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KOGER EQUITY INC
Form 8-K
March 03, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): February 26, 2003

KOGER EQUITY, INC.

(Exact Name of Registrant as Specified in Its Charter)

FLORIDA

(State or Other Jurisdiction of Incorporation)

1-9997

(Commission File Number)

59-2898045

(IRS Employer
Identification No.)

225 NE MIZNER BOULEVARD, SUITE 200
BOCA RATON, FLORIDA

(Address of Principal Executive Offices)

33432

(Zip Code)

(561) 395-9666

(Registrant's Telephone Number, Including Area Code)

NA

(Former Name or Former Address, if Changed Since Last Reports)

Item 9. Regulation FD Disclosure

Koger Equity, Inc. announced results for the fourth quarter and year ended December 31, 2002, as more particularly described in its News Release, dated February 26, 2003, and its Supplemental Information, dated December 31, 2002, copies of which are attached hereto as Exhibits 99(a) and 99(b) and by this reference made a part hereof.

For more information on Koger Equity, Inc., contact the company at 866-321-0712 or visit its Web site at www.koger.com.

Item 7. Financial Statements and Exhibits.

(c) Exhibits

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Exhibit Number	Description of Exhibit
99(a)	Koger Equity, Inc. News Release, dated February 26, 2003.
99(b)	Koger Equity, Inc. Supplemental Information, dated December 31, 2002.

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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.

KOGER EQUITY, INC.

Dated: February 26, 2003

By: /S/ Todd J. Amara

Todd J. Amara
Title: Vice President

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EXHIBIT INDEX

The following designated exhibits are filed herewith:

Exhibit Number	Description of Exhibit
99(a)	Koger Equity, Inc. News Release, dated February 26, 2003.
99(b)	Koger Equity, Inc. Supplemental Information, dated December 31, 2002.

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Exhibit 99(a)

Koger Equity Announces Fourth Quarter 2002 and Year End 2002 Financial Results

BOCA RATON, Fla.--(BUSINESS WIRE)--Feb. 26, 2003--Koger Equity,

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Inc. (NYSE:KE):

- 2002 Funds From Operations of \$2.05 Per Share
- Reiterates Full Year 2003 Funds From Operations Guidance

Koger Equity, Inc. (NYSE:KE) today reported results for the fourth quarter 2002 and year ended December 31, 2002.

Certain of the Company's 2002 results, as compared to 2001, have been affected by the Company's December 2001 sale of 75 office buildings and one retail center to AP-Knight LP, an affiliate of Apollo Real Estate Advisors, LP. At the time of sale, these assets represented approximately 36% of the Company's portfolio of operating properties, based on rentable square feet.

Fourth Quarter 2002 Highlights

-- Acquired The Lakes on Post Oak, a three building, 1.2 million square foot development located in the Galleria/West Loop area of Houston, Texas.

-- Secured \$85 million, five year fixed rate financing for Three Ravinia Drive.

-- Amended the Company's secured revolving credit facility.

Other Highlights for 2002

-- Increased same store net operating income ("NOI") 1.4% to \$70.3 million compared to \$69.3 million for 2001.

-- Acquired Three Ravinia Drive, an 803,000 square foot, 31 story office building in the Central Perimeter area of Atlanta, Georgia.

-- Paid dividend of \$1.40 per share.

Fourth Quarter 2002 and Year End 2002 Operating Results

Funds from operations (FFO) for the fourth quarter 2002 totaled \$10.4 million or \$0.49 per share on a fully diluted basis, compared with \$16.6 million or \$0.62 per share on a fully diluted basis for the fourth quarter 2001. For the quarter ended December 31, 2002, Koger reported total operating revenues of \$32.9 million compared to total operating revenues of \$40.7 million for the fourth quarter 2001. Certain of the Company's 2002 operating results, as compared to 2001, have been affected by the December 2001 sale of operating properties as more fully described above. Operating margins declined to 62.6% in the fourth quarter 2002 versus 63.0% in the fourth quarter 2001.

Net income for the three months ended December 31, 2002 was \$2.5 million or \$0.12 per diluted share compared to \$47.9 million or \$1.86 per diluted share for the fourth quarter 2001. The fourth quarter 2001 net income includes \$1.52 per diluted share of gain from the sale of operating properties to AP-Knight LP. For purposes of FFO and earnings per share, the weighted average number of common shares on a fully diluted basis totaled 21,332,000 for the fourth quarter 2002.

For the year ended December 31, 2002, FFO totaled \$43.8 million or \$2.05 per share on total operating revenues of \$129.8 million compared with FFO of \$69.7 million or \$2.52 per share on total operating revenues of \$169.7 million for 2001. Net income for 2002 was \$16.4 million or \$0.77 per diluted share compared to net income of \$73.2 million or \$2.75 per diluted share in 2001. As stated above, certain of the Company's operating results, as compared to 2001, have been

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affected by the December 2001 sale of operating properties to AP-Knight LP. Operating margins for 2002 improved to 63.4% from 62.8% for the year ended December 31, 2001.

Same Store Results

Fourth quarter 2002 same store NOI decreased approximately 4.5% to \$16.7 million from \$17.5 million for the fourth quarter 2001. Same store NOI for 2002 increased approximately 1.4% to \$70.3 million compared to \$69.3 million for 2001. Same store occupancy was 86.9% at December 31, 2002 compared to 89.9% at December 31, 2001.

Leasing Activity

Leasing activity during the fourth quarter 2002 totaled 632,000 rentable square feet encompassing 81 leases at an average cost of \$1.26 per square foot per year. The weighted average net rental rate on new leases signed, excluding first generation space and renewals, decreased 6.9% to \$10.07 per square foot as compared to \$10.82 per square foot on expiring leases. For leases that renewed during the fourth quarter 2002, the weighted average net rental rate decreased 2.4% to \$11.11 per square foot from \$11.38 per square foot.

For properties owned on December 31, 2001, the Company signed 1,799,000 square feet of leases in 308 transactions during 2002 at an average cost of \$1.20 per square foot. The weighted average net rental rate on leasing activity for fiscal 2002 was flat at \$11.40 per square foot on new leases compared to \$11.39 per square foot on expiring leases.

The tenant retention rate was 52% for the fourth quarter 2002 and 64% for all of 2002.

In the fourth quarter 2002, Koger filled significant vacancies in its portfolio with the signing of a 46,000 square foot lease and a 36,000 square foot lease with TRW, Inc. and the Georgia Medical Foundation, respectively. Both leases are expected to commence no later than April 2003, and will encompass all of Koger's Harvard building at its Atlanta Chamblee center, and a portion of Koger's Lincoln Parkway building in Atlanta.

Property Activity

During the fourth quarter 2002, Koger acquired, through a subsidiary partnership, The Lakes on Post Oak, a 1.2 million square foot, Class A, three office building development located in the prestigious Galleria/West Loop area in Houston, Texas, for approximately \$102 million (or approximately \$85.00 per square foot). The funds required for this acquisition were drawn from a \$77 million mortgage secured by the property and from the Company's secured revolving credit facility. The Lakes on Post Oak resides within a 28-acre park-like development located adjacent to the Galleria Mall, which is undergoing a 700,000 square foot retail expansion. In addition, the Texas Department of Transportation and local development associations are in the middle of extensive infrastructure changes that according to management will enhance The Lakes on Post Oak's long-term positioning as one of the best located projects in the Galleria/West Loop area.

Koger anticipates creating considerable value by implementing a \$12 million capital spending program on the three buildings. The program will refurbish and modernize the entire development and will be followed by an aggressive marketing and leasing program. In 2003, Koger selected Trammell Crow Company to provide management and leasing services for The Lakes on Post Oak.

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Financing

During the fourth quarter 2002 Koger secured an \$85 million non-recourse loan from Metropolitan Life Insurance Company collateralized by its Three Ravinia Drive property in Atlanta, Georgia. This loan has a five year term expiring on January 1, 2008 with a fixed interest rate of 5.26%. Koger used the proceeds from this loan to pay down a substantial portion of the existing balance on its secured revolving credit facility.

Concurrently, Koger amended its secured revolving credit facility to lower the commitment amount to \$100 million from \$125 million and modified certain debt covenant definitions and other requirements.

Thomas Crocker, Chief Executive Officer of Koger Equity commented, "Despite the economic uncertainty in our core markets, we are satisfied with our results. While we expect the economic challenges to persist in 2003, we believe Koger is properly positioned to overcome adversity and prosper when the economy turns. Koger used 2002 to create a platform for improved performance in the future. To that point, we made two important acquisitions as part of a portfolio repositioning that will serve as the core foundation for improved financial results over the long-term. These acquisitions were Three Ravinia, a 31-story, Class A trophy office building in the Central Perimeter area of Atlanta, Georgia and The Lakes on Post Oak, a 1.2 million square foot, three building complex located in the heart of the Galleria/West Loop area of Houston, Texas."

"Both properties have 'suburban in-fill' characteristics and were purchased at a significant discount to replacement cost, two parameters that we see as critical to our long-term investment strategy." Mr. Crocker concluded, "We are very excited about these traditional real estate transactions and believe they will generate considerable value in the future for our shareholders."

Dividend

The level of Koger's dividend will continue to be determined each quarter, based upon the operating results of that quarter, economic conditions, and other operating trends. For the fourth quarter 2002, Koger paid a \$0.35 dividend per share, and for all of 2002, Koger paid a dividend of \$1.40 per share.

FFO Guidance

Based on the current outlook, Koger is reiterating its FFO guidance range of \$1.75-\$1.80 per share for 2003.

The Company's significant assumptions for 2003 include:

- Continued deterioration in rental markets.
- No acquisitions or dispositions.
- Termination of the management agreement for the assets sold to AP-Knight LP in 2001.
- Termination of the asset management agreement for Crocker Realty Trust, Inc.
- Same store occupancy declining from 87% at year end 2002 to 81% by the end of 2003.
- Negative absorption in Atlanta, Georgia and Charlotte, North Carolina.

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-- LIBOR rate of 1.80%.

During the scheduled February 26, 2003 conference call, management will further discuss FFO guidance for 2003.

Safe Harbor

Estimates of future FFO per share are by definition, and certain other matters discussed in this press release may be, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although Koger Equity, Inc. believes the expectations reflected in such forward-looking statements are based on reasonable assumptions; there can be no assurance that its expectations will be attained. Certain factors that could cause actual results to differ materially from the Company's expectations are set forth as risk factors in the company's SEC reports and filings, including its annual report on Form 10-K. Included among these factors are changes in general economic conditions, including changes in the economic conditions affecting industries in which its principal tenants compete; its ability to timely lease or re-lease space to credit worthy tenants at current or anticipated rents; its ability to achieve economies of scale over time; the demand for tenant services beyond those traditionally provided by landlords; changes in interest rates; changes in operating costs; its ability to attract and retain high-quality personnel at a reasonable cost in a highly competitive labor environment; future demand for its debt and equity securities; its ability to refinance its debt on reasonable terms at maturity; and its ability to complete current and future development projects on schedule and on budget. Many of these factors are beyond the Company's ability to control or predict. Forward-looking statements are not guarantees of performance. For forward-looking statements contained or incorporated by reference herein, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The Company assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

Koger Equity, Inc. owns and operates 124 office buildings, containing 8.93 million rentable square feet, primarily located within 16 suburban office projects in nine cities in the Southeastern United States and Houston, Texas.

Additional information about Koger is available upon request to Investor Relations, 225 NE Mizner Blvd., Suite 200, Boca Raton, Florida 33432-3945, or call 1-800-850-2037.

Additionally, the Fourth Quarter 2002 Supplemental Disclosure package and further information about Koger Equity can be found on the Company's web site at www.koger.com.

KOGER EQUITY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands except per Share Data)

	For the Three Months Ended	For the Year Ended
	12/31/02 12/31/01	12/31/02 12/31/01

Operating Revenues

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Rental and other rental				
services	\$32,065	\$40,161	\$126,351	\$165,623
Management fees	757	550	3,347	4,080
Other	51	--	53	--

Total operating revenues	32,873	40,711	129,751	169,703

Operating Expenses				
Property operations	12,002	14,859	46,235	61,608
Depreciation and amortization	7,993	7,945	27,908	35,099
General and administrative	2,953	2,264	11,381	8,412
Direct cost of management fees	705	720	3,335	3,378
Other	18	18	143	189

Total operating expenses	23,671	25,806	89,002	108,686

Operating Income	9,202	14,905	40,749	61,017

Other Income and Expense				
Interest income	76	180	405	776
Mortgage and loan interest	(7,281)	(6,053)	(25,145)	(26,112)

Total other income and expense	(7,205)	(5,873)	(24,740)	(25,336)

Income Before Gain on Sale or Disposition of Assets, Income Taxes and Minority Interest and Equity in Earnings of Unconsolidated Subsidiary	1,997	9,032	16,009	35,681
Gain on sale or disposition of assets	19	39,189	21	39,189

Income Before Income Taxes and Minority Interest and Equity in Earnings of Unconsolidated Subsidiary	2,016	48,221	16,030	74,870
Income taxes	(525)	235	(413)	684

Income Before Minority Interest and Equity in Earnings of Unconsolidated Subsidiary	2,541	47,986	16,443	74,186
Minority interest	--	(107)	(20)	(1,044)
Equity in earnings of unconsolidated subsidiary	--	--	--	81

Net Income	\$2,541	\$47,879	\$16,423	\$73,223
	=====			
Earnings Per Share:				
Basic	\$0.12	\$1.87	\$0.77	\$2.76
	=====			
Diluted	\$0.12	\$1.86	\$0.77	\$2.75
	=====			
Weighted Average Shares:				
Basic	21,300	25,641	21,269	26,517

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Diluted	21,332	25,785	21,378	26,610
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KOGER EQUITY, INC.
 FUNDS FROM OPERATIONS
 (In Thousands except per Share Data)

	For the Three Months Ended		For the Year Ended	
	12/31/02	12/31/01	12/31/02	12/31/01
Net income	\$2,541	\$47,879	\$16,423	\$73,223
Depreciation - real estate	7,396	7,270	25,889	32,261
Amortization - deferred tenant costs	444	514	1,523	2,172
Amortization - goodwill	--	42	--	170
Minority interest	--	107	20	1,044
Loss (gain) on sale or disposition:				
Operating properties	--	(39,189)	--	(39,189)
Non-operating assets	(19)	--	(21)	--
Funds from operations	\$10,362	\$16,623	\$43,834	\$69,681
Weighted average shares/units outstanding - diluted	21,332	26,785	21,378	27,610
Funds from operations, per diluted share/unit	\$0.49	\$0.62	\$2.05	\$2.52

KOGER EQUITY, INC. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 (In Thousands)

	December 31, 2002	December 31, 2001
ASSETS		
Real estate investments:		
Operating properties:		
Land	\$110,653	\$91,919
Buildings	783,185	568,285
Furniture and equipment	3,320	3,082
Accumulated depreciation	(149,830)	(123,999)
Operating properties, net	747,328	539,287
Undeveloped land held for investment	9,995	13,779
Undeveloped land held for sale, net of allowance	3,831	76
Cash and cash equivalents	4,627	113,370
Restricted cash	13,340	--
Accounts receivable, net of allowance for uncollectible accounts of \$1,280 and \$1,114	12,183	11,574
Cost in excess of fair value of net assets acquired, net of accumulated amortization		

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of \$683 and \$683	595	595
Other assets	13,186	11,904
	-----	-----
TOTAL ASSETS	\$805,085	\$690,585
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Mortgages and loans payable	\$431,698	\$248,683
Accounts payable	3,801	4,962
Accrued real estate taxes payable	147	1,007
Other accrued liabilities	13,435	9,206
Dividends payable	7,453	44,159
Advance rents and security deposits	5,483	5,103
	-----	-----
Total Liabilities	462,017	313,120
	-----	-----
Minority interest	--	22,923
	-----	-----
Shareholders' equity:		
Common stock	298	297
Capital in excess of par value	472,156	469,779
Notes receivable from stock sales to related parties	(5,266)	(5,066)
Accumulated other comprehensive loss	(212)	--
Retained earnings	7,813	21,180
Treasury stock, at cost	(131,721)	(131,648)
	-----	-----
Total Shareholders' Equity	343,068	354,542
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$805,085	\$690,585
	=====	=====

CONTACT: Koger Equity, Inc.
Tom Brockwell, 561/395-9666
or
Integrated Corporate Relations, Inc.
Brad Cohen, 203/222-9013

Exhibit 99(b)

Koger Equity, Inc.
Supplemental
Information
December 31, 2002

Koger Equity, Inc.
Supplemental Information
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December 31, 2002

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KOGER EQUITY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

Dollars in thousands

	12/31/02	(Unaudited) 9/30/02	(Unaudited) 6/30/02	(Unaudited) 3/31/02	12/31/01
ASSETS					
Real Estate Investments:					
Operating properties:					
Land	\$110,653	\$98,253	\$98,253	\$110,084	\$98,253
Buildings	783,185	688,363	685,975	670,895	567,895
Furniture and equipment	3,320	3,120	2,987	2,933	2,933
Accumulated depreciation	(149,830)	(142,295)	(136,010)	(129,617)	(129,617)
Operating properties - net	747,328	647,441	651,205	654,295	538,458
Properties under construction:					
Land	0	0	0	0	0
Buildings	0	0	0	0	0
Undeveloped land held for investment	9,995	11,015	13,779	13,779	13,779
Undeveloped land held for sale	3,831	2,840	76	76	76
Cash and temporary investments	4,627	10,930	14,564	16,461	11,000

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Restricted cash	13,340	0	0	0	1
Accounts receivable, net	12,183	10,744	9,802	10,441	1
Cost in excess of fair value of net assets acquired, net	595	595	595	595	
Other assets	13,186	11,939	11,809	11,722	1
TOTAL ASSETS	\$805,085	\$695,504	\$701,830	\$707,369	\$69
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities:					
Mortgages and loan payable	\$431,698	\$314,994	\$321,217	\$327,415	\$24
Accounts payable	3,801	3,236	1,837	2,046	
Accrued real estate taxes payable	147	6,336	6,358	3,273	
Accrued liabilities - other	13,435	9,929	8,903	8,607	
Dividends payable	7,453	7,453	7,452	7,433	4
Advance rents and security deposits	5,483	5,137	4,656	4,876	
Total Liabilities	462,017	347,085	350,423	353,650	31
Minority interest	0	0	0	0	2
Shareholders' Equity:					
Common stock	298	298	298	298	
Capital in excess of par value	472,156	472,012	471,974	471,205	46
Notes receivable from stock sales to related parties	(5,266)	(5,066)	(5,066)	(5,066)	(
Other comprehensive loss	(212)	0	0	0	
Retained earnings	7,813	12,726	15,784	18,898	2
Treasury stock, at cost	(131,721)	(131,551)	(131,583)	(131,616)	(13
Total Shareholders' Equity	343,068	348,419	351,407	353,719	35
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$805,085	\$695,504	\$701,830	\$707,369	\$69

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KOGER EQUITY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

Dollars in thousands

	12/31/02	12/31/01	12/31/00	12/31/99	12/31/98
ASSETS					
Real Estate Investments:					
Operating properties:					
Land	\$110,653	\$91,919	\$138,214	\$140,061	\$137,047
Buildings	783,185	568,285	805,935	784,769	731,558

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Furniture and equipment	3,320	3,082	2,631	2,693	3,578
Accumulated depreciation	(149,830)	(123,999)	(155,817)	(137,452)	(129,682)
Operating properties - net	747,328	539,287	790,963	790,071	742,501
Properties under construction:					
Land	0	0	2,128	8,347	11,318
Buildings	0	0	12,023	41,912	31,562
Undeveloped land held for investment	9,995	13,779	13,899	16,034	19,272
Undeveloped land held for sale	3,831	76	76	1,103	1,263
Cash and temporary investments	4,627	113,370	1,615	0	4,827
Restricted cash	13,340	0	0	0	0
Accounts receivable, net	12,183	11,574	13,232	10,512	6,158
Investment in Koger Realty Services, Inc.	0	0	2,533	2,319	1,661
Cost in excess of fair value of net assets acquired, net	595	595	1,360	1,530	1,700
Other assets	13,186	11,904	13,193	13,911	14,733
TOTAL ASSETS	\$805,085	\$690,585	\$851,022	\$885,739	\$834,995
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities:					
Mortgages and loans payable	\$431,698	\$248,683	\$343,287	\$351,528	\$307,903
Accounts payable	3,801	4,962	4,961	12,716	12,139
Accrued real estate taxes payable	147	1,007	4,175	1,383	4,407
Accrued liabilities - other	13,435	9,206	10,562	13,162	9,288
Dividends payable	7,453	44,159	9,392	9,370	7,971
Advance rents and security deposits	5,483	5,103	7,014	6,570	5,432
Total Liabilities	462,017	313,120	379,391	394,729	347,140
Minority interest	0	22,923	23,138	23,184	23,092
Shareholders' Equity:					
Common stock	298	297	296	288	286
Capital in excess of par value	472,156	469,779	468,277	457,945	454,988
Notes receivable from stock sales	(5,266)	(5,066)	(6,250)	0	0
Other comprehensive loss	(212)	0	0	0	0
Retained earnings	7,813	21,180	20,261	30,546	30,020
Treasury stock, at cost	(131,721)	(131,648)	(34,091)	(20,953)	(20,531)
Total Shareholders' Equity	343,068	354,542	448,493	467,826	464,763
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$805,085	\$690,585	\$851,022	\$885,739	\$834,995

KOGER EQUITY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

In thousands, except per share data

Three Months Ended

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	12/31/02	9/30/02	6/30/02	3/31/02	12/31/01
REVENUES					
Rental and other rental services	\$32,065	\$31,836	\$31,855	\$30,596	\$40,161
Management fees	757	839	963	787	550
Other	51	0	0	3	0
Total operating revenues	32,873	32,675	32,818	31,386	40,711
EXPENSES					
Property operations	12,002	11,846	11,928	10,459	14,859
Depreciation and amortization	7,993	6,663	6,731	6,522	7,945
General and administrative	2,953	2,971	2,947	2,510	2,264
Direct cost of management fees	705	797	822	1,010	720
Other	18	43	49	33	18
Total operating expenses	23,671	22,320	22,477	20,534	25,806
OPERATING INCOME	9,202	10,355	10,341	10,852	14,905
OTHER INCOME AND EXPENSE					
Interest income	76	98	87	145	180
Mortgage and loan interest	(7,281)	(6,041)	(6,029)	(5,795)	(6,053)
Total other income and expense	(7,205)	(5,943)	(5,942)	(5,650)	(5,873)
INCOME BEFORE GAIN (LOSS) ON SALE OR DISPOSITION OF ASSETS	1,997	4,412	4,399	5,202	9,032
Gain (loss) on sale or disposition of assets	19	1	0	1	39,189
INCOME BEFORE INCOME TAXES	2,016	4,413	4,399	5,203	48,221
Income taxes	(525)	19	62	32	235
INCOME BEFORE MINORITY INTEREST	2,541	4,394	4,337	5,171	47,986
Minority interest	0	0	0	20	107
NET INCOME	\$2,541	\$4,394	\$4,337	\$5,151	\$47,879
EARNINGS PER SHARE - Diluted	\$0.12	\$0.21	\$0.20	\$0.24	\$1.86
WEIGHTED AVERAGE SHARES - Diluted	21,332	21,410	21,469	21,283	25,785
OPERATING MARGIN	62.6%	62.8%	62.6%	65.8%	63.0%

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In thousands, except per share data

	2002	2001	2000	1999	1998
REVENUES					
Rental and other rental services	\$126,351	\$165,623	\$164,733	\$156,153	\$133,660
Management fees	3,347	4,080	1,793	2,384	2,270
Other Income	53	0	0	0	0
Total operating revenues	129,751	169,703	166,526	158,537	135,930
EXPENSES					
Property operations	46,235	61,608	61,868	60,582	53,710
Depreciation and amortization	27,908	35,099	35,133	32,314	28,380
General and administrative	11,381	8,412	20,217	8,633	6,950
Direct cost of management fees	3,335	3,378	898	1,432	1,360
Other	143	189	217	1,143	380
Total operating expenses	89,002	108,686	118,333	104,104	90,800
OPERATING INCOME	40,749	61,017	48,193	54,433	45,130
OTHER INCOME AND EXPENSE					
Interest income	405	776	703	457	440
Mortgage and loan interest	(25,145)	(26,112)	(27,268)	(21,893)	(16,610)
Total other income and expense	(24,740)	(25,336)	(26,565)	(21,436)	(16,170)
INCOME BEFORE GAIN ON SALE OR DISPOSITION OF ASSETS	16,009	35,681	21,628	32,997	28,960
Gain on sale or disposition of assets	21	39,189	6,015	3,851	300
INCOME BEFORE INCOME TAXES	16,030	74,870	27,643	36,848	30,690
Income taxes	(413)	684	(21)	187	950
INCOME BEFORE MINORITY INTEREST	16,443	74,186	27,664	36,661	29,740
Minority interest	(20)	(1,044)	(1,156)	(1,174)	(130)
Equity in earnings of unconsolidated subsidiary	0	81	645	1,099	1,690
INCOME BEFORE EXTRAORDINARY ITEM	16,423	73,223	27,153	36,586	31,290
Extraordinary loss on early retirement of debt	0	0	0	0	0
NET INCOME	\$16,423	\$73,223	\$27,153	\$36,586	\$29,600
EARNINGS PER SHARE - Diluted	\$0.77	\$2.75	\$1.01	\$1.35	\$1.11
WEIGHTED AVERAGE SHARES - Diluted	21,378	26,610	26,962	27,019	26,900
OPERATING MARGIN	63.4%	62.8%	62.4%	61.2%	59.1%

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KOGER EQUITY, INC. AND SUBSIDIARIES
FUNDS FROM OPERATIONS
(Unaudited)

In thousands, except per share data

	Three Months Ended				
	12/31/02	9/30/02	6/30/02	3/31/02	12/31/01
Funds from Operations:					
Net income	\$2,541	\$4,394	\$4,337	\$5,152	\$47,800
Depreciation - real estate	7,396	6,174	6,277	6,041	7,200
Amortization - deferred tenant costs	444	378	338	363	500
Amortization - goodwill	0	0	0	0	0
Minority interest	0	0	0	20	100
Loss (gain) on sale of operating properties	0	0	0	(1)	(39,100)
Loss (gain) on sale of non-operating assets	(19)	(1)	0	(1)	0
Funds from Operations	10,362	10,945	10,952	11,574	16,600
Cash Available for Distribution:					
Add (Deduct):					
Rental income from straight-line rents	(404)	(730)	(534)	(460)	(3,000)
Amortization of deferred financing costs	1,002	303	299	289	2,000
Building improvements	(2,091)	(332)	(1,285)	(965)	(1,000)
2nd generation tenant improvements	(1,464)	(1,767)	(1,070)	(906)	(1,600)
2nd generation leasing commissions	(569)	(205)	(479)	(88)	(600)
Cash Available for Distribution	\$6,836	\$8,214	\$7,883	\$9,444	\$13,200
Weighted average common shares/units outstanding - diluted					
	21,332	21,410	21,469	21,350	26,700
Per share/unit - diluted:					
Funds from operations	\$0.49	\$0.51	\$0.51	\$0.54	\$0.50
Cash available for distribution	\$0.32	\$0.38	\$0.37	\$0.44	\$0.40
Dividends paid	\$0.35	\$0.35	\$0.35	\$2.09 (a)	\$0.35
Dividend payout ratio:					
Funds from operations	72.1%	68.5%	68.6%	64.8%	56.0%
Cash available for distribution	109.2%	91.2%	95.3%	79.5%	71.0%

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(a) Amount includes a special dividend of \$1.74 per share paid in January 2002.

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KOGER EQUITY, INC. AND SUBSIDIARIES FUNDS FROM OPERATIONS (Unaudited)

In thousands, except per share data

	2002	2001	2000	1999	1998
Funds from Operations:					
Net income	\$16,423	\$73,223	\$27,153	\$36,586	29,602
Depreciation - real estate	25,888	32,261	31,720	28,800	25,146
Amortization - deferred tenant costs	1,523	2,172	1,923	2,132	1,464
Amortization - goodwill	0	170	170	170	170
Minority interest	20	1,044	1,156	1,174	139
Gain on sale of operating properties	0	(39,189)	(5,963)	(3,846)	0
Gain on sale of non-operating assets	(21)	0	(52)	(5)	(35)
Funds from Operations	43,833	69,681	56,107	65,011	56,486
Cash Available for Distribution:					
Add (Deduct):					
Rental income from straight-line rents	(2,128)	(1,470)	(1,897)	(1,764)	(1,335)
Amortization of deferred financing costs	1,893	908	888	836	1,069
Building improvements	(4,673)	(3,049)	(2,804)	(3,741)	(2,883)
2nd generation tenant improvements	(5,207)	(6,604)	(8,362)	(13,204)	11,057
2nd generation leasing commissions	(1,341)	(1,389)	(1,712)	(1,736)	(1,649)
Cash Available for Distribution	\$32,377	\$58,077	\$42,220	\$45,402	40,631
Weighted average common shares/units outstanding - diluted	21,378	27,610	27,962	28,019	27,093
Per share/unit - diluted:					
Funds from operations	\$2.05	\$2.52	\$2.01	\$2.32	\$2.08
Cash available for distribution	\$1.51	\$2.10	\$1.51	\$1.62	\$1.50
Dividends paid	\$1.40	\$1.40	\$1.40	\$1.30	\$1.10
Dividend payout ratio:					
Funds from operations	68.3%	55.6%	69.7%	56.0%	52.9%
Cash available for distribution	92.4%	66.7%	92.7%	80.2%	73.3%

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KOGER EQUITY, INC. AND SUBSIDIARIES
NET OPERATING INCOME
2002

	Three Months Ended				Year	Year	Cha
	3/31/02	6/30/02	9/30/02	12/31/02	To Date	To Date	
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(
Same Store Sales:							
Revenues	27,580	27,619	27,343	26,507	109,049	109,059	
Expenses	9,178	9,657	10,104	9,807	38,746	39,732	(
Net Operating Income	18,402	17,962	17,239	16,700	70,303	69,327	
2001 and 2002 Acquisitions:							
Revenues	2,206	3,305	3,583	4,741	13,835	0	13,
Expenses	1,011	1,665	1,575	1,962	6,213	0	6,
Net Operating Income	1,195	1,640	2,008	2,779	7,622	0	7,
Building Completions (1):							
Revenues	782	823	795	846	3,246	2,138	1,
Expenses	236	266	265	231	998	585	
Net Operating Income	546	557	530	615	2,248	1,553	
2001 Property Sales:							
Revenues	27	108	115	(29)	221	54,426	(54,
Expenses	33	340	(97)	2	278	21,291	(21,
Net Operating Income	(6)	(232)	212	(31)	(57)	33,135	(33,
Total Company:							
Revenues	30,595	31,855	31,836	32,065	126,351	165,623	(39,
Expenses	10,458	11,928	11,847	12,002	46,235	61,608	(15,
Net Operating Income	20,137	19,927	19,989	20,063	80,116	104,015	(23,

(1) Includes buildings completed after 12/31/00.

KOGER EQUITY, INC. AND SUBSIDIARIES
NET OPERATING INCOME
2001

Three Months Ended Year
To Date

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	3/31/01	6/30/01	9/30/01	12/31/01	12/31/01
	\$ (000)	\$ (000)	\$ (000)	\$ (000)	\$ (000)
Same Store Sales:					
Revenues	27,140	27,010	27,543	27,367	109,060
Expenses	9,833	10,035	9,993	9,872	39,733
Net Operating Income	17,307	16,975	17,550	17,495	69,327
2001 Acquisitions:					
Revenues	0	0	0	0	0
Expenses	0	0	0	0	0
Net Operating Income	0	0	0	0	0
Building Completions (1):					
Revenues	171	495	742	731	2,139
Expenses	88	182	248	67	585
Net Operating Income	83	313	494	664	1,554
2001 Property Sales:					
Revenues	14,280	14,123	13,958	12,063	54,424
Expenses	5,471	5,549	5,350	4,920	21,290
Net Operating Income	8,809	8,574	8,608	7,143	33,134
Total Company:					
Revenues	41,591	41,628	42,243	40,161	165,623
Expenses	15,392	15,766	15,591	14,859	61,608
Net Operating Income	26,199	25,862	26,652	25,302	104,015

(1) Includes buildings completed after 12/31/00.

KOGER EQUITY, INC. AND SUBSIDIARIES
SUMMARY OF OUTSTANDING DEBT
AS OF DECEMBER 31, 2002

Description	Interest Rate	Maturity	Monthly Debt Service	Outstanding Balance	
				12/31/02	12/31/01
			\$ (000)	\$ (000)	\$ (000)
Fixed Rate:					
Northwestern Mutual - Tranche A	8.19%	01/02/07	789	91,394	93,292

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Northwestern Mutual - Tranche B	8.33%	01/02/09	710	81,331	83,006
Northwestern Mutual - Tranche C	7.10%	01/02/07	105	13,942	14,200
Northwestern Mutual - Tranche D	7.10%	01/02/09	216	28,738	29,270
New York Life	8.00%	12/10/02	68	7,718	7,903
Allstate Life	8.20%	12/01/06	165	19,066	19,468
				-----	-----
Total Fixed Rate Debt	8.04%		2,053	242,189	247,139
				-----	-----
Variable Rate:					
GE Capital	7.38%	06/30/21	12	1,509	1,544
Column Financial	4.29%	12/09/04	239	77,000	0
Metropolitan Life	5.26%	12/17/07	373	85,000	0
Secured Revolving Credit Facility - \$100 Million	3.87%	12/27/2004	266	26,000	0
				-----	-----
Total Variable Rate Debt	4.69%		890	189,509	1,544
				-----	-----
Total Debt	6.57%		2,943	431,698	248,683
				=====	=====
Market Capitalization:					
Total Debt				431,698	248,683
Common Stock				332,200	360,696
				-----	-----
Total Market Capitalization				763,898	609,379
				=====	=====

	Amount

	\$ (000)
Schedule of Mortgage Maturities by Year (1):	
2003	12,920
2004	82,631
2005	6,112
2006	23,706
2007	98,098
Thereafter	182,231

Total	405,698
	=====

(1) Does not include Secured Revolving Credit Facility.

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KOGER EQUITY, INC. AND SUBSIDIARIES OPERATING PROPERTY ACQUISITIONS 1999, 2000, 2001 AND 2002

Property	Location	Square Feet	Date Purchased	Purchase Price (1)	Percent Leased 12/31/02

1999					

Charlotte University	Charlotte, NC	190,600	11/01/99	\$23,100,000	96%
Orlando Lake Mary	Orlando, FL	318,000	11/01/99	41,000,000	75%
		-----		-----	
		508,600		\$64,100,000	84%
		=====		=====	=====
2000					

None					
2001					

None					
2002					

Three Ravinia	Atlanta, GA	845,000	01/31/02	\$125,000,000	63%
The Lakes on Post Oak	Houston, TX	1,205,000	12/06/02	101,900,000	79%
		-----		-----	
		2,050,000		\$226,900,000	73%
		=====		=====	=====

(1) Purchase price consists of the contract price only and does not include closing costs.

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KOGER EQUITY, INC. AND SUBSIDIARIES BUILDING COMPLETIONS 1999, 2000, 2001 and 2002

Property	Location	Square Feet	Month Completed	Total Cost (1)

1999				

Glenridge Building	Orlando, FL	75,800	01/1999	\$6,251,000
Wingate Building (3)	Greensboro, NC	98,300	01/1999	7,143,000
Chisholm Building (3)	San Antonio, TX	141,500	02/1999	9,888,000
Coventry III Building (2)	El Paso, TX	21,900	07/1999	2,001,000
Carlton Building	Jacksonville, FL	112,000	09/1999	10,849,000

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Landstar Building	Jacksonville, FL	180,900	12/1999	16,057,000
		-----		-----
		630,400		\$52,189,000
		=====		=====

2000

3500 Building (3)	Birmingham, AL	144,900	01/2000	\$13,272,000
Columbia Building	Atlanta, GA	90,200	01/2000	9,384,000
Stuart Building	Memphis, TN	83,700	01/2000	7,551,000
Dover Building	Orlando, FL	67,400	05/2000	5,867,000
Duluth Building	Atlanta, GA	103,200	05/2000	10,098,000
Pasco Building	St. Petersburg, FL	89,800	05/2000	7,662,000
		-----		-----
		579,200		\$53,834,000
		=====		=====

2001

Collier Building	Jacksonville, FL	113,500	02/2001	\$10,575,000
Rosemont Building	Orlando, FL	67,400	06/2001	5,859,000
		-----		-----
		180,900		\$16,434,000
		=====		=====

2002

None.

- (1) Includes land and building construction costs. Does not include tenant improvement costs.
- (2) The El Paso Center was sold on August 11, 2000.
- (3) These buildings were sold on December 12, 2001.

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KOGER EQUITY, INC. AND SUBSIDIARIES
BUILDINGS UNDER CONSTRUCTION
DECEMBER 31, 2002

Property	Location	Square Feet	Expected Completion	Projected Cost (1)	Pre-Leasing to Date
-----	-----	-----	-----	-----	-----
None.					
		-----		-----	
		-		\$-	
		=====		=====	=====

- (1) Includes land and building construction costs. Does not include tenant

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improvement costs.

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KOGER EQUITY, INC. AND SUBSIDIARIES
 TWENTY-FIVE LARGEST TENANTS
 BASED ON ANNUALIZED GROSS RENTS
 AS OF DECEMBER 31, 2002

Tenant (a)	Number of Leases	Leased Square Feet	Remaining Term (Months)	Percent of Leased	Annualized Gross Rent (b)	Percent of Rent
U S Government	43	927,311	88	12.4%	\$16,865,325	12.
State of Florida	43	688,447	34	9.2%	12,626,232	9.
Blue Cross Blue Shield	11	565,925	28	7.6%	9,224,889	6.
Six Continents Hotels	1	344,389	75	4.6%	9,129,306	6.
Bechtel Corporation	1	370,997	78	5.0%	6,681,235	4.
CitiFinancial	1	159,827	56	2.1%	2,722,577	2.
Landstar Systems Holding, Inc.	1	176,000	143	2.4%	2,633,842	1.
Siemens	5	114,028	23	1.5%	1,939,282	1.
Zurich Insurance Company	2	97,913	49	1.3%	1,858,389	1.
Hanover Insurance	1	89,500	0	1.2%	1,815,992	1.
Texaco Inc.	1	86,458	3	1.2%	1,717,135	1.
Hoechst Celanese Corp.	1	92,376	6	1.2%	1,667,620	1.
Ford Motor Company	5	64,412	40	0.9%	1,367,540	1.
Homeside Lending, Inc.	1	69,020	10	0.9%	1,198,038	0.
ACS State Healthcare, LLC	1	52,689	74	0.7%	1,159,836	0.
Dynamic Healthcare Tech Inc.	1	53,761	26	0.7%	1,094,419	0.
BellSouth	4	66,526	38	0.9%	988,700	0.
Sara Lee Corp.	1	51,188	30	0.7%	922,664	0.
Enovia Corporation	1	44,095	20	0.6%	838,571	0.
Best Software, Inc.	1	47,110	72	0.6%	793,803	0.
Navision Software US, Inc.	1	37,783	56	0.5%	750,545	0.
Check Solutions Company	1	40,307	73	0.5%	735,396	0.
Peerless Insurance Co.	1	36,306	35	0.5%	715,098	0.
Sungard Trust Systems Inc.	2	43,569	42	0.6%	714,490	0.
Mergent- FIS Inc.	1	45,040	56	0.6%	698,120	0.
Total	132	4,364,977		58.4%	\$80,859,044	59.
Weighted Average			56			

(a) Actual tenant may be a subsidiary of, or an entity affiliated with, the named tenant.

(b) Annualized Gross Rent is the monthly contractual base rent and current reimbursements under existing leases as of December 31, 2002 multiplied by 12.

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KOGER EQUITY, INC. AND SUBSIDIARIES
REGIONAL SUMMARY OF MSAs
AS OF DECEMBER 31, 2002

MSA	State	# of Bldgs	Age (yrs)	Square Feet	% Square Feet	
Atlanta	GA	26	15	2,361,389	26.5%	3
Orlando	FL	28	18	1,303,828	14.6%	1
Jacksonville	FL	11	8	1,166,560	13.1%	1
Charlotte	NC	15	15	709,029	7.9%	
St. Petersburg	FL	19	19	669,040	7.5%	
Tallahassee	FL	15	20	833,786	9.3%	
Memphis	TN	6	9	531,506	6.0%	
Houston	TX	3	22	1,205,728	13.5%	
Richmond	VA	1	14	145,127	1.6%	
Total		124	16	8,925,993	100.0%	10

(a) Based on net operating income for the fourth quarter of 2002.

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KOGER EQUITY, INC. AND SUBSIDIARIES
OCCUPANCY SUMMARY
AS OF DECEMBER 31, 2002

	Square Footage				Percentage			
	Occupied	Leased, Not Occupied	Vacant	Total	Occupied	Leased, Not Occupied	Vacant	
Atlanta	1,921,055	54,748	385,586	2,361,389	81.4%	2.3%	16.3%	
Orlando	1,158,989	2,450	142,389	1,303,828	88.9%	0.2%	10.9%	
Jacksonville	1,156,395	5,181	4,984	1,166,560	99.1%	0.4%	0.4%	
Charlotte	571,548	0	137,481	709,029	80.6%	0.0%	19.4%	
St. Petersburg	571,967	6,759	90,314	669,040	85.5%	1.0%	13.5%	
Tallahassee	595,144	0	238,642	833,786	71.4%	0.0%	28.6%	
Memphis	416,116	833	114,557	531,506	78.3%	0.2%	21.6%	

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Houston	941,411	8,562	255,755	1,205,728	78.1%	0.7%	21.2%
Richmond	141,752	0	3,375	145,127	97.7%	0.0%	2.3%
Total	7,474,377	78,533	1,373,083	8,925,993	83.7%	0.9%	15.4%

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KOGER EQUITY, INC. AND SUBSIDIARIES
LEASE DISTRIBUTION
AS OF DECEMBER 31, 2002

Category	Number of Leases (1)	Percent of Leases	Tenant Occupied Square Feet (2)	Percent of Square Feet	Annualized Gross Rent (3)	Average Annualized Rent PSF	Percent of Total Rents	Remainder
2,500 or Less	460	49.8%	558,946	7.5%	\$10,018,224	\$17.92	7.3%	
2,501 - 5,000	208	22.5%	745,713	10.0%	13,921,482	18.67	10.2%	
5,001 - 7,500	72	7.8%	448,457	6.0%	8,288,860	18.48	6.1%	
7,501 - 10,000	43	4.7%	372,135	5.0%	6,678,232	17.95	4.9%	
10,001 - 20,000	59	6.4%	838,604	11.3%	15,654,114	18.67	11.4%	
20,001 - 40,000	45	4.9%	1,311,131	17.7%	22,747,678	17.35	16.6%	
40,001 - 60,000	18	2.0%	889,078	12.0%	16,661,327	18.74	12.2%	
60,001 - 100,000	13	1.4%	1,048,970	14.1%	19,574,168	18.66	14.3%	
100,001 or Greater	5	0.5%	1,211,221	16.3%	23,271,064	19.21	17.0%	
Total / Weighted Average	923	100.0%	7,424,255	100.0%	\$136,815,149	\$18.43	100.0%	

	Square Feet	% of Total
Square footage occupied by tenants	7,424,255	83.2%
Square footage attributable to vending/antenna	1,859	0.0%
Square footage occupied by owner/building use	48,263	0.5%
Total Occupied Square Footage	7,474,377	83.7%
Leased square footage	78,533	0.9%
Vacant square footage	1,373,083	15.4%
Total Net Rentable Square Footage	8,925,993	100.0%

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- (1) Analysis does not include owner occupied space, vending leases and antenna leases.
 (2) Total net rentable square feet represented by existing leases.
 (3) Annualized Gross Rent is the monthly contractual base rent and current reimbursements under existing leases as of December 31, 2002 multiplied by 12.

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KOGER EQUITY, INC. AND SUBSIDIARIES
 LEASE EXPIRATIONS
 AS OF DECEMBER 31, 2002

City	Item	2002	2003	2004	2005	2006
Atlanta	Square Feet					
	(1)	136,895	101,845	93,183	185,896	72,131
	% Square Feet (2)	5.80%	4.31%	3.95%	7.87%	3.05%
	Annualized Rent (3)	2,510,181	2,043,792	1,916,459	3,581,541	1,210,429
	Number of Leases (4)	7	49	37	32	22
	Rent PSF	\$18.34	\$20.07	\$20.57	\$19.27	\$16.78
Orlando	Square Feet					
	(1)	62,637	242,882	232,474	191,762	160,886
	% Square Feet (2)	4.80%	18.63%	17.83%	14.71%	12.34%
	Annualized Rent (3)	995,840	4,493,529	4,460,419	3,495,802	2,817,140
	Number of Leases (4)	9	67	58	45	18
	Rent PSF	\$15.90	\$18.50	\$19.19	\$18.23	\$17.51
Jacksonville	Square Feet					
	(1)	1,602	213,971	92,737	177,190	179,867
	% Square Feet (2)	0.14%	18.34%	7.95%	15.19%	15.42%
	Annualized Rent (3)	30,582	3,689,700	1,750,033	2,431,068	2,870,906
	Number of Leases (4)	1	10	7	5	5
	Rent PSF	\$19.09	\$17.24	\$18.87	\$13.72	\$15.96
Charlotte	Square Feet					
	(1)	28,889	200,139	119,771	42,473	57,568
	% Square Feet (2)	4.07%	28.23%	16.89%	5.99%	8.12%
	Annualized					

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	Rent (3)	565,094	3,599,955	2,181,217	734,168	934,931
	Number of Leases (4)	4	24	21	15	6
	Rent PSF	\$19.56	\$17.99	\$18.21	\$17.29	\$16.24
St. Petersburg	Square Feet (1)	10,154	102,514	138,580	100,375	56,967
	% Square Feet (2)	1.52%	15.32%	20.71%	15.00%	8.51%
	Annualized Rent (3)	168,684	1,648,487	2,087,944	1,657,576	941,786
	Number of Leases (4)	7	45	21	21	9
	Rent PSF	\$16.61	\$16.08	\$15.07	\$16.51	\$16.53
Tallahassee	Square Feet (1)	3,048	196,166	66,654	13,872	138,713
	% Square Feet (2)	0.37%	23.53%	7.99%	1.66%	16.64%
	Annualized Rent (3)	54,286	3,775,693	1,179,060	223,102	2,769,567
	Number of Leases (4)	3	45	10	6	5
	Rent PSF	\$17.81	\$19.25	\$17.69	\$16.08	\$19.97
Memphis	Square Feet (1)	0	63,801	40,322	149,374	74,713
	% Square Feet (2)	0.00%	12.00%	7.59%	28.10%	14.06%
	Annualized Rent (3)	0	1,279,673	817,414	2,799,480	1,354,951
	Number of Leases (4)	0	17	12	27	11
	Rent PSF	\$0.00	\$20.06	\$20.27	\$18.74	\$18.14
Houston	Square Feet (1)	6,826	198,913	72,659	83,927	39,186
	% Square Feet (2)	0.57%	16.50%	6.03%	6.96%	3.25%
	Annualized Rent (3)	98,342	3,647,780	1,423,773	1,550,262	737,396
	Number of Leases (4)	8	25	21	19	9
	Rent PSF	\$14.41	\$18.34	\$19.60	\$18.47	\$18.82
Richmond	Square Feet (1)	0	26,679	13,750	45,704	12,952
	% Square Feet (2)	0.00%	18.38%	9.47%	31.49%	8.92%
	Annualized Rent (3)	0	544,040	272,916	895,447	247,631
	Number of Leases (4)	0	7	4	5	3
	Rent PSF	\$0.00	\$20.39	\$19.85	\$19.59	\$19.12
Total	Square Feet (1)	250,051	1,346,910	870,130	990,573	792,983
	% Square Feet (2)	2.80%	15.09%	9.75%	11.10%	8.88%
	Annualized Rent (3)	4,423,009	24,722,649	16,089,235	17,368,446	13,884,737

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Number of Leases (4)	39	289	191	175	88
Rent PSF	\$17.69	\$18.36	\$18.49	\$17.53	\$17.51

- (1) Total net rentable square feet represented by expiring leases.
- (2) Percentage of total net rentable feet represented by expiring leases.
- (3) Annualized Gross Rent is the monthly contractual base rent and current reimbursements under September 30, 2002 multiplied by 12.
- (4) Analysis does not include owner occupied space, vending leases and antenna leases.

KOGER EQUITY, INC. AND SUBSIDIARIES LEASE EXPIRATIONS AS OF DECEMBER 31, 2002

City	Item	2007	2008	2009	2010	2011	2012 +
Atlanta	Square Feet						
	(1)	181,682	178,732	590,900	101,369	26,201	239,422
	% Square Feet (2)	7.69%	7.57%	25.02%	4.29%	1.11%	10.14%
	Annualized Rent (3)	3,749,238	3,459,953	14,217,185	1,802,710	649,160	4,284,826
	Number of Leases (4)	19	11	11	2	1	7
	Rent PSF	\$20.64	\$19.36	\$24.06	\$17.78	\$24.78	\$17.90
	Orlando	Square Feet					
(1)	140,596	90,204	25,000	635	0	7,299	
% Square Feet (2)	10.78%	6.92%	1.92%	0.05%	0.00%	0.56%	
Annualized Rent (3)	2,088,072	1,603,115	459,306	11,573	0	175,088	
Number of Leases (4)	11	6	1	1	0	1	
Rent PSF	\$14.85	\$17.77	\$18.37	\$18.23	\$0.00	\$23.99	
Jacksonville	Square Feet						
	(1)	275,860	0	3,462	0	26,947	176,000
	% Square Feet (2)	23.65%	0.00%	0.30%	0.00%	2.31%	15.09%
	Annualized Rent (3)	4,859,623	0	67,821	0	527,622	2,633,842
	Number of Leases (4)	6	0	1	0	1	1
	Rent PSF	\$17.62	\$0.00	\$19.59	\$0.00	\$19.58	\$14.97
	Charlotte	Square Feet					
(1)		64,803	14,048	40,307	0	0	0
% Square Feet (2)		9.14%	1.98%	5.68%	0.00%	0.00%	0.00%
Annualized Rent (3)		1,088,457	259,546	735,396	0	0	0
Number of Leases (4)							
Rent PSF							

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	Leases (4)	3	3	1	0	0	0
	Rent PSF	\$16.80	\$18.48	\$18.24	\$0.00	\$0.00	\$0.00
St.	Square Feet						
Petersburg	(1)	52,898	77,336	12,709	17,686	0	0
	% Square Feet (2)	7.91%	11.56%	1.90%	2.64%	0.00%	0.00%
	Annualized Rent (3)	960,071	1,457,427	182,883	245,270	0	0
	Number of Leases (4)	9	2	1	1	0	0
	Rent PSF	\$18.15	\$18.85	\$14.39	\$13.87	\$0.00	\$0.00
Tallahassee	Square Feet (1)	94,758	48,876	0	0	26,696	0
	% Square Feet (2)	11.36%	5.86%	0.00%	0.00%	3.20%	0.00%
	Annualized Rent (3)	1,633,185	916,425	0	0	347,181	0
	Number of Leases (4)	2	1	0	0	1	0
	Rent PSF	\$17.24	\$18.75	\$0.00	\$0.00	\$13.00	\$0.00
Memphis	Square Feet (1)	38,219	47,188	0	0	0	0
	% Square Feet (2)	7.19%	8.88%	0.00%	0.00%	0.00%	0.00%
	Annualized Rent (3)	672,705	907,029	0	0	0	0
	Number of Leases (4)	8	3	0	0	0	0
	Rent PSF	\$17.60	\$19.22	\$0.00	\$0.00	\$0.00	\$0.00
Houston	Square Feet (1)	89,051	28,553	378,845	36,000	0	0
	% Square Feet (2)	7.39%	2.37%	31.42%	2.99%	0.00%	0.00%
	Annualized Rent (3)	1,630,926	486,393	6,830,347	598,143	0	0
	Number of Leases (4)	9	6	2	2	0	0
	Rent PSF	\$18.31	\$17.03	\$18.03	\$16.62	\$0.00	\$0.00
Richmond	Square Feet (1)	26,372	4,391	10,563	0	0	0
	% Square Feet (2)	18.17%	3.03%	7.28%	0.00%	0.00%	0.00%
	Annualized Rent (3)	494,932	92,509	199,107	0	0	0
	Number of Leases (4)	4	1	2	0	0	0
	Rent PSF	\$18.77	\$21.07	\$18.85	\$0.00	\$0.00	\$0.00
Total	Square Feet (1)	964,239	489,328	1,061,786	155,690	79,844	422,721
	% Square Feet (2)	10.80%	5.48%	11.90%	1.74%	0.89%	4.74%
	Annualized Rent (3)	17,177,209	9,182,397	22,692,045	2,657,696	1,523,963	7,093,756
	Number of Leases (4)	71	33	19	6	3	9

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Rent PSF \$17.81 \$18.77 \$21.37 \$17.07 \$19.09 \$16.78

- (1) Total net rentable square feet represented by expiring leases.
- (2) Percentage of total net rentable feet represented by expiring leases.
- (3) Annualized Gross Rent is the monthly contractual base rent and current reimbursements under existing leases as of September 30, 2002 multiplied by 12.
- (4) Analysis does not include owner occupied space, vending leases and antenna leases.

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KOGER EQUITY, INC. AND SUBSIDIARIES
NET EFFECTIVE RENTS

	New & Backfill Leasing				
	12/31/2002	09/30/2002	06/30/2002	03/31/2002	Average
Number of leases	31	29	29	27	29
Rentable square footage leased	217,767	108,050	154,666	40,165	130,162
Average per rentable square foot over the lease term:					
Gross Rent	\$15.84	\$17.88	\$19.83	\$17.66	\$17.77
Tenant improvements	(2.59)	(1.52)	(1.96)	(1.59)	(1.93)
Leasing commissions	(0.60)	(0.49)	(0.98)	(0.40)	(0.62)
Other/concessions	-	-	-	-	-
Effective Rent	12.65	15.87	16.89	15.67	15.22
Expense stop	(5.34)	(5.50)	(6.16)	(5.26)	(5.57)
Equivalent effective net rent	\$7.31	\$10.37	\$10.73	\$10.41	\$9.65
Average term (yrs)	4.9	4.8	6.0	3.8	4.9
	Renewal Leasing				
	12/31/2002	09/30/2002	06/30/2002	03/31/2002	Average
Number of leases	50	41	56	45	48
Rentable square footage leased	414,429	260,287	169,543	434,600	319,715
Average per rentable square foot over the lease term:					
Gross Rent	\$17.21	\$17.11	\$18.53	\$16.08	\$17.31
Tenant improvements	(0.18)	(0.40)	(0.91)	(0.56)	(0.53)
Leasing commissions	(0.06)	(0.05)	(0.24)	(0.10)	(0.12)
Other/concessions	-	-	-	-	-
Effective Rent	16.97	16.66	17.38	15.42	16.66
Expense stop	(5.36)	(5.06)	(5.55)	(4.96)	(5.26)

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Equivalent effective net rent	\$11.61	\$11.60	\$11.83	\$10.46	\$11.40
Average term (yrs)	2.1	2.7	3.8	4.2	3.2

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KOGER EQUITY, INC. AND SUBSIDIARIES
 SAME SUITE ANALYSIS
 YEAR TO DATE DECEMBER 31, 2002

Total Leasing (a)					
	RSF Leased	New Net Rent per RSF	Expiring Net Rent per RSF	Change	Percent Change
Atlanta	286,986	\$12.09	\$12.19	(\$0.10)	-0.8%
Orlando	311,705	\$12.08	\$11.79	\$0.29	2.5%
Jacksonville	376,964	\$10.65	\$10.68	(\$0.03)	-0.3%
Charlotte	77,639	\$10.56	\$11.65	(\$1.09)	-9.4%
St. Petersburg	182,641	\$9.98	\$9.60	\$0.38	4.0%
Tallahassee	236,364	\$11.90	\$11.76	\$0.14	1.2%
Memphis	88,987	\$11.33	\$11.87	(\$0.54)	-4.5%
Richmond	55,469	\$12.58	\$13.27	(\$0.69)	-5.2%
Total	1,616,755	\$11.39	\$11.40	(\$0.01)	-0.1%

(a) Analysis includes leases fully executed from 1/1/02 to 12/31/02 for buildings owned at 12/31/02. Does not include First Generation space.

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