE III-REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2002
(IN THOUSANDS)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	
		INITIAL COST		COST CAPITALIZED, SUBSEQUENT TO ACQUISITION	
DESCRIPTION	ENCUMBRANCE	LAND	BUILDINGS AND IMPROVEMENTS	LAND	BUILDINGS AND IMPROVEMENTS
1305 Walt Whitman Road Melville, New York	--	3,934	24,040	--	433
50 Marcus Drive Melville, New York	--	930	13,600	65	6,568
100 Grasslands Road Elmsford, New York	--	289	3,382	--	982
58 South Service Road Melville, New York	--	1,061		6,886	46,113
103 JFK Parkway Short Hills, New Jersey	--	3,098	18,011	219	11,192
1055 Washington Blvd Stamford, Connecticut	--	--	31,637	--	37
Land held for development	--	90,706	--	--	--
Developments in progress	--	--	68,127	--	--
Other property	--	--	--	--	17,711
Total	$721,635	$447,395	$1,839,373	29,813	$480,208

COLUMN A	COLUMN E			COLUMN F	COLUMN G
	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD				
DESCRIPTION	LAND	BUILDINGS AND IMPROVEMENTS	TOTAL	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION
1305 Walt Whitman Road Melville, New York	3,934	24,473	28,407	4,117	1999
50 Marcus Drive Melville, New York	995	20,168	21,163	1,963	2001
100 Grasslands Road Elmsford, New York	289	4,364	4,653	600	2001
58 South Service Road Melville, New York	7,947	46,113	54,060	3,447	2001
103 JFK Parkway Short Hills, New Jersey	3,317	29,203	32,520	4,094	2002
1055 Washington Blvd Stamford, Connecticut	--	31,674	31,674	440	1987
Land held for development	90,706	--	90,706	--	N/A
Developments in progress	--	68,127	68,127	--	
Other property	--	17,711	17,711	12,242	
Total	$477,208	$2,319,581	$2,796,789	$460,144	

COLUMN A	COLUMN H	COLUMN I
DESCRIPTION	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IS COMPUTED
1305 Walt Whitman Road Melville, New York	1999	10-30 Years
50 Marcus Drive Melville, New York	1998	10-30 Years
100 Grasslands Road Elmsford, New York	1997	10-30 Years
58 South Service Road Melville, New York	1998	10-30 Years
103 JFK Parkway Short Hills, New Jersey	1997	10-30 Years
1055 Washington Blvd Stamford, Connecticut	2003	10-30 Years
Land held for development	Various	N/A
Developments in progress		
Other property		
Total		

- ----------

A These land parcels, or a portion of the land parcels, on which the building and improvements were constructed are subject to a ground lease.
B Includes costs incurred to acquire the lessor's rights to an air rights lease agreement.

The aggregate cost of Federal Income Tax purposes was approximately $ 2,067 million at December 31, 2003.

RECKSON OPERATING PARTNERSHIP, L.P.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
(IN THOUSANDS)

The changes in real estate for each of the periods in the three years ended December 31, 2003 are as follows:

	2003	2002	2001
Real estate balance at beginning of period	$ 2,707,878	$ 2,643,045	$ 2,537,193
Improvements / revaluations	71,770	83,085	189,072
Disposal, including write-off of fully depreciated building improvements	(14,496)	(18,252)	(83,220)
Acquisitions	31,637	--	--
Balance at end of period	$ 2,796,789	$ 2,707,878	$ 2,643,045

The changes in accumulated depreciation, exclusive of amounts relating to discontinued operations, equipment, autos, furniture and fixtures, for each of the periods in the three years ended December 31, 2003 are as follows:

	2003	2002	2001
Balance at beginning of period	$ 374,420	$ 294,901	$ 231,040
Depreciation for period	87,369	83,542	74,380
Disposal, including write-off of fully depreciated building improvements	(1,645)	(4,023)	(10,519)
Balance at end of period	$ 460,144	$ 374,420	$ 294,901

(3) Exhibits

EXHIBIT NUMBER	FILING REFERENCE	DESCRIPTION
3.1	a	Amended and Restated Agreement of Limited Partnership of the Registrant
3.2	e	Supplement to the Amended and Restated Agreement of Limited Partnership of the Registrant Establishing Series A Preferred Units of Limited Partnership Interest
3.3	e	Supplement to the Amended and Restated Agreement of Limited Partnership of the Registrant Establishing Series B Preferred Units of Limited Partnership Interest
3.4	e	Supplement to the Amended and Restated Agreement of Limited Partnership of the Registrant Establishing Series C Preferred Units of Limited Partnership Interest
3.5	e	Supplement to the Amended and Restated Agreement of Limited Partnership of the Registrant Establishing Series D Preferred Units of Limited Partnership Interest
3.6	g	Supplement to the Amended and Restated Agreement of Limited Partnership of the Registrant Establishing Series B Common Units of Limited Partnership Interest
3.7	g	Supplement to the Amended and Restated Agreement of Limited Partnership of the Registrant Establishing Series E Preferred Partnership Units of Limited Partnership
3.8	j	Supplement to the Amended and Restated Agreement of Limited Partnership of the Registrant Establishing Series F Junior Participating Preferred Partnership Units Issuable Under the Rights Plan
3.9	s	Supplement to the Amended and Restated Agreement of Limited Partnership of the Registrant Establishing the Series C Common Units of Limited Partnership Interest
4.1	f	Form of 7.40% Notes due 2004 of the Registrant
4.2	f	Form of 7.75% Notes due 2009 of the Registrant
4.3	f	Indenture, dated March 26, 1999, among the Registrant, Reckson Associates Realty Corp. (the "Company"), and The Bank of New York, as trustee
4.4	j	Rights Agreement, dated as of October 13, 2000, between the Registrant and American Stock Transfer and Trust Company
4.5	n	Form of 6.00% Notes due 2007 of the Registrant
4.6	d	Note Purchase Agreement for the Senior Unsecured Notes
4.7	v	Form of 5.15% Notes due 2011 of the Registrant
10.1	d	Third Amended and Restated Agreement of Limited Partnership of Omni Partners, L.P.
10.2	h	Amendment and Restatement of Employment and Non-Competition Agreement, dated as of August 15, 2000 between the Company and Scott Rechler
10.3	h	Amendment and Restatement of Employment and Non-Competition Agreement, dated as of August 15, 2000 between the Company and Michael Maturo
10.4	h	Amendment and Restatement of Employment and Non-Competition Agreement, dated as of August 15, 2000 between the Company and Jason Barnett
10.5	w	Employment and Noncompetition Agreement, dated as of July 16, 2001, between the Company and F.D. Rich
10.6	w	Employment and Noncompetition Agreement, dated as of November 20, 2002, among the Company, Metropolitan Partners LLC and Philip Waterman III
10.7	a	Purchase Option Agreement relating to 225 Broadhallow Road
10.8	s	Amended and Restated 1995 Stock Option Plan

10.9	c	1996 Employee Stock Option Plan
10.10	b	Ground Leases for certain of the properties
10.11	s	Amended and Restated 1997 Stock Option Plan
10.12	d	1998 Stock Option Plan
10.13	h	Amended and Restated Severance Agreement, dated August 15, 2000 between the Company and Scott Rechler
10.14	h	Amended and Restated Severance Agreement, dated August 15, 2000 between the Company and Michael Maturo
10.15	h	Amended and Restated Severance Agreement, dated August 15, 2000 between the Company and Jason Barnett
10.16	g	Amended and Restated Credit Agreement dated as of August 4, 1999 between Reckson Service Industries, Inc., as borrower and the Registrant, as Lender relating to Reckson Strategic Venture Partners, LLC ("RSVP Credit Agreement")
10.17	g	Amended and Restated Credit Agreement dated as of August 4, 1999 between Reckson Service Industries, Inc., as borrower and the Registrant, as Lender relating to the operations of Reckson Service Industries, Inc. ("RSI Credit Agreement")
10.18	g	Letter Agreement, dated November 30, 1999, amending the RSVP Credit Agreement and the RSI Credit Agreement
10.19	k	Second Amendment to the Amended and Restated Credit Agreement, dated March 30, 2001, between the Registrant and FrontLine Capital Group
10.20	l	Loan Agreement, dated as of June 1, 2001, between 1350 LLC, as Borrower, and Secore Financial Corporation, as Lender
10.21	l	Loan Agreement, dated as of July 18, 2001, between Metropolitan 919 3rd Avenue, LLC, as Borrower, and Secore Financial Corporation, as Lender
10.22	h	Operating Agreement dated as of September 28, 2000 between Reckson Tri-State Member LLC (together with its permitted successors and assigns) and TIAA Tri-State LLC
10.23	i	Agreement of Spreader, Consolidation and Modification of Mortgage Security Agreement among Metropolitan 810 7th Ave., LLC, 100 Wall Company LLC and Monumental Life Insurance Company
10.24	i	Consolidated, Amended and Restated Secured Promissory Note relating to Metropolitan 810 7th Ave., LLC and 100 Wall Company LLC
10.25	m	Amended and Restated Operating Agreement of 919 JV LLC
10.26	s	Amended and Restated 2002 Stock Option Plan
10.27	p	Indemnification Agreement, dated as of May 23, 2002, between the Company and Donald J. Rechler*
10.28	o	Second Amended and Restated Credit Agreement, dated as of December 30, 2002, among the Registrant, the institutions from time to time party thereto as Lenders and JPMorgan Chase Bank, as Administrative Agent
10.29	o	Form of Guarantee Agreement to the Second Amended and Restated Credit Agreement, between and among the Registrant, the institutions from time to time party thereto as Lenders and JPMorgan Chase Bank, as Administrative Agent
10.30	o	Form of Promissory Note to the Second Amended and Restated Credit Agreement, between and among the Registrant, the institutions from time to time party thereto as Lenders and JPMorgan Chase Bank, as Administrative Agent
10.31	o	First Amendment to Second Amended and Restated Credit Agreement, dated as of January 24, 2003, among the Registrant, JPMorgan Chase Bank, as Administrative Agent for the institutions from time to time party thereto as Lenders and Key Bank, N.A., as New Lender

10.32	r	Amended and Restated Long-Term Incentive Award Agreement, dated as of March 13, 2003, between the Company and Scott H. Rechler**
10.33	q	Award Agreement, dated November 14, 2002, between the Company and Scott H. Rechler***
10.34	q	Award Agreement, dated March 13, 2003, between the Company and Scott H. Rechler****
10.35	t	Redemption Agreement, dated as of September 10, 2003, by and among the Registrant, Reckson FS Limited Partnership and Rechler Equity Partners I LLC, as transferee
10.36	t	Property Sale Agreement, dated as of September 10, 2003, by and among the Registrant, Reckson FS Limited Partnership, RCG Kennedy Drive LLC and Rechler Equity Partners II LLC
10.37	t	Transition Agreement, dated as of September 10, 2003, by and between the Company, the Registrant and Donald Rechler
10.38	t	Transition Agreement, dated as of September 10, 2003, by and between the Company, the Registrant and Roger Rechler
10.39	t	Transition Agreement, dated as of September 10, 2003, by and between the Company, the Registrant and Mitchell Rechler
10.40	t	Transition Agreement, dated as of September 10, 2003, by and between the Company, the Registrant and Gregg Rechler
10.41	t	Amendment Agreement, dated as of September 10, 2003, by and between the Company, the Registrant and Scott Rechler
10.42	u	Purchase and Sale Agreement, dated as of November 10, 2003, between Reckson 1185 Avenue of the Americas LLC and 1185 Sixth LLC
12.1		Statement of Ratios of Earnings to Fixed Charges
14.1	w	Reckson Associates Realty Corp. Code of Ethics and Business Conduct
21.1		Statement of Subsidiaries
23.1		Consent of Independent Auditors
24.1		Power of Attorney (included in Part IV of the Form 10-K)
31.1		Certification of Scott H. Rechler, Chief Executive Officer and President of the Company, the sole general partner of the Registrant, pursuant to Rule 13a-14(a) or Rule 15(d)-14(a)
31.2		Certification of Michael Maturo, Executive Vice President, Treasurer and Chief Financial Officer of the Company, the sole general partner of the Registrant, pursuant to Rule 13a-14(a) or Rule 15(d)-14(a)
32.1		Certification of Scott H. Rechler, Chief Executive Officer and President of the Company, the sole general partner of the Registrant, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code
32.2		Certification of Michael Maturo, Executive Vice President, Treasurer and Chief Financial Officer of the Company, the sole general partner of the Registrant, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

(a) Previously filed as an exhibit to Registration Statement Form S-11 (No. 333-1280) and incorporated herein by reference.

(b) Previously filed as an exhibit to Registration Statement Form S-11 (No. 33-84324) and incorporated herein by reference.

(c) Previously filed as an exhibit to the Company's Form 8-K report filed with the SEC on November 25, 1996 and incorporated herein by reference.

(d) Previously filed as an exhibit to the Company's Form 10-K filed with the SEC on March 26, 1998 and incorporated herein by reference.

(e) Previously filed as an exhibit to the Company's Form 8-K report filed with the SEC on March 1, 1999 and incorporated herein by reference.

(f) Previously filed as an exhibit to the Registrant's Form 8-K filed with SEC on March 26, 1999 and incorporated herein by reference.

(g) Previously filed as an exhibit to the Company's Form 10-K filed with the SEC on March 17, 2000 and incorporated herein by reference.

(h) Previously filed as an exhibit to the Registrant's Form 8-K filed with the SEC on October 17, 2000 and incorporated herein by reference.

(i) Previously filed as an exhibit to the Company's Form 10-K filed with the SEC on March 21, 2001 and incorporated herein by reference.

(j) Previously filed as an exhibit to the Registrant's Form 10-K filed with the SEC on March 22, 2001 and incorporated herein by reference.

(k) Previously filed as an exhibit to the Registrant's Form 10-Q filed with the SEC on May 14, 2001 and incorporated herein by reference.

(l) Previously filed as an exhibit to the Registrant's Form 10-Q filed with the SEC on August 14, 2001 and incorporated herein by reference.

(m) Previously filed as an exhibit to the Registrant's Form 8-K filed with the SEC on January 8, 2002 and incorporated herein by reference.

(n) Previously filed as an exhibit to the Registrant's Form 8-K filed with the SEC on June 18, 2002 and incorporated herein by reference.

(o) Previously filed as an exhibit to the Registrant's Current Report on 8-K filed with the SEC on January 27, 2003 and incorporated herein by reference.

(p) Previously filed with the Registrant's Form 10-Q filed with the SEC on November 14, 2002 and incorporated herein by reference.

(q) Previously filed as an exhibit to the Registrant's Form 10-K filed with the SEC on March 31, 2003 and incorporated herein by reference.

(r) Previously filed as an exhibit to the Registrant's Form 10-Q filed with the SEC on May 15, 2003 and incorporated herein by reference.

(s) Previously filed as an exhibit to the Registrant's Form 10-Q filed with the SEC on August 14, 2003 and incorporated herein by reference.

(t) Previously filed as an exhibit to the Registrant's Form 8-K filed with the SEC on September 18, 2003 and incorporated herein by reference.

(u) Previously filed as an exhibit to the Registrant's Form 8-K filed on November 21, 2003 and incorporated herein by reference.

(v) Previously filed as an exhibit to the Registrant's Form 8-K filed on January 21, 2004 and incorporated herein by reference.

(w) Previously filed as an exhibit to the Company's Form 10-K filed on March 9, 2004 and incorporated herein by reference.

* Each of Scott H. Rechler, Michael Maturo, Jason M. Barnett, John V.N. Klein, Lewis S. Ranieri and Conrad D. Stephenson has entered into an Indemnification Agreement with the Company, dated as of May 23, 2002. Each of Ronald H. Menaker and Peter Quick has entered into an Indemnification Agreement with the Company dated as of May 1, 2002. Each of Douglas Crocker and Stanley Steinberg has entered into an Indemnification Agreement with the Company dated as of February 5, 2004. Elizabeth McCaul has entered into an Indemnification Agreement with the Company dated as of February 25, 2004. These Agreements are identical in all material respects to the Indemnification Agreement for Donald J. Rechler incorporated by reference herein.

** Each of Michael Maturo and Jason M. Barnett has entered into an Amended and Restated Long-Term Incentive Award Agreement with the Company, dated as of March 13, 2003. These Agreements are identical in all material respects to the Amended and Restated Long-Term Incentive Award Agreement for Scott H. Rechler incorporated by reference herein.

*** Michael Maturo has been awarded certain rights to shares of Class A Common Stock of the Company, pursuant to Award Agreements dated November 14, 2002. This Agreement is identical in all material respects to the Agreement for Scott H. Rechler incorporated by reference herein, except that Michael Maturo received rights to 27,588 shares.

**** Each of Michael Maturo and Jason M. Barnett has been awarded certain rights to shares of Class A Common Stock of the Company, pursuant to Award Agreements dated March 13, 2003. These Agreements are identical in all material respects to the Agreement for Scott H. Rechler incorporated by reference herein.

EXHIBIT 12.1

RECKSON OPERATING PARTNERSHIP, L.P.
RATIOS OF EARNINGS TO FIXED CHARGES
AND
RATIOS OF EARNINGS TO FIXED CHARGES, PREFERRED DIVIDENDS
AND PREFERRED DISTRIBUTIONS

The following table sets forth the Operating Partnership's consolidated ratios of earnings to fixed charges for the years ended December 31:

2003	2002	2001	2000	1999
1.48x	1.75x	2.25x	2.24x	2.19x

The following table sets forth the Operating Partnership's consolidated ratios of earnings to fixed charges, preferred dividends and preferred distributions for the years ended December 31:

2003	2002	2001	2000	1999
1.20x	1.41x	1.78x	1.65x	1.55x

The above ratios were calculated in accordance with Item 503 of Regulation S-K. As a result, all years prior to 2003 have been restated to exclude income from discontinued operations and include certain costs associated with losses from extinguishment of debt in accordance with FASB Statement No. 145 which was adopted by the Operating Partnership on January 1, 2003. These costs were previously reported as extraordinary losses and excluded from prior reported ratios.

EXHIBIT 21.1

RECKSON OPERATING PARTNERSHIP, L.P.
STATEMENT OF SUBSIDIARIES

Name	State of Organization
Reckson Operating Partnership, L. P.	Maryland
Omni Partners, L. P.	Delaware
Reckson FS Limited Partnership	Delaware
Metropolitan Partners, LLC	Delaware
Reckson Management Group, Inc.	New York
RANY Management Group, Inc.	New York
Reckson Construction Group, Inc.	New York
RT Tri-State LLC	Delaware
Metropolitan 919 3rd Avenue LLC	Delaware
1350 LLC	Delaware
Magnolia Associates, LTD	Florida
Metropolitan 810 7th Avenue, LLC	Delaware
100 Wall Company, LLC	New York
Reckson Construction and Development, LLC	Delaware
Reckson 1185 Mezz Avenue of the Americas, LLC	Delaware

EXHIBIT 23.0

RECKSON OPERATING PARTNERSHIP, L.P.
CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement Form S-3 (No. 333-67129) and in the related Prospectus of Reckson Operating Partnership L.P., of our report dated February 17, 2004, except for Note 15 as to which the date is March 15, 2004, with respect to the consolidated financial statements and schedule of Reckson Operating Partnership L.P., included in this Annual Report Form 10-K for the year ended December 31, 2003.

New York, New York
March 15, 2004

EXHIBIT 31.1

RECKSON OPERATING PARTNERSHIP, L.P
CERTIFICATION OF SCOTT H. RECHLER, CHIEF EXECUTIVE OFFICER
AND PRESIDENT OF RECKSON ASSOCIATES REALTY CORP.,
THE SOLE GENERAL PARTNER OF THE REGISTRANT
PURSUANT TO RULE 13A - 14(A)/15(D) - 14(A)

I, Scott H. Rechler, certify that:

1. I have reviewed this annual report on Form 10-K of Reckson Operating Partnership, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: March 8, 2004

/s/ Scott H. Rechler

Scott H. Rechler
Chief Executive Officer and President of
Reckson Associates Realty Corp., the sole
general partner of the Registrant

EXHIBIT 31.2

RECKSON OPERATING PARTNERSHIP, L.P.
CERTIFICATION OF MICHAEL MATURO, EXECUTIVE VICE PRESIDENT,
TREASURER AND CHIEF FINANCIAL OFFICER OF RECKSON ASSOCIATES REALTY CORP.,
THE SOLE GENERAL PARTNER OF THE REGISTRANT
PURSUANT TO RULE 13A - 14(A)/15(D) - 14(A)

I, Michael Maturo, certify that:

1. I have reviewed this annual report on Form 10-K of Reckson Operating Partnership, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: March 8, 2004

/s/ Michael Maturo

Michael Maturo
Executive Vice President, Treasurer
and Chief Financial Officer of
Reckson Associates Realty Corp.,
the sole general partner of the Registrant

EXHIBIT 32.1

RECKSON OPERATING PARTNERSHIP, L.P
CERTIFICATION OF SCOTT H. RECHLER, CHIEF EXECUTIVE OFFICER AND
PRESIDENT OF RECKSON ASSOCIATES REALTY CORP.,
THE SOLE GENERAL PARTNER OF RECKSON OPERATING PARTNERSHIP, L.P.,
PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Scott H. Rechler, Chief Executive Officer and President of Reckson Associates Realty Corp., the sole general partner of Reckson Operating Partnership, L.P. (the "Company"), certify pursuant to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1) The Annual Report on Form 10-K of the Company for the annual period ended December 31, 2003 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 8, 2004

By /s/ Scott H. Rechler

Scott H. Rechler
Chief Executive Officer and President of
Reckson Associates Realty Corp., the sole
general partner of the Registrant

A signed original of this written statement required by section 906 has been provided to Reckson Operating Partnership, L.P. and will be furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

RECKSON OPERATING PARTNERSHIP, L.P
CERTIFICATION OF MICHAEL MATURO, EXECUTIVE VICE PRESIDENT, TREASURER
AND CHIEF FINANCIAL OFFICER OF RECKSON ASSOCIATES REALTY CORP.,
THE SOLE GENERAL PARTNER OF RECKSON OPERATING PARTNERSHIP, L.P.,
PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Michael Maturo, Executive Vice President, Treasurer and Chief Financial Officer of Reckson Associates Realty Corp., the sole general partner of Reckson Operating Partnership, L.P. (the "Company"), certify pursuant to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1) The Annual Report on Form 10-K of the Company for the annual period ended December 31, 2003 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 8, 2004

By /s/ Michael Maturo

Michael Maturo
Executive Vice President, Treasurer and
Chief Financial Officer of Reckson
Associates Realty Corp., the sole general
partner of the Registrant.

A signed original of this written statement required by section 906 has been provided to Reckson Operating Partnership, L.P. and will be furnished to the Securities and Exchange Commission or its staff upon request.