SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported):
JANUARY 14, 2004

RECKSON ASSOCIATES REALTY CORP.
AND
RECKSON OPERATING PARTNERSHIP, L.P.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

RECKSON ASSOCIATES REALTY CORP.
MARYLAND
RECKSON OPERATING PARTNERSHIP, L.P.
DELAWARE
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)

1-13762	Reckson Associates Realty Corp. 11-3233650 Reckson Operating Partnership, L.P. 11-3233647
(COMMISSION FILE NUMBER)	(IRS EMPLOYER ID. NUMBER)

225 BROADHOLLOW ROAD MELVILLE, NEW YORK	11747
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

(631) 694-6900
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

ITEM 5. OTHER EVENTS

Reckson Associates Realty Corp. (the "Company") and Reckson Operating Partnership, L.P. ("Operating Partnership") are revising their historical financial statements in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). During November 2003, the Company through the Operating Partnership sold certain properties and in compliance with SFAS 144 has reported revenues and expenses from these properties as income from discontinued operations for each period presented in its quarterly report filed for the quarter ended September 30, 2003 (including the comparable period of the prior year). Consistent with the rules and regulations of the SEC applicable to us we are reclassifing the reported revenue and expenses from these properties as income from discontinued operations in our annual financial statements for each of the three years shown in the Company's and the Operating Partnership's last annual report on Form 10-K for the year ended December 31, 2002, since those financials are incorporated by reference in subsequent filings with the SEC made under the Securities Act of 1933, as amended, even though those financial statements relate to a period prior to the date of the sale. These reclassifications have no effect on the Company's or the Operating Partnership's reported net income available to common shareholders or funds from operations ("FFO"). This Report on Form 8-K updates Items 6, 7, 8 and 15(a)1 of the Company's and the Operating Partnership's Forms 10-K to reflect those properties sold during 2003 as discontinued operations. All other items of the Form 10-K remain unchanged. No attempt has been made to update matters in the Form 10-K except to the extent expressly provided above.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(c) EXHIBITS

23.1	Consent of Independent Auditors - Reckson Associates Realty Corp.
23.2	Consent of Independent Auditors - Reckson Operating Partnership, L.P.
31.1	Certification of Scott H. Rechler, Chief Executive Officer and President of Reckson Associates Realty Corp., pursuant to Rule 13a-14(a) or Rule 15(d)-14(a)
31.2	Certification of Michael Maturo, Executive Vice President and Chief Financial Officer of Reckson Associates Realty Corp., pursuant to Rule 13a-14(a) or Rule 15(d)-14(a)
31.3	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 Rule 13a-14(a) or Rule 15(d)-14(a)
31.4	Certification of Michael Maturo, Executive Vice President and Chief Financial Officer of Reckson Associates Realty Corp., the sole general partner of Reckson Operating Partnership, L.P., 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 Reckson Associates Realty Corp., pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code
32.2	Certification of Michael Maturo, Executive Vice President and Chief Financial Officer of Reckson Associates Realty Corp., pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
32.3	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
32.4	Certification of Michael Maturo, Executive Vice President 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
99.1	Reckson Associates Realty Corp., revised financial information for the years ended December 31, 2002, 2001 and 2000 for the adoption of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets"
99.2	Reckson Operating Partnership, L.P., revised financial information for the years ended December 31, 2002, 2001 and 2000 for the adoption of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets"

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SIGNATURES

Pursuant to the requirements 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.

RECKSON ASSOCIATES REALTY CORP.

By: /s/ Michael Maturo

Michael Maturo
Chief Financial Officer

Date: January 14, 2004

EXHIBIT 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statements Forms S-3 (No. 333-91915, No. 333-67129, No. 333-46883, No. 333-29003, No. 333-28015, No. 333-46094, No. 333-61170 and No. 333-68686) and in the related Prospectus and Forms S-8 (No. 333-87235, No. 333-66283, No. 333-66273, No. 333-45359, No. 333-04526, No. 333-38814, No. 333-102163 and No. 333-102174) pertaining to the Stock Option Plans, of Reckson Associates Realty Corp., of our report dated February 27, 2003 (except for Notes 7, 11 and 16 as to which the dates are January 14, 2004), with respect to the consolidated financial statements and schedule of Reckson Associates Realty Corp., for the year ended December 31, 2002, which appears in this Form 8-K.

/s/ Ernst & Young LLP

New York, New York
January 14, 2004

EXHIBIT 23.2

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 27, 2003 (except for Notes 11 and 15 as to which the dates are January 14, 2004), with respect to the consolidated financial statements and schedule of Reckson Operating Partnership L.P., for the year ended December 31, 2002 which appears in this Form 8-K.

/s/ Ernst & Young LLP

Ernst & Young LLP

New York, New York
January 14, 2004

RECKSON ASSOCIATES REALTY CORP.
CERTIFICATION OF SCOTT H. RECHLER, CHIEF EXECUTIVE OFFICER AND PRESIDENT OF RECKSON ASSOCIATES REALTY CORP., PURSUANT TO RULE 13A-14(A)/15(D)-14(A)

I, Scott H. Rechler, certify that:

1. I have reviewed this current report on Form 8-K of Reckson Associates Realty Corp.;

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 officers 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 we 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 our periodic reports our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by such reports based on such evaluation; and

   c) disclosed in our periodic reports 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 had materially affected, or was reasonably likely to materially affect, the Registrant's internal control over financial reporting;

5. The Registrant's other certifying officers 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: January 15, 2004

/s/ Scott H. Rechler

Scott H. Rechler
Chief Executive Officer and President

Exhibit 31.2

RECKSON ASSOCIATES REALTY CORP.
CERTIFICATION OF MICHAEL MATURO, EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER OF RECKSON ASSOCIATES REALTY CORP., PURSUANT TO RULE 13A-14(A)/15(D)-14(A)

I, Michael Maturo, certify that:

1. I have reviewed this current report on Form 8-K of Reckson Associates Realty Corp.;

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 officers 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 we 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 our periodic reports our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by such reports based on such evaluation; and

   c) disclosed in our periodic reports 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 had materially affected, or was reasonably likely to materially affect, the Registrant's internal control over financial reporting;

5. The Registrant's other certifying officers 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: January 15, 2004

/s/ Michael Maturo

Michael Maturo
Executive Vice President and Chief Financial Officer

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

I, Scott H. Rechler, certify that:

1. I have reviewed this current report on Form 8-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 officers 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 we 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 our periodic reports our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by such reports based on such evaluation; and

   c) disclosed in our periodic reports 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 had materially affected, or was reasonably likely to materially affect, the Registrant's internal control over financial reporting;

5. The Registrant's other certifying officers 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: January 15, 2004

/s/ Scott H. Rechler

Scott H. Rechler
Chief Executive Officer and President,
Reckson Associates Realty Corp.,
the sole general partner of Reckson Operating
Partnership, L.P.

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

I, Michael Maturo, certify that:

1. I have reviewed this current report on Form 8-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 officers 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 we 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 our periodic reports our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by such reports based on such evaluation; and

   c) disclosed in our periodic reports 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 had materially affected, or was reasonably likely to materially affect, the Registrant's internal control over financial reporting;

5. The Registrant's other certifying officers 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: January 15, 2004

/s/ Michael Maturo

Michael Maturo
Executive Vice President and Chief Financial Officer, Reckson Associates Realty Corp., the sole general partner of Reckson Operating Partnership, L.P.

Exhibit 32.1

RECKSON ASSOCIATES REALTY CORP.

CERTIFICATION OF SCOTT H. RECHLER, CHIEF EXECUTIVE OFFICER AND PRESIDENT OF RECKSON ASSOCIATES REALTY CORP., 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 "Company") certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Current Report on Form 8-K of the Company filed on January 16, 2004 (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.

January 15, 2004

/s/ Scott H. Rechler

Scott H. Rechler
Chief Executive Officer and President

A signed original of this written statement required by Section 906 has been provided to Reckson Associates Realty Corp. and will be furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

RECKSON ASSOCIATES REALTY CORP.

CERTIFICATION OF MICHAEL MATURO, EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER OF RECKSON ASSOCIATES REALTY CORP., PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

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

1. The Current Report on Form 8-K of the Company filed on January 16, 2004 (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.

January 15, 2004

/s/ Michael Maturo

Michael Maturo
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Reckson Associates Realty Corp. and will be furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.3

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 Current Report on Form 8-K of the Company filed on January 16, 2004 (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.

January 15, 2004

/s/ Scott H. Rechler

Scott H. Rechler
Chief Executive Officer and President,
Reckson Associates Realty Corp.,
the sole general partner of Reckson
Operating Partnership, L.P.

A signed original of this written statement required by Section 906 has been provided to Reckson Associates Realty Corp. and will be furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.4

RECKSON OPERATING PARTNERSHIP, L.P.
CERTIFICATION OF MICHAEL MATURO, EXECUTIVE VICE PRESIDENT 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 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 Current Report on Form 8-K of the Company filed on January 16, 2004 (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.

January 15, 2004

/s/ Michael Maturo

Michael Maturo
Executive Vice President and Chief Financial Officer, Reckson Associates Realty Corp., the sole general partner of Reckson Operating Partnership, L.P.

A signed original of this written statement required by Section 906 has been provided to Reckson Associates Realty Corp. and will be furnished to the Securities and Exchange Commission or its staff upon request.

ITEM 6. SELECTED FINANCIAL DATA

In connection with this Annual Report previously filed on Form 10-K we are restating our historical consolidated financial statements as a result of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment of Disposal of Long-Lived Assets" ("SFAS 144"). During 2003, we classified the industrial building portfolio and certain office property located in Long Island as held for sale and, in compliance with SFAS 144, have reported revenues and expenses from these properties as income from discontinued operations, net of minority interest, 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 Associates Realty Corp. For the Year Ended December 31, (in thousands except per share data and property count)				
	2002	2001	2000	1999	1998
OPERATING DATA:					
Total revenues	$ 458,069	$ 467,819	$ 442,383	$ 351,654	$ 229,301
Total expenses	375,395	356,138	333,732	264,940	167,488
Income 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, discontinued operations and extraordinary loss	82,674	111,681	108,651	86,714	61,813
Minority interests	23,221	8,822	20,459	15,527	10,539
Preferred dividends and distributions	23,123	23,977	28,012	27,001	14,244
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	1,113	2,087	4,383	2,148	1,836
Gain on sales of real estate	537	20,173	18,669	10,052	--
Discontinued operations (net of minority interests' share)	18,888	9,687	4,194	4,446	699
Extraordinary loss (net of minority interests' share)	2,335	2,595	1,396	555	1,670
Net income (loss) allocable to Class A common shareholders	41,604	(44,243)	62,989	47,529	37,895
Net income (loss) allocable to Class B common shareholders	12,929	(13,624)	23,041	12,748	--
PER SHARE DATA - CLASS A COMMON SHAREHOLDERS:					
Basic:					
Basic net income (loss) before extraordinary loss	$ .57	$ (1.32)	$ 1.14	$ .93	$ .98
Gain on sales or real estate	.01	.29	.28	.17	--
Discontinued operations	.29	.15	.07	.09	.02
Extraordinary loss	(.03)	(.04)	(.03)	(.01)	(.04)
Basic net income (loss)	$ .84	$ (.92)	$ 1.46	$ 1.18	$ .96
Weighted average shares outstanding	49,669	48,121	43,070	40,270	39,473
Cash dividends declared	$ 1.70	$ 1.66	$ 1.53	$ 1.45	$ 1.33
Diluted:					
Diluted net income (loss) before extraordinary loss	$ .57	$ (1.32)	$ 1.12	$ .92	$ .97
Gain on sales or real estate	.01	.29	.28	.17	--
Discontinued operations	.29	.15	.07	.09	.02
Extraordinary loss	(.04)	(.04)	(.02)	(.01)	(.04)
Diluted net income (loss)	$ .83	$ (.92)	$ 1.45	$ 1.17	$ .95
Diluted weighted average shares outstanding	49,968	48,121	43,545	40,676	40,010
PER SHARE DATA - CLASS B COMMON SHAREHOLDERS:					
Basic:					
Basic net income (loss) before extraordinary loss	$ .88	$ (1.91)	$ 1.74	$ 1.50	$ --
Gain on sales or real estate	.01	.42	.43	.27	--
Discontinued operations	.44	.23	.11	.14	--
Extraordinary loss	(.05)	(.06)	(.04)	(.02)	--
Basic net Income (loss)	$ 1.28	$ (1.32)	$ 2.24	$ 1.89	$ --
Weighted average shares outstanding	10,122	10,284	10,284	6,744	--
Cash dividends declared	$ 2.59	$ 2.55	$ 2.35	$ 1.54	$ --
Diluted:					
Diluted net income (loss) before extraordinary loss	$ .87	$ (1.91)	$ 1.53	$ 1.22	$ --
Gain on sales or real estate	--	.42	.07	.03	--
Discontinued operations	.07	.23	.02	.02	--
Extraordinary loss	(.04)	(.06)	(.03)	(.01)	--
Diluted net income (loss)	$ .90	$ (1.32)	$ 1.59	$ 1.26	$ --
Diluted weighted average shares outstanding	10,122	10,284	10,284	6,744	--

	Reckson Associates Realty Corp. For the Year Ended December 31,				
	2002	2001	2000	1999	1998
BALANCE SHEET DATA (PERIOD END):					
Commercial real estate properties, before accumulated depreciation	$2,707,878	$2,643,045	$2,537,193	$2,017,170	$1,562,014
Cash and cash equivalents (4)	30,827	121,975	17,843	21,368	2,349
Total assets	2,907,920	2,994,218	2,998,030	2,733,878	1,854,816
Mortgage notes payable	733,761	744,613	722,312	452,338	246,314
Unsecured credit facility (4)	267,000	271,600	216,600	297,600	465,850
Unsecured term loan	--	--	--	75,000	20,000
Senior unsecured notes	499,305	449,463	449,385	449,313	150,000
Market value of equity (1)	1,681,372	1,915,587	2,016,390	1,726,845	1,332,882
Total market capitalization including debt (1 and 2)	3,052,818	3,251,599	3,397,204	2,993,756	2,199,936
OTHER DATA:					
Funds from operations (basic) (3)	$ 161,023	$ 179,687	$ 167,782	$ 130,820	$ 97,697
Funds from operations (diluted) (3)	$ 184,146	$ 206,288	$ 202,169	$ 161,681	$ 99,450
Total square feet (at end of period)	20,284	20,611	21,291	21,385	21,000
Number of properties (at end of period)	178	182	188	189	204

(1) Based on the sum of:

(i) the market value of the Company's Class A common stock and operating partnership units (assuming conversion) of 55,522,307, 57,469,595, 53,046,928, 48,076,648 and 47,800,049 at December 31, 2002, 2001, 2000, 1999 and 1998, respectively (based on a per share/unit price of $21.05, $23.36, $25.06, $20.50 and $22.19 at December 31, 2002, 2001, 2000, 1999 and 1998, respectively),

(ii) the market value of the Company's Class B common stock of 9,915,313, 10,283,513, 10,283,513 and 10,283,763 shares at December 31, 2002, 2001, 2000 and 1999, respectively (based on a per share price of $22.40, $25.51, $27.19 and $22.75 at December 31, 2002, 2001, 2000 and 1999, respectively),

(iii) the liquidation preference value of 10,834,500, 11,192,000, 11,192,000 and 15,192,000 shares of the Company's preferred stock at December 31, 2002, 2001, 2000 and 1999, respectively (based on a per share value of $25.00),

(iv) the liquidation preference value of 19,662, 30,965, 42,518 and 42,518 of the operating partnership's preferred units at December 31, 2002, 2001, 2000 and 1999, respectively (based on a per unit value of $1,000) and

(v) at December 31, 2000 and December 31, 1999, the contributed value of a minority partners' preferred interest of $85 million.

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

(3) Management believes that funds from operations ("FFO") is an appropriate measure of performance of an equity REIT. FFO is defined by the National Association of Real Estate Investment Trusts ("NAREIT") as net income or loss, excluding gains or losses from debt restructuring and sales of properties plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO does not represent cash generated from operating activities in accordance with Generally Accepted Accounting Principles 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, 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.

(4) 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 Company's unsecured credit facility.

ITEM 7. SUPPLEMENT TO MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

The following discussion should be read in conjunction with the historical financial statements of Reckson Associates Realty Corp. (the "Company") and related notes and MD&A thereto appearing in Item 8 and 7 of the Company's Annual Report on Form 10-K.

The Company 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 Company'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 Company'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 Company 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 Company 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 and industrial / R&D properties in the New York Tri-State area; changes in interest rate levels; 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 and insurance costs; repayment of debt owed to the Company 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 Company'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.

Current Developments

On September 10, 2003, the Company announced that it had entered into agreements relating to the disposition of its Long Island industrial building portfolio (the "Disposition") to members of the Rechler family for approximately $315.5 million in cash and other consideration. The transactions contemplated by the agreements were consummated on November 10 and November 12, 2003. As a result, the Company has disposed of all but three of its 95 property, 5.9 million square foot, Long Island industrial building portfolio for approximately $225.1 million in cash and debt assumption and 3,932,111 Class A common units of limited partnership interest of Reckson Operating Partnership, L.P. 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 unsecured revolving credit facility (the "Credit Facility"). The remaining three properties, two of which are subject to transfer pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code"), are anticipated to close within three to six months.

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 the Company's 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 also extended the term of the remaining option on the property located at 225 Broadhollow Road, Melville, New York (the Company's current headquarters) for five years and released 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. In addition, as part of the transaction, the Rechler family entity was granted rights of first refusal with respect to five vacant land parcels located near the industrial properties for a period of five years.

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 long term incentive program ("LTIP") were transferred to the entity that acquired the Long Island industrial building portfolio and approximately $575,000 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 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 $399,000 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 as was the entire amount of their special outperformance component of the March 2003 LTIP.

In November 2003, the Company also disposed of a 181,000 square foot office property located on Long Island for approximately $24.3 million. Net proceeds from the sale were used to repay the Credit Facility.

In accordance with the provisions of FASB Statement No. 144, the Company has separately identified and classified the assets and liabilities of the aforementioned 95 industrial properties and the office property located on Long Island ("Assets Disposed") on its consolidated balance sheets as held for sale. In addition, income from the operations of these properties has been reflected on the Company's consolidated statements of operations as income from discontinued operations. Total revenues from the Assets Disposed, for the periods owned, were $48.0, $46.8 and $40.9 million and total expenses, for the periods owned, were $32.2, $36.9 and $37.7 million for the years ended December 31, 2002, 2001 and 2000, respectively. These revenues and expenses have been included in discontinued operations on the Company's consolidated statements of operations.

FUNDS FROM OPERATIONS

Management believes that funds from operations ("FFO") is an appropriate measure of performance of an equity REIT. FFO is defined by the National Association of Real Estate Investment Trusts ("NAREIT") as net income or loss, excluding gains or losses from debt restructuring and sales of properties plus 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. (See Selected Financial Data). 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 presented herein may not be comparable to similarly titled measures as reported by other companies.

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

	2002	2001	2000
Income before minority interests, preferred dividends and distributions, equity in earnings of real estate joint ventures and service companies, gain on sales of real estate, valuation reserves, discontinued operations and extraordinary loss	$ 82,674	$ 111,681	$ 108,651
Add:			
Equity in earnings of real estate joint ventures and service companies	1,113	2,087	4,383
Gain on sales of real estate	537	20,173	18,669
Discontinued operations (net of limited partners' minority interest)	18,888	9,687	4,194
Limited partners' minority interest	--	7,153	--
Less:			
Minority partners' interests in consolidated partnerships	18,730	15,975	9,120
Limited partners' minority interest	4,491	--	11,339
Preferred dividends and distributions	23,123	23,977	28,012
Valuation reserves on investments in affiliate loans and joint ventures and other investments	--	166,101	--
Extraordinary loss, net of limited partners' minority interest	2,335	2,595	1,396
Net income (loss) allocable to common shareholders	54,533	(57,867)	86,030
Adjustments for basic Funds From Operations			
Add:			
Limited partners' minority interest	6,948	--	11,669
Real estate depreciation and amortization	108,906	100,967	90,552
Minority partners' interests in consolidated partnerships	18,730	15,975	9,120
Valuation reserves on investments in affiliate loans and joint ventures	--	163,000	--
Extraordinary loss, net of limited partners' minority interest	2,335	2,595	1,396
Less:			
Limited partners' minority interest	--	5,727	--
Gain on sales of real estate	5,433	20,173	18,669
Amounts distributable to minority partners in consolidated partnerships	24,996	19,083	12,316
Basic Funds From Operations	161,023	179,687	167,782
Add:			
Dividends and distributions on dilutive shares and units	23,123	26,601	34,387
Diluted Funds From Operations	$ 184,146	$ 206,288	$ 202,169
Weighted Average Shares/OP Units outstanding (1)	67,180	66,057	61,050
Diluted Weighted Average Shares/OP Units outstanding (1)	78,133	79,027	78,119

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The response to this item is included in Section 15 of this Form 8-K.

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

(a) (1 and 2) Financial Statements and Schedules

RECKSON ASSOCIATES REALTY CORP.

Report of Independent Auditors	8
Consolidated Balance Sheets as of December 31, 2002 and December 31, 2001	9
Consolidated Statements of Operations for the years ended December 31, 2002, 2001 and 2000	10-11
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2002, 2001 and 2000	12
Consolidated Statements of Cash Flows for the years ended December 31, 2002, 2001 and 2000	13
Notes to Consolidated Financial Statements	14-53
Schedule III - Real Estate and Accumulated Depreciation	54

REPORT OF INDEPENDENT AUDITORS

Board of Directors and Stockholders
Reckson Associates Realty Corp.

We have audited the accompanying consolidated balance sheets of Reckson Associates Realty Corp. as of December 31, 2002 and 2001, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2002. We have also audited the accompanying financial statement schedule. These financial statements and financial statement schedule are the responsibility of the Company'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 Associates Realty Corp. at December 31, 2002 and 2001, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2002, 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.

/s/ ERNST & YOUNG LLP

New York, New York
February 27, 2003, except for
Notes 7, 11 and 16 as to which the dates are
January 14, 2004

RECKSON ASSOCIATES REALTY CORP.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	December 31, 2002	December 31, 2001
ASSETS		
Commercial real estate properties, at cost: (Notes 2, 3, 5 and 6)		
Land	$ 386,747	$ 380,835
Buildings and improvements	2,199,896	2,118,542
Developments in progress:		
Land	92,924	69,365
Development costs	28,311	74,303
Furniture, fixtures and equipment	12,203	6,333
	2,720,081	2,649,378
Less accumulated depreciation	(382,022)	(298,370)
	2,338,059	2,351,008
Properties and related assets held for sale, net of accumulated depreciation	196,954	193,997
Investments in real estate joint ventures	6,116	5,744
Investment in mortgage notes and notes receivable (Note 6)	54,547	56,234
Cash and cash equivalents (Note 9)	30,827	121,975
Tenant receivables	12,529	7,407
Investments in service companies and affiliate loans and joint ventures (Note 8)	73,332	79,184
Deferred rents receivable	97,145	73,091
Prepaid expenses and other assets	32,966	41,935
Contract and land deposits and pre-acquisition costs	240	3,782
Deferred leasing and loan costs, less accumulated amortization of $48,049 and $41,411, respectively	65,205	59,861
Total Assets	$ 2,907,920	$ 2,994,218
LIABILITIES		
Mortgage notes payable (Note 2)	$ 733,761	$ 744,613
Mortgage notes payable and other liabilities associated with properties held for sale	10,722	10,075
Unsecured credit facility (Note 3)	267,000	271,600
Senior unsecured notes (Note 4)	499,305	449,463
Accrued expenses and other liabilities	89,312	84,072
Dividends and distributions payable	31,575	32,988
Total Liabilities	1,631,675	1,592,811
Minority partners' interests in consolidated partnerships	242,934	242,698
Preferred unit interest in the operating partnership	19,662	30,965
Limited partners' minority interest in the operating partnership	71,420	81,887
	334,016	355,550
Commitments and contingencies (Notes 9,10 and 13)	--	--
STOCKHOLDERS' EQUITY (Note 7)		
Preferred Stock, $.01 par value, 25,000,000 shares authorized		
Series A preferred stock, 8,834,500 and 9,192,000 shares issued and outstanding, respectively	88	92
Series B preferred stock, 2,000,000 shares issued and outstanding	20	20
Common Stock, $.01 par value, 100,000,000 shares authorized		
Class A common stock, 48,246,083 and 49,982,377 shares issued and outstanding, respectively	482	500
Class B common stock, 9,915,313 and 10,283,513 shares issued and outstanding, respectively	99	103
Treasury Stock, Class A common, 2,698,400 and 0 shares, respectively and Class B common, 368,200 and 0 shares, respectively	(63,954)	--
Additional paid in capital	1,005,494	1,045,142
Total Stockholders' Equity	942,229	1,045,857
Total Liabilities and Stockholders' Equity	$ 2,907,920	$ 2,994,218

(see accompanying notes to financial statements)

RECKSON ASSOCIATES REALTY CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share amounts)

	For the year ended December 31,		
	2002	2001	2000
REVENUES (Note 10):			
Property operating revenues:			
Base Rents	$ 395,308	$ 392,824	$ 358,179
Tenant escalations and reimbursements	55,441	54,739	50,134
Total property operating revenues	450,749	447,563	408,313
Interest income on mortgage notes and notes receivable (including $4,287, $4,196 and $5,237, respectively from related parties)	6,279	6,238	7,879
Investment and other income (including $85, $5,164 and $21,455, respectively from related parties)	1,041	14,018	26,191
Total revenues	458,069	467,819	442,383
EXPENSES:			
Property operating expenses	163,031	155,977	146,537
Marketing, general and administrative	29,214	28,242	25,082
Interest	80,706	79,741	78,189
Depreciation and amortization	102,444	92,178	83,924
Total expenses	375,395	356,138	333,732
Income before minority interests, preferred dividends and distributions, equity in earnings of real estate joint ventures and service companies, gain on sales of real estate, valuation reserves, discontinued operations and extraordinary loss	82,674	111,681	108,651
Minority partners' interests in consolidated partnerships	(18,730)	(15,975)	(9,120)
Limited partners' minority interest in the operating partnership	(4,491)	7,153	(11,339)
Distributions to preferred unit holders	(1,288)	(2,111)	(2,641)
Equity in earnings of real estate joint ventures and service companies (including $465, $1,450 and $2,792, respectively from related parties)	1,113	2,087	4,383
Gain on sales of real estate (Note 6)	537	20,173	18,669
Valuation reserves on investments in affiliate loans and joint ventures and other investments (Notes 8 and 13)	--	(166,101)	--
Income (loss) before discontinued operations, extraordinary loss and dividends to preferred shareholders	59,815	(43,093)	108,603
Discontinued operations (net of limited partners' minority interest):			
Income from discontinued operations	14,621	9,687	4,194
Gain on sales of real estate	4,267	--	--
Income (loss) before extraordinary loss and dividends to preferred shareholders	78,703	(33,406)	112,797
Extraordinary loss on extinguishment of debts (net of limited partners' minority interest)	(2,335)	(2,595)	(1,396)
Net Income (loss)	76,368	(36,001)	111,401
Dividends to preferred shareholders	(21,835)	(21,866)	(25,371)
Net income (loss) allocable to common shareholders	$ 54,533	$ (57,867)	$ 86,030
Net income (loss) allocable to:			
Class A common shareholders	$ 41,604	$ (44,243)	$ 62,989
Class B common shareholders	12,929	(13,624)	23,041
Total	$ 54,533	$ (57,867)	$ 86,030

Basic net income (loss) per weighted average common share:			
Class A common	$ .57	$ (1.32)	$ 1.14
Gain on sales of real estate	.01	.29	.28
Discontinued operations	.29	.15	.07
Extraordinary loss	(.03)	(.04)	(.03)
Basic net income (loss) per Class A common	$ .84	$ (.92)	$ 1.46
Class B common	$ .88	$ (1.91)	$ 1.74
Gain on sales of real estate	.01	.42	.43
Discontinued operations	44	23	.11
Extraordinary loss	(.05)	(.06)	(.04)
Basic net income (loss) per Class B common	$ 1.28	$ (1.32)	$ 2.24
Basic weighted average common shares outstanding:			
Class A common	49,669,000	48,121,000	43,070,000
Class B common	10,122,000	10,284,000	10,284,000
Diluted net income (loss) per weighted average common share:			
Class A common	$ .83	$ (.92)	$ 1.45
Class B common	$ .90	$ (1.32)	$ 1.59
Diluted weighted average common shares outstanding:			
Class A common	49,968,000	48,121,000	43,545,000
Class B common	10,122,000	10,284,000	10,284,000

(see accompanying notes to financial statements)

RECKSON ASSOCIATES REALTY CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Preferred Stock Series A	Preferred Stock Series B	Common Stock Class A	Common Stock Class B	Treasury Stock
Stockholders' equity January 1, 2000	$ 92	$ 60	$ 404	$ 103	$ --
Conversion of Series B Preferred Stock	--	(40)	42	--	--
Redemption of OP Units	--	--	--	--	--
Net proceeds from long term compensation issuances	--	--	8	--	--
Net income	--	--	--	--	--
Dividends and distributions paid and payable	--	--	--	--	--
Stockholders' equity December 31, 2000	92	20	454	103	--
Issuance of OP Units	--	--	--	--	--
Redemption of OP Units	--	--	6	--	--
Net proceeds from long term compensation issuances	--	--	5	--	--
Issuance of Class A common stock	--	--	35	--	--
Repurchases of Class A common stock	--	--	--	--	--
Net loss	--	--	--	--	--
Dividends and distributions paid and payable	--	--	--	--	--
Stockholders' equity December 31, 2001	92	20	500	103	--
Issuance of OP Units	--	--	--	--	--
Redemption of OP Units	--	--	7	--	--
Net proceeds from long term compensation issuances	--	--	(2)	--	--
Issuance of Class A common stock	--	--	4	--	--
Repurchases of Class A and Class B common stock	--	--	(27)	(4)	(63,954)
Repurchases of Series A preferred stock	(4)	--	--	--	--
Net income	--	--	--	--	--
Dividends and distributions paid and payable	--	--	--	--	--
Stockholders' equity December 31, 2002	$ 88	$ 20	$ 482	$ 99	$ (63,954)

	Additional Paid in Capital	Retained Earnings	Total Stockholders' Equity	Limited Partners' Minority Interest
Stockholders' equity January 1, 2000	$1,116,297	$ --	$1,116,956	$ 90,986
Conversion of Series B Preferred Stock	(6,765)	--	(6,763)	6,763
Redemption of OP Units	--	--	--	(125)
Net proceeds from long term compensation issuances	6,656	--	6,664	--
Net income	--	86,030	86,030	11,494
Dividends and distributions paid and payable	(4,198)	(86,030)	(90,228)	(11,765)
Stockholders' equity December 31, 2000	1,111,990	--	1,112,659	97,353
Issuance of OP Units	--	--	--	11,557
Redemption of OP Units	15,412	--	15,418	(15,577)
Net proceeds from long term compensation issuances	6,423	--	6,428	--
Issuance of Class A common stock	77,777	--	77,812	7,188
Repurchases of Class A common stock	(1,421)	--	(1,421)	--
Net loss	--	(57,867)	(57,867)	(6,030)
Dividends and distributions paid and payable	(165,039)	57,867	(107,172)	(12,604)

Stockholders' equity December 31, 2001	1,045,142	--	1,045,857	81,887
Issuance of OP Units	5,274	--	5,274	6,135
Redemption of OP Units	7,148	--	7,155	(7,173)
Net proceeds from long term compensation issuances	3,988	--	3,986	--
Issuance of Class A common stock	7,065	--	7,069	--
Repurchases of Class A and Class B common stock	--	--	(63,985)	(2,738)
Repurchases of Series A preferred stock	(7,041)	--	(7,045)	(924)
Net income	--	54,533	54,533	6,682
Dividends and distributions paid and payable	(56,082)	(54,533)	(110,615)	(12,449)
Stockholders' equity December 31, 2002	$1,005,494	$ --	$ 942,229	$ 71,420

(see accompanying notes to financial statements)

RECKSON ASSOCIATES REALTY CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the year ended December 31,		
	2002	2001	2002
CASH FLOWS FROM OPERATING ACTIVITIES:			
NET INCOME (LOSS)	$ 76,368	$ (36,001)	$ 111,401
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	112,341	102,108	91,809
Extraordinary loss, net of limited partners' minority interest	2,335	2,595	1,396
Minority partners' interests in consolidated partnerships	18,730	15,975	9,120
Limited partners' minority interest in the operating partnership	6,238	(5,878)	11,574
Gain on sales of real estate, securities and mortgage repayment	(4,804)	(19,199)	(17,836)
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	(1,113)	(2,087)	(4,383)
Changes in operating assets and liabilities:			
Deferred rents receivable	(26,277)	(38,186)	(35,798)
Prepaid expenses and other assets	4,870	(4,925)	(9,582)
Tenant and affiliate receivables	(4,417)	1,878	(6,394)
Accrued expenses and other liabilities	11,878	3,607	17,857
Net cash provided by operating activities	196,149	185,988	169,164
CASH FLOWS FROM INVESTMENT ACTIVITIES:			
Purchases of commercial real estate properties	--	--	(190,548)
Increase in contract and land deposits and pre-acquisition costs	--	(3,267)	(2,023)
Additions to developments in progress	(41,896)	(8,260)	(13,392)
Additions to commercial real estate properties	(48,052)	(152,074)	(89,818)
Payment of deferred leasing costs	(16,414)	(10,513)	(24,082)
Distributions from investments in real estate joint ventures	276	82	368
Acquisition of controlling interests in service companies	(122)	--	--
Additions to furniture, fixtures and equipment	(2,414)	(635)	(742)
Investments in affiliate joint ventures	--	(25,056)	(10,780)
Proceeds from redemption of preferred securities	1,528	35,700	19,903
Proceeds from sales of real estate, securities and mortgage note receivable repayments	22,022	76,503	49,810
Net cash used in investing activities	(85,072)	(87,520)	(261,304)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from secured borrowings	--	325,000	297,163
Principal payments on secured borrowings	(11,065)	(302,894)	(27,367)
Proceeds from issuance of senior unsecured notes, net of issuance costs	49,432	--	--
Payment of loan and equity issuance costs	(1,568)	(6,252)	(11,649)
Investments in affiliate loans and service companies	--	(12,388)	(12,516)
Proceeds from unsecured credit facility	158,000	153,000	689,600
Principal payments on unsecured credit facility	(162,600)	(98,000)	(845,600)
Repurchases of common stock	(66,723)	(1,421)	--
Repurchase of Series A preferred stock	(7,969)	--	--
Proceeds from issuance of common stock and exercise of options, net of issuance costs	6,310	2,813	4,010
Contributions by minority partners in consolidated partnerships	1,343	101,832	135,975
Distributions to minority partners in consolidated partnerships	(20,051)	(16,458)	(12,632)
Distributions to limited partners in the operating partnership	(12,540)	(12,395)	(11,654)
Distributions to preferred unit holders	(1,320)	(2,231)	(2,641)
Dividends to common shareholders	(111,525)	(103,118)	(87,437)
Dividends to preferred shareholders	(21,949)	(21,824)	(26,637)
Net cash (used in) provided by financing activities	(202,225)	5,664	88,615
Net increase (decrease) in cash and cash equivalents	(91,148)	104,132	(3,525)
Cash and cash equivalents at beginning of period	121,975	17,843	21,368
Cash and cash equivalents at end of period	$ 30,827	$ 121,975	$ 17,843
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for interest, including interest capitalized	$ 98,083	$ 105,087	$ 106,106

(see accompanying notes to financial statements)

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

Reckson Associates Realty Corp. (the "Company") is a self-administered and self managed real estate investment trust ("REIT") engaged in the ownership, management, operation, leasing and development of commercial real estate properties, principally office and industrial buildings and also owns land for future development (collectively, the "Properties") located in the New York tri-state area (the "Tri-State Area").

ORGANIZATION AND FORMATION OF THE COMPANY

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 Reckson Operating Partnership, L.P. (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 89.5% and 89.2% at December 31, 2002 and 2001, respectively.

BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements include the consolidated financial position of the Company and the Operating Partnership at December 31, 2002 and 2001 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002. 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 also 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 a nine 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 beginning December 21, 2001, a 49% non-affiliated interest in Metropolitan 919 Third Avenue, LLC, owner of the property located at 919 Third Avenue, New York, NY. Limited partners' minority interest in the Operating Partnership was approximately 10.5% and 10.8% at December 31, 2002 and 2001, respectively.

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.

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 Company 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 Company's net income, because taking an impairment results in an immediate negative adjustment to net income. In determining impairment, if any, the Company has adopted Financial Accounting Standards Board ("FASB") Statement No. 144, "Accounting for the Impairment or Disposal of Long Lived Assets" (see Recent Accounting Pronouncements).

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 $5.6 million and $5.1 million at December 31, 2002 and 2001, 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

Commencing with its taxable year ended December 31, 1995, the Company elected to be taxed as a REIT under the Internal Revenue Code of 1986 (the "Code"). To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement that it currently distribute at least 90% of its adjusted taxable income to its stockholders. It is management's current intention to adhere to these requirements and maintain the Company's REIT status. As a REIT, the Company generally will not be subject to corporate level federal income tax on taxable income it distributes currently to its stockholders. If the Company fails to qualify as a REIT in any taxable year, it will be subject to federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for the subsequent four taxable years. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain state and local taxes on its income and property, and to federal income and excise taxes on its undistributed taxable income. In addition, taxable income from non-REIT activities managed through the Service Companies as taxable REIT subsidiaries are subject to federal, state and local income taxes. (See Note 14 for the Company's reconciliation of GAAP net income to taxable income, its reconciliation of cash distributions to the dividends paid deduction and its characterization of taxable distributions).

Revenue Recognition

Minimum rental income 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 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.

Earnings Per Share

In 1997, the Financial Accounting Standards Board ("FASB") issued Statement No. 128, "Earnings per Share" ("Statement No. 128") which replaced the calculation of primary and fully diluted earnings per share with basic and diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of options, warrants and convertible securities. Diluted earnings per share is very similar to the previously reported fully diluted earnings per share. The conversion of OP Units into Class A common stock would not have a significant effect on per share amounts as the OP Units share proportionately with the Class A common stock in the results of the Operating Partnership's operations.

Stock Options

Effective January 1, 2002 the Company has elected to follow FASB Statement No. 123, "Accounting for Stock Based Compensation" ("Statement No. 123"). Statement No. 123 requires the use of option valuation models which determine the fair value of the option on the date of the grant. All future employee stock option grants will be expensed over the options' vesting periods based on the fair value at the date of the grant in accordance with Statement No. 123. The Company expects minimal financial impact from the adoption of Statement No. 123. To determine the fair value of the stock options granted, the Company uses a Black-Scholes option pricing model. Historically, the Company had applied Accounting Principles Board Opinion No. 25 ("APB No. 25") and related interpretations in accounting for its stock option plans and reported pro forma disclosures in its Form 10-K filings by estimating the fair value of options issued and the related expense in accordance with Statement No. 123 (see Note 7). Accordingly, no compensation cost had been recognized for its stock option plans prior to the Company's adoption of Statement No. 123.

In December 2002, the FASB issued Statement No. 148, "Accounting for Stock-Based Compensation--Transition and Disclosure" ("Statement No. 148"). Statement No. 148 amends Statement No. 123 to provide alternative methods of transition for an entity that voluntarily adopts the fair value recognition method of recording stock option expense. Statement No. 148 also amends the disclosure provisions of Statement 123 and APB Opinion No. 28. "Interim Financial Reporting" to require disclosure in the summary of significant accounting policies of the effects of an entity's accounting policy with respect to stock options on reported net income and earnings per share in annual and interim financial statements.

The following table sets forth the Company's pro forma information for its Class A common stockholders for the years ended December 31 (in thousands except earnings per share data):

	2002	2001	2000
Net income (loss) as reported	$ 41,604	$(44,243)	$ 62,989
Add: Stock option expense included in net income (loss)...	94	--	--
Less: Stock option expense determined under fair value recognition method for all awards	(495)	(476)	(318)
Pro forma net income (loss)	$ 41,203	$(44,719)	$ 62,671
Net income (loss) per share as reported:			
Basic	$ .84	$ (.92)	$ 1.46
Diluted	$ .83	$ (.92)	$ 1.45
Pro forma net income (loss) per share:			
Basic	$ .83	$ (.93)	$ 1.46
Diluted	$ .82	$ (.93)	$ 1.44

The fair value for those options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for 2002, 2001 and 2000, respectively: risk-free interest rate of 3%, 5% and 5%; dividend yields of 7.38%, 7.52% and 7.31%; volatility factors of the expected market price of the Company's Class A common stock of .198 and a weighted-average expected life of the option of five years.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period.

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. As of January 1, 2001, the carrying value of the Company's derivatives equaled their fair value and as a result no cumulative effect changes were recorded. Additionally, as of June 30, 2001, the fair value of the Company's derivatives equaled approximately $3.7 million and was reflected in other assets and OCI on the Company's balance sheet. On July 18, 2001, the mortgage note payable to which these derivatives relate to was funded and their fair value at that time was approximately $676,000 less than their carrying value. This amount is being amortized to interest expense over the term of the mortgage note to which it relates. Because of the Company's minimal use of derivatives, the adoption of this Statement did not have a significant effect on earnings or the financial position of the Company.

Recent Accounting Pronouncements

In October 2001, the 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 (loss) on sales of real estate for those properties sold during the period within the consolidated statements of operations.

On January 1, 2002, the Company adopted the provisions of FASB Statement No. 142, "Goodwill and Other Intangible Assets" ("Statement No. 142"). This statement makes significant changes to the accounting for business combinations, goodwill, and intangible assets. Among other provisions, Statement No. 142 requires that a portion of the purchase price of real estate acquisitions be assigned to the fair value of an intangible asset for above market operating leases or to an intangible liability for below market operating leases. Such intangible assets or liabilities are then required to be amortized into revenue over the remaining life of the respective leases. The adoption of this statement did not have an effect on the Company's results of operations or financial condition for the year ended December31, 2002.

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 will adopt Statement No. 145 on January 1, 2003 which will result in a change to reported net income (loss).

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 Company is currently evaluating the effects of FIN 45 on the Company's results of operations or financial condition.

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 provisions of this interpretation are immediately effective for VIE's formed after January 31, 2003. For VIE's formed prior to January 31, 2003, the provisions of this interpretation apply to the first fiscal year or interim period beginning after June 15, 2003. Management has not yet determined whether any of its consolidated or unconsolidated subsidiaries represent VIE's pursuant to such interpretation. Such determination could result in a change in the Company's consolidation policy related to such entities.

Reclassifications

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

2. MORTGAGE NOTES PAYABLE

At December 31, 2002, there were 16 fixed rate mortgage notes payable with an aggregate outstanding principal amount of approximately $740.0 million. These mortgage notes are secured by properties with an aggregate carrying value at December 31, 2002 of approximately $1.5 billion and which are pledged as collateral against the mortgage notes payable. In addition, approximately $45.1 million of the $740.0 million is recourse to the Company. The mortgage notes bear interest at rates ranging from 6.45% to 10.10%, and mature between 2004 and 2027. The weighted average interest rates on the outstanding mortgage notes payable at December 31, 2002, 2001 and 2000 were approximately 7.3%, 7.3% and 7.8%, 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, 2002, by scheduled maturity date (dollars in thousands):

Property	Principal Outstanding	Interest Rate	Maturity Date	Amortization Term (Years)
80 Orville Drive, Islip, NY	$ 2,616	10.10%	February, 2004	Interest only
395 North Service Road, Melville, NY	19,709	6.45%	October, 2005	$34 per month
200 Summit Lake Drive, Valhalla, NY	19,373	9.25%	January, 2006	25
1350 Avenue of the Americas, NY, NY	74,631	6.52%	June, 2006	30
Landmark Square, Stamford, CT (a)	45,090	8.02%	October, 2006	25
100 Summit Lake Drive, Valhalla, NY	19,101	8.50%	April, 2007	15
333 Earle Ovington Blvd., Mitchel Field, NY (b)	53,864	7.72%	August, 2007	25
810 Seventh Avenue, NY, NY	82,854	7.73%	August, 2009	25
100 Wall Street, NY, NY	35,904	7.73%	August, 2009	25
6900 Jericho Turnpike, Syosset, NY	7,348	8.07%	July, 2010	25
6800 Jericho Turnpike, Syosset, NY	13,922	8.07%	July, 2010	25
580 White Plains Road, Tarrytown, NY	12,685	7.86%	September, 2010	25
919 Third Avenue, NY, NY (c)	246,651	6.867%	August, 2011	30
110 Bi-County Blvd., Farmingdale, NY	3,635	9.125%	November, 2012	20
One Orlando Center, Orlando, FL (d)	38,366	6.82%	November, 2027	28
120 West 45th Street, NY, NY (d)	64,263	6.82%	November, 2027	28
Total / Weighted average	$ 740,012	7.26%		

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(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 $32.3 million.
(c) The Company has a 51% membership interest in this property and its proportionate share of the aggregate principal amount is approximately $125.8 million.

19. Subject to interest rate adjustment on November 1, 2004 to the greater of 8.82% per annum or the yield on noncallable U.S. Treasury obligations with a term of fifteen years plus 2% per annum.

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, 2002 is approximately $7.5 million. This mortgage note payable bears interest at 8.85% per annum and matures on September 1, 2005.

Scheduled principal repayments to be made during the next five years and thereafter, for mortgage notes payable outstanding at December 31, 2002, are as follows (in thousands):

	Scheduled principal	Due at maturity	Total
2003	$ 12,300	$ --	$ 12,300
2004	13,169	2,616	15,785
2005	14,167	18,553	32,720
2006	13,785	129,920	143,705
2007	11,305	60,539	71,844
Thereafter ..	117,389	346,269	463,658
	$ 182,115	$ 557,897	$ 740,012

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. 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 unsecured credit rating the interest rates and facility fee are subject to change. The outstanding borrowings under the Credit Facility were $267.0 million at December 31, 2002.

The Credit Facility replaced the Company's $575 million unsecured credit facility (the "Prior Facility" and together with the Credit Facility, the "Credit Facility"). As a result, certain deferred loan costs incurred in connection with the Prior Facility were written off and are reflected as an extraordinary loss in the accompanying consolidated statements of operations.

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, 2002, the Company had availability under the Credit Facility to borrow approximately an additional $203.0 million subject to compliance with certain financial covenants.

The Company capitalized interest incurred on borrowings to fund certain development projects in the amount of $8.3 million, $10.2 million and $11.5 million for the years ended December 31, 2002, 2001 and 2000, respectively.

4. SENIOR UNSECURED NOTES

As of December 31, 2002, the Operating Partnership had outstanding approximately $499.3 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 were 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 June 17, 2002, the Operating Partnership issued $50 million of 6.00% (6.125% effective rate) Senior Unsecured Notes. Net proceeds of approximately $49.4 million received from this issuance were used to repay outstanding borrowings under the Prior Facility.

5. LAND LEASES, AIR RIGHTS AND OPERATING LEASES

The Company leases, pursuant to noncancellable operating leases, the land on which twelve of its buildings were constructed. The leases, which contain renewal options, expire between 2009 and 2084. 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 is approximately $3.3 million and $3.0 million at December 31, 2002 and 2001, 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 two air rights lease agreements. These lease agreements have terms expiring between 2048 and 2073, 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 between 2003 and 2009. (see Note 8).

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	Operating Leases
2003	$ 2,707	$ 369	$ 1,368
2004	2,811	379	1,313
2005	2,814	379	1,359
2006	2,795	379	1,407
2007	2,735	379	1,455
Thereafter	43,276	4,280	683
	$ 57,138	$ 6,165	$ 7,585

6. COMMERCIAL REAL ESTATE INVESTMENTS

As of December 31, 2002, the Company owned and operated 75 office properties (inclusive of eleven office properties owned through joint ventures) comprising approximately 13.6 million square feet, 101 industrial properties comprising approximately 6.7 million square feet and two retail properties comprising approximately 20,000 square feet located in the Tri-State Area.

The Company also owns approximately 338 acres of land in 14 separate parcels of which the Company can develop approximately 3.2 million square feet of office space and approximately 470,000 square feet of industrial / R&D space. Included in these development parcels is 52.7 acres of land located in Valhalla, NY which the Company acquired in April 2002 for approximately $23.8 million and which it can develop approximately 875,000 square feet of office space. The Company currently owns and operates three buildings encompassing approximately 700,000 square feet in the same office park in which this land parcel is located. This acquisition was financed in part from the sales proceeds of an office property being held by a qualified intermediary for the purposes of an exchange of real property pursuant to Section 1031 of the Code and from an advance under the Credit Facility. 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, 2002, the Company had invested approximately $121.2 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 $10.5 million for the year ended December 31, 2002 related to real estate taxes, interest and other carrying costs related to these development projects.

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 has been 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 is scheduled to close during the first quarter of 2003 and construction of the aforementioned office building is scheduled to commence shortly thereafter.

6. COMMERCIAL REAL ESTATE INVESTMENTS (continued)

The Company holds a $17.0 million note receivable which bears interest at 11.5% 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. (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 also holds three other notes receivable aggregating $36.5 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, certain interest in real property and a personal guaranty (the "Other Notes" and collectively with the Omni Note, the "Note Receivable Investments"). As of December 31, 2002, management has made subjective assessments as to the underlying security value on 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 $103 million mortgage note payable along with one of the Company's New York City buildings.

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, the CEO and a director of HQ Global Workplaces, is a partner in JAH Realties, L.P. As of December 31, 2002, the 520JV had total assets of $21.0 million, a mortgage note payable of $12.5 million and other liabilities of $197,000. The Company's allocable share of the 520JV mortgage note payable is approximately $7.5 million. This mortgage note payable bears interest at 8.85% per annum and matures on September 1, 2005. In addition, the 520JV had total revenues of $4.2 million and $4.0 million and total expenses of $3.3 million and $3.3 million for the years ended December 31, 2002 and 2001, respectively. 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. The 520JV contributed approximately $648,000 and $478,000 to the Company's equity in earnings of real estate joint ventures for the year ended December 31, 2002 and 2001, respectively.

6. COMMERCIAL REAL ESTATE INVESTMENTS (continued)

On August 7, 2002, the Company sold an industrial property on Long Island aggregating approximately 32,000 square feet for approximately $1.8 million. This property was sold to the sole tenant of the property through an option contained in the tenant's lease. On August 8, 2002, the Company sold two Class A office properties located in Westchester County, NY aggregating approximately 157,000 square feet for approximately $18.5 million. Net proceeds from these sales were used to repay borrowings under the Credit Facility and for general corporate purposes. The Company recorded an aggregate net gain of approximately $4.9 million as a result of these sales. In addition, in accordance with Statement No. 144, the operating results of these properties and the resulting gain on sales of real estate have been reflected as discontinued operations for all periods presented on the accompanying statements of operations.

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. As a result, the Company realized a gain of approximately $15.2 million. 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. As a result, the Company realized a gain of approximately $18.9 million. 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.

7. STOCKHOLDERS' EQUITY

An OP Unit and a share of Class A common stock have essentially the same economic characteristics as they effectively share equally in the net income or loss and distributions of the Operating Partnership. Subject to certain holding periods, OP Units may either be redeemed for cash or, at the election of the Company, for shares of Class A common stock on a one-for-one basis.

On December 31, 2002, 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 dividend on the shares of Class B common stock is subject to adjustment annually based on a formula which measures increases or decreases in the Company's Funds From Operations, as defined, over a base year. The Class B common stock currently receives an annual dividend of $2.5884 per share.

The shares of Class B common stock are exchangeable at any time, at the option of the holder, into an equal number of shares of Class A common stock, par value $.01 per share, of the Company subject to customary antidilution adjustments. The Company, at its option, may redeem 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.

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 and / or its Class B common stock. It is anticipated that 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.

As of December 31, 2002, under this buy-back program, the Company purchased 368,200 shares of Class B common stock at an average price of $22.90 per Class B share and 2,698,400 shares of Class A common stock at an average price of $21.60 per Class A share for an aggregate purchase price for both the Class A and Class B common stock of approximately $66.7 million. As a result of these purchases, annual common stock dividends will decrease by approximately $5.5 million. Previously, under the Company's prior stock buy-back program, the Company purchased and retired 1,410,804 shares of Class B common stock at an average price of $21.48 per Class B share and 61,704 shares of Class A common stock at an average price of $23.03 per Class A share for an aggregate purchase price for both the Class A and Class B common stock of approximately $31.7 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 December 31, 2002, the Company had issued and outstanding 8,834,500 shares of 7.625% Series A Convertible Cumulative Preferred Stock (the "Series A preferred stock"). The Series A preferred stock is redeemable by the Company on or after April 13, 2003 at a price of approximately $25.95 per share with such price decreasing, at annual intervals, to $25.00 per share over a five year period. In addition, the Series A preferred stock, at the option of the holder, is convertible at anytime into the Company's Class A common stock at a price of $28.51 per share. On October 14, 2002, the Company purchased and retired 357,500 shares of the Series A Preferred stock at $22.29 per share for approximately $8.0 million. As a result of this purchase, annual preferred dividends will decrease by approximately $682,000.

The Company currently has issued and outstanding two million shares of Series B Convertible Cumulative Preferred Stock (the "Series B preferred stock"). The Series B preferred stock is 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. In addition, the Series B preferred stock, at the option of the holder, is convertible at anytime into the Company's Class A common stock at a price of $26.05 per share. The Series B preferred stock currently accumulates dividends at a rate of 8.85% per annum.

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

During the year ended December 31, 2001, approximately 11,553 preferred units of limited partnership interest in the Operating Partnership, with a liquidation preference value of approximately $11.6 million, were exchanged for 456,351 OP Units at an average price of $25.32 per OP Unit. In addition, 660,370 OP Units were exchanged for an equal number of shares of the Company's Class A common stock.

In October 2000, the Company instituted a Shareholder Rights Plan (the "Rights Plan") designed to protect shareholders from various abusive takeover tactics, including attempts to acquire control of the Company at an inadequate price. Under the Rights Plan, each shareholder receives one Right to acquire one one-thousandth of a share of a series of junior participating preferred stock at an initial purchase price of $84.44 for each share of the Company's outstanding Class A common stock owned. The Rights will be exercisable only if a person or group acquires, or announces an intention to acquire, 15% or more of the Company's Class A common stock, or announces a tender offer which would result in beneficial ownership by a person or group of 15% or more of the Class A common stock. If any person acquires 15% or more of the outstanding shares of Class A common stock or if the Company is acquired in a merger after such an acquisition, all Rights holders except the acquiring person will be entitled to purchase the Company's Class A common stock at a discounted price. The Rights will expire at the close of business on October 13, 2010, unless earlier redeemed by 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.

The Company has 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 has 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 vest and are ratably forgiven each year on the annual 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. Approximately $4.5 million and $3.7 million of compensation expense was recorded for the years ended December 31, 2002 and 2001, respectively, related to these LTIP. Such amount has been included in marketing, general and administrative expenses on the accompanying consolidated statements of operations.

During 2002, approximately $3.9 million of stock loans made in prior years in connection with the aforementioned LTIP matured. These stock loans were secured by 155,418 shares of Class A common stock which were issued at prices ranging from $22.50 per share to $27.13 per share. As a result of the Company discontinuing the use of stock loans as part of its LTIP, the stock loans were satisfied with restricted stock held by the Company which secured the stock loans. The aggregate market value of these shares on the maturity dates of the stock loans was approximately $3.4 million. The aggregate difference between the market value of these shares and the carrying value of the stock loans was recorded as a loss on the accompanying consolidated statements of operations. The 155,418 shares of Class A common stock were subsequently retired by the Company.

The outstanding stock loan balances due from executive and senior officers aggregated approximately $17.0 million and $24.3 million at December 31, 2002 and 2001, respectively, and have been included as a reduction of additional paid in capital on the accompanying consolidated statements of stockholders' equity. The Company has other outstanding loans to executive and senior officers amounting to approximately $1.0 million at December 31, 2002 and 2001, related to life insurance contracts and approximately $1.0 million and $.9 million at December 31, 2002 and 2001, respectively, primarily related to tax payment advances on a stock compensation award made to a non-executive officer.

In November 2002, the Company granted rights to 190,524 shares of its Class A common stock to certain executive officers. These shares vest ratably over a four-year period and will be issued in ratable installments on each anniversary date of the grant as compensation to the executive officer.

Effective January 2003, the Company established a new LTIP for its executive and senior officers. The four year plan has a core component which provides for annual stock based compensation based upon continued service and in part based on attaining certain annual performance measures. The plan has a special long-term component 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 long-term component 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.

The following table sets forth the Company's reconciliation of numerators and denominators of the basic and diluted earnings per weighted average common share and the computation of basic and diluted net income (loss) per weighted average share for the Company's Class A common stock as required by Statement No. 128 for the years ended December 31 (in thousands except for earnings per share data):

	2002	2001	2000
Numerator:			
Income (loss) before dividends to preferred shareholders, discontinued operations, extraordinary loss and income allocated to Class B shareholders	$ 59,815	$ (43,093)	$ 108,603
Dividends to preferred shareholders	(21,835)	(21,866)	(25,371)
Discontinued operations (net of share applicable to limited partners and Class B common shareholders)	14,421	7,319	3,073
Extraordinary loss (net of share applicable to limited partners and Class B common shareholders)	(1,779)	(1,971)	(1,032)
(Income) loss allocated to Class B common shareholders	(9,018)	15,368	(22,284)
Numerator for basic and diluted net income (loss) per share	$ 41,604	$ (44,243)	$ 62,989
Denominator:			
Denominator for basic net income (loss) per share-weighted average Class A common shares	49,669	48,121	43,070
Effect of dilutive securities:			
Common stock equivalents	299	--	475
Denominator for diluted net income (loss) per Class A common share-adjusted weighted average shares and assumed conversions	49,968	48,121	43,545
Basic net income (loss) per Class A common share:			
Basic net income (loss)	$ .57	$ (1.32)	$ 1.14
Gain on sales of real estate	.01	.29	.28
Discontinued operations	.29	.15	.07
Extraordinary loss	(.03)	(.04)	(.03)
Basic net income (loss) per Class A common share	$ .84	$ (.92)	$ 1.46
Diluted net income (loss) per Class A common share:			
Diluted net income (loss)	$ .57	$ (1.32)	$ 1.12
Gain on sales of real estate	.01	.29	.28
Discontinued operations	.29	.15	.07
Extraordinary loss	(.04)	(.04)	(.02)
Diluted net income (loss) per Class A common share	$ .83	$ (.92)	$ 1.45

The following table sets forth the Company's reconciliation of numerators and denominators of the basic and diluted earnings per weighted average common share and the computation of basic and diluted net income (loss) per weighted average share for the Company's Class B common stock as required by Statement No. 128 for the years ended December 31 (in thousands except for earnings per share data):

	2002	2001	2000
Numerator:			
Income (loss) before dividends to preferred shareholders, discontinued operations, extraordinary loss and income allocated to Class A common shareholders	$ 59,815	$ (43,093)	$ 108,603
Dividends to preferred shareholders	(21,835)	(21,866)	(25,371)
Discontinued operations (net of share applicable to limited partners and Class A common shareholders)	4,465	2,367	1,121
Extraordinary loss (net of share applicable to limited partners and Class A common shareholders)	(556)	(624)	(364)
(Income) loss allocated to Class A common shareholders	(28,960)	49,592	(60,948)
Numerator for basic net income (loss) per share	12,929	(13,624)	23,041
Add back:			
Net income allocated to Class A common shareholders	41,604	--	62,989
Limited partners' minority interest in the operating partnership	6,238	--	11,574
Numerator for diluted net income (loss) per share	$ 60,771	$ (13,624)	$ 97,604
Denominator:			
Denominator for basic net income (loss) per share-weighted average Class B common shares	10,122	10,284	10,284
Effect of dilutive securities:			
Weighted average Class A common shares outstanding	49,669	--	43,070
Weighted average OP Units outstanding	7,389	--	7,696
Common stock equivalents	299	--	475
Denominator for diluted net income (loss) per Class B common share-adjusted weighted average shares and assumed conversions	67,479	10,284	61,525
Basic net income (loss) per Class B common share:			
Basic net income (loss)	$ .88	$ (1.91)	$ 1.74
Gain on sales of real estate	.01	.42	.43
Discontinued operations	.44	.23	.11
Extraordinary loss	(.05)	(.06)	(.04)
Basic net income (loss) per Class B common share	$ 1.28	$ (1.32)	$ 2.24
Diluted net income (loss) per Class B common share:			
Diluted net income (loss)	$ .87	$ (1.91)	$ 1.53
Gain on sales of real estate	--	.42	.07
Discontinued operations	.07	.23	.02
Extraordinary loss	(.04)	(.06)	(.03)
Diluted net income (loss) per Class B common share	$ .90	$ (1.32)	$ 1.59

The Company's computation for purposes of calculating the diluted weighted average Class B common shares outstanding is based on the assumption that the Class B common stock is converted to the Company's Class A common stock.

Employee Stock Option Plans and Related Disclosures

The Company has five outstanding stock option plans (the "Plans") for the purpose of attracting and retaining executive officers, directors and other key employees.

The following table sets forth the authorized shares of Class A common stock which have been reserved for issuance under the Plans, the options granted under the Plans and their corresponding exercise price range per share as of December 31, 2002:

	Class A Common shares reserved	Options granted (1) (2)	Exercise price range from (1)	Exercise price range to (1)
Amended and Restated 1995 Stock Option Plan	1,500,000	1,545,038	$ 12.04	$ 25.56
1996 Employee Stock Option Plan	400,000	269,600	$ 19.67	$ 26.13
Amended and Restated 1997 Stock Option Plan	3,000,000	2,525,965	$ 22.67	$ 27.04
1998 Stock Option Plan	3,000,000	2,280,501	$ 17.75	$ 25.67
2002 Stock Option Plan	1,500,000	--	--	--
Total.....................	9,400,000	6,621,104		

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(1) Exercise prices have been split adjusted, where applicable.
(2) Inclusive of options subsequently forfeited by grantees and exclusive of share grants.

Options granted to employees generally vest in three equal installments on the first, second and third anniversaries of the date of the grant.

The independent directors of the Company have been granted options to purchase 116,000 shares of Class A common stock pursuant to the Amended and Restated 1995 Stock Option Plan at exercise prices ranging from $12.04 to $25.56 per share and options to purchase 43,000 shares of Class A common stock pursuant to the Amended and Restated 1997 Stock Option Plan at exercise prices ranging from $24.70 to $25.23 per share. The options granted to the independent directors were exercisable on the date of the grant.

Two former independent directors of the Company were previously granted options to purchase 62,500 shares of Class A common stock pursuant to the Amended and Restated 1995 Stock Option Plan. During 2002, these former independent directors exercised 26,000 options resulting in proceeds to the Company of approximately $422,000.

During 2002 and 2001, employees exercised 389,283 and 182,596 options, respectively resulting in proceeds to the Company of approximately $5.9 million and $2.8 million, respectively.

Prior to 2002, the Company applied APB No. 25 and related interpretations in accounting for its Plans and reported only pro forma information regarding net income and earnings per share determined as if the Company had accounted for its Plans under the fair value method as required by Statement No. 123 in the footnotes to its financial statements.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's Plans have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

The following table summarizes the Company's stock option activity and related information:

	Options	Weighted-average exercise price
Outstanding - January 1, 2000	5,173,921	$ 22.17
Granted	737,750	$ 22.86
Exercised	(280,087)	$ 13.00
Forfeited	(145,000)	$ 22.50
Outstanding - December 31, 2000	5,486,584	$ 22.70
Granted	177,500	$ 22.61
Exercised	(182,596)	$ 15.41
Forfeited	(118,133)	$ 22.84
Outstanding - December 31, 2001	5,363,355	$ 23.16
Granted	47,500	$ 24.87
Exercised	(415,283)	$ 15.20
Forfeited	(82,002)	$ 23.95
Outstanding - December 31, 2002	4,913,570	$ 24.17

The following table sets forth the weighted average fair value of options granted for the years ended December 31, and the weighted average per share exercise price and vested options exercisable at December 31:

	2002	2001	2000
Weighted average fair value of options granted	$ 1.43	$ 1.94	$ 2.15
Weighted average per share exercise price	$ 22.85	$ 22.70	$ 22.17
Vested options exercisable	4,575,181	4,498,828	5,137,588

Exercise prices for options outstanding, under all Plans, as of December 31, 2002 ranged from $12.04 per share to $27.04 per share. The weighted-average remaining contractual life of those options is approximately 5.81 years.

RECKSON ASSOCIATES REALTY CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

8. RELATED PARTY TRANSACTIONS

In connection with the IPO, the Company was granted ten year options to acquire ten properties (the "Option Properties") which are either owned by certain Rechler family members who are 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 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. Currently, certain Rechler family members retain their equity interests in the five remaining Option Properties (the "Remaining Option Properties") which were not contributed to the Company as part of the IPO. Such options provide the Company the right to acquire fee interest in two of the Remaining Option Properties and the Rechler's minority interests in three Remaining Option Properties. The Independent Directors are currently reviewing whether the Company should exercise one or more of the options relating to the Remaining Option Properties.

The Company conducts its 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% interest 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 to the Service Companies 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 2002, Reckson Construction Group, Inc. billed approximately $144,000 of market rate services and Reckson Management Group, Inc. billed approximately $313,000 of market rate management fees to the Remaining Option Properties. In addition, for the year ended December 31, 2002, Reckson Construction Group, Inc. performed market rate services, aggregating approximately $322,000 for a property in which certain executive officers maintain an equity interest.

Reckson Management Group, Inc. leases 43,713 square feet of office and storage space at a Remaining Option Property for its corporate offices located in Melville, New York at an annual base rent of approximately $1.2 million. Reckson Management Group, Inc. also leases 10,722 square feet of warehouse space used for equipment, materials and inventory storage at a Remaining Option Property located in Deer Park, New York 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 $431,500. Reckson Strategic Venture Partners, LLC ("RSVP") leases 5,144 square feet in one of the Company's joint venture properties at an annual base rent of approximately $176,000.

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8. RELATED PARTY TRANSACTIONS (continued)

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 invests primarily in real estate and real estate operating companies outside the Company's core office and industrial 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, 2002, approximately $109.1 million had been funded through 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, 2002, interest accrued (net of reserves) under the FrontLine Facility and the RSVP Facility was approximately $19.6 million. RSVP retained the services of two managing directors to manage RSVP's day to day operations. Prior to the spin off of Frontline, the Company guaranteed certain salary provisions of their employment agreements with RSVP Holdings, LLC, RSVP's common member. The term of these employment agreements is seven years commencing March 5, 1998, provided however, that the term may be earlier terminated after five years upon certain circumstances. The salary for each managing director is $1 million in the first five years and $1.6 million in years six and seven.

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. If the RSVP-controlled joint ventures reported losses, the Company would record its proportionate share of such losses.

8. RELATED PARTY TRANSACTIONS (continued)

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 U.S. Bankruptcy Code.

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, 2002. Such amount has been reflected in investments in service companies and affiliate loans and joint ventures on the Company's consolidated balance sheet. The common and preferred members of RSVP are currently in dispute over certain provisions of the RSVP operating agreement. The members are currently negotiating to restructure the RSVP operating agreement to settle the dispute. There can be no assurances that the members will successfully negotiate a settlement.

Both the FrontLine Facility and the RSVP Facility terminate on June 15, 2003, are unsecured and advances thereunder are recourse obligations of FrontLine. Notwithstanding the valuation reserve, under the terms of the credit facilities, interest accrued on the FrontLine Loans at a rate equal to the greater of (a) the prime rate plus two percent and (b) 12% per annum, with the rate on amounts that were outstanding for more than one year increasing annually at a rate of four percent of the prior year's rate. In March 2001, the credit facilities were amended to provide that (i) interest is payable only at maturity and (ii) the Company may transfer all or any portion of its rights or obligations under the credit facilities to its affiliates. The Company requested these changes as a result of changes in REIT tax laws. As a result of FrontLine's default under the FrontLine Loans, interest on borrowings thereunder accrue at default rates ranging between 13% and 14.5% per annum.

Scott H. Rechler, who serves as Co-Chief Executive Officer and a director of the Company, serves as CEO and Chairman of the Board of Directors of FrontLine.

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, 2002 as required by FASB Statement No. 107.

Cash equivalents, accounts receivable, accounts payable and accrued expenses and variable rate debt 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, accounts payable and accrued expenses and accounts and notes receivable of similar risk and duration. At December 31, 2002, the estimated aggregate fair value of the Company's notes and mortgage notes receivable exceeded their carrying value by approximately $1.2 million and the aggregate fair value of the Company's long term debt exceeded its carrying value by approximately $20.3 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 office and industrial / R&D properties are being leased to tenants under operating leases. The minimum rental amount due under certain leases are 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, 2002 are as follows (in thousands):

2003........................	$ 409,143
2004........................	395,029
2005........................	355,969
2006........................	309,136
2007........................	267,376
Thereafter..................	1,291,328
	$3,027,981

Minimum rental income is recognized on a straight-line basis over the term of the lease. The excess of rents recognized over amounts contractually due are included in deferred rents receivable on the accompanying balances sheets. Contractually due but unpaid rents are included in tenant receivables on the accompanying balance sheets.

During the year ended December 31, 2002, the Company incurred approximately $6.3 million of bad debt expense related to tenant receivables and deferred rents receivable which accordingly reduced total operating revenues on the accompanying statements of operations.

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 Managing Directors who report directly to the Co-Presidents 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 and (iv) the operating results of the Service Companies 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.

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):

	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	36,678	80,706
Depreciation and amortization	94,167	8,277	102,444
Total Expenses	313,230	62,165	375,395
Income (loss) from continuing operations 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, discontinued operations and extraordinary loss	$ 129,635	$ (46,961)	$ 82,674
Total assets	$ 2,488,863	$ 419,057	$ 2,907,920

	2001		
	Core Portfolio	Other	CONSOLIDATED TOTALS
REVENUES:			
Base rents, tenant escalations and reimbursements	$ 438,307	$ 9,256	$ 447,563
Other income	4,133	16,123	20,256
Total Revenues	442,440	25,379	467,819
EXPENSES:			
Property expenses	153,043	2,934	155,977
Marketing, general and administrative	18,155	10,087	28,242
Interest	38,047	41,694	79,741
Depreciation and amortization	84,550	7,628	92,178
Total Expenses	293,795	62,343	356,138
Income (loss) from continuing operations 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, discontinued operations and extraordinary loss	$ 148,645	$ (36,964)	$ 111,681
Total assets	$ 2,569,774	$ 424,444	$ 2,994,218

PAGE>

RECKSON ASSOCIATES REALTY CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

	2000		
	Core Portfolio	Other	CONSOLIDATED TOTALS
REVENUES:			
Base rents, tenant escalations and reimbursements	$ 398,562	$ 9,751	$ 408,313
Other income..	473	33,597	34,070
Total Revenues..	399,035	43,348	442,383
EXPENSES:			
Property expenses...	144,011	2,526	146,537
Marketing, general and administrative.........................	18,317	6,765	25,082
Interest..	22,317	55,872	78,189
Depreciation and amortization.................................	75,778	8,146	83,924
Total Expenses..	260,423	73,309	333,732
Income (loss) from continuing operations before minority interests, preferred dividends and distributions, equity in earnings of real estate joint ventures and service companies, gain on sales of real estate, discontinued operations and extraordinary loss.........................	$ 138,612	$ (29,961)	$ 108,651
Total assets..	$ 2,407,363	$ 590,667	$ 2,998,030

12. NON-CASH INVESTING AND FINANCING ACTIVITIES

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

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

During the year ended December 31, 2001, approximately 11,553 preferred units of limited partnership interest in the Operating Partnership, with a liquidation preference value of approximately $11.6 million, were exchanged for 456,351 OP Units at an average price of $25.32 per OP Unit. In addition, 660,370 OP Units were exchanged 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 its chairman and six executive officers. The agreements are for five years and expire on August 15, 2005.

The Company had outstanding undrawn letters of credit against its Credit Facility of approximately $1.0 million and $37.4 million at December 31, 2002 and 2001, respectively.

The Company 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 six months of service. Employer contributions are based on a discretionary amount determined by the Company's management. As of December 31, 2002, the Company has not made any contributions to the plan.

13. COMMITMENTS AND CONTINGENCIES (continued)

HQ Global Workplaces, Inc. ("HQ"), one of the largest providers of flexible officing solutions in the world and which is controlled by FrontLine, currently operates nine (formerly eleven) executive office centers in the Company's properties, three of which are held through joint ventures. The leases under which these office centers operate expire between 2008 and 2011, encompass approximately 202,000 square feet and have current contractual annual base rents of approximately $6.1 million. 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. Subsequent to HQ filing for bankruptcy protection it defaulted under their leases with the Company. Further, effective March 13, 2002, the Bankruptcy Court granted HQ's petition to reject two of its leases with the Company. The two rejected leases aggregated approximately 23,900 square feet and provided for contractual base rents of approximately $548,000 for the 2002 calendar year. Commencing April 1, 2002 and pursuant to the bankruptcy filing, HQ has been paying current rental charges under its leases with the Company, other than under the two rejected leases. The Company is in negotiation to restructure four of the leases and leave the terms of the remaining five leases unchanged. All negotiations with HQ are conducted through a committee designated by the Board and chaired by an independent director. There can be no assurance as to whether any deal will be consummated with HQ or if HQ will affirm or reject any or all of its remaining leases with the Company. As a result of the foregoing, the Company has reserved approximately $550,000 (net of minority partners' interests and including the Company's share of unconsolidated joint venture interest), or 74%, of the amounts due from HQ as of December 31, 2002. Scott H. Rechler serves as the non-Executive Chairman of the Board and Jon Halpern is the Chief Executive Officer and a director of HQ.

WorldCom/MCI and its affiliates ("WorldCom"), a telecommunications company, which leased, as of December 31, 2002, 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 total annualized base rental revenue from these leases amounted to approximately $12.0 million, or 2.9% of the Company's total 2002 annualized rental revenue, making it the Company's second largest tenant based on base rental revenue earned on a consolidated basis. All of WorldCom's leases were current on base rental charges through December 31, 2002 and the Company currently holds approximately $300,000 in security deposits relating to these leases. In February 2003, the Bankruptcy Court granted WorldCom's petition to reject three of its leases with the Company. The three rejected leases aggregated approximately 192,000 square feet and provided for contractual base rents of approximately $4.8 million for the 2002 calendar year. The Company is currently in negotiations to restructure the remaining WorldCom 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 a result of the foregoing, the Company has written off approximately $1.1 million of deferred rent receivable. In addition, the Company reserved an additional $475,000 against the deferred rents receivable representing approximately 46% of the outstanding deferred rents receivable attributable to the remaining WorldCom leases.

13. COMMITMENTS AND CONTINGENCIES (continued)

MetroMedia Fiber Network Services, Inc. ("MetroMedia"), which leased approximately 112,000 square feet in one property from the Company, voluntarily filed a petition for relief under Chapter 11 of the U.S. Bankruptcy Code in May 2002. MetroMedia's lease with the Company provided for contractual base rent of approximately $25 per square foot amounting to $2.8 million per calendar year and expired in May 2010. In July 2002, the Bankruptcy Court granted MetroMedia's petition to restructure and reduce space under its existing lease. As a result, the lease was amended to reduce MetroMedia's space by 80,357 square feet to 31,718 square feet. Annual base rent on the 31,718 square feet MetroMedia will continue to lease is $25 per square foot amounting to approximately $793,000 per annum. Further, pursuant to the Bankruptcy Court order MetroMedia is required to pay to the Company a surrender fee of approximately $1.8 million. As a result of the foregoing the Company wrote-off approximately $388,000 of deferred rent receivable relating to this lease and recognized the aforementioned surrender fee.

Arthur Andersen, LLP ("AA") leased approximately 38,000 square feet in one of the Company's New York City buildings. AA's lease with the Company provided for base rent of approximately $2 million on an annualized basis and expired in April 2004. AA has experienced significant financial difficulties with its business and as a result has entered into a lease termination agreement with the Company effective November 30, 2002. In October 2002, AA paid the Company for all base rental and other charges through November 30, 2002 and a lease termination fee of approximately $144,000. As a result of the foregoing, the Company has written off approximately $130,000 of deferred rent receivable attributable to AA's lease.

14. INCOME TAXES

The following table sets forth the Company's reconciliation of GAAP net income to taxable income for the years ended December 31 (in thousands and unaudited):

	2002 (estimated)	2001	2000
GAAP net income (loss)	$ 76,368	$ (36,001)	$ 111,401
Minority interests and distributions to preferred unit holders	26,256	12,208	23,335
Extraordinary loss on extinguishment of debts (net of limited partners' minority interest)	2,335	2,595	1,396
Add: GAAP depreciation and amortization	112,341	102,108	91,809
Less: Tax depreciation and amortization	(61,380)	(73,330)	(57,293)
GAAP / tax difference on gains / losses from capital transactions	5,024	(5,828)	(8,255)
Straight-line rental income adjustment	(26,567)	(41,489)	(38,785)
GAAP / tax difference on reserve charge-off	(85,000)	97,056	--
Other GAAP / tax differences, net	(18,418)	8,463	7,278
Taxable income before minority interests	30,959	65,782	130,886
Minority interests	(20,810)	(20,451)	(31,083)
Taxable income to REIT	$ 10,149	$ 45,331	$ 99,803

The following table sets forth the Company's reconciliation of cash distributions to the dividends paid deduction for the years ended December 31 (in thousands):

	2002 (estimated)	2001	2000
Total cash distributions	$ 134,976	$ 124,942	$ 114,074
Less: Cash distributions on restricted shares	(1,476)	(1,560)	(1,059)
Return of capital	(123,450)	(74,691)	--
Cash dividends paid	10,050	48,691	113,015
Less: dividends designated to prior year	--	--	(8,688)
Add: dividends designated from following year	--	--	--
Dividends paid deduction	$ 10,050	$ 48,691	$ 104,327

The following tables set forth the characterization of the Company's taxable distributions per share on its Class A common and Class B common stock for the years ended December 31:

Class A common stock	2002 (estimated)		2001		2000	
Ordinary income	$ --	--	$ .349	21.5%	$1.364	90.0%
Return of capital	1.698	100.0%	1.192	73.5%	--	--
Long-term rate capital gains	--	--	.019	1.2%	0.086	5.7%
Unrecaptured Section 1250 gain	--	--	.061	3.8%	0.065	4.3%
Totals	$1.698	100.0%	$1.621	100.0%	$1.515	100.0%

Class B common stock	2002 (estimated)		2001		2000	
Ordinary income..................	$ --	--	$ .537	21.5%	$ 2.090	90.0%
Return of capital................	2.593	100.0%	1.838	73.5%	--	--
Long-term rate capital gains.....	--	--	.029	1.2%	0.131	5.7%
Unrecaptured Section 1250 gain...	--	--	.094	3.8%	0.099	4.3%
Totals...........................	$ 2.593	100.0%	$ 2.498	100.0%	$ 2.320	100.0%

RECKSON ASSOCIATES REALTY CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

15. QUARTERLY FINANCIAL DATA (Unaudited)

As a result of Statement No. 144, we are providing updated summary selected quarterly financial information, which is included below reflecting the prior period reclassification as discontinued operations of the properties classified as held for sale during 2002.

The following summary represents the Company's results of operations for each fiscal quarter during 2002 and 2001 (in thousands, except share amounts):

	2002			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total revenues from continuing operations	$ 112,234	$ 112,556	$ 116,863	$ 116,416
Income before preferred dividends and distributions, minority interests, equity in earnings of real estate joint ventures and service companies, gain on sales of real estate, discontinued operations and extraordinary loss	$ 24,210	$ 21,403	$ 19,000	$ 18,061
Preferred dividends and distributions	(5,948)	(5,767)	(5,760)	(5,648)
Minority interests	(6,628)	(5,988)	(5,292)	(5,313)
Equity in earnings of real estate joint ventures and service companies	335	159	104	515
Gain on sales of real estate	537	--	--	--
Discontinued operations (net of limited partners' minority interest)	3,476	3,998	8,082	3,332
Extraordinary loss (net of limited partners' minority interest)	--	--	--	(2,335)
Net income allocable to common shareholders	$ 15,982	$ 13,805	$ 16,134	$ 8,612
Net income allocable to:				
Class A common shareholders	$ 12,159	$ 10,548	$ 12,334	$ 6,563
Class B common shareholders	3,823	3,257	3,800	2,049
Total	$ 15,982	$ 13,805	$ 16,134	$ 8,612
Basic net income per weighted average common share:				
Class A common	$ .18	$ .15	$ .13	$ .13
Gain on sales of real estate	.01	--	--	--
Discontinued operations	.05	.06	.12	.05
Extraordinary loss	--	--	--	(.04)
Basic net income per weighted average Class A common	$ .24	$ .21	$ .25	$ .14
Class B common	$ .28	$ .23	$ .19	$ .19
Gain on sales of real estate	.01	--	--	--
Discontinued operations	.08	.09	.19	.08
Extraordinary loss	--	--	--	(.06)
Basic net income per weighted average Class B common	$ .37	$ .32	$ .38	$ .21
Basic weighted average common shares outstanding:				
Class A common	50,013,140	50,775,300	49,525,372	48,383,554
Class B common	10,283,513	10,283,513	10,010,423	9,915,313
Diluted net income per weighted average common share:				
Class A common	$ .24	$ .21	$ .25	$ .14
Class B common	$ .26	$ .22	$ .26	$ .15
Diluted weighted average common shares outstanding:				
Class A common	50,350,189	51,164,788	49,825,400	48,551,222
Class B common	10,283,513	10,283,513	10,010,423	9,915,313

15. QUARTERLY FINANCIAL DATA (Unaudited) (continued)

	2001			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total revenues from continuing operations	$ 117,709	$ 118,940	$ 119,077	$ 112,093
Income before preferred dividends and distributions, minority interests, valuation reserves, equity in earnings of real estate joint ventures and service companies, gain on sales of real estate, discontinued operations and extraordinary loss	$ 31,762	$ 29,263	$ 26,622	$ 24,034
Preferred dividends and distributions	(6,085)	(5,928)	(5,996)	(5,968)
Minority interests	(8,058)	(6,360)	11,952	(6,356)
Valuation reserves on investments in affiliate loans and joint ventures and other investments	--	--	(163,000)	(3,101)
Equity in earnings of real estate joint ventures and service companies	398	801	505	383
Gain on sales of real estate	--	--	972	19,201
Discontinued operations (net of limited partners' minority interest)	2,671	1,983	2,620	2,413
Extraordinary loss (net of limited partners' minority interest)	--	--	(2,595)	--
Net income (loss) allocable to common shareholders	$ 20,688	$ 19,759	$ (128,920)	$ 30,606
Net income (loss) allocable to:				
Class A common shareholders	$ 15,308	$ 15,109	$ (97,944)	$ 23,284
Class B common shareholders	5,380	4,650	(30,976)	7,322
Total	$ 20,688	$ 19,759	$ (128,920)	$ 30,606
Basic net income (loss) per weighted average common share:				
Class A common	$ .30	$ .29	$ (1.98)	$ .17
Gain on sales of real estate	--	--	.01	.26
Discontinued operations	.04	.03	.04	.04
Extraordinary loss	--	--	(.04)	--
Basic net income (loss) per weighted average Class A common	$ .34	$ .32	$ (1.97)	$ .47
Class B common	$ .45	$ .40	$ (3.03)	$ .25
Gain on sales of real estate	--	--	.02	.40
Discontinued operations	.07	.05	.06	.06
Extraordinary loss	--	--	(.06)	--
Basic net income (loss) per weighted average Class B common	$ .52	$ .45	$ (3.01)	$ .71
Basic weighted average common shares outstanding:				
Class A common	45,483,544	47,221,917	49,715,423	49,994,025
Class B common	10,283,513	10,283,513	10,283,513	10,283,513
Diluted net income (loss) per weighted average common share:				
Class A common	$ .33	$ .32	$ (1.97)	$ .46
Class B common	$ .37	$ .34	$ (3.01)	$ .50
Diluted weighted average common shares outstanding:				
Class A common	45,949,816	47,600,390	49,715,423	51,005,494
Class B common	10,283,513	10,283,513	10,283,513	10,283,513

16. SUBSEQUENT EVENTS

On September 10, 2003, the Company announced that it had entered into agreements relating to the disposition of its Long Island industrial building portfolio (the "Disposition") to members of the Rechler family for approximately $315.5 million in cash and other consideration. The transactions contemplated by the agreements were consummated on November 10 and November 12, 2003. As a result, the Company has disposed of all but three of its 95 property, 5.9 million square foot, Long Island industrial building portfolio for approximately $225.1 million in cash and debt assumption and 3,932,111 Class A common units of limited partnership interest of Reckson Operating Partnership, L.P. 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 unsecured revolving credit facility (the "Credit Facility"). The remaining three properties, two of which are subject to transfer pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code"), are anticipated to close within three to six months.

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 the Company's 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 also extended the term of the remaining option on the property located at 225 Broadhollow Road, Melville, New York (the Company's current headquarters) for five years and released 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. In addition, as part of the transaction, the Rechler family entity was granted rights of first refusal with respect to five vacant land parcels located near the industrial properties for a period of five years.

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 long term incentive program ("LTIP") were transferred to the entity that acquired the Long Island industrial building portfolio and approximately $575,000 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 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 $399,000 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 as was the entire amount of their special outperformance component of the March 2003 LTIP.

In November 2003, the Company also disposed of a 181,000 square foot office property located on Long Island for approximately $24.3 million. Net proceeds from the sale were used to repay the Credit Facility.

In accordance with the provisions of FASB Statement No. 144, the Company has separately identified and classified the assets and liabilities of the aforementioned 95 industrial properties and the office property located on Long Island on its consolidated balance sheets as held for sale. In addition, income from the operations of these properties has been reflected on the Company's consolidated statements of operations as income from discontinued operations.

During 2003, as a result of the Disposition and in compliance with Statement No. 144, the Company has reported revenues and expenses from those properties as income from discontinued operations in 2003. The Company has revised the historical financial statements in connection with Statement No. 144 to reflect the Disposition and the sale of an office building in Long Island as discontinued operations which had no impact on net income (loss) available to common shareholders. Statement No. 144 only impacted the presentation of these properties within the consolidated statements of operations.

RECKSON ASSOCIATES REALTY CORP.
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, 2002 are as follows:

	2002	2001	2000
Real estate balance at beginning of period...........	$ 2,880,879	$ 2,770,607	$ 2,208,399
Improvements / revaluations	91,900	193,492	166,260
Disposal, including write-off of fully depreciated building improvements..............	(18,252)	(83,220)	(52,092)
Acquisitions...	--	--	448,040
Balance at end of period.............................	$ 2,954,527	$ 2,880,879	$ 2,770,607

The changes in accumulated depreciation, exclusive of amounts relating to equipment, autos, furniture and fixtures, for each of the periods in the three years ended December31, 2002 are as follows:

	2002	2001	2000
Balance at beginning of period.......................	$ 357,112	$ 284,315	$ 215,112
Depreciation for period..............................	91,940	83,316	71,478
Disposal, including write-off of fully depreciated building improvements..............	(4,023)	(10,519)	(2,275)
Balance at end of period.............................	$ 445,029	$ 357,112	$ 284,315

RECKSON ASSOCIATES REALTY CORP.
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
Vanderbilt Industrial Park, Hauppauge, New York (27 buildings in an industrial park)	--	$ 1,940	$ 9,955
85 Nicon Court Hauppauge, New York	--	797	2,818
104 Parkway Drive So., Hauppauge, New York	--	54	804
125 Ricefield Lane Hauppauge, New York	--	13	852
120 Ricefield Lane Hauppauge, New York	--	16	1,051
135 Ricefield Lane Hauppauge, New York	--	24	906
1997 Portfolio Acquisition, Hauppauge, New York (10 additional buildings in Vanderbilt Industrial Park)	--	930 (B)	20,619
425 Rabro Drive Hauppauge, New York	--	665	3,489
600 Old Willets Path Hauppauge, New York	--	295	3,521
Airport International Plaza, Islip, New York (17 buildings in an industrial park)	2,616 (C)	1,263	13,608
120 Wilbur Place Islip, New York	--	202	1,154
2004 Orville Drive North Islip, New York	--	633	4,226
2005 Orville Drive North Islip, New York	--	984	5,410
County Line Industrial Center, Melville, New York (3 buildings in an industrial park)	--	628	3,686
30 Hub Drive Melville, New York	--	469	1,571
32 Windsor Place, Islip, New York	--	32	321
42 Windsor Place Islip, New York	--	48	327
505 Walt Whitman Rd., Huntington, New York	--	140	42
1170 Northern Blvd., N. Great Neck, New York	--	30	99
50 Charles Lindbergh Blvd., Mitchel Field, New York	--	(A)	12,089
200 Broadhollow Road Melville, New York	--	338	3,354
48 South Service Road Melville, New York	--	1,652	10,245
395 North Service Road Melville, New York	19,709	(A)	15,551
6800 Jericho Turnpike Syosset, New York	13,922	582	6,566
6900 Jericho Turnpike Syosset, New York	7,348	385	4,228

COLUMN A	COLUMN D		COLUMN E			COLUMN F
	COST CAPITALIZED, SUBSEQUENT TO ACQUISITION		GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD			
DESCRIPTION	LAND	BUILDINGS AND IMPROVEMENTS	LAND	BUILDINGS AND IMPROVEMENTS	TOTAL	ACCUMULATED DEPRECIATION
Vanderbilt Industrial Park, Hauppauge, New York (27 buildings in an industrial park)	173	14,258	2,113	24,213	26,326	16,514
85 Nicon Court Hauppauge, New York	--	243	797	3,061	3,858	684
104 Parkway Drive So., Hauppauge, New York	--	236	54	1,040	1,094	232
125 Ricefield Lane Hauppauge, New York	--	332	13	1,184	1,197	425
120 Ricefield Lane Hauppauge, New York	--	422	16	1,473	1,489	320
135 Ricefield Lane Hauppauge, New York	--	473	24	1,379	1,403	529
1997 Portfolio Acquisition, Hauppauge, New York (10 additional buildings in Vanderbilt Industrial Park)	--	4,011	930	24,630	25,560	5,385
425 Rabro Drive Hauppauge, New York	--	398	665	3,887	4,552	732
600 Old Willets Path Hauppauge, New York	--	727	295	4,248	4,543	788
Airport International Plaza, Islip, New York (17 buildings in an industrial park)	--	11,814	1,263	25,422	26,685	17,794
120 Wilbur Place Islip, New York	8	247	210	1,401	1,611	234
2004 Orville Drive North Islip, New York	--	1,431	633	5,657	6,290	1,689
2005 Orville Drive North Islip, New York	--	1,176	984	6,586	7,570	1,071
County Line Industrial Center, Melville, New York (3 buildings in an industrial park)	--	2,848	628	6,534	7,162	5,264
30 Hub Drive Melville, New York	--	324	469	1,895	2,364	525
32 Windsor Place, Islip, New York	--	46	32	367	399	367
42 Windsor Place Islip, New York	--	700	48	1,027	1,075	857
505 Walt Whitman Rd., Huntington, New York	--	59	140	101	241	88
1170 Northern Blvd., N. Great Neck, New York	--	187	30	286	316	133
50 Charles Lindbergh Blvd., Mitchel Field, New York	--	5,973	0	18,062	18,062	11,458
200 Broadhollow Road Melville, New York	--	3,562	338	6,916	7,254	4,726
48 South Service Road Melville, New York	--	5,611	1,652	15,856	17,508	9,189
395 North Service Road Melville, New York	--	7,575	0	23,126	23,126	13,405
6800 Jericho Turnpike Syosset, New York	--	10,092	582	16,658	17,240	11,083
6900 Jericho Turnpike Syosset, New York	--	3,931	385	8,159	8,544	5,035

COLUMN A	COLUMN G	COLUMN H	COLUMN I

DESCRIPTION	DATE OF CONSTRUCTION	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IS COMPUTED
Vanderbilt Industrial Park, Hauppauge, New York			
(27 buildings in an industrial park)	1961-1979	1961-1979	10 - 30 Years
85 Nicon Court Hauppauge, New York	1984	1995	10 - 30 Years
104 Parkway Drive So., Hauppauge, New York	1985	1996	10 - 30 Years
125 Ricefield Lane Hauppauge, New York	1973	1996	10 - 30 Years
120 Ricefield Lane Hauppauge, New York	1983	1996	10 - 30 Years
135 Ricefield Lane Hauppauge, New York	1981	1996	10 - 30 Years
1997 Portfolio Acquisition, Hauppauge, New York (10 additional buildings in Vanderbilt Industrial Park)	1974-1982	1997	10 - 30 Years
425 Rabro Drive Hauppauge, New York	1980	1997	10 - 30 Years
600 Old Willets Path Hauppauge, New York	1999	1999	10 - 30 Years
Airport International Plaza, Islip, New York			
(17 buildings in an industrial park)	1970-1988	1970-1988	10 - 30 Years
120 Wilbur Place Islip, New York	1972	1998	10 - 30 Years
2004 Orville Drive North Islip, New York	1998	1996	10 - 30 Years
2005 Orville Drive North Islip, New York	1999	1996	10 - 30 Years
County Line Industrial Center, Melville, New York			
(3 buildings in an industrial park)	1975-1979	1975-1979	10 - 30 Years
30 Hub Drive Melville, New York	1976	1996	10 - 30 Years
32 Windsor Place, Islip, New York	1971	1971	10 - 30 Years
42 Windsor Place Islip, New York	1972	1972	10 - 30 Years
505 Walt Whitman Rd., Huntington, New York	1950	1968	10 - 30 Years
1170 Northern Blvd., N. Great Neck, New York	1947	1962	10 - 30 Years
50 Charles Lindbergh Blvd., Mitchel Field, New York	1984	1984	10 - 30 Years
200 Broadhollow Road Melville, New York	1981	1981	10 - 30 Years
48 South Service Road Melville, New York	1986	1986	10 - 30 Years
395 North Service Road Melville, New York	1988	1988	10 - 30 Years
6800 Jericho Turnpike Syosset, New York	1977	1978	10 - 30 Years
6900 Jericho Turnpike Syosset, New York	1982	1982	10 - 30 Years

Continued

RECKSON ASSOCIATES REALTY CORP.
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
300 Motor Parkway Hauppauge, New York	--	276	1,136
88 Duryea Road Melville, New York	--	200	1,565
210 Blydenburgh Road Islandia, New York	--	11	158
208 Blydenburgh Road Islandia, New York	--	12	192
71 Hoffman Lane Islandia, New York	--	19	260
933 Motor Parkway Hauppauge, New York	--	106	375
85 South Service Road Plainview, New York	--	24	145
333 Earl Ovington Blvd., (Omni) Mitchel Field, New York	53,864	(A)	67,221
135 Fell Court Islip, New York	--	462	1,265
40 Cragwood Road South Plainfield, New Jersey	--	725	7,131
110 Marcus Drive Huntington, New York	--	390	1,499
333 East Shore Road Great Neck, New York	--	(A)	564
310 East Shore Road Great Neck, New York	--	485	2,009
70 Schmitt Blvd. Farmingdale, New York	--	727	3,408
19 Nicholas Drive Yaphank, New York	--	160	7,399
1516 Motor Parkway Hauppauge, New York	--	603	6,722
35 Pinelawn Road Melville, New York	--	999	7,073
520 Broadhollow Road Melville, New York	--	457	5,572
1660 Walt Whitman Road Melville, New York	--	370	5,072
70 Maxess Road Melville, New York	--	367	1,859
20 Melville Park Rd., Melville, New York	--	391	2,650
105 Price Parkway Farmingdale, New York	--	2,030	6,327
48 Harbor Park Drive Port Washington, New York	--	1,304	2,247
60 Charles Lindbergh Mitchel Field, New York	--	(A)	20,800
505 White Plains Road Tarrytown, New York	--	210	1,332
555 White Plains Road Tarrytown, New York	--	712	4,133
560 White Plains Road Tarrytown, New York	--	1,521	8,756
580 White Plains Road Tarrytown, New York	12,685	2,414	14,595
660 White Plains Road Tarrytown, New York	--	3,929	22,640
Landmark Square Stamford, Connecticut	45,090	11,603	64,466

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
300 Motor Parkway Hauppauge, New York	--	1,833	276	2,969	3,245
88 Duryea Road Melville, New York	--	823	200	2,388	2,588
210 Blydenburgh Road Islandia, New York	--	175	11	333	344
208 Blydenburgh Road Islandia, New York	--	188	12	380	392
71 Hoffman Lane Islandia, New York	--	206	19	466	485
933 Motor Parkway Hauppauge, New York	--	411	106	786	892
85 South Service Road Plainview, New York	--	13	24	158	182
333 Earl Ovington Blvd., (Omni) Mitchel Field, New York	--	22,053	0	89,274	89,274
135 Fell Court Islip, New York	--	273	462	1,538	2,000
40 Cragwood Road South Plainfield, New Jersey	--	6,034	725	13,165	13,890
110 Marcus Drive Huntington, New York	--	107	390	1,606	1,996
333 East Shore Road Great Neck, New York	--	456	0	1,020	1,020
310 East Shore Road Great Neck, New York	--	2,344	485	4,353	4,838
70 Schmitt Blvd. Farmingdale, New York	--	33	727	3,441	4,168
19 Nicholas Drive Yaphank, New York	5	6,160	165	13,559	13,724
1516 Motor Parkway Hauppauge, New York	--	472	603	7,194	7,797
35 Pinelawn Road Melville, New York	--	2,786	999	9,859	10,858
520 Broadhollow Road Melville, New York	(1)	2,794	456	8,366	8,822
1660 Walt Whitman Road Melville, New York	--	1,102	370	6,174	6,544
70 Maxess Road Melville, New York	95	2,957	462	4,816	5,278
20 Melville Park Rd., Melville, New York	--	106	391	2,756	3,147
105 Price Parkway Farmingdale, New York	--	469	2,030	6,796	8,826
48 Harbor Park Drive Port Washington, New York	--	520	1,304	2,767	4,071
60 Charles Lindbergh Mitchel Field, New York	--	4,198	0	24,998	24,998
505 White Plains Road Tarrytown, New York	--	342	210	1,674	1,884
555 White Plains Road Tarrytown, New York	51	4,656	763	8,789	9,552
560 White Plains Road Tarrytown, New York	(1)	4,479	1,520	13,235	14,755
580 White Plains Road Tarrytown, New York	--	3,553	2,414	18,148	20,562
660 White Plains Road Tarrytown, New York	45	6,431	3,974	29,071	33,045
Landmark Square Stamford, Connecticut	832	31,464	12,435	95,930	108,365

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I

DESCRIPTION	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IS COMPUTED
300 Motor Parkway Hauppauge, New York	1,775	1979	1979	10 - 30 Years
88 Duryea Road Melville, New York	1,496	1980	1980	10 - 30 Years
210 Blydenburgh Road Islandia, New York	315	1969	1969	10 - 30 Years
208 Blydenburgh Road Islandia, New York	344	1969	1969	10 - 30 Years
71 Hoffman Lane Islandia, New York	433	1970	1970	10 - 30 Years
933 Motor Parkway Hauppauge, New York	692	1973	1973	10 - 30 Years
85 South Service Road Plainview, New York	153	1961	1961	10 - 30 Years
333 Earl Ovington Blvd., (Omni) Mitchel Field, New York	30,782	1990	1995	10 - 30 Years
135 Fell Court Islip, New York	509	1965	1992	10 - 30 Years
40 Cragwood Road South Plainfield, New Jersey	8,397	1970	1983	10 - 30 Years
110 Marcus Drive Huntington, New York	1,310	1980	1980	10 - 30 Years
333 East Shore Road Great Neck, New York	700	1976	1976	10 - 30 Years
310 East Shore Road Great Neck, New York	2,277	1981	1981	10 - 30 Years
70 Schmitt Blvd. Farmingdale, New York	845	1965	1995	10 - 30 Years
19 Nicholas Drive Yaphank, New York	2,556	1989	1995	10 - 30 Years
1516 Motor Parkway Hauppauge, New York	1,737	1981	1995	10 - 30 Years
35 Pinelawn Road Melville, New York	2,802	1980	1995	10 - 30 Years
520 Broadhollow Road Melville, New York	2,723	1978	1995	10 - 30 Years
1660 Walt Whitman Road Melville, New York	1,417	1980	1995	10 - 30 Years
70 Maxess Road Melville, New York	1,239	1967	1995	10 - 30 Years
20 Melville Park Rd., Melville, New York	603	1965	1996	10 - 30 Years
105 Price Parkway Farmingdale, New York	1,632	1969	1996	10 - 30 Years
48 Harbor Park Drive Port Washington, New York	563	1976	1996	10 - 30 Years
60 Charles Lindbergh Mitchel Field, New York	6,078	1989	1996	10 - 30 Years
505 White Plains Road Tarrytown, New York	497	1974	1996	10 - 30 Years
555 White Plains Road Tarrytown, New York	3,554	1972	1996	10 - 30 Years
560 White Plains Road Tarrytown, New York	3,606	1980	1996	10 - 30 Years
580 White Plains Road Tarrytown, New York	5,294	1997	1996	10 - 30 Years
660 White Plains Road Tarrytown, New York	7,976	1983	1996	10 - 30 Years
Landmark Square Stamford, Connecticut	19,337	1973-1984	1996	10 - 30 Years

Continued

RECKSON ASSOCIATES REALTY CORP.
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
110 Bi -County Blvd. Farmingdale, New York	3,635	2,342	6,665
One Eagle Rock, East Hanover, New Jersey	--	803	7,563
710 Bridgeport Avenue Shelton, Connecticut	--	5,405	21,620
101 JFK Expressway Short Hills, New Jersey	--	7,745	43,889
10 Rooney Circle West Orange, New Jersey	--	1,302	4,615
Executive Hill Office Park West Orange, New Jersey	--	7,629	31,288
3 University Plaza Hackensack, New Jersey	--	7,894	11,846
150 Motor Parkway Hauppauge, New York	--	1,114	20,430
Reckson Executive Park Ryebrook, New York	--	18,343	55,028
University Square Princeton, New Jersey	--	3,288	8,888
100 Andrews Road Hicksville, New York	--	2,337	1,711
80 Grasslands Elmsford, New York	--	1,208	6,728
65 Marcus Drive Melville, New York	--	295	1,966
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	19,101	3,007	41,351
115/117 Stevens Avenue Valhalla, New York	--	1,094	22,490
200 Summit Lake Drive Valhalla, New York	19,373	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
45 Melville Park Road Melville, New York	--	355	1,487
500 Saw Mill River Road Elmsford, New York	--	1,542	3,796
120 W.45th Street New York, New York	64,263	28,757	162,809
1255 Broad Street Clifton, New Jersey	--	1,329	15,869
810 7th Avenue New York, New York	82,854	26,984 (A)	152,767

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
110 Bi -County Blvd. Farmingdale, New York	--	406	2,342	7,071	9,413
One Eagle Rock, East Hanover, New Jersey	--	3,151	803	10,714	11,517
710 Bridgeport Avenue Shelton, Connecticut	7	946	5,412	22,566	27,978
101 JFK Expressway Short Hills, New Jersey	(3,098)	(16,116)	4,647	27,773	32,420
10 Rooney Circle West Orange, New Jersey	1	1,002	1,303	5,617	6,920
Executive Hill Office Park West Orange, New Jersey	4	2,778	7,633	34,066	41,699
3 University Plaza Hackensack, New Jersey	--	2,684	7,894	14,530	22,424
150 Motor Parkway Hauppauge, New York	--	3,479	1,114	23,909	25,023
Reckson Executive Park Ryebrook, New York	--	4,550	18,343	59,578	77,921
University Square Princeton, New Jersey	(1)	1,694	3,287	10,582	13,869
100 Andrews Road Hicksville, New York	151	5,742	2,488	7,453	9,941
80 Grasslands Elmsford, New York	--	606	1,208	7,334	8,542
65 Marcus Drive Melville, New York	56	954	351	2,920	3,271
100 Forge Way Rockaway, New Jersey	--	98	315	1,000	1,315
200 Forge Way Rockaway, New Jersey	--	483	1,128	3,711	4,839
300 Forge Way Rockaway, New Jersey	--	254	376	1,329	1,705
400 Forge Way Rockaway, New Jersey	--	187	1,142	3,454	4,596
51 -- 55 Charles Lindbergh Blvd. Mitchel Field, New York	--	4,292	0	32,267	32,267
100 Summit Drive Valhalla, New York	--	4,879	3,007	46,230	49,237
115/117 Stevens Avenue Valhalla, New York	--	1,911	1,094	24,401	25,495
200 Summit Lake Drive Valhalla, New York	--	4,010	4,343	41,315	45,658
140 Grand Street White Plains, New York	(1)	300	1,931	19,044	20,975
500 Summit Lake Drive Valhalla, New York	--	7,837	7,052	45,146	52,198
99 Cherry Hill Road Parsippany, New Jersey	5	1,330	2,365	8,838	11,203
119 Cherry Hill Road Parsippany, New Jersey	6	1,097	2,518	8,719	11,237
45 Melville Park Road Melville, New York	(1)	1,825	354	3,312	3,666
500 Saw Mill River Road Elmsford, New York	--	205	1,542	4,001	5,543
120 W.45th Street New York, New York	7,721 (D)	3,756	36,478	166,565	203,043
1255 Broad Street Clifton, New Jersey	--	4,077	1,329	19,946	21,275
810 7th Avenue New York, New York	117	13,920	27,101	166,687	193,788

COLUMN A   COLUMN F   COLUMN G   COLUMN H   COLUMN I

LIFE ON WHICH

DESCRIPTION	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION	DATE ACQUIRED	DEPRECIATION IS COMPUTED
110 Bi -County Blvd. Farmingdale, New York	1,508	1984	1997	10 - 30 Years
One Eagle Rock, East Hanover, New Jersey	3,087	1986	1997	10 - 30 Years
710 Bridgeport Avenue Shelton, Connecticut	4,493	1971-1979	1997	10 - 30 Years
101 JFK Expressway Short Hills, New Jersey	5,132	1981	1997	10 - 30 Years
10 Rooney Circle West Orange, New Jersey	1,096	1971	1997	10 - 30 Years
Executive Hill Office Park West Orange, New Jersey	6,337	1978-1984	1997	10 - 30 Years
3 University Plaza Hackensack, New Jersey	3,136	1985	1997	10 - 30 Years
150 Motor Parkway Hauppauge, New York	5,028	1984	1997	10 - 30 Years
Reckson Executive Park Ryebrook, New York	10,587	1983-1986	1997	10 - 30 Years
University Square Princeton, New Jersey	1,774	1987	1997	10 - 30 Years
100 Andrews Road Hicksville, New York	1,897	1954	1996	10 - 30 Years
80 Grasslands Elmsford, New York	1,389	1989/1964	1997	10 - 30 Years
65 Marcus Drive Melville, New York	724	1968	1996	10 - 30 Years
100 Forge Way Rockaway, New Jersey	190	1986	1998	10 - 30 Years
200 Forge Way Rockaway, New Jersey	630	1989	1998	10 - 30 Years
300 Forge Way Rockaway, New Jersey	328	1989	1998	10 - 30 Years
400 Forge Way Rockaway, New Jersey	580	1989	1998	10 - 30 Years
51 -- 55 Charles Lindbergh Blvd. Mitchel Field, New York	7,035	1981	1998	10 - 30 Years
100 Summit Drive Valhalla, New York	8,114	1988	1998	10 - 30 Years
115/117 Stevens Avenue Valhalla, New York	3,928	1984	1998	10 - 30 Years
200 Summit Lake Drive Valhalla, New York	6,718	1990	1998	10 - 30 Years
140 Grand Street White Plains, New York	3,078	1991	1998	10 - 30 Years
500 Summit Lake Drive Valhalla, New York	7,159	1986	1998	10 - 30 Years
99 Cherry Hill Road Parsippany, New Jersey	1,340	1982	1998	10 - 30 Years
119 Cherry Hill Road Parsippany, New Jersey	1,425	1982	1998	10 - 30 Years
45 Melville Park Road Melville, New York	763	1998	1998	10 - 30 Years
500 Saw Mill River Road Elmsford, New York	670	1968	1998	10 - 30 Years
120 W.45th Street New York, New York	20,103	1998	1999	10 - 30 Years
1255 Broad Street Clifton, New Jersey	2,922	1999	1999	10 - 30 Years
810 7th Avenue New York, New York	20,037	1970	1999	10 - 30 Years

Continued

RECKSON ASSOCIATES REALTY CORP.
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
120 Mineola Blvd. Mineola, New York	--	1,869	10,603
100 Wall Street New York, New York	35,904	11,749	66,517
One Orlando Orlando, Florida	38,366	9,386	51,136
1350 Avenue of the Americas New York, New York	74,631	19,222	109,168
919 3rd. Avenue New York, New York	246,651	101,644 (A)	205,736
538 Broadhollow Road Melville, New York	--	3,900	21,413
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
1305 Walt Whitman Road Melville, New York	--	3,934	24,040
50 Marcus Drive Melville, New York	--	930	13,600
100 Grasslands Road Elmsford, New York	--	289	3,382
2002 Orville Drive North Bohemia, New York	--	1,950	9,959
390 Motor Parkway Hauppauge, New York	--	240	5,787
58 South Service Road Melville, New York	--	1,061	
400 Moreland Road Commack, New York	--	343	1,219
103 JFK Parkway Short Hills, New Jersey	--	3,098	18,011
Land held for development	--	92,924	--
Developments in progress	--	--	28,311
Other property	--	--	--
Total	$740,012	$ 483,555	$1,968,635

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
120 Mineola Blvd. Mineola, New York	5	1,041	1,874	11,644	13,518
100 Wall Street New York, New York	93	9,798	11,842	76,315	88,157
One Orlando Orlando, Florida	32	3,779	9,418	54,915	64,333
1350 Avenue of the Americas New York, New York	--	18,037	19,222	127,205	146,427
919 3rd. Avenue New York, New York	12,795	86,412	114,439	292,148	406,587
538 Broadhollow Road Melville, New York	--	1,038	3,900	22,451	26,351
360 Hamilton Avenue White Plains, New York	--	21,351	2,838	55,957	58,795
492 River Road Nutley, New Jersey	--	4,145	2,615	9,247	11,862
275 Broadhollow Road Melville, New York	--	312	3,850	13,270	17,120
400 Garden City Plaza Garden City, New York	--	667	9,081	17,671	26,752
90 Merrick Avenue East Meadow, New York	--	1,111	0	24,915	24,915
120 White Plains Road Tarrytown, New York	--	359	3,852	25,220	29,072
100 White Plains Road Tarrytown, New York	--	79	79	551	630
51 JFK Parkway Short Hills, New Jersey	1	824	10,054	63,328	73,382
680 Washington Blvd Stamford, Connecticut	--	168	4,561	23,866	28,427
750 Washington Blvd Stamford, Connecticut	--	139	7,527	32,079	39,606
1305 Walt Whitman Road Melville, New York	--	41	3,934	24,081	28,015
50 Marcus Drive Melville, New York	65	4,912	995	18,512	19,507
100 Grasslands Road Elmsford, New York	--	1,214	289	4,596	4,885
2002 Orville Drive North Bohemia, New York	--	254	1,950	10,213	12,163
390 Motor Parkway Hauppauge, New York	--	833	240	6,620	6,860
58 South Service Road Melville, New York	6,886	42,218	7,947	42,218	50,165
400 Moreland Road Commack, New York	1,141	1,510	1,484	2,729	4,213
103 JFK Parkway Short Hills, New Jersey	217	9,585	3,315	27,596	30,911
Land held for development	--	--	92,924		92,924
Developments in progress	--	--		28,311	28,311
Other property	--	18,650		18,650	18,650
Total	$27,409	$474,928	$510,964	$2,443,563	$2,954,527

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I
	ACCUMULATED	DATE OF	DATE	LIFE ON WHICH DEPRECIATION

DESCRIPTION	DEPRECIATION	CONSTRUCTION	ACQUIRED	IS COMPUTED
120 Mineola Blvd. Mineola, New York	1,500	1977	1999	10 - 30 Years
100 Wall Street New York, New York	9,382	1969	1999	10 - 30 Years
One Orlando Orlando, Florida	6,566	1987	1999	10 - 30 Years
1350 Avenue of the Americas New York, New York	12,397	1966	2000	10 - 30 Years
919 3rd. Avenue New York, New York	16,375	1970	2000	10 - 30 Years
538 Broadhollow Road Melville, New York	1,802	2000	2000	10 - 30 Years
360 Hamilton Avenue White Plains, New York	6,319	2000	2000	10 - 30 Years
492 River Road Nutley, New Jersey	924	2000	2000	10 - 30 Years
275 Broadhollow Road Melville, New York	1,813	1970	1997	10 - 30 Years
400 Garden City Plaza Garden City, New York	2,166	1989	1997	10 - 30 Years
90 Merrick Avenue East Meadow, New York	3,563	1985	1997	10 - 30 Years
120 White Plains Road Tarrytown, New York	3,076	1984	1997	10 - 30 Years
100 White Plains Road Tarrytown, New York	39	1984	1997	10 - 30 Years
51 JFK Parkway Short Hills, New Jersey	7,619	1988	1998	10 - 30 Years
680 Washington Blvd Stamford, Connecticut	2,883	1989	1998	10 - 30 Years
750 Washington Blvd Stamford, Connecticut	3,738	1989	1998	10 - 30 Years
1305 Walt Whitman Road Melville, New York	3,043	1999	1999	10 - 30 Years
50 Marcus Drive Melville, New York	1,106	2001	1998	10 - 30 Years
100 Grasslands Road Elmsford, New York	460	2001	1997	10 - 30 Years
2002 Orville Drive North Bohemia, New York	919	2001	1996	10 - 30 Years
390 Motor Parkway Hauppauge, New York	1,046	2001	1997	10 - 30 Years
58 South Service Road Melville, New York	1,308	2001	1998	10 - 30 Years
400 Moreland Road Commack, New York	41	2002	1997	10 - 30 Years
103 JFK Parkway Short Hills, New Jersey	2,854	2002	1997	10 - 30 Years
Land held for development		N/A	Various	N/A
Developments in progress	--			
Other property	2,713			
Total	$445,029			

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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 The land parcel on which the building and improvements were constructed for one property is subject to a ground lease.

C The Encumbrance of $2,616 is related to one property.

D 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 $2,191 million at December 31, 2002.

EXHIBIT 99.2

ITEM 6. SELECTED FINANCIAL DATA

In connection with this Annual Report previously filed on Form 10-K we are restating our historical consolidated financial statements as a result of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment of Disposal of Long-Lived Assets" ("SFAS 144"). During 2003, we classified the industrial building portfolio and certain office property located in Long Island as held for sale and, in compliance with SFAS 144, have reported revenues and expenses from these properties as income from discontinued operations, net of minority interest, 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,
(in thousands except per unit data and property count)

	2002	2001	2000	1999	1998
OPERATING DATA:					
Total revenues	$ 458,069	$ 467,805	$ 442,362	$ 351,643	$ 229,240
Total expenses	375,395	352,170	331,582	263,305	166,599
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, discontinued operations and extraordinary loss	82,674	115,635	110,780	88,338	62,641
Minority interests	18,730	15,975	9,120	6,802	2,819
Extraordinary loss	2,602	2,898	1,571	629	1,993
Valuation reserves on investments in affiliate loans and joint ventures and other investments	--	166,101	--	--	--
Preferred distributions	23,123	23,977	28,012	27,001	14,244
Equity in earnings of real estate joint ventures and service companies	1,113	2,087	4,383	2,148	1,836
Gain on sales of real estate	537	20,173	18,669	10,052	--
Discontinued operations	21,346	11,113	4,524	5,128	832
Net income (loss) allocable to common unit holders	$ 61,215	$ (59,943)	$ 99,653	$ 71,234	$ 46,253
PER UNIT DATA: (1)					
Net income (loss) per weighted average common unit:					
Basic net income (loss) before extraordinary loss	$ .58	$ (1.25)	$ 1.17	$ .96	$ 1.00
Gain on sales of real estate	.01	.28	.28	.17	--
Discontinued operations	.30	.16	.07	.09	.02
Extraordinary loss	(.04)	(.04)	(.02)	(.01)	(.04)
Class A common unit	$ .85	$ (.85)	$ 1.50	$ 1.21	$ .98
Basic net income (loss) before extraordinary loss	$ .88	$ (1.82)	$ 1.80	$ 1.56	$ --
Gain on sales of real estate	.01	.42	.43	.27	--
Discontinued operations	.44	.23	.11	.14	--
Extraordinary loss	(.05)	(.06)	(.04)	(.03)	--
Class B common unit	$ 1.28	$ (1.23)	$ 2.30	$ 1.94	$ --
Weighted average common units outstanding:					
Class A common units	57,059	55,773	50,766	47,975	47,201
Class B common units	10,122	10,284	10,284	6,744	--
Cash distributions declared per unit:					
Class A common unit	$ 1.70	$ 1.66	$ 1.53	$ 1.45	$ 1.33
Class B common unit	$ 2.59	$ 2.55	$ 2.35	$ 1.54	$ --

ITEM 6. (CONTINUED) SELECTED FINANCIAL DATA

Reckson Operating Partnership, L. P.
For the year ended December 31,
(in thousands except per unit data and property count)

2002	2001	2000	1999	1998

BALANCE SHEET DATA: (PERIOD END)					
Commercial real estate properties, before accumulated depreciation	$2,707,878	$2,643,045	$2,537,193	$2,017,170	$1,562,014
Cash and cash equivalents (5)	30,827	121,975	17,843	21,368	2,349
Total assets	2,912,052	2,998,782	2,999,794	2,734,577	1,854,520
Mortgage notes payable	733,761	744,613	722,312	452,338	246,314
Unsecured credit facility (5)	267,000	271,600	216,600	297,600	465,850
Unsecured term loan	--	--	--	75,000	20,000
Senior unsecured notes	499,305	449,463	449,385	449,313	150,000
Market value of equity (2)	1,681,372	1,915,587	2,016,390	1,726,845	1,332,882
Total market capitalization including debt (2 and 3)	3,052,818	3,251,599	3,397,204	2,993,756	2,119,936
OTHER DATA:					
Funds from operations (4)	$ 161,024	$ 183,641	$ 169,911	$ 132,444	$ 98,501
Total square feet (at end of period)	20,284	20,611	21,291	21,385	21,000
Number of properties (at end of period)	178	182	188	189	204

(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 for the Operating Partnership. FFO is defined by the National Association of Real Estate Investment Trusts (NAREIT) as net income or loss, excluding gains or losses from debt restructuring and sales of properties plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO does not represent cash generated from operating activities in accordance with Generally Accepted Accounting Principals 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, 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.

(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. SUPPLEMENT TO MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

The following discussion should be read in conjunction with the historical financial statements of Reckson Operating Partnership, L.P. (the "Company") and related notes and MD&A thereto appearing in Item 8 and 7 of the Company's Annual Report on Form 10-K.

The Company 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 Company'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 Company'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 Company 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 Company 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 and industrial / R&D properties in the New York Tri-State area; changes in interest rate levels; 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 and insurance costs; repayment of debt owed to the Company 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 Company'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.

Current Developments

On September 10, 2003, the Company announced that it had entered into agreements relating to the disposition of its Long Island industrial building portfolio (the "Disposition") to members of the Rechler family for approximately $315.5 million in cash and other consideration. The transactions contemplated by the agreements were consummated on November 10 and November 12, 2003. As a result, the Company has disposed of all but three of its 95 property, 5.9 million square foot, Long Island industrial building portfolio for approximately $225.1 million in cash and debt assumption and 3,932,111 Class A common units of limited partnership interest of the Company 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 unsecured revolving credit facility (the "Credit Facility"). The remaining three properties, two of which are subject to transfer pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code"), are anticipated to close within three to six months.

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 the Company's 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 also extended the term of the remaining option on the property located at 225 Broadhollow Road, Melville, New York (the Company's current headquarters) for five years and released 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. In addition, as part of the transaction, the Rechler family entity was granted rights of first refusal with respect to five vacant land parcels located near the industrial properties for a period of five years.

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 long term incentive program ("LTIP") were transferred to the entity that acquired the Long Island industrial building portfolio and approximately $575,000 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 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 $399,000 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 as was the entire amount of their special outperformance component of the March 2003 LTIP.

In November 2003, the Company also disposed of a 181,000 square foot office property located on Long Island for approximately $24.3 million. Net proceeds from the sale were used to repay the Credit Facility.

In accordance with the provisions of FASB Statement No. 144, the Company has separately identified and classified the assets and liabilities of the aforementioned 95 industrial properties and the office property located on Long Island ("Assets Disposed") on its consolidated balance sheets as held for sale. In addition, income from the operations of these properties has been reflected on the Company's consolidated statements of operations as income from discontinued operations.

Total revenues from the Assets Disposed, for the periods owned, were $48.0, $46.8 and $40.9 million and total expenses, for the periods owned, were $32.2, $36.9 and $37.7 million for the years ended December 31, 2002, 2001 and 2000, respectively. These revenues and expenses have been included in discontinued operations on the Company's consolidated statements of operations.

FUNDS FROM OPERATIONS

Management believes that funds from operations ("FFO") is an appropriate measure of performance for the Company. FFO is defined by the National Association of Real Estate Investment Trusts ("NAREIT") as net income or loss, excluding gains or losses from debt restructuring and sales of properties plus 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. (See Selected Financial Data). 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 Partnerships FFO calculation for the years ended December 31, (in thousands):

	2002	2001	2000
Income (loss) before extraordinary loss	$ 63,817	$ (57,045)	$ 101,224
Less:			
Extraordinary loss	2,602	2,898	1,571
Net Income (loss)	61,215	(59,943)	99,653
Adjustment for Funds From Operations:			
Add:			
Real estate depreciation and amortization	108,906	100,967	90,552
Minority interests' in consolidated partnerships	18,730	15,975	9,120
Valuation reserves on investments in affiliate loans and joint ventures	--	163,000	--
Extraordinary loss	2,602	2,898	1,571
Less:			
Gain on sales of real estate	5,433	20,173	18,669
Amounts distributable to minority partners in consolidated partnerships	24,996	19,083	12,316
Funds From Operations	$ 161,024	$ 183,641	$ 169,911
Weighted average units outstanding	67,180	66,057	61,050

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The response to this item is included in section 15 of this Form 8-K.

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

(a)(1 and 2) Financial Statements and Schedules

	PAGE
RECKSON OPERATING PARTNERSHIP, L. P	
Report of Independent Auditors	7
Consolidated Balance Sheets as of December 31, 2002 and December 31, 2001	8
Consolidated Statements of Operations for the years ended December 31, 2002, 2001 and 2000	9-10
Consolidated Statements of Partners' Capital for the years ended December 31, 2002, 2001 and 2000	11
Consolidated Statements of Cash Flows for the years ended December 31, 2002, 2001 and 2000	12
Notes to Financial Statements	13-40
Schedule III - Real Estate and Accumulated Depreciation	41

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. (the "Operating Partnership") as of December 31, 2002 and 2001, and the related consolidated statements of operations, partners' capital, and cash flows for each of the three years in the period ended December 31, 2002. We have also audited the accompanying financial statement schedule. 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, 2002 and 2001, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2002, 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 27, 2003, except for
Notes 11 and 15 as to which the dates are
January 14, 2004

RECKSON OPERATING PARTNERSHIP, L. P.
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS EXCEPT UNIT DATA)

	December 31, 2002	December 31, 2001
ASSETS		
Commercial real estate properties, at cost (Notes 2, 3, 5, and 6)		
Land	$ 386,747	$ 380,835
Buildings and improvements	2,199,896	2,118,542
Developments in progress:		
Land	92,924	69,365
Development costs	28,311	74,303
Furniture, fixtures and equipment	12,203	6,333
	2,720,081	2,649,378
Less accumulated depreciation	(382,022)	(298,370)
	2,338,059	2,351,008
Properties and related assets held for sale, net of accumulated depreciation	196,954	193,997
Investments in real estate joint ventures	6,116	5,744
Investment in mortgage notes and notes receivable (Note 6)	54,547	56,234
Cash and cash equivalents (Note 9)	30,576	121,773
Tenant receivables	12,529	7,407
Investments in service companies and affiliate loans and joint ventures (Note 8)	78,104	84,142
Deferred rents receivable	97,145	73,091
Prepaid expenses and other assets	32,577	41,743
Contract and land deposits and pre-acquisition costs	240	3,782
Deferred leasing and loan costs, less accumulated amortization of $48,049 and $41,411, respectively	65,205	59,861
Total Assets	$ 2,912,052	$ 2,998,782
LIABILITIES		
Mortgage notes payable (Note 2)	$ 733,761	$ 744,613
Mortgage notes payable and other liabilities associated with properties held for sale	10,722	10,075
Unsecured credit facility (Note 3)	267,000	271,600
Senior unsecured notes (Note 4)	499,305	449,463
Accrued expenses and other liabilities	85,849	81,040
Distributions payable	31,575	32,988
Total Liabilities	1,628,212	1,589,779
Minority interests in consolidated partnerships	242,934	242,698
Commitments and contingencies (Notes 9, 10, and 13)	--	--
PARTNERS' CAPITAL (Note 7)		
Preferred Capital, 10,854,162 and 11,222,965 units outstanding, respectively	281,690	301,573
General Partners Capital:		
Class A common units, 48,246,083 and 49,982,377 units outstanding, respectively	478,121	551,417
Class B common units, 9,915,313 and 10,283,513 units outstanding, respectively	209,675	231,428
Limited Partners Capital, 7,276,224 and 7,487,218 units outstanding, respectively	71,420	81,887
Total Partners Capital	1,040,906	1,166,305
Total Liabilities and Partners Capital	$ 2,912,052	$ 2,998,782

(see accompanying notes to financial statements)

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

	For the year ended December 31,		
	2002	2001	2000
REVENUES (Note 10):			
Property operating revenues:			
Base rents	$ 395,308	$ 392,824	$ 358,179
Tenant escalations and reimbursements	55,441	54,739	50,134
Total property operating revenues	450,749	447,563	408,313
Interest income on mortgage notes and notes receivable (including $4,287, $4,196 and $5,237, respectively from related parties)	6,279	6,238	7,879
Investment and other income (including $85, $5,164 and $21,455, respectively from related parties)	1,041	14,004	26,170
Total Revenues	458,069	467,805	442,362
EXPENSES:			
Property operating expenses	163,031	155,977	146,537
Marketing, general and administrative	29,214	24,289	22,932
Interest	80,706	79,726	78,189
Depreciation and amortization	102,444	92,178	83,924
Total Expenses	375,395	352,170	331,582
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, discontinued operations and extraordinary loss	82,674	115,635	110,780
Minority partners' interest in consolidated partnerships	(18,730)	(15,975)	(9,120)
Equity in earnings of service companies and real estate joint ventures (including $465, $1,450 and $2,792, respectively from related parties	1,113	2,087	4,383
Gain on sales of real estate (Note 6)	537	20,173	18,669
Valuation reserves on investments in affiliate loans and joint ventures and other investments (Notes 8 and 13)	--	(166,101)	--
Income (loss) before discontinued operations, extraordinary loss and distributions to preferred unitholders	65,594	(44,181)	124,712
Discontinued operations:			
Income from discontinued operations	16,451	11,113	4,524
Gain on sales of real estate	4,895	--	--
Income (loss) before extraordinary loss and distributions to preferred unitholders	86,940	(33,068)	129,236
Extraordinary loss on extinguishment of debts	(2,602)	(2,898)	(1,571)
Net income (loss)	84,338	(35,966)	127,665
Preferred unit distributions	(23,123)	(23,977)	(28,012)
Net income (loss) allocable to common unitholders	$ 61,215	$ (59,943)	$ 99,653
Net income (loss) allocable to:			
Class A common units	$ 48,286	$ (47,283)	$ 76,046
Class B common units	12,929	(12,660)	23,607
Total	$ 61,215	$ (59,943)	$ 99,653

(see accompanying notes to financial statements)

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

Net income (loss) per weighted average units:			
Class A common	$ .58	$ (1.25)	$ 1.17
Gain on sales of real estate	.01	.28	.28
Discontinued operations	.30	.16	.07
Extraordinary loss	(.04)	(.04)	(.02)
Net income (loss) per Class A common	$ .85	$ (.85)	$ 1.50
Class B common	$ .88	$ (1.82)	$ 1.80
Gain on sales of real estate	.01	.42	.43
Discontinued operations	.44	.23	.11
Extraordinary loss	(.05)	(.06)	(.04)
Net income (loss) per Class B common	$ 1.28	$ (1.23)	$ 2.30
Weighted average common units outstanding:			
Class A common	57,059,000	55,773,000	50,766,000
Class B common	10,122,000	10,284,000	10,284,000

(see accompanying notes to financial statements)

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

	General Partners' Capital				
	Preferred Capital	Class B Common unit	Class A Common units	Limited Partners' Capital	Total Partners' Capital
Balance January 1, 2000	$ 413,126	$ 270,689	$ 477,172	$ 90,986	$ 1,251,973
Net Income	--	23,607	64,552	11,494	99,653
Contributions	--	--	6,701	--	6,701
Distributions	--	(24,132)	(66,096)	(11,765)	(101,993)
Retirement / redemption of units	(100,000)	(46)	93,241	6,638	(167)
Balance December 31, 2000	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

(see accompanying notes to financial statements)

RECKSON OPERATING PARTNERSHIP, L. P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	For the year ended December 31,		
	2002	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:			
NET INCOME (LOSS)	$ 84,338	$ (35,966)	$ 127,665
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	112,341	102,931	92,547
Extraordinary loss on extinguishment of debts	2,602	2,898	1,571
Minority partners' interests in consolidated partnerships	18,730	15,975	9,120
Gain on sales of real estate, securities and mortgage repayment	(4,804)	(20,173)	(18,669)
Valuation reserves on investments in affiliate loans and joint ventures and other investments	--	166,101	--
Equity in earnings of service companies and real estate joint ventures	(1,113)	(2,087)	(4,383)
Changes in operating assets and liabilities:			
Prepaid expenses and other assets	4,354	(4,869)	(9,568)
Tenant and affiliate receivables	(4,417)	1,878	(6,394)
Deferred rents receivable	(26,277)	(38,186)	(35,798)
Accrued expenses and other liabilities	10,346	342	14,152
Net cash provided by operating activities	196,100	188,844	170,243
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of commercial real estate properties	--	--	(190,548)
Acquisition of controlling interests in service companies	(122)	--	--
Increase in contract and land deposits and preacquisition costs	--	(3,267)	(2,023)
Additions to developments in progress	(41,896)	(8,260)	(13,392)
Additions to commercial real estate properties	(48,052)	(152,074)	(89,818)
Distributions from investments in real estate joint ventures	276	82	368
Payment of deferred leasing costs	(16,414)	(10,513)	(24,082)
Additions to furniture, fixtures and equipment	(2,414)	(635)	(742)
Investments in affiliate joint ventures	--	(25,056)	(10,780)
Proceeds from redemption of preferred securities	1,528	35,700	19,903
Proceeds from sales of real estate, securities and mortgage note receivable repayments	22,022	76,503	49,810
Net cash used in investing activities	(85,072)	(87,520)	(261,304)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from secured borrowings	--	325,000	297,163
Principal payments on secured borrowings	(11,065)	(302,894)	(27,367)
Proceeds from issuance of senior unsecured notes, net of issuance costs	49,432	--	--
Payment of loan costs and prepayment penalties	(1,568)	(6,252)	(11,649)
Investments in affiliate loans and service companies	--	(14,227)	(14,568)
Proceeds from unsecured credit facility	158,000	153,000	689,600
Principal payments on unsecured credit facility and term loan	(162,600)	(98,000)	(845,600)
Contributions	6,310	2,813	4,010
Distributions	(147,334)	(139,568)	(128,369)
Repurchases of common and preferred units	(74,692)	(1,421)	--
Contributions by minority partners in consolidated partnerships	1,343	101,832	135,975
Distributions to minority partners in consolidated partnerships	(20,051)	(16,458)	(12,632)
Net cash provided by financing activities	(202,225)	3,825	86,563
Net increase (decrease) in cash and cash equivalents	(91,197)	105,149	(4,498)
Cash and cash equivalents at beginning of period	121,773	16,624	21,122
Cash and cash equivalents at end of period	$ 30,576	$ 121,773	$ 16,624
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for interest, including interest capitalized	$ 98,083	$ 105,087	$ 106,106

(see accompanying notes to financial statements)

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

Reckson Operating Partnership, L. P. (the "Operating Partnership") is engaged in the ownership, management, operation, leasing and development of commercial real estate properties, principally office and industrial buildings and also owns certain undeveloped land for future development (collectively, the "Properties") located in the New York tri-state area (the "Tri-State Area").

ORGANIZATION AND FORMATION OF THE OPERATING PARTNERSHIP

The Operating Partnership commenced operations on June 2, 1995. The sole general partner in the Operating Partnership, Reckson Associates Realty Corp. (the "Company") is a self administered and self managed real estate investment trust ("REIT"). During June, 1995, the Company contributed approximately $162 million in cash to the Operating Partnership in exchange for an approximate 73% general partnership interest. All properties acquired by the Company are held by or through the Operating Partnership. In addition, in connection with the formation of the Operating Partnership, the Operating Partnership executed various option and purchase agreements whereby it issued units in the Operating Partnership ("Units") to certain continuing investors and assumed certain indebtedness in exchange for interests in certain property partnerships, fee simple and leasehold interests in properties and development land, certain other business assets and 100% of the non-voting preferred stock of the management and construction companies. The Company's ownership percentage in the Operating Partnership was approximately 89.5% and 89.2% at December 31, 2002 and 2001, respectively.

BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements include the consolidated financial position of the Operating Partnership and its subsidiaries at December 31, 2002 and 2001 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002. 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 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 also 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, commencing October 1, 2002, the Operating Partnership consolidates the operations of the Service Companies. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

The minority interests at December 31, 2002 represent a 49% non-affiliated interest in RT Tri-State LLC, owner of a nine 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.

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 Financial Accounting Standards Board ("FASB") Statement No. 144, "Accounting for the Impairment or Disposal of Long Lived Assets" (see Recent Accounting Pronouncements).

Cash Equivalents

The Operating Partnership 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 $5.6 million and $5.1 million at December 31, 2002 and 2001, 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.

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

Minimum rental income 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 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: the status of the loan, the value of the underlying collateral, the financial condition of the borrower and 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 Operating Partnership having no substantial continuing involvement with the buyer.

Net Income (Loss) Per Common Partnership Unit

Net income (loss) per Class A common partnership unit and Class B 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 Operating Partnership 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. As of January 1, 2001, the carrying value of the Operating Partnership's derivatives equaled their fair value and as a result no cumulative effect changes were recorded. Additionally, as of June 30, 2001, the fair value of the Operating Partnership's derivatives equaled approximately $3.7 million and was reflected in other assets and OCI on the Operating Partnership's balance sheet. On July 18, 2001, the mortgage note payable to which these derivatives relate to was funded (see Note 2) and their fair value at that time was approximately $676,000 less than their carrying value. This amount is being amortized to interest expense over the term of the mortgage note to which it relates. Because of the Operating Partnership's minimal use of derivatives, the adoption of this Statement did not have a significant effect on earnings or the financial position of the Operating Partnership.

Recent Accounting Pronouncements

In October 2001, the 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 Operating Partnership 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 Operating Partnership. 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 (loss) on sales of real estate for those properties sold during the period within the consolidated statements of operations.

On January 1, 2002, the Operating Partnership adopted the provisions of FASB Statement No. 142, "Goodwill and Other Intangible Assets" ("Statement No. 142"). This statement makes significant changes to the accounting for business combinations, goodwill, and intangible assets. Among other provisions, Statement No. 142 requires that a portion of the purchase price of real estate acquisitions be assigned to the fair value of an intangible asset for above market operating leases or to an intangible liability for below market operating leases. Such intangible assets or liabilities are then required to be amortized into revenue over the remaining life of the respective leases. The adoption of this statement did not have an effect on the Operating Partnership's results of operations or financial condition for the year ended December 31, 2002.

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 Operating Partnership will adopt Statement No. 145 on January 1, 2003 which will result in a change to reported net income (loss).

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 Operating Partnership is currently evaluating the effects of FIN 45 on the Operating Partnership's results of operations or financial condition.

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 provisions of this interpretation are immediately effective for VIE's formed after January 31, 2003. For VIE's formed prior to January 31, 2003, the provisions of this interpretation apply to the first fiscal year or interim period beginning after June 15, 2003. Management has not yet determined whether any of its consolidated or unconsolidated subsidiaries represent VIE's pursuant to such interpretation. Such determination could result in a change in the Operating Partnership's consolidation policy related to such entities.

Reclassifications

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

2. MORTGAGE NOTES PAYABLE

At December 31, 2002, there were 16 fixed rate mortgage notes payable with an aggregate outstanding principal amount of approximately $740.0 million. These mortgage notes are secured by properties with an aggregate carrying value at December 31, 2002 of approximately $1.5 billion and which are pledged as collateral against the mortgage notes payable. In addition, approximately $45.1 million of the $740.0 million is recourse to the Operating Partnership. The mortgage notes bear interest at rates ranging from 6.45% to 10.10%, and mature between 2004 and 2027. The weighted average interest rates on the outstanding mortgage notes payable at December 31, 2002, 2001 and 2000 were approximately 7.3%, 7.3% and 7.8%, 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 Operating Partnership's mortgage notes payable at December 31, 2002, by scheduled maturity date (dollars in thousands):

Property	Principal Outstanding	Interest Rate	Maturity Date	Amortization Term (Years)
80 Orville Drive, Islip, NY	$ 2,616	10.10%	February, 2004	Interest only
395 North Service Road, Melville, NY	19,709	6.45%	October, 2005	$34 per month
200 Summit Lake Drive, Valhalla, NY	19,373	9.25%	January, 2006	25
1350 Avenue of the Americas, NY, NY	74,631	6.52%	June, 2006	30
Landmark Square, Stamford, CT (a)	45,090	8.02%	October, 2006	25
100 Summit Lake Drive, Valhalla, NY	19,101	8.50%	April, 2007	15
333 Earle Ovington Blvd., Mitchel Field, NY (b)	53,864	7.72%	August, 2007	25
810 Seventh Avenue, NY, NY	82,854	7.73%	August, 2009	25
100 Wall Street, NY, NY	35,904	7.73%	August, 2009	25
6900 Jericho Turnpike, Syosset, NY	7,348	8.07%	July, 2010	25
6800 Jericho Turnpike, Syosset, NY	13,922	8.07%	July, 2010	25
580 White Plains Road, Tarrytown, NY	12,685	7.86%	September, 2010	25
919 Third Avenue, NY, NY (c)	246,651	6.867%	August, 2011	30
110 Bi-County Blvd., Farmingdale, NY	3,635	9.125%	November, 2012	20
One Orlando Center, Orlando, FL (d)	38,366	6.82%	November, 2027	28
120 West 45th Street, NY, NY (d)	64,263	6.82%	November, 2027	28
Total / Weighted average	$ 740,012	7.26%		

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(a) Encompasses six Class A office properties.

(b) The Operating Partnership has a 60% general partnership interest in this property and its proportionate share of the aggregate principal amount is approximately $32.3 million.

(c) The Operating Partnership has a 51% membership interest in this property and its proportionate share of the aggregate principal amount is approximately $125.8 million.

(d) Subject to interest rate adjustment on November 1, 2004 to the greater of 8.82% per annum or the yield on noncallable U.S. Treasury obligations with a term of fifteen years plus 2% per annum.

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, 2002 is approximately $7.5 million. This mortgage note payable bears interest at 8.85% per annum and matures on September 1, 2005.

Scheduled principal repayments to be made during the next five years and thereafter, for mortgage notes payable outstanding at December 31, 2002, are as follows (in thousands):

	Scheduled principal	Due at maturity	Total
2003	$ 12,300	$ --	$ 12,300
2004	13,169	2,616	15,785
2005	14,167	18,553	32,720
2006	13,785	129,920	143,705
2007	11,305	60,539	71,844
Thereafter	117,389	346,269	463,658
	$ 182,115	$ 557,897	$ 740,012

3. UNSECURED CREDIT FACILITY

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. 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 unsecured credit rating the interest rates and facility fee are subject to change. The outstanding borrowings under the Credit Facility were $267.0 million at December 31, 2002.

The Credit Facility replaced the Operating Partnership's $575 million unsecured credit facility (the "Prior Facility" and together with the Credit Facility, the "Credit Facility"). As a result, certain deferred loan costs incurred in connection with the Prior Facility were written off. Such amount is reflected as an extraordinary loss on the Operating Partnership's consolidated statements of operations.

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, 2002, the Operating Partnership had availability under the Credit Facility to borrow approximately an additional $203.0 million subject to compliance with certain financial covenants.

The Operating Partnership capitalized interest incurred on borrowings to fund certain development projects in the amount of $8.3 million, $10.2 million and $11.5 million for the years ended December 31, 2002, 2001 and 2000, respectively.

4. SENIOR UNSECURED NOTES

As of December 31, 2002, the Operating Partnership had outstanding approximately $499.3 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 were 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 June 17, 2002, the Operating Partnership issued $50 million of 6.00% (6.125% effective rate) Senior Unsecured Notes. Net proceeds of approximately $49.4 million received from this issuance were used to repay outstanding borrowings under the Prior Facility.

5. LAND LEASES AND AIR RIGHTS

The Operating Partnership leases, pursuant to noncancellable operating leases, the land on which twelve of its buildings were constructed. The leases, which contain renewal options, expire between 2009 and 2084. 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 is approximately $3.3 million and $3.0 million at December 31, 2002 and 2001, respectively. These amounts are included in accrued expenses and other liabilities on the accompanying balance sheets.

In addition, the Operating Partnership, through the acquisition of certain properties, is subject to two air rights lease agreements. These lease agreements have terms expiring between 2048 and 2073, 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 between 2003 and 2009 (see Note 8).

5. LAND LEASES AND AIR RIGHTS (CONTINUED)

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	Operating Leases
2003	$ 2,707	$ 369	$ 1,368
2004	2,811	379	1,313
2005	2,814	379	1,359
2006	2,795	379	1,407
2007	2,735	379	1,455
Thereafter	43,276	4,280	683
	$ 57,138	$ 6,165	$ 7,585

6 COMMERCIAL REAL ESTATE INVESTMENTS

As of December 31, 2002, the Operating Partnership owned and operated 75 office properties (inclusive of eleven office properties owned through joint ventures) comprising approximately 13.6 million square feet, 101 industrial properties comprising approximately 6.7 million square feet and two retail properties comprising approximately 20,000 square feet located in the Tri-State Area.

The Operating Partnership also owns approximately 338 acres of land in 14 separate parcels of which the Operating Partnership can develop approximately 3.2 million square feet of office space and approximately 470,000 square feet of industrial / R&D space. Included in these development parcels is 52.7 acres of land located in Valhalla, NY which the Operating Partnership acquired in April 2002 for approximately $23.8 million and which it can develop approximately 875,000 square feet of office space. The Operating Partnership currently owns and operates three buildings encompassing approximately 700,000 square feet in the same office park in which this land parcel is located. This acquisition was financed in part from the sales proceeds of an office property being held by a qualified intermediary for the purposes of an exchange of real property pursuant to Section 1031 of the Code and from an advance under the Credit Facility. The Operating Partnership 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, 2002, the Operating Partnership had invested approximately $121.2 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 Operating Partnership has capitalized approximately $10.5 million for the year ended December 31, 2002 related to real estate taxes, interest and other carrying costs related to these development projects.

During February 2003, the Operating Partnership, 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 has been 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 is scheduled to close during the first quarter of 2003 and construction of the aforementioned office building is scheduled to commence shortly thereafter.

6. COMMERCIAL REAL ESTATE INVESTMENTS (CONTINUED)

The Operating Partnership holds a $17.0 million note receivable which bears interest at 11.5% 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. (the "Omni Note"). The Operating Partnership 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 Operating Partnership also holds three other notes receivable aggregating $36.5 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, certain interest in real property and a personal guaranty (the "Other Notes" and collectively with the Omni Note, the "Note Receivable Investments"). As of December 31, 2002, management has made subjective assessments as to the underlying security value on the Operating Partnership's Note Receivable Investments. Based on these assessments the Operating Partnership's management believes there is no impairment to the carrying value related to the Operating Partnership's Note Receivable Investments. The Operating Partnership 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 Operating Partnership's initial New York City portfolio acquisition. This property is cross collateralized under a $103 million mortgage note payable along with one of the Operating Partnership's New York City buildings.

The Operating Partnership 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, the CEO and a director of HQ Global Workplaces, is a partner in JAH Realties, L.P. As of December 31, 2002, the 520JV had total assets of $21.0 million, a mortgage note payable of $12.5 million and other liabilities of $197,000. The Company's allocable share of the 520JV mortgage note payable is approximately $7.5 million. This mortgage note payable bears interest at 8.85% per annum and matures on September 1, 2005. In addition, the 520JV had total revenues of $4.2 million and $4.0 million and total expenses of $3.3 million and $3.3 million for the years ended December 31, 2002 and 2001, respectively. 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 Operating Partnership accounts for the 520JV under the equity method of accounting. The 520JV contributed approximately $648,000 and $478,000 to the Operating Partnership's equity in earnings of real estate joint ventures for the year ended December 31, 2002 and 2001, respectively.

On August 7, 2002, the Operating Partnership sold an industrial property on Long Island aggregating approximately 32,000 square feet for approximately $1.8 million. This property was sold to the sole tenant of the property through an option contained in the tenant's lease. On August 8, 2002, the Operating Partnership sold two Class A office properties located in Westchester County, NY aggregating approximately 157,000 square feet for approximately $18.5 million. Net proceeds from these sales were used to repay borrowings under the Credit Facility and for general purposes. The Operating Partnership recorded an aggregate net gain of approximately $4.9 million as a result of these sales. In addition, in accordance with Statement No. 144, the operating results of these properties and the resulting gain on sales of real estate have been reflected as discontinued operations for all periods presented on the accompanying statements of operations.

6. COMMERCIAL REAL ESTATE INVESTMENTS (CONTINUED)

During September 2000, the Operating Partnership 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 Operating Partnership. As a result, the Operating Partnership realized a gain of approximately $15.2 million. The Operating Partnership 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 Operating Partnership consolidates the Tri-State JV.

On December 21, 2001, the Operating Partnership 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 Operating Partnership. As a result, the Operating Partnership realized a gain of approximately $18.9 million. The Operating Partnership 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 Operating Partnership consolidates the 919JV.

7. PARTNERS CAPITAL

On December 31, 2002, the Operating Partnership had issued and outstanding 9,915,313 Class B common units. The distributions from the Class B common units is subject to adjustment annually based on a formula which measures increases or decreases in the Company's Fund From Operations, as defined, over a base year. The Class B common units currently receive an annual distribution of $2.5884 per unit.

The Class B common units are exchangeable at any time, at the option of the holder, into an equal number of Class A common units subject to customary antidilution adjustments. The Class B common units will be exchanged for an equal number of Class A common units upon the exchange, if any, by the Company of Class A common stock for Class B common stock at any time following November 23, 2003.

The Board of Directors of the Company has authorized the purchase of up to an additional five million shares of the Company's Class A common stock and / or its Class B common stock. Under this buy-back program, the Operating Partnership purchased 368,200 Class B common units at an average price of $22.90 per Class B unit and 2,698,400 Class A common units at an average price of $21.60 per Class A unit for an aggregate purchase price for both the Class A and Class B common units of approximately $66.7 million. As a result of these purchases, annual common unit distributions will decrease by approximately $5.5 million. Previously, in conjunction with the Company's prior stock buy-back program, the Operating Partnership purchased and retired 1,410,804 Class B common units at an average price of $21.48 per Class B unit and 61,704 Class A common units at an average price of $23.03 per Class A unit for an aggregate purchase price for both the Class A and Class B common units of approximately $31.7 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.

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

During the year ended December 31, 2001, approximately 11,553 preferred units of limited partnership interest, with a liquidation preference value of approximately $11.6 million, were exchanged for 456,351 Units at an average price of $25.32 per Unit. In addition, the Company increased its general partner interest in the Operating Partnership by acquiring 660,370 outstanding Units from certain limited partners in exchange for an equal number of shares of it's Class A common stock.

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.

7. PARTNERS CAPITAL (CONTINUED)

Under the Rights Plan, each Class A common unitholder will receive a dividend of one Right for each Class A common unit owned. The Rights will be exercisable only if a person or group acquires, or announces their intent to acquire, 15% or more of the Company's Class A common stock, or announces a tender offer the consummation of which would result in beneficial ownership by a person or group of 15% or more of the Company's Class A common stock. Each Right will entitle the holder to purchase one one-thousandth of a unit of a new series of junior participating preferred units of the Operating Partnership at an initial exercise price of $84.44.

If any person acquires beneficial ownership of 15% or more of the outstanding shares of Class A common stock of the Company, then all Rights holders (except the acquiring person if such person is a holder of Rights) will be entitled to purchase the Operating Partnership's Class A common units at a discounted price. If the Company is acquired in a merger after such an acquisition, all Rights holders (except the acquiring person if such person is a holder of Rights) will also be entitled to purchase stock in the buyer at a discount in accordance with the Rights Plan.

The distribution of Rights was made to Class A common unitholders of record at the close of business on October 27, 2000 and Class A common units that are newly-issued after that date (including Class A common units issued upon conversion of the outstanding Class B common units) will also carry Rights until the Rights become detached from the Class A common units. The Rights will expire at the close of business on October 13, 2010, unless earlier redeemed by the Operating Partnership. The Rights distribution is not taxable to unitholders.

During July 1998, the Operating Partnership 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 and the Operating Partnership issued 3,453,881 Class A common units to the Company. As a result of the minority partner's conversion of their preferred equity investment, the Operating Partnership owns 100% of Metropolitan.

The Company has 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 has 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 vest and are ratably forgiven each year on the annual 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. Approximately $4.5 million and $3.7 million of compensation expense was recorded for the years ended December 31, 2002 and 2001, respectively, related to these LTIP. Such amount has been included in marketing, general and administrative expenses on the accompanying consolidated statements of operations.

7. PARTNERS CAPITAL (CONTINUED)

During 2002, approximately $3.9 million of stock loans made in prior years in connection with the aforementioned LTIP matured. These stock loans were secured by 155,418 shares of Class A common stock which were issued at prices ranging from $22.50 per share to $27.13 per share. As a result of the Company discontinuing the use of stock loans as part of its LTIP, the stock loans were satisfied with restricted stock held by the Company which secured the stock loans. The aggregate market value of these shares on the maturity dates of the stock loans was approximately $3.4 million. The aggregate difference between the market value of these shares and the carrying value of the stock loans was recorded as a loss on the accompanying consolidated statements of operations. The 155,418 shares of Class A common stock were subsequently retired by the Company and the related Units were cancelled by the Operating Partnership.

The outstanding stock loan balances due from the Company's executive and senior officers aggregated approximately $17.0 million and $24.3 million at December 31, 2002 and 2001, respectively, and have been included as a reduction of additional paid in capital on the accompanying consolidated statements of partners' capital. The Company has other outstanding loans to its executive and senior officers amounting to approximately $1.0 million at December 31, 2002 and 2001, related to life insurance contracts and approximately $1.0 million and $.9 million at December 31, 2002 and 2001, respectively, primarily related to tax payment advances on a stock compensation award made to a non-executive officer.

In November 2002, the Company granted rights to 190,524 shares of its Class A common stock to certain executive officers. These shares vest ratably over a four-year period and will be issued in ratable installments on each anniversary date of the grant as compensation to the executive officer.

Effective January 2003, the Company established a new LTIP for its executive and senior officers. The four year plan has a core component which provides for annual stock based compensation based upon continued service and in part based on attaining certain annual performance measures. The plan has a special long-term component 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 long-term component 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.

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.

As of December 31, 2002, the Company had approximately 5.2 million shares of its Class A common stock reserved for issuance under its stock option plans, in certain cases subject to vesting terms, at a weighted average exercise price of $23.42 per option. In addition, the Company has approximately 1.7 million shares of its Class A common stock reserved for future issuance under its stock option plans.

8. RELATED PARTY TRANSACTIONS

In connection with the Company's initial public offering ("IPO"), the Operating Partnership was granted ten year options to acquire ten properties (the "Option Properties") which are either owned by certain Rechler family members who are 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 Option Property was sold by the Rechler family members to a third party and four of the Option Properties were acquired by the Operating Partnership for an aggregate purchase price of approximately $35 million, which included the issuance of approximately 475,000 Units valued at approximately $8.8 million. Currently, certain Rechler family members retain their equity interests in the five remaining Option Properties (the "Remaining Option Properties") which were not contributed to the Operating Partnership as part of the IPO. Such options provide the Operating Partnership the right to acquire fee interest in two of the Remaining Option Properties and the Rechlers' minority interests in three Remaining Option Properties. The Independent Directors of the Company are currently reviewing whether the Company should exercise one or more of the options relating to the Remaining Option Properties.

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 (the "Code"). These services are currently provided by 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, 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 REIT's to own 100% of taxable REIT subsidiaries, the Independent Directors of the Company approved the purchase by the Operating Partnership of the remaining 3% interest 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 to the Service Companies 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 2002, Reckson Construction Group, Inc. billed approximately $144,000 of market rate services and Reckson Management Group, Inc. billed approximately $313,000 of market rate management fees to the Remaining Option Properties. In addition, for the year ended December 31, 2002, Reckson Construction Group, Inc. performed market rate services, aggregating approximately $322,000 for a property in which certain executive officers maintain an equity interest.

Reckson Management Group, Inc. leases 43,713 square feet of office and storage space at a Remaining Option Property for its corporate offices located in Melville, New York at an annual base rent of approximately $1.2 million. Reckson Management Group, Inc. also leases 10,722 square feet of warehouse space used for equipment, materials and inventory storage at a Remaining Option Property located in Deer Park, New York 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 Operating Partnership at an annual base rent of approximately $431,500. Reckson Strategic Venture Partners, LLC ("RSVP") leases 5,144 square feet in one of the Operating Partnership's joint venture properties at an annual base rent of approximately $176,000.

8. RELATED PARTY TRANSACTIONS (CONTINUED)

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 invests primarily in real estate and real estate operating companies outside the Operating Partnership's core office and industrial 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 Operating Partnership 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 Operating Partnership increased the RSVP Commitment to $110 million and as of December 31, 2002, approximately $109.1 million had been funded through the RSVP Commitment, of which $59.8 million represents investments by the Operating Partnership in RSVP-controlled (REIT-qualified) joint ventures and $49.3 million represents loans made to FrontLine under the RSVP Facility. As of December 31, 2002, interest accrued (net of reserves) under the FrontLine Facility and the RSVP Facility was approximately $19.6 million. RSVP retained the services of two managing directors to manage RSVP's day-to-day operations. Prior to the spin off of Frontline, the Company guaranteed certain salary provisions of their employment agreements with RSVP Holdings, LLC, RSVP's common member. The term of these employment agreements is seven years commencing March 5, 1998, provided however, that the term may be earlier terminated after five years upon certain circumstances. The salary for each managing director is $1 million in the first five years and $1.6 million in years six and seven.

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 Operating Partnership has discontinued the accrual of interest income with respect to the FrontLine Loans. The Operating Partnership 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. If the RSVP-controlled joint ventures reported losses, the Operating Partnership would record its proportionate share of such losses.

At December 31, 2001, the Operating Partnership, 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 Operating Partnership 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.

8. RELATED PARTY TRANSACTIONS (CONTINUED)

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 U.S. Bankruptcy Code.

As a result of the foregoing, the net carrying value of the Operating Partnership's investments in the FrontLine Loans and joint venture investments with RSVP, inclusive of the Operating Partnership'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, 2002. Such amount has been reflected in investments in service companies and affiliate loans and joint ventures on the Operating Partnership's consolidated balance sheet. The common and preferred members of RSVP are currently in dispute over certain provisions of the RSVP operating agreement. The members are currently negotiating to restructure the RSVP operating agreement to settle the dispute. There can be no assurances that the members will successfully negotiate a settlement.

Both the FrontLine Facility and the RSVP Facility terminate on June 15, 2003, are unsecured and advances thereunder are recourse obligations of FrontLine. Notwithstanding the valuation reserve, under the terms of the credit facilities, interest accrued on the FrontLine Loans at a rate equal to the greater of (a) the prime rate plus two percent and (b) 12% per annum, with the rate on amounts that were outstanding for more than one year increasing annually at a rate of four percent of the prior year's rate. In March 2001, the credit facilities were amended to provide that (i) interest is payable only at maturity and (ii) the Company may transfer all or any portion of its rights or obligations under the credit facilities to its affiliates. The Company requested these changes as a result of changes in REIT tax laws. As a result of FrontLine's default under the FrontLine Loans, interest on borrowings thereunder accrue at default rates ranging between 13% and 14.5% per annum.

Scott H. Rechler, who serves as Co-Chief Executive Officer and a director of the Company, serves as CEO and Chairman of the Board of Directors of FrontLine.

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, 2002 as required by FASB Statement No. 107.

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

The fair value 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 reflects the risks associated with long-term debt, mortgage notes and notes receivable of similar risk and duration. At December 31, 2002, the estimated aggregate fair value of the Operating Partnership's mortgage notes and notes receivable exceeded their carrying value by approximately $1.2 million and the aggregate fair value of the Operating Partnership's long term debt exceeded its carrying value by approximately $20.3 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 Operating Partnership's office and industrial / R&D properties are being leased to tenants under operating leases. The minimum rental amount due under certain leases are generally either subject to scheduled fixed increases or indexed escalations. In addition, the leases generally also require that the tenants reimburse the Operating Partnership 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, 2002 are as follows (in thousands):

2003	$ 409,143
2004	395,029
2005	355,969
2006	309,136
2007	267,376
Thereafter	1,291,328
	$ 3,027,981

Minimum rental income is recognized on a straight-line basis over the term of the lease. The excess of rents recognized over amounts contractually due are included in deferred rents receivable on the accompanying balances sheets. Contractually due but unpaid rents are included in tenant receivables on the accompanying balance sheets.

During the year ended December 31, 2002, the Operating Partnership incurred approximately $6.3 million of bad debt expense related to tenant receivables and deferred rents receivable which accordingly reduced total operating revenues on the accompanying statements of operations.

11. SEGMENT DISCLOSURE

The Operating Partnership's portfolio consists of Class A office properties located within the New York City metropolitan area and Class A suburban office and industrial properties located and operated within the Tri-State Area (the "Core Portfolio"). The Operating Partnership's portfolio also includes one office property located in Orlando, Florida. The Operating Partnership has Managing Directors who report directly to the Company's Co-Presidents and Chief Financial Officer who have been identified as the Chief Operating Decision Makers because of their final authority over resource allocation, decisions and performance assessment.

The Operating Partnership 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 Operating Partnership's consolidated statements of operations and (iv) the operating results of the Service Companies 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.

The following tables set forth the components of the Operating Partnership's revenues and expenses and other related disclosures, as required by Statement 131, for the years ended December 31 (in thousands):

	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	36,678	80,706
Depreciation and amortization	94,167	8,277	102,444
Total Expenses	313,230	62,165	375,395
Income (loss) before preferred distributions, minority interests, equity in earnings of real estate joint ventures and service companies, gain on sales of real estate, discontinued operations and extraordinary loss	$ 129,635	$ (46,961)	$ 82,674
Total assets	$2,488,863	$ 423,189	$2,912,052

	2001		
	Core Portfolio	Other	CONSOLIDATED TOTALS
REVENUES:			
Base rents, tenant escalations and reimbursements .. 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	41,679	79,726
Depreciation and amortization	84,550	7,628	92,178
Total Expenses	293,795	58,375	352,170
Income (loss) before preferred distributions, minority interests, valuation reserves, equity in earnings of real estate joint ventures and service companies, gain on sales of real estate, discontinued operations and extraordinary loss ...	$ 148,645	$ (33,010)	$ 115,635
Total assets	$2,569,774	$ 429,008	$2,998,782

	2000		
	Core Portfolio	Other	CONSOLIDATED TOTALS
REVENUES:			
Base rents, tenant escalations and reimbursements ..	$ 398,562	$ 9,751	$ 408,313
Other income	473	33,576	34,049
Total Revenues	399,035	43,327	442,362
EXPENSES:			
Property expenses	144,011	2,526	146,537
Marketing, general and administrative	18,317	4,615	22,932
Interest	22,317	55,872	78,189
Depreciation and amortization	75,778	8,146	83,924
Total Expenses	260,423	71,159	331,582
Income (loss) before preferred distributions, minority interests, equity in earnings of real estate joint ventures and service companies, gain on sales of real estate, discontinued operations and extraordinary loss	$ 138,612	$ (27,832)	$ 110,780
Total assets	$2,407,363	$ 592,431	$2,999,794

12. NON-CASH INVESTING AND FINANCING ACTIVITIES

Additional supplement disclosures of non-cash inveseting and financing activities are as follows:

On May 31, 2001, Metropolitan's minority partner, at its election, 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, the Operating Partnership issued 3,453,881 Class A common units to the Company.

On December 21, 2001, in connection with the sale of a 49% indirect interest in the property located at 919 Third Avenue, New York, NY, the Operating Partnership's share of secured mortgage debt was reduced by approximately $122.1 million.

During the year ended December 31, 2001, approximately 11,553 preferred units of limited partnership interest, with a liquidation preference value of approximately $11.6 million, were exchanged for 456,351 Units at an average price of $25.32 per Unit. In addition, the Company increased its general partnership interest in the Operating Partnership by acquiring 660,370 outstanding Units from certain limited partners in exchange for an equal number of shares of its Class A common stock.

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

13. COMMITMENTS AND CONTINGENCIES

The Operating Partnership had outstanding undrawn letters of credit against its Credit Facility of approximately $1.0 million and $37.4 million at December 31, 2002 and 2001, respectively.

HQ Global Workplaces, Inc. ("HQ"), one of the largest providers of flexible officing solutions in the world and which is controlled by FrontLine, currently operates nine (formerly eleven) executive office centers in the Operating Partnership's properties, three of which are held through joint ventures. The leases under which these office centers operate expire between 2008 and 2011, encompass approximately 202,000 square feet and have current contractual annual base rents of approximately $6.1 million. 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. Subsequent to HQ filing for bankruptcy protection it defaulted under their leases with the Operating Partnership. Further, effective March 13, 2002, the Bankruptcy Court granted HQ's petition to reject two of its leases with the Operating Partnership. The two rejected leases aggregated approximately 23,900 square feet and provided for contractual base rents of approximately $548,000 for the 2002 calendar year. Commencing April 1, 2002 and pursuant to the bankruptcy filing, HQ has been paying current rental charges under its leases with the Operating Partnership, other than under the two rejected leases. The Operating Partnership is in negotiation to restructure four of the leases and leave the terms of the remaining five leases unchanged. All negotiations with HQ are conducted through a committee designated by the Company's Board and chaired by an independent director. There can be no assurance as to whether any deal will be consummated with HQ or if HQ will affirm or reject any or all of its remaining leases with the Operating Partnership. As a result of the foregoing, the Operating Partnership has reserved approximately $550,000 (net of minority partners' interests and including the Operating Partnership's share of unconsolidated joint venture interest), or 74%, of the amounts due from HQ as of December 31, 2002. Scott H. Rechler serves as non-executive Chairman of the Board of HQ and Jon Halpern is the Chief Executive Officer and a director of HQ.

WorldCom/MCI and its affiliates ("WorldCom"), a telecommunications company, which leased, as of December 31, 2002, approximately 527,000 square feet in thirteen of the Operating Partnership'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 total annualized base rental revenue from these leases amounted to approximately $12.0 million, or 2.9% of the Operating Partnership's total 2002 annualized rental revenue, making it the Operating Partnership's second largest tenant based on base rental revenue earned on a consolidated basis. All of WorldCom's leases were current on base rental charges through December 31, 2002 and the Operating Partnership currently holds approximately $300,000 in security deposits relating to these leases. In February 2003, the Bankruptcy Court granted WorldCom's petition to reject three of its leases with the Operating Partnership. The three rejected leases aggregated approximately 192,000 square feet and provided for contractual base rents of approximately $4.8 million for the 2002 calendar year. The Operating Partnership is currently in negotiations to restructure the remaining WorldCom leases. There can be no assurance as to whether WorldCom will affirm or reject any or all of its remaining leases with the Operating Partnership. As a result of the foregoing, the Operating Partnership has written off approximately $1.1 million of deferred rent receivable. In addition, the Operating Partnership reserved an additional $475,000 against the deferred rents receivable representing approximately 46% of the outstanding deferred rents receivable attributable to the remaining WorldCom leases.

13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

MetroMedia Fiber Network Services, Inc. ("MetroMedia"), which leased approximately 112,000 square feet in one property from the Operating Partnership, voluntarily filed a petition for relief under Chapter 11 of the U.S. Bankruptcy Code in May 2002. MetroMedia's lease with the Operating Partnership provided for contractual base rent of approximately $25 per square foot amounting to $2.8 million per calendar year and expired in May 2010. In July 2002, the Bankruptcy Court granted MetroMedia's petition to restructure and reduce space under its existing lease. As a result, the lease was amended to reduce MetroMedia's space by 80,357 square feet to 31,718 square feet. Annual base rent on the 31,718 square feet MetroMedia will continue to lease is $25 per square foot amounting to approximately $793,000 per annum. Further, pursuant to the Bankruptcy Court order MetroMedia is required to pay to the Operating Partnership a surrender fee of approximately $1.8 million. As a result of the foregoing, the Operating Partnership wrote-off approximately $388,000 of deferred rent receivable relating to this lease and recognized the aforementioned surrender fee.

Arthur Andersen, LLP ("AA") leased approximately 38,000 square feet in one of the Operating Partnership's New York City buildings. AA's lease with the Operating Partnership provided for base rent of approximately $2 million on an annualized basis and expired in April 2004. AA has experienced significant financial difficulties with its business and as a result has entered into a lease termination agreement with the Operating Partnership effective November 30, 2002. In October 2002, AA paid the Operating Partnership for all base rental and other charges through November 30, 2002 and a lease termination fee of approximately $144,000. As a result of the foregoing, the Operating Partnership has written off approximately $130,000 of deferred rent receivable attributable to AA's lease.

14. QUARTERLY FINANCIAL DATA (UNAUDITED)

As a result of Statement No.144, we are providing updated summary selected quarterly financial information, which is included below reflecting the prior period reclassification as discontinued operations of the properties classified as held for sale during 2002.

The following summary represents the Operating Partnership's results of operations for each fiscal quarter during 2002 and 2001 (in thousands, except unit data):

	2002			
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Total revenues	$ 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, discontinued operations and extraordinary loss	$ 24,210	$ 21,403	$ 18,999	$ 18,062
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	3,780
Extraordinary loss	--	--	--	(2,602)
Net income allocable to common unit holders	$ 17,916	$ 15,468	$ 18,075	$ 9,756
Net income allocable to:				
Class A common units (a)	$ 14,093	$ 12,211	$ 14,275	$ 7,707
Class B common units (a)	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 (a)	$ 25	$ 21	$ .25	$ .14
Class B common (a)	$ 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) 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)

14. QUARTERLY FINANCIAL DATA (UNAUDITED)

The following summary represents the Operating Partnership's results of operations for each fiscal quarter during 2001 and 2000 (in thousands, except unit data):

	2001			
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Total revenues	$ 117,698	$ 118,936	$ 119,077	$ 112,094
Income before distributions to preferred unit holders, minority interests, valuation reserves, equity in earnings of real estate joint ventures and service companies, gain on sales of real estate, discontinued operations and extraordinary loss	$ 32,764	$ 30,322	$ 27,602	$ 24,947
Preferred unit distributions	(6,085)	(5,928)	(5,996)	(5,968)
Minority partners' interest in consolidated partnerships	(5,755)	(4,065)	(3,065)	(3,090)
Valuation reserves on investments in affiliate loans and joint ventures and other investments	--	--	(163,000)	(3,101)
Equity in earnings of real estate joint ventures and service companies	398	801	505	383
Gain on sales of real estate	--	--	972	19,201
Discontinued operations	3,083	2,304	2,981	2,745
Extraordinary loss	--	--	(2,898)	--
Net income (loss) allocable to common unit holders	$ 24,405	$ 23,434	$ (142,899)	$ 35,117
Net income (loss) allocable to:				
Class A common units	$ 18,765	$ 18,535	$ (112,159)	$ 27,576
Class B common units	5,640	4,899	(30,740)	7,541
Total	$ 24,405	23,434	$ (142,899)	$ 35,117
Net income (loss) per weighted average common unit:				
Class A common	$ .35	$ .34	$ (1.96)	$ .48
Class B common	$ .55	$ .48	$ (2.99)	$ .73
Weighted average common units outstanding:				
Class A common	53,177,000	54,984,000	57,368,000	57,499,000
Class B common	10,284,000	10,284,000	10,284,000	10,284,000

15. SUBSEQUENT EVENTS

On September 10, 2003, the Company announced that it had entered into agreements relating to the disposition of its Long Island industrial building portfolio (the "Disposition") to members of the Rechler family for approximately $315.5 million in cash and other consideration. The transactions contemplated by the agreements were consummated on November 10 and November 12, 2003. As a result, the Company has disposed of all but three of its 95 property, 5.9 million square foot, Long Island industrial building portfolio for approximately $225.1 million in cash and debt assumption and 3,932,111 Class A common units of limited partnership interest of Reckson Operating Partnership, L.P. 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 unsecured revolving credit facility (the "Credit Facility"). The remaining three properties, two of which are subject to transfer pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code"), are anticipated to close within three to six months.

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 the Company's 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 also extended the term of the remaining option on the property located at 225 Broadhollow Road, Melville, New York (the Company's current headquarters) for five years and released 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. In addition, as part of the transaction, the Rechler family entity was granted rights of first refusal with respect to five vacant land parcels located near the industrial properties for a period of five years.

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 long term incentive program ("LTIP") were transferred to the entity that acquired the Long Island industrial building portfolio and approximately $575,000 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 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 $399,000 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 as was the entire amount of their special outperformance component of the March 2003 LTIP.

In November 2003, the Company also disposed of a 181,000 square foot office property located on Long Island for approximately $24.3 million. Net proceeds from the sale were used to repay the Credit Facility.

In accordance with the provisions of FASB Statement No. 144, the Company has separately identified and classified the assets and liabilities of the aforementioned 95 industrial properties and the office property located on Long Island on its consolidated balance sheets as held for sale. In addition, income from the operations of these properties has been reflected on the Company's consolidated statements of operations as income from discontinued operations.

During 2003, as a result of the Disposition and in compliance with Statement No. 144, the Company has reported revenues and expenses from those properties as income from discontinued operations in 2003. The Company has revised the historical financial statements in connection with Statement No. 144 to reflect the Disposition and the sale of an office building in Long Island as discontinued operations, which had no impact on net income (loss) available to common shareholders. Statement No. 144 only impacted the presentation of these properties within the consolidated statements of operations.

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, 2002 are as follows:

	2002	2001	2000
Real estate balance at beginning of period	$ 2,880,879	$ 2,770,607	$ 2,208,399
Improvements / revaluations	91,900	193,492	166,260
Disposal, including write-off of fully ... depreciated building improvements	(18,252)	(83,220)	(52,092)
Acquisitions	--	--	448,040
Balance at end of period	$ 2,954,527	$ 2,880,879	$ 2,770,607

The changes in accumulated depreciation, exclusive of amounts relating to equipment, autos, furniture and fixtures, for each of the periods in the three years ended December 31, 2002 are as follows:

	2002	2001	2000
Balance at beginning of period	$ 357,112	$ 284,315	$ 215,112
Depreciation for period	91,940	83,316	71,478
Disposal, including write-off of fully depreciated building improvements	(4,023)	(10,519)	(2,275)
Balance at end of period	$ 445,029	$ 357,112	$ 284,315

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
Vanderbilt Industrial Park, Hauppauge, New York (27 buildings in an industrial park)	--	$ 1,940	$ 9,955
85 Nicon Court Hauppauge, New York	--	797	2,818
104 Parkway Drive So., Hauppauge, New York	--	54	804
125 Ricefield Lane Hauppauge, New York	--	13	852
120 Ricefield Lane Hauppauge, New York	--	16	1,051
135 Ricefield Lane Hauppauge, New York	--	24	906
1997 Portfolio Acquisition, Hauppauge, New York (10 additional buildings in Vanderbilt Industrial Park)	--	930 (B)	20,619
425 Rabro Drive Hauppauge, New York	--	665	3,489
600 Old Willets Path Hauppauge, New York	--	295	3,521
Airport International Plaza, Islip, New York (17 buildings in an industrial park)	2,616 (C)	1,263	13,608
120 Wilbur Place Islip, New York	--	202	1,154
2004 Orville Drive North Islip, New York	--	633	4,226
2005 Orville Drive North Islip, New York	--	984	5,410
County Line Industrial Center, Melville, New York (3 buildings in an industrial park)	--	628	3,686
30 Hub Drive Melville, New York	--	469	1,571
32 Windsor Place, Islip, New York	--	32	321
42 Windsor Place Islip, New York	--	48	327
505 Walt Whitman Rd., Huntington, New York	--	140	42
1170 Northern Blvd., N. Great Neck, New York	--	30	99
50 Charles Lindbergh Blvd., Mitchel Field, New York	--	(A)	12,089
200 Broadhollow Road Melville, New York	--	338	3,354
48 South Service Road Melville, New York	--	1,652	10,245
395 North Service Road Melville, New York	19,709	(A)	15,551
6800 Jericho Turnpike Syosset, New York	13,922	582	6,566
6900 Jericho Turnpike Syosset, New York	7,348	385	4,228

COLUMN A	COLUMN D		COLUMN E			COLUMN F
	COST CAPITALIZED, SUBSEQUENT TO ACQUISITION		GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD			
DESCRIPTION	LAND	BUILDINGS AND IMPROVEMENTS	LAND	BUILDINGS AND IMPROVEMENTS	TOTAL	ACCUMULATED DEPRECIATION
Vanderbilt Industrial Park, Hauppauge, New York (27 buildings in an industrial park)	173	14,258	2,113	24,213	26,326	16,514
85 Nicon Court Hauppauge, New York	--	243	797	3,061	3,858	684
104 Parkway Drive So., Hauppauge, New York	--	236	54	1,040	1,094	232
125 Ricefield Lane Hauppauge, New York	--	332	13	1,184	1,197	425
120 Ricefield Lane Hauppauge, New York	--	422	16	1,473	1,489	320
135 Ricefield Lane Hauppauge, New York	--	473	24	1,379	1,403	529
1997 Portfolio Acquisition, Hauppauge, New York (10 additional buildings in Vanderbilt Industrial Park)	--	4,011	930	24,630	25,560	5,385
425 Rabro Drive Hauppauge, New York	--	398	665	3,887	4,552	732
600 Old Willets Path Hauppauge, New York	--	727	295	4,248	4,543	788
Airport International Plaza, Islip, New York (17 buildings in an industrial park)	--	11,814	1,263	25,422	26,685	17,794
120 Wilbur Place Islip, New York	8	247	210	1,401	1,611	234
2004 Orville Drive North Islip, New York	--	1,431	633	5,657	6,290	1,689
2005 Orville Drive North Islip, New York	--	1,176	984	6,586	7,570	1,071
County Line Industrial Center, Melville, New York (3 buildings in an industrial park)	--	2,848	628	6,534	7,162	5,264
30 Hub Drive Melville, New York	--	324	469	1,895	2,364	525
32 Windsor Place, Islip, New York	--	46	32	367	399	367
42 Windsor Place Islip, New York	--	700	48	1,027	1,075	857
505 Walt Whitman Rd., Huntington, New York	--	59	140	101	241	88
1170 Northern Blvd., N. Great Neck, New York	--	187	30	286	316	133
50 Charles Lindbergh Blvd., Mitchel Field, New York	--	5,973	0	18,062	18,062	11,458
200 Broadhollow Road Melville, New York	--	3,562	338	6,916	7,254	4,726
48 South Service Road Melville, New York	--	5,611	1,652	15,856	17,508	9,189
395 North Service Road Melville, New York	--	7,575	0	23,126	23,126	13,405
6800 Jericho Turnpike Syosset, New York	--	10,092	582	16,658	17,240	11,083
6900 Jericho Turnpike Syosset, New York	--	3,931	385	8,159	8,544	5,035

COLUMN A DESCRIPTION	COLUMN G DATE OF CONSTRUCTION	COLUMN H DATE ACQUIRED	COLUMN I LIFE ON WHICH DEPRECIATION IS COMPUTED
Vanderbilt Industrial Park, Hauppauge, New York (27 buildings in an industrial park)	1961-1979	1961-1979	10 - 30 Years
85 Nicon Court Hauppauge, New York	1984	1995	10 - 30 Years
104 Parkway Drive So., Hauppauge, New York	1985	1996	10 - 30 Years
125 Ricefield Lane Hauppauge, New York	1973	1996	10 - 30 Years
120 Ricefield Lane Hauppauge, New York	1983	1996	10 - 30 Years
135 Ricefield Lane Hauppauge, New York	1981	1996	10 - 30 Years
1997 Portfolio Acquisition, Hauppauge, New York (10 additional buildings in Vanderbilt Industrial Park)	1974-1982	1997	10 - 30 Years
425 Rabro Drive Hauppauge, New York	1980	1997	10 - 30 Years
600 Old Willets Path Hauppauge, New York	1999	1999	10 - 30 Years
Airport International Plaza, Islip, New York (17 buildings in an industrial park)	1970-1988	1970-1988	10 - 30 Years
120 Wilbur Place Islip, New York	1972	1998	10 - 30 Years
2004 Orville Drive North Islip, New York	1998	1996	10 - 30 Years
2005 Orville Drive North Islip, New York	1999	1996	10 - 30 Years
County Line Industrial Center, Melville, New York (3 buildings in an industrial park)	1975-1979	1975-1979	10 - 30 Years
30 Hub Drive Melville, New York	1976	1996	10 - 30 Years
32 Windsor Place, Islip, New York	1971	1971	10 - 30 Years
42 Windsor Place Islip, New York	1972	1972	10 - 30 Years
505 Walt Whitman Rd., Huntington, New York	1950	1968	10 - 30 Years
1170 Northern Blvd., N. Great Neck, New York	1947	1962	10 - 30 Years
50 Charles Lindbergh Blvd., Mitchel Field, New York	1984	1984	10 - 30 Years
200 Broadhollow Road Melville, New York	1981	1981	10 - 30 Years
48 South Service Road Melville, New York	1986	1986	10 - 30 Years
395 North Service Road Melville, New York	1988	1988	10 - 30 Years
6800 Jericho Turnpike Syosset, New York	1977	1978	10 - 30 Years
6900 Jericho Turnpike Syosset, New York	1982	1982	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
300 Motor Parkway Hauppauge, New York	--	276	1,136
88 Duryea Road Melville, New York	--	200	1,565
210 Blydenburgh Road Islandia, New York	--	11	158
208 Blydenburgh Road Islandia, New York	--	12	192
71 Hoffman Lane Islandia, New York	--	19	260
933 Motor Parkway Hauppauge, New York	--	106	375
85 South Service Road Plainview, New York	--	24	145
333 Earl Ovington Blvd., (Omni) Mitchel Field, New York	53,864	(A)	67,221
135 Fell Court Islip, New York	--	462	1,265
40 Cragwood Road South Plainfield, New Jersey	--	725	7,131
110 Marcus Drive Huntington, New York	--	390	1,499
333 East Shore Road Great Neck, New York	--	(A)	564
310 East Shore Road Great Neck, New York	--	485	2,009
70 Schmitt Blvd. Farmingdale, New York	--	727	3,408
19 Nicholas Drive Yaphank, New York	--	160	7,399
1516 Motor Parkway Hauppauge, New York	--	603	6,722
35 Pinelawn Road Melville, New York	--	999	7,073
520 Broadhollow Road Melville, New York	--	457	5,572
1660 Walt Whitman Road Melville, New York	--	370	5,072
70 Maxess Road Melville, New York	--	367	1,859
20 Melville Park Rd., Melville, New York	--	391	2,650
105 Price Parkway Farmingdale, New York	--	2,030	6,327
48 Harbor Park Drive Port Washington, New York	--	1,304	2,247
60 Charles Lindbergh Mitchel Field, New York	--	(A)	20,800
505 White Plains Road Tarrytown, New York	--	210	1,332
555 White Plains Road Tarrytown, New York	--	712	4,133
560 White Plains Road Tarrytown, New York	--	1,521	8,756
580 White Plains Road Tarrytown, New York	12,685	2,414	14,595
660 White Plains Road Tarrytown, New York	--	3,929	22,640
Landmark Square Stamford, Connecticut	45,090	11,603	64,466

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
300 Motor Parkway Hauppauge, New York	--	1,833	276	2,969	3,245
88 Duryea Road Melville, New York	--	823	200	2,388	2,588
210 Blydenburgh Road Islandia, New York	--	175	11	333	344
208 Blydenburgh Road Islandia, New York	--	188	12	380	392
71 Hoffman Lane Islandia, New York	--	206	19	466	485
933 Motor Parkway Hauppauge, New York	--	411	106	786	892
85 South Service Road Plainview, New York	--	13	24	158	182
333 Earl Ovington Blvd., (Omni) Mitchel Field, New York	--	22,053	0	89,274	89,274
135 Fell Court Islip, New York	--	273	462	1,538	2,000
40 Cragwood Road South Plainfield, New Jersey	--	6,034	725	13,165	13,890
110 Marcus Drive Huntington, New York	--	107	390	1,606	1,996
333 East Shore Road Great Neck, New York	--	456	0	1,020	1,020
310 East Shore Road Great Neck, New York	--	2,344	485	4,353	4,838
70 Schmitt Blvd. Farmingdale, New York	--	33	727	3,441	4,168
19 Nicholas Drive Yaphank, New York	5	6,160	165	13,559	13,724
1516 Motor Parkway Hauppauge, New York	--	472	603	7,194	7,797
35 Pinelawn Road Melville, New York	--	2,786	999	9,859	10,858
520 Broadhollow Road Melville, New York	(1)	2,794	456	8,366	8,822
1660 Walt Whitman Road Melville, New York	--	1,102	370	6,174	6,544
70 Maxess Road Melville, New York	95	2,957	462	4,816	5,278
20 Melville Park Rd., Melville, New York	--	106	391	2,756	3,147
105 Price Parkway Farmingdale, New York	--	469	2,030	6,796	8,826
48 Harbor Park Drive Port Washington, New York	--	520	1,304	2,767	4,071
60 Charles Lindbergh Mitchel Field, New York	--	4,198	0	24,998	24,998
505 White Plains Road Tarrytown, New York	--	342	210	1,674	1,884
555 White Plains Road Tarrytown, New York	51	4,656	763	8,789	9,552
560 White Plains Road Tarrytown, New York	(1)	4,479	1,520	13,235	14,755
580 White Plains Road Tarrytown, New York	--	3,553	2,414	18,148	20,562
660 White Plains Road Tarrytown, New York	45	6,431	3,974	29,071	33,045
Landmark Square Stamford, Connecticut	832	31,464	12,435	95,930	108,365

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I
				LIFE ON WHICH

DESCRIPTION	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION	DATE ACQUIRED	DEPRECIATION IS COMPUTED
300 Motor Parkway Hauppauge, New York	1,775	1979	1979	10 - 30 Years
88 Duryea Road Melville, New York	1,496	1980	1980	10 - 30 Years
210 Blydenburgh Road Islandia, New York	315	1969	1969	10 - 30 Years
208 Blydenburgh Road Islandia, New York	344	1969	1969	10 - 30 Years
71 Hoffman Lane Islandia, New York	433	1970	1970	10 - 30 Years
933 Motor Parkway Hauppauge, New York	692	1973	1973	10 - 30 Years
85 South Service Road Plainview, New York	153	1961	1961	10 - 30 Years
333 Earl Ovington Blvd., (Omni) Mitchel Field, New York	30,782	1990	1995	10 - 30 Years
135 Fell Court Islip, New York	509	1965	1992	10 - 30 Years
40 Cragwood Road South Plainfield, New Jersey	8,397	1970	1983	10 - 30 Years
110 Marcus Drive Huntington, New York	1,310	1980	1980	10 - 30 Years
333 East Shore Road Great Neck, New York	700	1976	1976	10 - 30 Years
310 East Shore Road Great Neck, New York	2,277	1981	1981	10 - 30 Years
70 Schmitt Blvd. Farmingdale, New York	845	1965	1995	10 - 30 Years
19 Nicholas Drive Yaphank, New York	2,556	1989	1995	10 - 30 Years
1516 Motor Parkway Hauppauge, New York	1,737	1981	1995	10 - 30 Years
35 Pinelawn Road Melville, New York	2,802	1980	1995	10 - 30 Years
520 Broadhollow Road Melville, New York	2,723	1978	1995	10 - 30 Years
1660 Walt Whitman Road Melville, New York	1,417	1980	1995	10 - 30 Years
70 Maxess Road Melville, New York	1,239	1967	1995	10 - 30 Years
20 Melville Park Rd., Melville, New York	603	1965	1996	10 - 30 Years
105 Price Parkway Farmingdale, New York	1,632	1969	1996	10 - 30 Years
48 Harbor Park Drive Port Washington, New York	563	1976	1996	10 - 30 Years
60 Charles Lindbergh Mitchel Field, New York	6,078	1989	1996	10 - 30 Years
505 White Plains Road Tarrytown, New York	497	1974	1996	10 - 30 Years
555 White Plains Road Tarrytown, New York	3,554	1972	1996	10 - 30 Years
560 White Plains Road Tarrytown, New York	3,606	1980	1996	10 - 30 Years
580 White Plains Road Tarrytown, New York	5,294	1997	1996	10 - 30 Years
660 White Plains Road Tarrytown, New York	7,976	1983	1996	10 - 30 Years
Landmark Square Stamford, Connecticut	19,337	1973-1984	1996	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
110 Bi -County Blvd. Farmingdale, New York	3,635	2,342	6,665
One Eagle Rock, East Hanover, New Jersey	--	803	7,563
710 Bridgeport Avenue Shelton, Connecticut	--	5,405	21,620
101 JFK Expressway Short Hills, New Jersey	--	7,745	43,889
10 Rooney Circle West Orange, New Jersey	--	1,302	4,615
Executive Hill Office Park West Orange, New Jersey	--	7,629	31,288
3 University Plaza Hackensack, New Jersey	--	7,894	11,846
150 Motor Parkway Hauppauge, New York	--	1,114	20,430
Reckson Executive Park Ryebrook, New York	--	18,343	55,028
University Square Princeton, New Jersey	--	3,288	8,888
100 Andrews Road Hicksville, New York	--	2,337	1,711
80 Grasslands Elmsford, New York	--	1,208	6,728
65 Marcus Drive Melville, New York	--	295	1,966
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	19,101	3,007	41,351
115/117 Stevens Avenue Valhalla, New York	--	1,094	22,490
200 Summit Lake Drive Valhalla, New York	19,373	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
45 Melville Park Road Melville, New York	--	355	1,487
500 Saw Mill River Road Elmsford, New York	--	1,542	3,796
120 W.45th Street New York, New York	64,263	28,757	162,809
1255 Broad Street Clifton, New Jersey	--	1,329	15,869
810 7th Avenue New York, New York	82,854	26,984 (A)	152,767

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
110 Bi -County Blvd. Farmingdale, New York	--	406	2,342	7,071	9,413
One Eagle Rock, East Hanover, New Jersey	--	3,151	803	10,714	11,517
710 Bridgeport Avenue Shelton, Connecticut	7	946	5,412	22,566	27,978
101 JFK Expressway Short Hills, New Jersey	(3,098)	(16,116)	4,647	27,773	32,420
10 Rooney Circle West Orange, New Jersey	1	1,002	1,303	5,617	6,920
Executive Hill Office Park West Orange, New Jersey	4	2,778	7,633	34,066	41,699
3 University Plaza Hackensack, New Jersey	--	2,684	7,894	14,530	22,424
150 Motor Parkway Hauppauge, New York	--	3,479	1,114	23,909	25,023
Reckson Executive Park Ryebrook, New York	--	4,550	18,343	59,578	77,921
University Square Princeton, New Jersey	(1)	1,694	3,287	10,582	13,869
100 Andrews Road Hicksville, New York	151	5,742	2,488	7,453	9,941
80 Grasslands Elmsford, New York	--	606	1,208	7,334	8,542
65 Marcus Drive Melville, New York	56	954	351	2,920	3,271
100 Forge Way Rockaway, New Jersey	--	98	315	1,000	1,315
200 Forge Way Rockaway, New Jersey	--	483	1,128	3,711	4,839
300 Forge Way Rockaway, New Jersey	--	254	376	1,329	1,705
400 Forge Way Rockaway, New Jersey	--	187	1,142	3,454	4,596
51 -- 55 Charles Lindbergh Blvd. Mitchel Field, New York	--	4,292	0	32,267	32,267
100 Summit Drive Valhalla, New York	--	4,879	3,007	46,230	49,237
115/117 Stevens Avenue Valhalla, New York	--	1,911	1,094	24,401	25,495
200 Summit Lake Drive Valhalla, New York	--	4,010	4,343	41,315	45,658
140 Grand Street White Plains, New York	(1)	300	1,931	19,044	20,975
500 Summit Lake Drive Valhalla, New York	--	7,837	7,052	45,146	52,198
99 Cherry Hill Road Parsippany, New Jersey	5	1,330	2,365	8,838	11,203
119 Cherry Hill Road Parsippany, New Jersey	6	1,097	2,518	8,719	11,237
45 Melville Park Road Melville, New York	(1)	1,825	354	3,312	3,666
500 Saw Mill River Road Elmsford, New York	--	205	1,542	4,001	5,543
120 W.45th Street New York, New York	7,721 (D)	3,756	36,478	166,565	203,043
1255 Broad Street Clifton, New Jersey	--	4,077	1,329	19,946	21,275
810 7th Avenue New York, New York	117	13,920	27,101	166,687	193,788

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I
				LIFE ON WHICH

DESCRIPTION	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION	DATE ACQUIRED	DEPRECIATION IS COMPUTED
110 Bi -County Blvd. Farmingdale, New York	1,508	1984	1997	10 - 30 Years
One Eagle Rock, East Hanover, New Jersey	3,087	1986	1997	10 - 30 Years
710 Bridgeport Avenue Shelton, Connecticut	4,493	1971-1979	1997	10 - 30 Years
101 JFK Expressway Short Hills, New Jersey	5,132	1981	1997	10 - 30 Years
10 Rooney Circle West Orange, New Jersey	1,096	1971	1997	10 - 30 Years
Executive Hill Office Park West Orange, New Jersey	6,337	1978-1984	1997	10 - 30 Years
3 University Plaza Hackensack, New Jersey	3,136	1985	1997	10 - 30 Years
150 Motor Parkway Hauppauge, New York	5,028	1984	1997	10 - 30 Years
Reckson Executive Park Ryebrook, New York	10,587	1983-1986	1997	10 - 30 Years
University Square Princeton, New Jersey	1,774	1987	1997	10 - 30 Years
100 Andrews Road Hicksville, New York	1,897	1954	1996	10 - 30 Years
80 Grasslands Elmsford, New York	1,389	1989/1964	1997	10 - 30 Years
65 Marcus Drive Melville, New York	724	1968	1996	10 - 30 Years
100 Forge Way Rockaway, New Jersey	190	1986	1998	10 - 30 Years
200 Forge Way Rockaway, New Jersey	630	1989	1998	10 - 30 Years
300 Forge Way Rockaway, New Jersey	328	1989	1998	10 - 30 Years
400 Forge Way Rockaway, New Jersey	580	1989	1998	10 - 30 Years
51 -- 55 Charles Lindbergh Blvd. Mitchel Field, New York	7,035	1981	1998	10 - 30 Years
100 Summit Drive Valhalla, New York	8,114	1988	1998	10 - 30 Years
115/117 Stevens Avenue Valhalla, New York	3,928	1984	1998	10 - 30 Years
200 Summit Lake Drive Valhalla, New York	6,718	1990	1998	10 - 30 Years
140 Grand Street White Plains, New York	3,078	1991	1998	10 - 30 Years
500 Summit Lake Drive Valhalla, New York	7,159	1986	1998	10 - 30 Years
99 Cherry Hill Road Parsippany, New Jersey	1,340	1982	1998	10 - 30 Years
119 Cherry Hill Road Parsippany, New Jersey	1,425	1982	1998	10 - 30 Years
45 Melville Park Road Melville, New York	763	1998	1998	10 - 30 Years
500 Saw Mill River Road Elmsford, New York	670	1968	1998	10 - 30 Years
120 W.45th Street New York, New York	20,103	1998	1999	10 - 30 Years
1255 Broad Street Clifton, New Jersey	2,922	1999	1999	10 - 30 Years
810 7th Avenue New York, New York	20,037	1970	1999	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
120 Mineola Blvd. Mineola, New York	--	1,869	10,603
100 Wall Street New York, New York	35,904	11,749	66,517
One Orlando Orlando, Florida	38,366	9,386	51,136
1350 Avenue of the Americas New York, New York	74,631	19,222	109,168
919 3rd. Avenue New York, New York	246,651	101,644 (A)	205,736
538 Broadhollow Road Melville, New York	--	3,900	21,413
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
1305 Walt Whitman Road Melville, New York	--	3,934	24,040
50 Marcus Drive Melville, New York	--	930	13,600
100 Grasslands Road Elmsford, New York	--	289	3,382
2002 Orville Drive North Bohemia, New York	--	1,950	9,959
390 Motor Parkway Hauppauge, New York	--	240	5,787
58 South Service Road Melville, New York	--	1,061	
400 Moreland Road Commack, New York	--	343	1,219
103 JFK Parkway Short Hills, New Jersey	--	3,098	18,011
Land held for development	--	92,924	--
Developments in progress	--	--	28,311
Other property	--	--	--
Total	$740,012	$ 483,555	$1,968,635

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
120 Mineola Blvd. Mineola, New York	5	1,041	1,874	11,644	13,518
100 Wall Street New York, New York	93	9,798	11,842	76,315	88,157
One Orlando Orlando, Florida	32	3,779	9,418	54,915	64,333
1350 Avenue of the Americas New York, New York	--	18,037	19,222	127,205	146,427
919 3rd. Avenue New York, New York	12,795	86,412	114,439	292,148	406,587
538 Broadhollow Road Melville, New York	--	1,038	3,900	22,451	26,351
360 Hamilton Avenue White Plains, New York	--	21,351	2,838	55,957	58,795
492 River Road Nutley, New Jersey	--	4,145	2,615	9,247	11,862
275 Broadhollow Road Melville, New York	--	312	3,850	13,270	17,120
400 Garden City Plaza Garden City, New York	--	667	9,081	17,671	26,752
90 Merrick Avenue East Meadow, New York	--	1,111	0	24,915	24,915
120 White Plains Road Tarrytown, New York	--	359	3,852	25,220	29,072
100 White Plains Road Tarrytown, New York	--	79	79	551	630
51 JFK Parkway Short Hills, New Jersey	1	824	10,054	63,328	73,382
680 Washington Blvd Stamford, Connecticut	--	168	4,561	23,866	28,427
750 Washington Blvd Stamford, Connecticut	--	139	7,527	32,079	39,606
1305 Walt Whitman Road Melville, New York	--	41	3,934	24,081	28,015
50 Marcus Drive Melville, New York	65	4,912	995	18,512	19,507
100 Grasslands Road Elmsford, New York	--	1,214	289	4,596	4,885
2002 Orville Drive North Bohemia, New York	--	254	1,950	10,213	12,163
390 Motor Parkway Hauppauge, New York	--	833	240	6,620	6,860
58 South Service Road Melville, New York	6,886	42,218	7,947	42,218	50,165
400 Moreland Road Commack, New York	1,141	1,510	1,484	2,729	4,213
103 JFK Parkway Short Hills, New Jersey	217	9,585	3,315	27,596	30,911
Land held for development	--	--	92,924		92,924
Developments in progress	--	--		28,311	28,311
Other property	--	18,650		18,650	18,650
Total	$27,409	$474,928	$510,964	$2,443,563	$2,954,527

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I
DESCRIPTION	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IS COMPUTED

120 Mineola Blvd. Mineola, New York	1,500	1977	1999	10 - 30 Years
100 Wall Street New York, New York	9,382	1969	1999	10 - 30 Years
One Orlando Orlando, Florida	6,566	1987	1999	10 - 30 Years
1350 Avenue of the Americas New York, New York	12,397	1966	2000	10 - 30 Years
919 3rd. Avenue New York, New York	16,375	1970	2000	10 - 30 Years
538 Broadhollow Road Melville, New York	1,802	2000	2000	10 - 30 Years
360 Hamilton Avenue White Plains, New York	6,319	2000	2000	10 - 30 Years
492 River Road Nutley, New Jersey	924	2000	2000	10 - 30 Years
275 Broadhollow Road Melville, New York	1,813	1970	1997	10 - 30 Years
400 Garden City Plaza Garden City, New York	2,166	1989	1997	10 - 30 Years
90 Merrick Avenue East Meadow, New York	3,563	1985	1997	10 - 30 Years
120 White Plains Road Tarrytown, New York	3,076	1984	1997	10 - 30 Years
100 White Plains Road Tarrytown, New York	39	1984	1997	10 - 30 Years
51 JFK Parkway Short Hills, New Jersey	7,619	1988	1998	10 - 30 Years
680 Washington Blvd Stamford, Connecticut	2,883	1989	1998	10 - 30 Years
750 Washington Blvd Stamford, Connecticut	3,738	1989	1998	10 - 30 Years
1305 Walt Whitman Road Melville, New York	3,043	1999	1999	10 - 30 Years
50 Marcus Drive Melville, New York	1,106	2001	1998	10 - 30 Years
100 Grasslands Road Elmsford, New York	460	2001	1997	10 - 30 Years
2002 Orville Drive North Bohemia, New York	919	2001	1996	10 - 30 Years
390 Motor Parkway Hauppauge, New York	1,046	2001	1997	10 - 30 Years
58 South Service Road Melville, New York	1,308	2001	1998	10 - 30 Years
400 Moreland Road Commack, New York	41	2002	1997	10 - 30 Years
103 JFK Parkway Short Hills, New Jersey	2,854	2002	1997	10 - 30 Years
Land held for development		N/A	Various	N/A
Developments in progress	--			
Other property	2,713			

Total	$445,029			
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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 The land parcel on which the building and improvements were constructed for one property is subject to a ground lease.

C The Encumbrance of $2,616 is related to one property.

D 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 $2,191 million at December 31, 2002.