



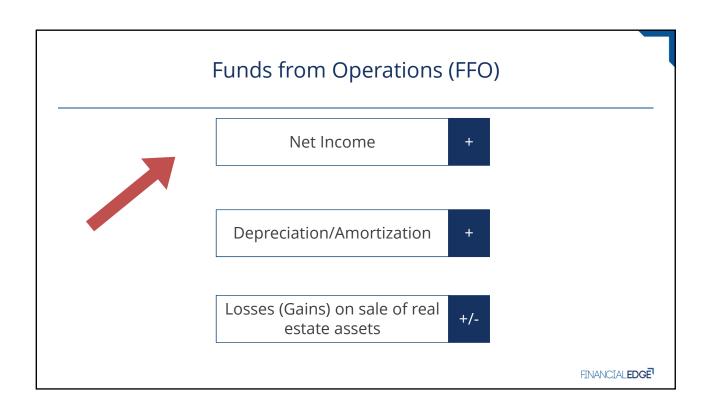
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FINANCIAL**EDGE**

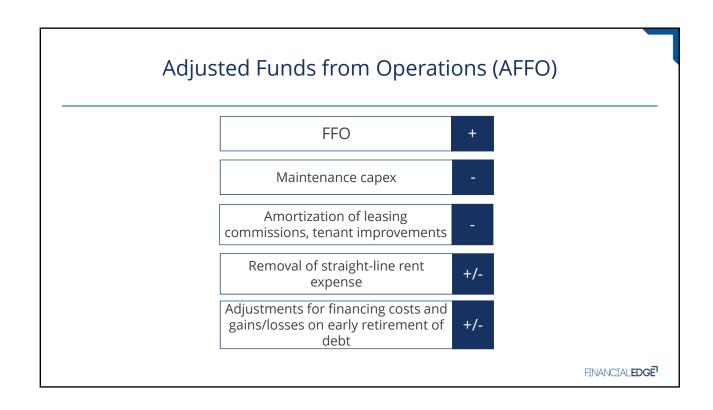


Funds from Operation	s (FFO)
	2018
Rental and other property	\$ 1,285,723
Management and other fees from affiliates	8,278
Total Revenue	1,294,001
Property operating expenses (incl. RE taxes)	358,817
Corporate-level property management expenses	30,110
Depreciation and amortization	441,682
Earnings from operations	463,392
Net interest expense	219,654
Equity income from co-investments	48,698
Gain on other real estate transactions	150,151
Net income	442,587
Net Income Attributable to non-controlling interest	(9,944)
Net income to parent	\$432,643





Wear and tear on apartment, office, retail buildings lead to maintenance capital expenditures Many amortization expenses are real costs that benefit a single tenant and do not enhance long term building value Leasing commissions Financing costs There are still accounting peculiarities such as straight-line rent increases that actual distort earnings growth Despite attempts to standardize the definition of FFO, not all REITs account for and report items the same





How Straight-line Rent Adjustments Work

		Year 1	Year 2	Year 3	Year 4	Year 5
Economic lease recognition						
Lease/Year		100.0	103.5	107.1	110.9	114.8
Increase (annual)			3.5%	3.5%	3.5%	3.5%
Straight line lease recognition under GAAP						
Total lease payments (life of lease)	536.3					
Lease years	5.0					
Annual lease amount recognized	107.3					
Lease/Year Straight-line GAAP		107.3	107.3	107.3	107.3	107.
Non-cash income overstated/(understated)		7.3	3.8	0.2	(3.6)	(7.5
Sum of (overstated)/understated amounts	(0.0)					
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