

EURONET WORLDWIDE INC
Form SC 13G/A
February 07, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

Amendment No. 12*

Euronet Worldwide, Inc.

(Name of Issuer)

Common Stock

(Title of Class of Securities)

298736109

(CUSIP Number)

December 31, 2012

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 298736109

13G

1. NAME OF REPORTING PERSON (S.S. or I.R.S. Identification No. of Above Person)

Ivy Investment Management Company Tax ID No. 03-0481447

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION: Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER 1,658,439 (See Item 4)

6. SHARED VOTING POWER 0

7. SOLE DISPOSITIVE POWER 1,658,439 (See Item 4)

8. SHARED DISPOSITIVE POWER 0

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 1,658,439
(See Item 4)

10. CHECK IF THE AGGREGATE AMOUNT IN ROW 9 EXCLUDES CERTAIN SHARES:

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9: 3.3

12. TYPE OF PERSON REPORTING: IA

CUSIP No. 298736109

13G

1. NAME OF REPORTING PERSON (S.S. or I.R.S. Identification No. of Above Person)

Waddell & Reed Investment Management Company Tax ID No. 48-1106973

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION: Kansas

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER 2,896,553 (See Item 4)

6. SHARED VOTING POWER 0

7. SOLE DISPOSITIVE POWER 2,896,553 (See Item 4)

8. SHARED DISPOSITIVE POWER 0

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING

PERSON: 2,896,553 (See Item 4)

10. CHECK IF THE AGGREGATE AMOUNT IN ROW 9 EXCLUDES CERTAIN SHARES:

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9: 5.7

12. TYPE OF PERSON REPORTING: IA

CUSIP No. 298736109

13G

1. NAME OF REPORTING PERSON (S.S. or I.R.S. Identification No. of Above Person)

Waddell & Reed, Inc. Tax ID No. 43-1235675

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION: Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER 2,896,553 (See Item 4)

6. SHARED VOTING POWER 0

7. SOLE DISPOSITIVE POWER 2,896,553 (See Item 4)

8. SHARED DISPOSITIVE POWER 0

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING

PERSON: 2,896,553 (See Item 4)

10. CHECK IF THE AGGREGATE AMOUNT IN ROW 9 EXCLUDES CERTAIN SHARES:

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9: 5.7

12. TYPE OF PERSON REPORTING: BD

CUSIP No. 298736109

13G

1. NAME OF REPORTING PERSON (S.S. or I.R.S. Identification No. of Above Person)

Waddell & Reed Financial Services, Inc. Tax ID No. 43-1414157

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION: Missouri

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER 2,896,553 (See Item 4)

6. SHARED VOTING POWER 0

7. SOLE DISPOSITIVE POWER 2,896,553 (See Item 4)

8. SHARED DISPOSITIVE POWER 0

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING

PERSON: 2,896,553 (See Item 4)

10. CHECK IF THE AGGREGATE AMOUNT IN ROW 9 EXCLUDES CERTAIN SHARES:

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9: 5.7

12. TYPE OF PERSON REPORTING: HC

CUSIP No. 298736109

13G

1. NAME OF REPORTING PERSON (S.S. or I.R.S. Identification No. of Above Person)

Waddell & Reed Financial, Inc. Tax ID No. 51-0261715

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION: Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER 4,554,992 (See Item 4)

6. SHARED VOTING POWER 0

7. SOLE DISPOSITIVE POWER 4,554,992 (See Item 4)

8. SHARED DISPOSITIVE POWER 0

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING

PERSON: 4,554,992 (See Item 4)

10. CHECK IF THE AGGREGATE AMOUNT IN ROW 9 EXCLUDES CERTAIN SHARES:

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9: 9.0

12. TYPE OF PERSON REPORTING: HC

Item 1(a): Name of Issuer: Euronet Worldwide, Inc.

Item 1(b): Address of Issuer's Principal Executive Offices:
3500 College Boulevard

Leawood, KS 66211

Item 2(a): Name of Person Filing:

- (i) Waddell & Reed Financial, Inc.
- (ii) Waddell & Reed Financial Services, Inc.
- (iii) Waddell & Reed, Inc.
- (iv) Waddell & Reed Investment Management Company
- (v) Ivy Investment Management Company

Item 2(b): Address of Principal Business Office:

(i)-(v): 6300 Lamar Avenue

Overland Park, KS 66202

Item 2(c): Citizenship:

(i), (iii) and (v): Delaware

(ii): Missouri

(iv): Kansas

Item 2(d): Title of Class of Securities: Common Stock

Item 2(e): CUSIP Number: 298736109

Item 3: The reporting person is:

- (i) Waddell & Reed Financial, Inc., a parent holding company in accordance with Reg. 240.13d-1(b)(1)(ii)(G);
- (ii) Waddell & Reed Financial Services, Inc., a parent holding company in accordance with Reg. 240.13d-1(b)(1)(ii)(G);
- (iii)

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Waddell & Reed, Inc., a broker-dealer registered under section 15 of the Act (15 U.S.C. 78o);
and

- (iv) Waddell & Reed Investment Management Company, an investment advisor in accordance with Reg. 240.13d-1(b)(1)(ii)(E).
- (v) Ivy Investment Management Company, an investment advisor in accordance with Reg. 240.13d-1(b)(1)(ii)(E).

Item 4: Ownership

The securities reported on herein are beneficially owned by one or more open-end investment companies or other managed accounts which are advised or sub-advised by Ivy Investment Management Company (IICO), an investment advisory subsidiary of Waddell & Reed Financial, Inc. (WDR) or Waddell & Reed Investment Management Company (WRIMCO), an investment advisory subsidiary of Waddell & Reed, Inc. (WRI). WRI is a broker-dealer and underwriting subsidiary of Waddell & Reed Financial Services, Inc., a parent holding company (WRFSI). In turn, WRFSI is a subsidiary of WDR, a publicly traded company. The investment advisory contracts grant IICO and WRIMCO all investment and/or voting power over securities owned by such advisory clients. The investment sub-advisory contracts grant IICO and WRIMCO investment power over securities owned by such sub-advisory clients and, in most cases, voting power. Any investment restriction of a sub-advisory contract does not restrict investment discretion or power in a material manner. Therefore, IICO and/or WRIMCO may be deemed the beneficial owner of the securities covered by this statement under Rule 13d-3 of the Securities Exchange Act of 1934 (the 1934 Act).

IICO, WRIMCO, WRI, WRFSI and WDR are of the view that they are not acting as a group for purposes of Section 13(d) under the 1934 Act. Indirect beneficial ownership is attributed to the respective parent companies solely because of the parent companies control relationship to WRIMCO and IICO.

- (a) Amount beneficially owned: 4,554,992
- (b) Percent of class: 9.0
- (c) Number of shares as to which the person has:
 - (i) Sole voting power to vote or to direct the vote:
 - WDR: 4,554,992 (indirect)
 - WRFSI: 2,896,553 (indirect)
 - WRI: 2,896,553 (indirect)
 - WRIMCO: 2,896,553 (direct)
 - IICO: 1,658,439 (direct)
 - (ii) Shared power to vote or to direct the vote: 0
 - (iii) Sole power to dispose or to direct the disposition of:
 - WDR: 4,554,992 (indirect)
 - WRFSI: 2,896,553 (indirect)
 - WRI: 2,896,553 (indirect)
 - WRIMCO: 2,896,553 (direct)
 - IICO: 1,658,439 (direct)

(iv) Shared power to dispose or to direct the disposition of: 0

Item 5: Ownership of Five Percent or Less of a Class:

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than 5 percent of the class of securities, check the following: []

Item 6: Ownership of More than Five Percent on Behalf of Another Person:

The clients of IICO and WRIMCO, including investment companies registered under the Investment Company Act of 1940 and other managed accounts, have the right to receive dividends from, as well as the proceeds from the sale of, such securities. Waddell & Reed Advisors Science & Technology Fund, a company registered under the Investment Company Act of 1940, has an interest in more than 5% of the class of securities reported herein.

Item 7: Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company:

See Attached Exhibit 2.

Item 8: Identification and Classification of Members of the Group:

Not Applicable.

Item 9: Notice of Dissolution of Group:

Not Applicable.

Item 10: Certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 7, 2013

Waddell & Reed Financial, Inc.

Waddell & Reed Financial Services, Inc.

By: /s/ Kristen A. Richards
Name: Kristen A. Richards
Title: Attorney-In-Fact

By: /s/ Kristen A. Richards
Name: Kristen A. Richards
Title: Attorney-In-Fact

Waddell & Reed, Inc.

Waddell & Reed Investment Management Company

By: /s/ Kristen A. Richards
Name: Kristen A. Richards
Title: Attorney-In-Fact

By: /s/ Kristen A. Richards
Name: Kristen A. Richards
Title: Attorney-In-Fact

Ivy Investment Management Company

By: /s/ Kristen A. Richards
Name: Kristen A. Richards
Title: Attorney-In-Fact

EXHIBIT INDEX

Exhibit

No.	Description
1	Joint Filing Agreement
2	Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company
3	Power of Attorney

inancial support and whether investors possess characteristics of a controlling financial interest. We have evaluated the applicability of FIN 46 to our investments in certain restaurant joint ventures established in 2001 and 2002 at Santana Row and have determined that these joint ventures do not meet the definition of a Variable Interest Entity and therefore consolidation of these ventures is not required. Accordingly, these investments will continue to be accounted for using the equity method.

As of December 31, 2003, we have invested approximately \$7.8 million in these ventures, principally to fund buildout costs of each restaurant. Of this amount, \$6.5 million has been capitalized as an investment in these ventures and \$1.3 million was expensed in 2002 to reflect our estimate of the permanent impairment of our investment in two of these ventures due principally to declining economic conditions. We are currently committed to invest a total of \$8.0 million in these ventures and as such, our maximum exposure to further losses as a result of involvement in these ventures is \$6.7 million at December 31, 2003.

Statement of Financial Accounting Standards No. 149. In April 2003, the FASB issued SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities which clarifies the accounting and reporting for derivative instruments. The statement is effective for contracts entered into or modified after June 30, 2003. The adoption of SFAS 149 has not had a material effect on the Trust's financial statements.

Statement of Financial Accounting Standards No. 150. In May 2003, the FASB issued SFAS No 150 Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity. SFAS No. 150 addresses the classification and measurement of freestanding financial instruments, including mandatorily redeemable preferred and common stock, and requires an issuer to classify certain instruments as liabilities. The adoption of SFAS No. 150 has not had a material effect on the Trust's financial Statements.

NOTE 2: REAL ESTATE AND ENCUMBRANCES

A summary of our properties at December 31, 2003 and 2002 is as follows (in thousands):

<u>2003</u>	Cost	Accumulated depreciation and amortization	Encumbrances
Retail and mixed-use properties	\$2,197,276	\$434,063	\$254,871
Retail properties under capital leases	246,143	73,767	159,486
Residential	26,730	6,347	
	\$2,470,149	\$514,177	\$414,357
 <u>2002</u>			
Retail and mixed-use properties	\$2,123,890	\$378,148	\$288,817
Retail properties under capital leases	176,253	66,538	104,395
Residential	6,683	6,011	
	\$2,306,826	\$450,697	\$393,212

Retail and mixed-use properties includes the residential portion of our Santana Row development partner. The residential property investments comprised our investments in Rollingwood Apartments and Crest Apartments at Congressional Plaza.

During 2003 we expended cash of \$174.5 million to improve, redevelop and develop our existing real estate. Of the \$174.5 million spent in 2003 on our existing real estate portfolio, approximately \$123.9 million was invested in our Santana Row development project, located in San Jose, California. The remaining \$50.6 million of capital expenditures relates to improvements to common areas, tenant work and various redevelopments, including the cost of

Congressional Apartments in Rockville, Maryland, the redevelopment of retail buildings in San Antonio, Texas and the completion of tenant work at the Woodmont East development in Bethesda, Maryland.

During 2003, we expended cash of \$50.6 million acquiring four shopping centers and \$55.4 million of assets were acquired through capital leases.

On March 21, 2003, a partnership in which one of our wholly owned subsidiaries is the general partner, purchased the 214,000 square foot South Valley Shopping Center in Alexandria, Virginia for a purchase price of approximately \$13.7 million in cash. All of the purchase price has been allocated to real estate assets except for approximately \$125,000 which has been allocated to prepaid and other assets associated with the net fair value assigned to above-market leases assumed and \$332,000 which has been allocated to other liabilities associated with the net fair value assigned to below-market leases assumed.

On March 31, 2003, the same partnership acquired the leasehold interest, which extends through December 31, 2077, in the 257,000 square foot Mount Vernon Plaza in Alexandria, Virginia, for aggregate consideration of approximately \$17.5 million in the form of approximately \$700,000 of cash, 120,000 partnership units valued at \$3.5 million and the assumption of a \$13.3 million mortgage. All of the purchase price has been allocated to real estate assets except for approximately \$756,000 which has been allocated to prepaid and other assets associated with the net fair value assigned to above-market leases assumed and \$1.75 million which has been allocated to other liabilities associated with the net fair value assigned to the assumed leases at the property assigned.

On October 14, 2003, the Trust acquired the leasehold interest, which extends through September 30, 2028, in the 321,000 square foot Mercer Mall in Lawrenceville, New Jersey for \$10.5 million paid out of proceeds from dispositions and from borrowings under our credit facility. The master lease includes a fixed purchase price option for \$55 million in 2023. If we fail to exercise our purchase option, the owner of Mercer Mall has a put option which would require us to purchase Mercer Mall for \$60 million in 2025. All of the purchase price has been allocated to real estate assets except for approximately \$736,000 allocated to prepaid and other assets associated with the net fair value assigned to above-market leases assumed, and \$2.4 million allocated to other liabilities associated with the net fair value assigned to below-market leases assumed.

On October 31, 2003, FR Plaza del Mercado, LLC, a wholly owned subsidiary of the Trust, purchased the 96,000 square foot Plaza del Mercado shopping center located in Silver Spring, Maryland for a purchase price of approximately \$20 million in cash. All of the purchase price has been allocated to real estate assets except for approximately \$929,000 fair value assigned to above-market leases assumed and \$962,000 allocated to other liabilities associated with the net fair value assigned to below-market leases assumed.

On December 4, 2003, FR Mercer Mall, LLC, a wholly owned subsidiary of the Trust, purchased a 40,000 square foot out-parcel of Mercer Mall in Lawrenceville, New Jersey for a purchase price of approximately \$6.5 million including the assumption. All of the purchase price has been allocated to real estate assets except for approximately \$15,000 which has been allocated to prepaid and other assets associated with the net fair value assigned to above-market lease assumed.

On June 16, 2003, we sold the street retail property located at 4929 Bethesda Avenue in Bethesda, Maryland for approximately \$1.5 million resulting in a gain of \$551,000.

During the first quarter of 2003 an action was filed by a local governmental authority to condemn a shopping center in Rockville, Maryland, owned by one of our partnerships to facilitate the authority's redevelopment of its town center. The shopping center has a cost basis of \$10.5 million and contributes less than 1% to our rental income. We have agreed with the governmental authority on a condemnation value of \$14.3 million, subject to certain terms, and anticipate closing of this transaction in mid-2004. Because the anticipated condemnation proceeds are in excess of our carrying value, we have not recorded any impairment in value of the property.

On July 31, 2003 we sold the street retail property located at 4925 Bethesda Avenue in Bethesda, Maryland for approximately \$1.1 million resulting in a gain of \$157,000.

On September 12, 2003 we sold the undeveloped land located in Washington County, Oregon for approximately \$9.7 million resulting in a gain of \$1.9 million.

On September 15, 2003 we sold the street retail property located in Brookline, Massachusetts for approximately \$8.2 million resulting in a gain of \$4.3 million.

On September 22, 2003 we sold a street retail property located at 2106 Central Avenue in North Evanston, Illinois for approximately \$1.8 million resulting in a gain of \$780,000.

On October 31, 2003 we sold a street retail property located at 234 Greenwich Avenue in Greenwich, Connecticut for approximately \$8.0 million, resulting in a gain of \$4.5 million.

On December 18, 2003 we sold four street retail properties located in West Hartford, Connecticut for approximately \$15.7 million, resulting in a gain of approximately \$7.9 million.

These property sales constitute discontinued operations and as such, the accompanying financial statements have been restated to reclassify the operations of these properties as discontinued operations. A summary of the financial information for the discontinued operations is as follows:

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenue from discontinued operations	\$2,792	\$5,328	\$10,917
Income from operations of discontinued operations	\$1,422	\$2,876	\$ 6,246

On February 1, 2002, we redeemed the minority partner's interest in Santana Row in exchange for a \$2.6 million investment in a partnership. We made a \$5.9 million loan to the partnership in January 2001 that was due February 28, 2003 but was not repaid on the due date. The loan currently bears interest at 7.88% and is secured by an office building in San Francisco, California. We are currently negotiating with the borrower to extend the loan through March 31, 2005. When the loan modification is complete, the interest rate on the note will decrease to 6%, retroactive to July 1, 2003. Interest on the loan is current through December 31, 2003 and based in part on the value of the underlying collateral, we believe the loan is collectible and as such, no reserve has been established at this time.

Our 111 retail properties at December 31, 2003 are located in 14 states and the District of Columbia. There are approximately 2,200 tenants providing a wide range of retail products and services. These tenants range from sole proprietorships to national retailers; no one tenant or corporate group of tenants accounts for more than 2.3% of annualized base rent.

Mortgage notes receivable of \$48.9 million are due over various terms from February 2003 to May 2021 and have a weighted average interest rate of 9.07%. Under the terms of certain of these mortgages, we will receive additional interest based upon the gross income of the secured properties and, upon sale of the properties, we will share in the appreciation of the properties.

Mortgages payable and capital lease obligations are due in installments over various terms extending to 2028 and 2060, respectively, with interest rates ranging from 3.14% to 11.25%. Certain of the capital lease obligations require additional interest payments based upon property performance.

On November 19, 2002 we used the proceeds from our \$150 million public note offering, as well as \$20 million of available insurance proceeds relating to the Santana Row fire and approximately \$7.1 million in borrowings under our credit facility, to pay in full and retire the Santana Row construction loan.

At December 31, 2002 there was \$24.4 million borrowed under the construction loan for our Woodmont East development in Bethesda, Maryland. The loan had a floating interest rate of LIBOR plus 120 basis points. On February 11, 2003 the \$24.4 million Woodmont East

construction loan and the \$17.0 million Friendship Center mortgage were paid off through borrowings under our revolving credit facility.

Scheduled principal payments on mortgage and construction loan indebtedness as of December 31, 2003 are as follows (in thousands):

Year ending December 31,	
2004	\$2,803
2005	3,229
2006	3,581
2007	3,858
2008	13,633
Thereafter	227,767
	<hr/>
	\$254,871
	<hr/>

Future minimum lease payments and their present value for property under capital leases as of December 31, 2003, are as follows (in thousands):

Year ending December 31,	
2004	\$14,389
2005	15,637
2006	15,799
2007	15,911
2008	16,075
Thereafter	629,066
	<hr/>
	706,877
Less amount representing interest	(547,391)
	<hr/>
Present value	\$159,486
	<hr/>

Leasing Arrangements

Our leases with commercial property and residential tenants are classified as operating leases. Leases on apartments are generally for a period of one year or less. Commercial property leases generally range from three to ten years (certain leases with anchor tenants may be longer), and in addition to minimum rents, usually provide for contingent rentals based on the tenant's gross sales and sharing of certain operating costs.

Minimum future commercial property rentals on noncancelable operating leases, before any reserve for uncollectible amounts, on operating properties as of December 31, 2003 are as follows (in thousands):

Year ending December 31,	
2004	\$263,004
2005	246,652
2006	223,276
2007	197,582
2008	168,818
Thereafter	1,225,755
	<hr/>
	\$2,325,087
	<hr/>

Income Statement Components

The components of rental income are as follows (in thousands):

	Year ended December 31,		
	2003	2002	2001
	<hr/>	<hr/>	<hr/>
Retail and mixed-use properties			
Minimum rents	\$262,525	\$233,801	\$214,492
Cost reimbursements	56,837	52,252	45,978
Percentage rent	6,184	5,635	5,833
Residential rents	9,151	3,328	2,985
	<hr/>	<hr/>	<hr/>
	\$334,697	\$295,016	\$269,288
	<hr/>	<hr/>	<hr/>

The income statement adjustment recorded to recognize rent on a straight-line basis was an increase to minimum rents of \$1.9 million, \$1.7 million and \$0.7 million for the year ended December 31, 2003, 2002 and 2001, respectively.

The components of rental expense are as follows (in thousands):

	Year ended December 31,		
	2003	2002	2001
	<hr/>	<hr/>	<hr/>
Repairs and maintenance	\$24,121	\$18,632	\$17,017
Management fees and costs	10,746	12,039	11,484

Utilities	12,930	8,939	7,995
Payroll properties	7,915	5,878	4,499
Ground rent	5,052	4,904	3,317
Insurance	6,728	4,198	3,082
Other operating	15,955	18,400	14,225
	<u> </u>	<u> </u>	<u> </u>
	\$83,447	\$72,990	\$61,619
	<u> </u>	<u> </u>	<u> </u>

NOTE 3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following disclosure of estimated fair value was determined by us, using available market information and appropriate valuation methods. Considerable judgment is necessary to develop estimates of fair value. The estimates presented herein are not necessarily indicative of the amounts that could be realized upon disposition of the financial instruments.

We estimate the fair value of our financial instruments using the following methods and assumptions: (1) quoted market prices, when available, are used to estimate the fair value of investments in marketable debt and equity securities; (2) quoted market prices were used to estimate the fair value of our marketable convertible subordinated debentures; (3) discounted

cash flow analyses are used to estimate the fair value of mortgage notes receivable and payable, using our estimate of current interest rates for similar notes in 2003, the carrying amount on the balance sheet was used to approximate fair value for mortgage notes receivable since these notes are for specific deals, some contain participation provisions based on the property performance and also are convertible into ownership of the properties; (4) carrying amounts on the balance sheet approximate fair value for cash, accounts payable, accrued expenses and short term borrowings. Notes receivable from officers are excluded from fair value estimation since they have been issued in connection with employee stock ownership programs.

(in thousands)	December 31, 2003		December 31, 2002	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash & equivalents	\$34,968	\$34,968	\$23,123	\$23,123
Investments	\$8,919	\$8,919	\$5,929	\$5,929
Mortgage notes receivable	\$41,500	\$41,500	\$35,577	\$35,577
Mortgages and construction loans and notes payable	\$616,194	\$640,957	\$487,128	\$543,535
Convertible debentures			\$75,000	\$75,103
Senior notes	\$535,000	\$592,300	\$535,000	\$581,293

NOTE 4. NOTES PAYABLE

Our notes payable consist of the following (in thousands):

	2003	2002
Revolving credit facilities	\$99,750	\$71,000
Term notes with banks	250,000	125,000
Other	11,573	11,711
	<u>\$361,323</u>	<u>\$207,711</u>

On October 8, 2003, we closed on a new \$550 million unsecured credit facility which replaced our \$300 million revolving credit facility and \$125 million term loan, both of which were due to mature on December 19, 2003. The new credit facility consists of a \$150 million five-year term loan, a \$100 million three-year term loan, and a \$300 million three-year revolving credit facility, with a one-year extension option. The term loans currently bear interest at LIBOR plus 95 basis points, while the revolving facility currently bears interest at LIBOR plus 75 basis points. The spread over LIBOR is subject to adjustment based on our credit rating. Covenants under the new credit facility are substantially the same type as were required under the previous facility. Concurrent with the replacement of our \$125 million term loan with the new credit facility, we unwound the related interest rate swaps which were due to expire on December 19, 2003 at of cost of approximately \$1.1 million.

The maximum amount drawn under these revolving credit facilities during 2003, 2002 and 2001 was \$215.0 million, \$225.0 million and \$308.5 million, respectively. In 2003, 2002 and 2001, the weighted average interest rate on borrowings was 3.4%, 5.0% and 5.6%, respectively,

-F18-

and the average amount outstanding was \$96.9 million, \$189.1 million and \$269.7 million, respectively.

In January 2004, we issued \$75 million of fixed rate notes which mature in February 2011 and bear interest at 4.50%. The proceeds of this note offering were used to pay down our revolving credit facility.

NOTE 5. 5 1/4% CONVERTIBLE SUBORDINATED DEBENTURES

In October 1993, we issued \$75.0 million of 5 1/4% convertible subordinated debentures, realizing cash proceeds of approximately \$73.0 million. The debentures which were convertible into shares of beneficial interest at \$36 per share were not registered under the Securities Act of 1933 and were not publicly distributed within the United States. We redeemed and paid in full our \$75.0 million debentures originally due to mature on October 28, 2003, on June 23, 2003.

NOTE 6. SENIOR NOTES AND DEBENTURES

Unsecured senior notes and debentures at December 31, 2003 and 2002 consist of the following (in thousands):

	2003	2002
	<u> </u>	<u> </u>
6.74% Medium-Term Notes due March 10, 2004	\$39,500	\$39,500
6.625% Notes due December 1, 2005	40,000	40,000
6.99% Medium-Term Notes due March 10, 2006	40,500	40,500
6.82% Medium-Term Notes due August 1, 2027, redeemable at par by holder August 1, 2007	40,000	40,000
6.125% Notes due November 15, 2007	150,000	150,000
7.48% Debentures due August 15, 2026, redeemable at par by holder August 15, 2008	50,000	50,000
8.75% Notes due December 1, 2009	175,000	175,000
	<u> </u>	<u> </u>
	<u>\$535,000</u>	<u>\$535,000</u>

On November 19, 2002, we completed the sale of \$150 million of senior notes in an underwritten public offering under our shelf registration statement declared effective by the SEC on September 30, 1998. Net proceeds, after deducting the discounts and commissions to the underwriters and other expenses of this offering, totaled approximately \$148.7 million. The net proceeds, together with \$20 million in available insurance proceeds relating to the Santana Row fire, and approximately \$7.1 million in borrowings under our credit facility, were used to pay in full and retire the Santana Row construction loan, including all interest owed on the loan.

The loan agreements contain various covenants, including limitations on the amount of debt and minimum debt service coverage ratios. We are in compliance with all covenants. No principal is due on these notes prior to maturity.

In October 2002, we filed a \$500 million shelf registration statement, declared effective on November 6, 2002, with the Securities and Exchange Commission which allows the issuance of debt securities, preferred shares and common shares. As of December 31, 2003, \$400 million was available under the shelf registration. Subsequent to

December 31, 2003, the capacity was reduced by \$75 million as a result of a note offering in January 2004.

-F19-

NOTE 7. DIVIDENDS

On December 2, 2003 the Trustees declared a quarterly cash dividend of \$0.49 per common share, payable January 15, 2004 to common shareholders of record January 2, 2004. The total dividend declared per common share for 2003 was \$1.95.

Also on December 2, 2003 the Trustees declared a quarterly cash dividend of \$0.53125 per share on its Series B Cumulative Redeemable Preferred Shares, payable on January 30, 2004 to shareholders of record on January 15, 2004, respectively.

For the year ended December 31, 2003, \$0.29 of dividends paid per common share represent a capital gain. \$0.36 of dividends paid per Series B preferred share represent a capital gain. \$0.21 dividends paid per Series A preferred share represent a capital gain. For the year ended December 31, 2002, \$0.37 of dividends paid per common share and per Series B preferred share represent a capital gain. \$0.38 of dividends paid per Series A preferred share represent a capital gain.

NOTE 8. COMMITMENTS AND CONTINGENCIES

We are involved in various lawsuits and environmental matters arising in the normal course of business. Management believes that such matters will not have a material effect on our financial condition or results of operations.

As detailed at Note 1, Summary of Significant Accounting Policies Investment in Restaurant Joint Ventures at Santana Row, we are currently committed to invest approximately \$8.0 million in these joint ventures. As of December 31, 2003 we have invested approximately \$7.8 million.

Under the terms of the Congressional Plaza partnership agreement, from and after January 1, 1986, an unaffiliated third party, has the right to require us and the two other minority partners to purchase from half to all of its 37.5% interest in Congressional Plaza at the interest's then-current fair market value. Based on management's current estimate of fair market value, our estimated liability upon exercise of the put option is approximately \$28.0 million. In conjunction with the construction of apartments at the property completed in 2003, we have agreed to acquire 7.5% of the third party's interest in Congressional Plaza, thereby lowering its ownership percentage to 30%, in exchange for our funding approximately \$7 million of its share of the redevelopment cost. The development funding has taken place in 2003 and the acquisition of the third party's 7.5% interest is anticipated to be completed in 2004. After the completion of this transaction, our estimated liability upon the exercise of the put option will be approximately \$21 million.

Under the terms of various other partnerships which own shopping center properties with a cost of approximately \$88.5 million, the partners may exchange their 852,222 operating units for cash or the same number of our common shares, at our option. On February 14, 2003 we paid \$333,000 to redeem 12,000 operating units. On March 31, 2003 in connection with the acquisition of Mount Vernon Plaza we issued approximately 120,000 operating units. On April 3, 2003 we issued 64,952 of our common shares valued at \$1.9 million in exchange for 64,952

operating units. On January 5, 2004 we paid \$199,000 to redeem an additional 5,100 operating units.

Under the terms of four other partnerships which own street retail properties in southern California with a cost of approximately \$61 million, if certain leasing and revenue levels are obtained for the properties owned by the partnerships, the other partners may require us to purchase their partnership interests at a formula price based upon net operating income. The purchase price may be paid in cash or for two of the partnerships, a limited number of our common shares at the election of the other partners. In these partnerships, if the other partners do not redeem their interest, we may choose to purchase the limited partnership interests upon the same terms.

Street Retail San Antonio LP, a wholly-owned subsidiary of the Trust, entered into a Development Agreement (the Agreement) on March 13, 2000 with the City of San Antonio, Texas (the City) related to the redevelopment of land and buildings that we own along Houston Street in the City. Houston Street and the surrounding area have been designated by the City as a Reinvestment Zone (the Zone). The City has agreed to facilitate redevelopment of the Zone by undertaking and financing certain public improvements based on our agreement to redevelop our properties in the Zone. Under the terms of the Agreement, the City issued debt to fund specific public improvements within the Zone. The initial and primary source of funding to the City for repayment of the debt and debt service is the incremental tax revenue that accretes to the City as the taxable value of the redeveloped properties within the Zone increase. We are required to issue an annual letter of credit, commencing on October 1, 2002 through September 30, 2014, that covers our designated portion of the debt service should the incremental tax revenue generated in the Zone not cover the debt service. We posted a letter of credit with the City on September 25, 2002 for \$795,000. Our obligation under this Agreement is estimated to range from \$1.6 million to \$3.0 million of which approximately \$360,000 has been funded in 2003. We were not required to provide any funding in 2002 or for the semi-annual payment due March 15, 2003. We have accrued for additional payments of \$1.2 million as of September 30, 2003 as part of the project costs due to the estimated shortfall of incremental tax revenues to the City. We could be required to provide funding beyond the \$1.2 million currently accrued under the Agreement prior to its expiration on September 30, 2014. We do not anticipate that such obligation would exceed \$600,000 in any year nor exceed \$3 million in total. If the Zone creates sufficient tax increment funding to repay the City's debt prior to the expiration of the Agreement, we will be eligible to receive reimbursement of amounts paid for debt service shortfalls together with interest thereon.

As of December 31, 2003 in connection with renovation and development projects, the Trust has contractual obligations of approximately \$79 million.

We are obligated under ground lease agreements on several shopping centers requiring minimum annual payments as follows (in thousands):

2004	\$4,320
2005	4,329
2006	4,376
2007	4,423
2008	4,409
Thereafter	269,474
	<hr/>
	\$291,331
	<hr/>

NOTE 9. SHAREHOLDERS EQUITY

In May 1999, we reorganized as a Maryland real estate investment trust by amending and restating our declaration of trust and bylaws. The Amended Declaration of Trust changed the number of authorized shares of common and preferred shares from unlimited to 100,000,000 and 15,000,000, respectively. In addition, all common shares of beneficial interest, no par value, which were issued and outstanding were changed to common shares of beneficial interest, \$0.01 par value per share and all Series A Cumulative Redeemable Preferred Shares of beneficial interest, no par value, which were issued and outstanding were changed to Series A Cumulative Redeemable Preferred Shares of beneficial interest, \$0.01 par value per share.

On October 6, 1997 we issued four million 7.95% Series A Cumulative Redeemable Preferred Shares at \$25 per share in a public offering, realizing cash proceeds of approximately \$96.6 million after costs of \$3.4 million. The Series A Preferred Shares were not redeemable prior to October 6, 2002. On June 13, 2003, we redeemed these Preferred Shares using the proceeds from the May 14, 2003 common stock offering and available funds. Dividends on the Preferred Shares were payable quarterly in arrears on the last day of January, April, July and October.

On November 19, 2001 we issued 5.4 million 8.5% Series B Cumulative Redeemable Preferred Shares at \$25 per share in a public offering, realizing cash proceeds of approximately \$130.2 million after costs of \$4.8 million. The Series B Preferred Shares are not redeemable prior to November 27, 2006. On or after that date, the Preferred Shares may be redeemed, in whole or in part, at our option, at a redemption price of \$25 per share plus all accrued and unpaid dividends. Dividends on the Preferred Shares are payable quarterly in arrears on the last day of January, April, July and October.

On June 12, 2002, we issued 2.2 million common shares at \$25.9825 per share (\$27.35 gross, before a 5.00% underwriters discount and selling concession) netting \$56.6 million in cash proceeds after all expenses of the offering.

On May 14, 2003, we issued 3.2 million common shares at \$30.457 per share (\$31.48 gross, before an aggregate 3.25% underwriters discount and selling concession) netting \$98.4 million in cash proceeds, after all expenses of the offering.

We have a Dividend Reinvestment Plan, whereby shareholders may use their dividends and optional cash payments to purchase shares. In 2003, 2002 and 2001, 109,835 shares, 134,247 shares and 159,234 shares, respectively, were issued under the Plan.

In December 1999, the Trustees authorized a share repurchase program for calendar year 2000 of up to an aggregate of 4 million of our common shares. During 2000, a total of 1,325,900 shares were repurchased, at a cost of \$25.2 million. We did not repurchase shares in 2003, 2002 or 2001.

In 2003, 2002 and 2001, 138,568 common shares, 98,092 common shares and 96,657 common shares, respectively, were awarded to key employees, including our former Chief Executive Officer, under various incentive compensation programs designed to directly link a significant portion of their current and long term compensation to the prosperity of the Trust and its shareholders. The shares vest over terms from 3 to 5 years. Vesting of common shares awarded to the former Chief Executive Officer was accelerated pursuant to his contractual arrangement.

On January 26, 1998, we granted 75,000 Performance Shares to an employee for which vesting was tied to leasing performance as it relates to Santana Row and other projects. Performance was to be measured at three separate dates extending to 2003. By December 31, 2002, the first two performance measures had been met. In connection with the restructuring (See Note 13) the 2003 performance measure was accelerated and granted as of December 31, 2002. We applied variable accounting to these awards by valuing the shares at each date the performance measures were either met or accelerated and recorded a charge of \$712,000 as part of the restructuring charge.

In February 2002 and February 2003, we granted Performance Awards of 30,000 and 120,000, respectively, to certain officers and employees of the Trust. Pursuant to the terms of these awards, 20% of the Performance Shares will vest for any calendar year in which we exceed certain performance targets for the same period. Any performance awards which remain

unvested after 2011 and 2012, respectively, will be forfeited. We employ variable accounting for these Performance Awards. Compensation expense resulting from this accounting was not material in 2002 or 2003.

Tax loans with a balance of \$300,000 in 2003, \$1.8 million in 2002 and \$3.1 million in 2001 have been made in connection with restricted share grants to certain of our officers and in connection with the Share Purchase Plans. The loans, which bear interest ranging from 1.95% to 6.54%, are due over periods ranging from 8 to 13 years from the date of the loan. During 2003 tax loans in the amount of \$1.5 million were repaid.

On April 13, 1999, the Shareholder Rights Plan adopted in 1989 expired. On March 11, 1999 we entered into an Amended and Restated Rights Agreement with American Stock Transfer and Trust Company, pursuant to which (i) the expiration date of our shareholder rights plan was extended for an additional ten years to April 24, 2009, (ii) the beneficial ownership percentage at which a person becomes an Acquiring Person under the plan was reduced from 20% to 15%, and (iii) certain other amendments were made. On October 29, 2003, we further amended the Amended and Restated Rights Agreement to increase the beneficial ownership percentage at which a person becomes an Acquiring Person under the plan from 15% to 20% and to require that the Trust's Board of Trustees review the plan on a periodic basis.

NOTE 10. STOCK OPTION PLAN

The 1993 Long Term Incentive Plan (Plan) authorizes the grant of options and other stock based awards for up to 5.5 million shares. Options granted under the Plan have ten year terms and vest in one to five years. The Plan expired in May 2003.

In May 2001 our shareholders approved the 2001 Long Term Incentive Plan (2001 Plan) which authorized an additional 1,750,000 shares for future option and other stock based awards.

The option price to acquire shares under the 2001 Plan and previous plans is required to be at least the fair market value at the date of grant. As a result of the exercise of options, we had outstanding from our officers and employees notes for \$3.3 million, \$2.5 million and \$2.5 million at December 31, 2003, 2002 and 2001, respectively. Notes issued after 2001 bear interest at LIBOR plus a market-rate spread with the rate adjusted annually. Notes issued prior to 2002 bear interest at the lesser of (i) our borrowing rate on the date of exercise or (ii) the dividend rate on the date of exercise divided by the purchase price of such shares. The notes issued under the previous plans bear interest at the lesser of (i) our borrowing rate or (ii) the current indicated annual dividend rate on the shares acquired pursuant to the option, divided by the purchase price of such shares. The notes are collateralized by the shares with recourse to the borrower and have five-year terms. Option awards made in 2001 and later do not provide for employees to be able to exercise their options with a loan from the Trust.

SFAS No. 123, Accounting for Stock-Based Compensation requires pro forma information regarding net income and earnings per share as if we accounted for our stock options under the fair value method of that Statement. Where at the date of grant, either the number of shares or exercise price are not known, we record compensation expense in accordance with variable accounting. The fair value for options issued in 2003, 2002 and 2001 has been estimated as \$582,000, \$536,000 and \$350,000, respectively, as of the date of grant, using a

Black Scholes model with the following weighted-average assumptions for 2003, 2002 and 2001, respectively: risk-free interest rates of 3.2%, 4.5% and 4.9%; volatility factors of the expected market price of our shares of 20%, 16% and 20%; and a weighted average expected life of the option of 6.0 years, 6.9 years and 6.9 years. Our assumed weighted average dividend yield used to estimate the fair value of the options issued was 8.85% in 2003.

Because option valuation models require the input of highly subjective assumptions, such as the expected stock price volatility, and because changes in these subjective input assumptions can materially affect the fair value estimate, the existing model may not necessarily provide a reliable single measure of the fair value of its stock options.

A summary of our stock option activity for the years ended December 31, is as follows:

	Shares Under Option	Weighted Average Exercise Price
	<u> </u>	<u> </u>
Outstanding at January 1, 2001	3,718,281	\$23.46
Options granted 2001	417,500	19.80
Options exercised 2001	(27,566)	20.81
Options forfeited 2001	(351,834)	22.88
	<u> </u>	
Outstanding at December 31, 2001	3,756,381	23.12
Options granted 2002	435,500	25.26
Options exercised 2002	(951,971)	21.92
Options forfeited 2002	(19,168)	23.95
	<u> </u>	
Outstanding at December 31, 2002	3,220,742	23.76
Options granted 2003	419,500	28.30
Options exercised 2003	(2,124,869)	23.89
Options forfeited 2003	(53,333)	25.00
	<u> </u>	
Outstanding at December 31, 2003	<u>1,462,040</u>	24.86

At December 31, 2003, 2002 and 2001, options for 900,000, 2.5 million shares and 2.7 million shares, respectively, were exercisable. The average remaining contractual life of options outstanding at December 31, 2003, 2002 and 2001 was 6.3 years, 5.4 years and 5.8 years, respectively. The weighted average grant date fair value per option for options granted in 2003, 2002 and 2001 was \$1.32, \$1.23 and \$1.04, respectively. The exercise price of options outstanding at December 31, 2003 ranged from \$18.00 per share to \$35.91 per share.

NOTE 11. SAVINGS AND RETIREMENT PLANS

We have a savings and retirement plan in accordance with the provisions of Section 401(k) of the Internal Revenue Code. For employees who choose to contribute, their contributions range, at their discretion, from 1% to 20% of compensation up to a maximum of \$11,000. Under the plan, we contribute out of our current net income, 50% of each employee's first 5% of contributions. In addition, we may make discretionary contributions within the limits of deductibility set forth by the Code. Our employees are immediately eligible to become plan participants. Employees are not eligible to receive matching contributions until their first

-F25-

anniversary of employment. Our expense for the years ended December 31, 2003, 2002 and 2001 was \$255,000, \$271,000 and \$243,000, respectively.

A nonqualified deferred compensation plan for our officers and certain other employees was established in 1994. The plan allows the participants to defer future income until the earlier of age 65 or termination of employment. As of December 31, 2003, we are liable to participants for approximately \$3.2 million under this plan. Although this is an unfunded plan, we have purchased certain investments with which to match this obligation. Our obligation under this plan and the related investments are both included in the accompanying financial statements.

NOTE 12. INTEREST EXPENSE

We incurred interest totaling \$88.7 million, \$88.6 million and \$87.1 million in 2003, 2002 and 2001, respectively, of which \$13.5 million, \$23.5 million, and \$17.8 million respectively, was capitalized. Interest paid was \$85.7 million in 2003, \$86.2 million in 2002 and \$84.1 million in 2001.

NOTE 13. CHANGE IN BUSINESS PLAN

On February 28, 2002, we adopted a new business plan which returned our primary focus to our traditional business of acquiring and redeveloping community and neighborhood shopping centers that are anchored by supermarkets, drug stores, or high volume, value oriented retailers that provide consumer necessities. We will complete Bethesda Row and Santana Row (Pentagon Row was completed in 2002) but do not plan to develop any new large-scale, mixed-use, ground-up development projects. Rather, we will seek to acquire income producing centers in and around our existing markets and will identify and execute redevelopment opportunities in our existing portfolio. Concurrent with the adoption of the business plan, we adopted a management succession plan and restructured our management team.

In connection with this change in our business plan, we recorded a charge of \$18.2 million. This charge included a reserve for a restructuring charge of \$8.5 million made up of \$6.9 million of severance and other compensation costs for several of our senior officers related to the management restructuring, as well as the write-off of \$1.6 million of our development costs. All charges against the reserve, totaling \$8.5 million, were expended during 2002. An additional component of the restructuring charge is an impairment loss of \$9.7 million representing the estimated loss on the abandonment of development projects held for sale, primarily the Tanasbourne development project located in Washington County, Oregon, thereby adjusting the value of these assets to their estimated fair value. The Tanasbourne land was sold in 2003 for approximately \$9.7 million resulting in a gain of \$1.9 million.

On December 20, 2002, we announced the resignation of Steven J. Guttman as Trustee, Chief Executive Officer and Chairman of the Board of Trustees effective January 1, 2003. Donald C. Wood, our then President and Chief Operating Officer, was named Chief Executive Officer and a member of the Board of Trustees. Mark Ordan, a member of the Board of Trustees since 1996, was named non-executive chairman of the board. As a result of this transition, we recorded a charge of \$13.8 million in the fourth quarter of 2002 for payments and benefits to Mr. Guttman pursuant to his contractual arrangements with the Trust and for other transition related costs. Of this amount, \$7.9 million had not been paid as of December 31, 2002 and \$0.8 million remains to be expended as of December 31, 2003.

NOTE 14. SUBSEQUENT EVENTS (UNAUDITED)

Pursuant to the 2003 Incentive Bonus Plan, vice presidents and certain key employees receive part of their 2003 bonus in our common shares which vest over three years. Consequently, on February 12, 2004, 9,025 shares were awarded under this plan. In addition, on February 12, 2004, 75,522 restricted shares which will vest over three years were awarded to the Trust's officers. All of the restricted share awards were made under the 2001 Plan.

-F27-

NOTE 15. SEGMENT INFORMATION

We operate our portfolio of properties in three geographic operating regions: Northeast, Mid-Atlantic and West, which constitutes our segments under Statement of Financial Accounting Standard No. 131, Disclosures about Segments of an Enterprise and Related Information .

A summary of our operations by geographic region is presented below (in thousands):

<u>2003</u>	Northeast	Mid Atlantic	West	Other	Total
Rental income	\$121,325	\$151,206	\$62,166	\$0	\$334,697
Other property income	5,063	7,525	5,212		17,800
Interest and other income	3,409	309	1,661		5,379
Rental expense	(24,519)	(33,168)	(25,760)		(83,447)
Real estate tax	(16,881)	(13,119)	(4,596)		(34,596)
Property operating income	88,397	112,753	38,683		239,833
Interest expense				(75,232)	(75,232)
Administrative expense				(11,820)	(11,820)
Depreciation and amortization	(27,732)	(29,533)	(16,814)	(1,010)	(75,089)
Income before minority interests and discontinued operations	\$60,665	\$83,220	\$21,869	(\$88,062)	\$77,692
Capital expenditures	\$82,944	\$81,165	\$124,122		\$288,231
Real estate assets	\$813,617	\$903,878	\$752,654		\$2,470,149
<u>2002</u>	Northeast	Mid Atlantic	West	Other	Total
Rental income	\$120,302	\$139,487	\$35,227	\$0	\$295,016
Other property income	5,480	7,509	2,479		15,468
Interest and other income	3,736	937	483		5,156
Rental expense	(22,751)	(31,872)	(18,367)		(72,990)

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Real estate tax	(15,746)	(11,757)	(3,184)		(30,687)
Property operating income	91,021	104,304	16,638		211,963
Interest expense				(65,058)	(65,058)
Administrative expense				(13,790)	(13,790)
Restructuring expense				(22,269)	(22,269)
Depreciation and amortization	(27,338)	(27,045)	(8,583)	(811)	(63,777)
Income before minority interests and discontinued operations	\$63,683	\$77,259	\$8,055	(\$101,928)	\$47,069
Capital expenditures	\$10,539	\$34,265	\$220,539		\$265,343
Real estate assets	\$747,778	\$827,090	\$731,958		\$2,306,826
2001	Northeast	Mid Atlantic	West	Other	Total
Rental income	\$111,083	\$123,932	\$34,273	\$0	\$269,288
Other property income	5,430	5,697	2,580		13,707
Interest and other income	4,379	1,434	777		6,590
Rental expense	(22,676)	(28,239)	(10,704)		(61,619)
Real estate tax	(14,959)	(9,941)	(2,746)		(27,646)
Property operating income	83,257	92,883	24,180		200,320
Interest expense				(69,313)	(69,313)
Administrative expense				(14,281)	(14,281)
Depreciation and amortization	(26,475)	(23,736)	(6,986)	(1,034)	(58,231)
Income before minority interests and discontinued operations	\$56,782	\$69,147	\$17,194	(\$84,628)	\$58,495
Capital expenditures	\$15,386	\$87,706	\$169,278		\$272,370

Real estate assets	\$760,849	\$793,566	\$549,889	\$2,104,304
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There are no transactions between geographic areas.

-F28-

NOTE 16. QUARTERLY DATA (UNAUDITED)

The following summary represents the results of operations for each quarter in 2003 and 2002 (in thousands, except per share data):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>2003</u>				
Revenue (1)	\$84,091	\$84,745	\$85,836	\$97,825
Net income (loss) available for common shares	11,520	10,213	21,726	31,998
Earnings (loss) per common share basic	0.26	0.22	0.44	0.66
Earnings (loss) per common share diluted	0.26	0.21	0.43	0.64
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>2002</u>				
Revenue (1)	\$73,975	\$74,939	\$76,010	\$90,716
Net income available for common shares	(6,187)	30,479	13,648	(2,078)
Earnings per common share basic	(0.15)	0.75	0.32	(0.05)
Earnings per common share diluted	(0.15)	0.74	0.31	(0.05)

- (1) As required by SFAS No. 144 revenue has been reduced to reflect the discontinued assets sold. Total revenue from these discontinued assets, by quarter, is summarized as follows (in thousands):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2003 Revenue from discontinued assets		(9)	(180)	2,565
2002 Revenue from discontinued assets	1,219	624	590	3,137

FEDERAL REALTY INVESTMENT TRUST
SCHEDULE III
SUMMARY OF REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2003

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E		
Descriptions	Encumbrance	Initial cost to company			Gross amount at which carried at close of period		
		Land	Building and Improvements	Cost Capitalized Subsequent to Acquisition	Land	Building and Improvements	Total
ALLWOOD (New Jersey)	\$ 3,501,000		\$ 3,920,000	\$ 376,465		\$ 4,296,465	\$ 4,296,465
ANDORRA (Pennsylvania)		2,432,000	12,346,000	4,538,531	2,432,107	16,884,531	19,316,638
ARIZONA BUILDINGS (2)		1,334,000	9,104,000	629,481	1,334,085	9,733,481	11,067,566
BALA CYNWYD (Pennsylvania)		3,565,000	14,466,000	5,967,942	3,565,000	20,433,942	23,998,942
BARRACKS ROAD (Virginia)	44,222,000	4,363,000	16,459,000	18,749,106	4,362,713	35,208,106	39,570,819
BETHESDA ROW (Maryland)	12,576,000	9,114,000	20,821,000	51,277,294	7,415,873	72,085,294	79,501,167
BLUESTAR (New Jersey)	26,724,000		29,922,000	9,598,204		39,520,204	39,520,204
BRICK PLAZA (New Jersey)	32,936,000		24,715,000	29,154,110	3,788,189	50,081,110	53,869,299
BRISTOL (Connecticut)		3,856,000	15,959,000	2,517,080	3,856,302	18,476,080	22,332,382
BRUNSWICK (New Jersey)	11,125,000		12,456,000	8,878,078		21,334,078	21,334,078
CALIFORNIA RETAIL BUILDINGS							
SANTA MONICA (9)		22,645,000	12,709,000	36,912,290	22,644,437	49,621,290	72,265,727
SAN DIEGO (4)		3,844,000	1,352,000	6,930,285	3,843,617	8,282,285	12,125,902
150 POST STREET (San Francisco)		11,685,000	9,181,000	9,159,102	11,685,000	18,340,102	30,025,102
OTHER (5)		19,496,000	25,752,000	8,151,018	11,830,439	33,903,018	45,733,457
CLIFTON (New Jersey)	3,256,000		3,646,000	1,305,420		4,951,420	4,951,420

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CONGRESSIONAL PLAZA (Maryland)		2,793,000	7,424,000	58,026,387	1,019,875	65,450,387	66,470,262
CONNECTICUT RETAIL BUILDINGS (5)		25,061,000	27,739,000	(14,656,484)	10,912,328	13,082,516	23,994,844
COURTHOUSE CENTER (Maryland)		1,750,000	1,869,000	675,890	1,750,000	2,544,890	4,294,890
CROSSROADS (Illinois)		4,635,000	11,611,000	5,566,137	4,634,570	17,177,137	21,811,707
DEDHAM PLAZA (Massachusetts)		12,369,000	12,918,000	4,363,599	12,368,893	17,281,599	29,650,492
EASTGATE (North Carolina)		1,608,000	5,775,000	9,153,550	1,607,610	14,928,550	16,536,160
ELLISBURG CIRCLE (New Jersey)		4,028,000	11,309,000	12,706,821	4,012,782	24,015,821	28,028,603
ESCONDIDO PROMENADE (California)		11,505,000	12,147,000	1,201,619	11,504,980	13,348,619	24,853,599
FALLS PLAZA (Virginia)		1,260,000	735,000	6,199,419	1,260,216	6,934,419	8,194,635
FALLS PLAZA East (Virginia)		538,000	535,000	2,282,313	559,252	2,796,061	3,355,313
FEASTERVILLE (Pennsylvania)		1,431,000	1,600,000	8,618,959	1,430,781	10,218,959	11,649,740
FEDERAL PLAZA (Maryland)	35,543,000	10,216,000	17,895,000	33,813,475	10,216,206	51,708,475	61,924,681
FINLEY SQUARE (Illinois)		9,252,000	9,544,000	9,563,089	9,251,776	19,107,089	28,358,865
FLORIDA RETAIL BUILDINGS (2)		5,206,000	1,631,000	39,862	5,206,073	1,670,862	6,876,935
FLOURTOWN (Pennsylvania)		1,345,000	3,943,000	3,467,840	1,345,075	7,410,840	8,755,915
FRESH MEADOWS (New York)		24,625,000	25,255,000	14,764,654	24,626,889	40,019,654	64,646,543
FRIENDSHIP CTR (District of Columbia)		12,696,000	20,803,000	(190,317)	12,696,367	20,612,683	33,309,050
GAITHERSBURG SQUARE (Maryland)		7,701,000	5,271,000	10,933,112	6,012,077	17,893,035	23,905,112
GARDEN MARKET (Illinois)		2,677,000	4,829,000	3,632,391	2,677,200	8,461,391	11,138,591
GOVERNOR PLAZA (Maryland)		2,068,000	4,905,000	11,667,108	2,068,227	16,572,108	18,640,335
GRATIOT PLAZA (Michigan)		525,000	1,601,000	14,510,795	525,316	16,111,795	16,637,111
GREENLAWN (New York)		2,294,000	3,864,000	4,881,221	2,294,400	8,745,221	11,039,621

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HAMILTON (New Jersey)	4,827,000		5,405,000	2,682,120		8,087,120	8,087,120
HAUPPAUGE (New York)	16,670,000	8,791,000	15,262,000	2,266,896	8,791,315	17,528,896	26,320,211
HUNTINGTON (New York)	14,297,000		16,008,000	6,424,765		22,432,765	22,432,765
IDYLWOOD PLAZA (Virginia)		4,308,000	10,026,000	580,431	4,307,775	10,606,431	14,914,206
ILLINOIS RETAIL BUILDINGS (1)		1,291,000	2,325,000	(48,646)	943,500	2,276,354	3,219,854
KINGS COURT (California)			10,714,000	695,069		11,409,069	11,409,069
LANCASTER (Pennsylvania)	4,907,000		2,103,000	7,907,845		10,010,845	10,010,845
LANGHORNE SQUARE (Pennsylvania)		720,000	2,974,000	13,942,533	720,000	16,916,533	17,636,533
LAUREL (Maryland)		7,458,000	22,525,000	15,674,386	7,458,514	38,199,386	45,657,900
LAWRENCE PARK (Pennsylvania)	31,344,000	5,723,000	7,160,000	12,938,579	5,734,209	20,087,579	25,821,788
LEESBURG PLAZA (Virginia)	9,900,000	8,184,000	10,722,000	1,609,710	8,184,400	12,331,710	20,516,110
LOEHMANN S PLAZA (Virginia)		1,237,000	15,096,000	9,060,647	1,248,000	24,145,647	25,393,647

[Additional columns below]

[Continued from above table, first column(s) repeated]

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I
Descriptions	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	Life on which depreciation in latest income statements is computed
ALLWOOD (New Jersey)	\$ 1,933,125	1958	12/12/88	35 years
ANDORRA (Pennsylvania)	8,898,022	1953	01/12/88	35 years
ARIZONA BUILDINGS (2)	1,570,087	1995-1998	05/07/98	35 years
BALA CYNWYD (Pennsylvania)	6,615,057	1955	09/22/93	35 years

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BARRACKS ROAD (Virginia)	21,565,644	1958	12/31/85	35 years
BETHESDA ROW (Maryland)	14,301,523	1945-2000	12/31/93	35 - 50 years
BLUESTAR (New Jersey)	16,443,014	1959	12/12/88	35 years
BRICK PLAZA (New Jersey)	20,717,524	1958	12/28/89	35 years
BRISTOL (Connecticut)	4,825,019	1959	9/22/95	35 years
BRUNSWICK (New Jersey)	8,042,794	1957	12/12/88	35 years
CALIFORNIA RETAIL BUILDINGS				
SANTA MONICA (9)	8,152,631	1888-2000	1996-2000	35 years
SAN DIEGO (4)	1,152,489	1888-1995	1996-1997	35 years
150 POST STREET (San Francisco)	3,203,171	1908	10/23/97	35 years
OTHER (5)	3,694,367	var	1996-1999	35 years
CLIFTON (New Jersey)	2,259,063	1959	12/12/88	35 years
CONGRESSIONAL PLAZA (Maryland)	20,992,104	1965	04/01/65	35 years
CONNECTICUT RETAIL BUILDINGS (5)	2,552,271	1900-1991	1994-1996	35 years
COURTHOUSE CENTER (Maryland)	393,826	1975	12/17/97	35 years
CROSSROADS (Illinois)	5,968,446	1959	07/19/93	35 years
DEDHAM PLAZA (Massachusetts)	5,384,800	1959	12/31/93	35 years
EASTGATE (North Carolina)	6,749,644	1963	12/18/86	35 years
ELLISBURG CIRCLE (New Jersey)	10,974,900	1959	10/16/92	35 years
ESCONDIDO PROMENADE (California)	2,782,374	1987	12/31/96	35 years
FALLS PLAZA (Virginia)	2,556,176	1962	09/30/67	22 3/4 years
FALLS PLAZA East (Virginia)	2,693,618	1960	10/05/72	25 years
FEASTERVILLE (Pennsylvania)	5,418,488	1958	07/23/80	20 years
FEDERAL PLAZA (Maryland)	19,826,810	1970	06/29/89	35 years
FINLEY SQUARE (Illinois)	5,806,120	1974	04/27/95	35 years
FLORIDA RETAIL BUILDINGS (2)	377,495	1920	02/28/96	35 years
FLOURTOWN (Pennsylvania)	4,065,261	1957	04/25/80	35 years
FRESH MEADOWS (New York)	7,973,500	1946-1949	12/05/97	35 years
FRIENDSHIP CTR (District of Columbia)	1,384,762	1998	09/21/01	35 years

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GAITHERSBURG SQUARE (Maryland) GARDEN MARKET (Illinois)	7,438,264 2,210,595	1966 1958	04/22/93 07/28/94	35 years 35 years
GOVERNOR PLAZA (Maryland)	9,841,899	1963	10/01/85	35 years
GRATIOT PLAZA (Michigan)	5,685,297	1964	03/29/73	25 3/4 years
GREENLAWN (New York)	1,210,900	1975	01/05/00	35 years
HAMILTON (New Jersey)	4,194,263	1961	12/12/88	35 years
HAUPPAUGE (New York)	2,747,127	1963	08/06/98	35 years
HUNTINGTON (New York)	10,877,818	1962	12/12/88	35 years
IDYLWOOD PLAZA (Virginia)	3,081,516	1991	04/15/94	35 years
ILLINOIS RETAIL BUILDINGS (1)	676,410	1900-1927	1995-1997	35 years
KINGS COURT (California)	2,320,554	1960	08/24/98	26 years
LANCASTER (Pennsylvania)	4,383,241	1958	04/24/80	22 years
LANGHORNE SQUARE (Pennsylvania)	6,917,094	1966	01/31/85	35 years
LAUREL (Maryland)	20,213,360	1956	08/15/86	35 years
LAWRENCE PARK (Pennsylvania)	15,299,908	1972	07/23/80	22 years
LEESBURG PLAZA (Virginia)	2,083,698	1967	09/15/98	35 years
LOEHMANN S PLAZA (Virginia)	4,007,035	1971	07/21/83	35 years

-F30-

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E		
Descriptions	Encumbrance	Initial cost to company			Gross amount at which carried at close of period		
		Land	Building and Improvements	Cost Capitalized Subsequent to Acquisition	Land	Building and Improvements	Total
MAGRUDERS (Maryland)		4,554,000	4,859,000	1,612,568	4,553,875	6,471,693	11,025,568
MERCER MALL (New Jersey)	60,039,000	4,488,340	70,076,308	2,018,015	4,488,340	72,094,323	76,582,663
MID PIKE PLAZA (Maryland)	10,041,000		10,335,000	6,945,454		17,280,454	17,280,454
MOUNT VERNON PLAZA (Virginia)	13,086,000		19,400,134	389,568	0	19,790,302	19,790,302
NEW YORK RETAIL BUILDINGS (3) NORTHEAST (Pennsylvania)		5,891,000	6,051,000	12,026,646	6,196,618	17,772,028	23,968,646
NORTH LAKE COMMONS (Illinois)		1,152,000	10,596,000	10,082,356	1,152,825	20,677,531	21,830,356
OLD KEENE MILL (Virginia)		2,782,000	8,604,000	1,606,300	2,782,495	10,210,300	12,992,795
OLD TOWN CENTER (California)		638,000	998,000	3,515,685	638,234	4,513,685	5,151,919
PAN AM SHOPPING CENTER (Virginia)		3,420,000	2,765,000	27,322,592	3,420,000	30,087,592	33,507,592
PENTAGON ROW (Virginia)		8,694,000	12,929,000	3,454,960	8,694,500	16,383,460	25,077,960
PERRING PLAZA (Maryland)			2,955,000	84,582,651		87,537,651	87,537,651
PIKE 7 (Virginia)		2,800,000	6,461,000	14,728,058	2,800,000	21,189,058	23,989,058
FR PLAZA DEL MERCADO, LLC (Maryland)		9,709,000	22,799,000	924,287	9,708,997	23,723,290	33,432,287
QUEEN ANNE PLAZA (Massachusetts)		1,580,999	18,984,476	16,590	1,580,999	19,001,066	20,582,065
		3,319,000	8,457,000	3,000,898	3,319,148	11,457,898	14,777,046

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QUINCE ORCHARD PLAZA (Maryland)		3,197,000	7,949,000	7,966,391	2,928,242	16,184,149	19,112,391
ROLLINGWOOD APTS. (Maryland)		552,000	2,246,000	3,889,931	572,160	6,115,771	6,687,931
RUTGERS (New Jersey)	12,887,000		14,429,000	1,495,622		15,924,622	15,924,622
SAM S PARK & SHOP (District of Columbia)		4,840,000	6,319,000	626,900	4,840,000	6,945,900	11,785,900
SAUGUS (Massachusetts)		4,383,000	8,291,000	509,805	4,383,000	8,800,805	13,183,805
SHIRLINGTON (Virginia)		9,761,000	14,808,000	8,693,336	9,815,093	23,447,243	33,262,336
SOUTH VALLEY SHOPPING CENTER (Virginia)		9,043,035	5,082,062	168,404	9,043,035	5,250,466	14,293,501
SANTANA ROW (California)		41,969,000	1,161,000	376,732,114	41,968,500	334,763,614	376,732,114
TEXAS RETAIL BUILDINGS (9) TOWER (Virginia)	230,000	14,680,000	1,976,000	43,693,746	14,679,954	45,669,792	60,349,746
TROY (New Jersey)		3,126,000	5,193,000	12,193,796	3,125,728	17,386,796	20,512,524
TYSONS STATION (Virginia)	6,752,000	388,000	453,000	2,510,443	474,542	2,876,901	3,351,443
WILDWOOD (Maryland)	27,551,000	9,111,000	1,061,000	6,411,780	9,110,822	7,472,780	16,583,602
WILLOW GROVE (Pennsylvania)		1,499,000	6,643,000	18,119,984	1,498,560	24,762,984	26,261,544
WILLOW LAWN (Virginia)		3,192,000	7,723,000	49,975,061	7,790,283	53,099,778	60,890,061
WYNNEWOOD (Pennsylvania)	31,943,000	8,055,000	13,759,000	13,436,507	8,055,000	27,195,507	35,250,507
DEVELOPMENT PROJECTS: SANTANA ROW (California)				73,411,286	0	74,572,286	74,572,286
Adj in consolidation trust acq cost Misc.							11,552
TOTALS	\$414,357,000	\$435,623,374	\$840,212,580	\$1,261,930,013	\$416,875,971	\$2,053,262,293	\$2,470,149,816

[Additional columns below]

[Continued from above table, first column(s) repeated]

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I
Descriptions	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	Life on which depreciation in latest income statements is computed
MAGRUDERS (Maryland)	1,037,021	1955	12/17/97	35 years
MERCER MALL (New Jersey)	611,396	2,003	12/4/03	35 years-50 years
MID PIKE PLAZA (Maryland)	9,733,402	1963	05/18/82	50 years
MOUNT VERNON PLAZA NEW YORK RETAIL BUILDINGS (3)	420,357	2,003	3/31/03	35 years
NORTHEAST (Pennsylvania)	2,534,887	1937 - 1987	12/16/97	35 years
NORTH LAKE COMMONS (Illinois)	11,565,958	1959	08/30/83	35 years
OLD KEENE MILL (Virginia)	2,927,225	1989	04/27/94	35 years
OLD TOWN CENTER (California)	3,624,104	1968	06/15/76	33 1/3 years
PAN AM SHOPPING CENTER (Virginia)	5,425,367	1997-1998	10/22/97	35 years
PENTAGON ROW (Virginia)	6,392,970	1979	02/05/93	35 years
PERRING PLAZA (Maryland)	6,673,815	1999 - 2002	1998	35 years
PIKE 7 (Virginia)	11,624,174	1963	10/01/85	35 years
FR PLAZA DEL MERCADO, LLC (Maryland)	5,012,239	1968	03/31/97	35 years
QUEEN ANNE PLAZA (Massachusetts)	45,095	2,003	10/31/03	35 years
QUINCE ORCHARD PLAZA (Maryland)	4,101,476	1967	12/23/94	35 years
ROLLINGWOOD APTS. (Maryland)	6,696,268	1975	04/22/93	35 years
RUTGERS (New Jersey)	6,052,622	1960	01/15/71	25 years
	7,030,201	1973	12/12/88	35 years

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SAM S PARK & SHOP (District of Columbia)	1,864,897	1930	12/01/95	35 years
SAUGUS (Massachusetts)	1,953,413	1976	10/01/96	35 years
SHIRLINGTON (Virginia)	5,061,861	1940	12/21/95	35 years
SOUTH VALLEY SHOPPING CENTER (Virginia)	109,139	2,003	3/21/03	35 years
SANTANA ROW (California)	8,776,675	1999 - 2002	03/05/97	50 years
TEXAS RETAIL BUILDINGS (9)	2,631,199	var	1998-1999	35 years
TOWER (Virginia)	1,811,294	1953-1960	08/24/98	35 years
TROY (New Jersey)	12,197,111	1966	07/23/80	22 years
TYSONS STATION (Virginia)	2,511,561	1954	01/17/78	17 years
WILDWOOD (Maryland)	6,217,473	1958	05/05/69	33 1/3 years
WILLOW GROVE (Pennsylvania)	12,954,406	1953	11/20/84	35 years
WILLOW LAWN (Virginia)	27,707,691	1957	12/05/83	35 years
WYNNEWOOD (Pennsylvania)	6,375,843	1948	10/29/96	35 years
DEVELOPMENT PROJECTS: SANTANA ROW (California)	23,537	1999 - 2002	03/05/97	50 years
Adj in consolidation trust acq cost Misc.				
TOTALS	<u>\$514,176,448</u>			

FEDERAL REALTY INVESTMENT TRUST
SCHEDULE III
SUMMARY OF REAL ESTATE AND ACCUMULATED
DEPRECIATION CONTINUED
Three Years Ended December 31, 2003

Reconciliation of Total Cost

Balance, December 31, 2000	1,854,913,000
Additions during period	
Acquisitions	52,820,000
Improvements	219,549,000
Deduction during period disposition of property and miscellaneous retirements	<u>(22,978,000)</u>
 Balance, December 31, 2001	 2,104,304,000
Additions during period	
Acquisitions	
Improvements	265,531,000
Deduction during period disposition of property and miscellaneous retirements	<u>(63,009,000)</u>
 Balance, December 31, 2002	 \$2,306,826,000
Additions during period	
Acquisitions	127,489,000
Improvements	64,848,000
Deduction during period disposition of property and miscellaneous retirements	<u>(29,014,000)</u>
 Balance, December 31, 2003	 <u>\$2,470,149,000</u>

(A) For Federal tax purposes, the aggregate cost basis is approximately \$2,194,269,000 as of December 31, 2003.

**FEDERAL REALTY INVESTMENT TRUST
SCHEDULE III
SUMMARY OF REAL ESTATE AND ACCUMULATED
DEPRECIATION CONTINUED
Three Years Ended December 31, 2003**

**Reconciliation of Accumulated
Depreciation and Amortization**

Balance, December 31, 2000	351,258,000
Additions during period	
Depreciation and amortization expense	55,048,000
Deductions during period disposition of property, miscellaneous retirements and acquisition of minority interest	(10,539,000)
	395,767,000
Balance, December 31, 2001	395,767,000
Additions during period	
Depreciation and amortization expense	59,296,000
Deductions during period disposition of property, miscellaneous retirements and acquisition of minority interest	(4,366,000)
	\$450,697,000
Balance, December 31, 2002	\$450,697,000
Additions during period	
Depreciation and amortization expense	68,125,000
Deductions during period disposition of property, miscellaneous retirements and acquisition of minority interest	(4,645,000)
	\$514,177,000
Balance, December 31, 2003	\$514,177,000

FEDERAL REALTY INVESTMENT TRUST
SCHEDULE IV
MORTGAGE LOANS ON REAL ESTATE
Year Ended December 31, 2003

Column A	Column B	Column C	Column D	Column E	Column F	Column G
Description of Lien	Interest Rate	Maturity Date	Periodic Payment Terms	Prior Liens	Face Amount of Mortgages	Carrying Amount of Mortgages (1)
Leasehold mortgage on office building in San Francisco, CA	6.00 %	March 2005	Interest only monthly; balloon payment due at maturity		\$ 5,618,000	\$ 5,876,000 (2)
Mortgage on Hotel in San Jose, CA	12% to 15%	January 2012	(3)		10,600,000	10,600,000
Mortgage on retail buildings in Philadelphia, PA	Greater of prime plus 2% or 10%	May 2021	Interest only monthly; balloon payment due at maturity		25,000,000	15,774,000 (4)
Mortgage on retail buildings in Philadelphia, PA	10% plus participation	May 2021	Interest only; balloon payment due at maturity		9,250,000	9,250,000
					<u>\$50,468,000</u>	<u>\$41,500,000</u>

1) For Federal tax purposes, the aggregate tax basis is approximately \$41,500,000 as of December 31, 2003. No payments are delinquent on these mortgages.

2)

A \$5.9 million loan receivable, which currently bears interest at 7.88% and is secured by an office building in San Francisco, California, was due February 28, 2003 but was not repaid on the due date. We are currently negotiating with the borrower to extend the loan until March 31, 2005. When the loan modification is complete, the interest rate on the note will decrease to 6% retroactive to July 1, 2003. Interest on the loan is current through December 31, 2003 and based in part on the value of the underlying collateral, we believe that the loan is collectible and as such, no reserve has been established at this time.

- 3) For the first five years interest is payable from cash flow, if available. If cash flow is not sufficient to pay interest in full, the unpaid amount will accrue and bear interest at the same rate as the principal. After year five, current interest payments are required. After year seven, mortgagee is required to apply 50% of all available cash flow to repayment of principal. In March 2004, an additional \$900,000 advance was made on this loan.
- 4) This mortgage is available for up to \$25,000,000.

-F34-

**FEDERAL REALTY INVESTMENT TRUST
SCHEDULE IV
MORTGAGE LOANS ON REAL ESTATE CONTINUED
Three Years Ended December 31, 2003**

Reconciliation of Carrying Amount

Balance, December 31, 2000	47,360,000
Additions during period	
Issuance of loans	925,000
Deductions during period	
Collection and satisfaction of loans	<u>(12,678,000)</u>
 Balance, December 31, 2001	 35,607,000
Additions during period	
Issuance of loans	14,362,000
Deductions during period	
Collection and satisfaction of loans	<u>(14,392,000)</u>
 Balance, December 31, 2002	 \$ 35,577,000
Additions during period	
Issuance of loans	5,923,000
Deductions during period	
Collection and satisfaction of loans	<u> </u>
 Balance, December 31, 2003	 <u>\$ 41,500,000</u>

PART IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a)(1) *Financial Statements*

Report of Independent Public Accountants Grant Thornton LLP

Report of Independent Public Accountants Arthur Andersen LLP

Consolidated Balance Sheets December 31, 2003 and 2002

Consolidated Statements of Operations Years Ended December 31, 2003, 2002 and 2001

Consolidated Statements of Common Shareholders' Equity Years Ended December 31, 2003, 2002 and 2001

Consolidated Statements of Cash Flows Years Ended December 31, 2003, 2002 and 2001

Notes to Consolidated Financial Statements (including selected quarterly data)

(2) *Financial Statement Schedules*

Schedule III. Schedule of Real Estate and Accumulated Depreciation

Schedule IV. Mortgage Loans on Real Estate

(3) *Exhibits*

Exhibit No.	Description
3.1	Declaration of Trust of Federal Realty Investment Trust dated May 5, 1999 (previously filed as Exhibit 3.2 to the Trust's Current Report on Form 8-K filed on May 25, 1999 (File No. 1-07533) and incorporated herein by reference)
3.2	Amended and Restated Bylaws of Federal Realty Investment Trust last amended October 29, 2003 (previously filed as Exhibit 3.2 to the Trust's Annual Report on Form 10-K for the year ended December 31, 2003 filed on March 15, 2004 (the 2004 Form 10-K) and incorporated herein by reference)
4.1	Specimen Common Share certificate (previously filed as Exhibit 4(i) to the Trust's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 1-07533) (the 1999 Form 10-K) and incorporated herein by reference)
4.2	Articles Supplementary relating to the 8 1/2% Series B Cumulative Redeemable Preferred Shares (previously filed as Exhibit 4.1 to the Trust's Registration Statement on Form 8-A filed on November 26, 2001 (File No. 1-07533) (the 2001 Form 8-A) and incorporated by reference)
4.3	Specimen 8 1/2% Series B Cumulative Redeemable Preferred Share certificate (previously filed as Exhibit 4.2 to the 2001 Form 8-A and incorporated herein by reference)
4.4	Amended and Restated Rights Agreement, dated March 11, 1999, between the Trust and American Stock Transfer & Trust Company (previously filed as Exhibit 1 to the Trust's Registration Statement on Form 8-A/A filed on March 11, 1999 (File No. 1-07533) and incorporated herein by reference)
4.5	First Amendment to Amended and Restated Rights Agreement, dated as of November __, 2003, between the Trust and American Stock Transfer & Trust Company (previously filed as Exhibit 4.5 to the 2004 Form 10-K and incorporated herein by reference)
4.6	

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Indenture dated December 13, 1993 related to the Trust's 7.48% Debentures due August 15, 2026; 6 5/8% Notes due 2005; 6.82% Medium Term Notes due August 1, 2027; and 6.99% Medium Term Notes due March 10, 2006 (previously filed as Exhibit 4(a) to the Trust's Registration Statement on Form S-3 (File No. 33-51029), and amended on Form S-3 (File No. 33-63687), filed on December 13, 1993 is incorporated herein by reference)

- 4.7 Indenture dated September 1, 1998 related to the Trust's 8.75% Notes due December 1, 2009 and the Trust's 6 1/8% Notes due November 15, 2007 and the Trust's 4.50% Notes due 2011 (previously filed as Exhibit 4(a) to the Trust's Registration Statement on Form S-3 (File No. 333-63619) filed on September 17, 1998 is incorporated herein by reference)
- 4.8 Pursuant to Regulation S-K Item 601(b)(4)(iii), the Trust by this filing agrees, upon request, to furnish to the Securities and Exchange Commission a copy of other instruments defining the rights of holders of long-term debt of the Trust
- 10.1 Amended and Restated 1983 Stock Option Plan and 1985 Non-Qualified Stock Option Plan of Federal Realty Investment Trust (previously filed as exhibits to the Trust's Registration Statement in Form S-8 (File No. 33-55111), filed on August 17, 1994 and incorporated herein by reference)

Exhibit No.	Description
10.2	1985 Non-Qualified Stock Option Plan (previously filed as a portion of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1985 (File No. 1-07533) and incorporated herein by reference)
10.3	1991 Share Purchase Plan (previously filed as a portion of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1990 (File No. 1-07533) and incorporated herein by reference)
10.4	Amendment dated October 1, 1992 to Voting Trust Agreement dated as of March 3, 1989 by and between I. Wolford Berman and Dennis L. Berman (previously filed as an exhibit to the Trust's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-07533) and incorporated herein by reference)
10.5	Amended and Restated 1993 Long-Term Incentive Plan, as amended on October 6, 1997 and further amended on May 6, 1998 (previously filed as a portion of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 1-07533) and incorporated herein by reference)
10.6	Fiscal Agency Agreement dated as of October 28, 1993 between the Trust and Citibank, N.A. (previously filed as an exhibit to the Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993 (File No. 1-07533) (the 1993 Form 10-Q) and incorporated herein by reference)
10.7	Form of Severance Agreement between the Trust and Certain of its Officers dated December 31, 1994 (previously filed as a portion of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 1-07533) and incorporated herein by reference)
10.8	* Performance Share Award Agreement dated as of February 9, 2000 between the Trust and Donald C. Wood (previously filed as a portion of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 1-07533) (the 1999 Form 10-K) and incorporated herein by reference)
10.9	* Restricted Share Award Agreement dated as of February 9, 2000 between the Trust and Donald C. Wood (previously filed as a portion of Exhibit 10 to the 1999 Form 10-K and incorporated herein by reference)
10.10	* Severance Agreement between the Trust and Donald C. Wood dated February 22, 1999 (previously filed as a portion of Exhibit 10 to the 1999 Form 10-K and incorporated herein by reference)
10.11	* Executive Agreement between Federal Realty Investment Trust and Donald C. Wood dated February 22, 1999 (previously filed as a portion of Exhibit 10 to the 1999 Form 10-K and incorporated herein by reference)
10.12	* Amendment to Restricted Share Award Agreement dated December 8, 2000 the Trust and Donald C. Wood (previously filed as a portion of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 2000 (File No. 1-07533) (the 2000 Form 10-K) and incorporated herein by reference)

- 10.13 * Split Dollar Life Insurance Agreement dated August 12, 1998 between the Trust and Donald C. Wood (previously filed as a portion of Exhibit 10 to the 2000 Form 10-K and incorporated herein by reference)
- 10.14 * Restricted Share Award Agreement dated as of February 15, 2000 between the Trust and Jeffrey S. Berkes (previously filed as a portion of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 1-07533) (the 2001 Form 10-K) and incorporated herein by reference)
- 10.15 * Severance Agreement between the Trust and Jeffrey S. Berkes dated March 1, 2000 (previously filed as a portion of Exhibit 10 to the 2001 Form 10-K and incorporated herein by reference)
- 10.16 * Severance Agreement dated March 1, 2002 between the Trust and Larry E. Finger (previously filed as a portion of Exhibit 10 to the Trust's Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 1-07533) (the 2002 Form 10-K) and incorporated herein by reference)
- 10.17 * Combined Incentive and Non-Qualified Stock Option Agreement dated February 28, 2002 between the Trust and Larry E. Finger (previously filed as a portion of Exhibit 10 to the 2002 Form 10-K and incorporated herein by reference)
- 10.18 * Performance Share Award Agreement between the Trust and Donald C. Wood dated February 28, 2002 (previously filed as a portion of Exhibit 10 to the 2002 Form 10-K and incorporated herein by reference)
- 10.19 * Performance Share Award Agreement between the Trust and Jeffrey S. Berkes dated February 28, 2002 (previously filed as a portion of Exhibit 10 to the 2002 Form 10-K and incorporated herein by reference)
- 10.20 * Amendment to Stock Option Agreement dated August 15, 2002 between the Trust and Dawn M. Becker (previously filed as a portion of Exhibit 10 to the 2002 Form 10-K and incorporated herein by reference)

Exhibit No.	Description
10.21	* Amendment to Stock Option Agreement dated August 15, 2002 between Federal Realty Investment Trust and Jeffrey S. Berkes (previously filed as Exhibit 10.31 to the 2002 Form 10-K and incorporated herein by reference)
10.22	2001 Long-Term Incentive Plan (previously filed as Exhibit 99.1 to the Trust's S-8 Registration Number 333-60364 filed on May 7, 2001 and incorporated herein by reference)
12.1	Statement Regarding Computation of Ratios of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends (filed herewith)
21.1	Subsidiaries of the Trust (previously filed as Exhibit 21.1 to the 2004 Form 10-K and incorporated herein by reference)
23.1	Consent of Grant Thornton LLP (filed herewith)
25.1	Power of Attorney (included on signature page to the 2004 Form 10-K)
31.1	Rule 13a-14(a) Certification of Chief Executive Officer (filed herewith)
31.2	Rule 13a-14(a) Certification of Chief Financial Officer (filed herewith)
32.1	Section 1350 Certification of Chief Executive Officer (filed herewith)
32.2	Section 1350 Certification of Chief Financial Officer (filed herewith)
	(b) <i>Reports on Form 8-K</i>

Not applicable

(c) *Exhibits*

See Item 15(a)(3) above

* Management contract or compensatory plan to be filed under item 15(c) of Form 10-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized this 26th day of March, 2004.

Federal Realty Investment Trust

By: /s/ DONALD C. WOOD

Donald C. Wood
Chief Executive Officer