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KOGER EQUITY INC
Form 8-K
August 15, 2002

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): August 13, 2002

KOGER EQUITY, INC.

(Exact Name of Registrant as Specified in Its Charter)

FLORIDA

State or Other Jurisdiction of Incorporation)

1-9997

59-2898045

(Commission File Number)

(IRS Employer
Identification No.)

433 PLAZA REAL, SUITE 335
BOCA RATON, FLORIDA

33432

(Address of Principal Executive Offices)

(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 its quarterly results for the period ended June 30, 2002, as more particularly described in its News Release, dated August 13, 2002, and related Supplemental Information, dated June 30, 2002, on the Company's web site, a copy of which is attached hereto as Exhibit 99 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.

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(c) Exhibits

Exhibit Number	Description of Exhibit
99	Koger Equity, Inc. News Release, dated August 13, 2002, and related Supplemental Information, dated June 30, 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: August 13, 2002

By: /S/ Robert E. Onisko

Robert E. Onisko
Title: Vice President and
Chief Financial Officer

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EXHIBIT INDEX

The following designated exhibit is filed herewith:

Exhibit Number	Description of Exhibit
99	Koger Equity, Inc. News Release, dated August 13, 2002, and related Supplemental Information, dated June 30, 2002.

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Exhibit 99

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KOGER EQUITY, INC.
433 Plaza Real, Suite 335
Boca Raton, Florida 33432

Contacts:

Robert Onisko
Chief Financial Officer
Koger Equity, Inc.
(561) 395-9666

Investor Relations:
Brad Cohen
Integrated Corporate Relations, Inc.
203-222-9013

KOGER EQUITY REPORTS SECOND QUARTER 2002 RESULTS

- Announces the Termination of the AP-Knight Management Contract -

Boca Raton, Florida, August 13, 2002 (Business Wire) -- Koger Equity, Inc. (NYSE: KE), a self-managed real estate investment trust (REIT), which owns, operates, and manages suburban office buildings throughout the Southeastern and Southwestern United States, today announced its results for the second quarter ended June 30, 2002. Certain of the Company's results, as compared to the prior year, have been affected by the sale of assets in December 2001.

Highlights include:

- o Same-store net operating income for the second quarter 2002 increased 5.8%, compared to the second quarter 2001.
- o Operating margins for the second quarter increased to 62.6% as compared to 62.1% for the second quarter 2001.
- o New net rent versus expiring net rent during the second quarter 2002 increased 10.3% on new and backfill leasing and 1.0% on renewal leasing.
- o Payout ratio to funds from operations (FFO) was 68.6% and cash available for distribution (CAD) was 95.3% for the second quarter.

Total rental revenues in the second quarter 2002 were \$31.9 million, as compared to \$41.6 million in the second quarter of 2001. Funds from operations (FFO) for the second quarter totaled \$11.0 million, or \$0.51 per fully diluted share, as compared to FFO of \$17.7 million, or \$0.63 per fully diluted share in the same period of fiscal 2001. Fully diluted earnings per share (EPS) for the second quarter 2002 was \$0.20, compared to EPS of \$0.32 in the prior period. The decreases in revenue and earnings are attributable to the sale of approximately 36% of Koger's assets during fiscal 2001.

Same-store net operating income for the second quarter 2002 increased 5.8% on a GAAP basis and 5.9% on a cash basis compared to the second quarter 2001. Occupancy on this same-store portfolio, which consists of 118 properties, decreased to 88.9% at June 30, 2002 from 90.8% at June 30, 2001. The majority of the occupancy decrease is attributable to economic softness in the Atlanta market.

For the quarter total leasing activity was approximately 324,000. In addition, the weighted average net rental rate on new leases signed, excluding first generation space, was \$12.25 per square foot. This represents a 2.4% increase from the \$11.96 per square foot which was the average rental rate on

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expiring leases.

"While we sold more than one third of our non-core assets in fiscal 2001, we are encouraged by our stronger than expected second quarter results, and are starting to experience a slight recovery in our southeastern office markets, due to modest absorption and a stabilizing job market," commented Thomas Crocker, Chief Executive Officer of Koger Equity. "Although we continue to believe that economic uncertainty is a reality that may affect results, we believe Koger's current asset portfolio is well positioned. More importantly, however, due to our balance sheet strength, the Company is poised to quickly take advantage of strategic opportunities when they come along."

Year-to-Date Results:

For the six months ended June 30, 2002, FFO totaled \$22.5 million on rental revenues of \$62.5 million compared with FFO of \$35.2 million on rental revenues of \$83.2 million for the same period in 2001. EPS for the first six months of 2002 totaled \$0.44 per diluted share compared to EPS of \$0.65 in the first half of 2001.

Same-store net operating income for the six months ended June 30, 2002, increased 6.1% on a GAAP basis and 6.3% on a cash basis compared to the six months ended June 30, 2001. For the first six months of 2002, total lease activity for the office portfolio reached 799,000 square feet. The weighted average net rental rate on leasing activity year-to-date was at \$11.56 on new leases compared to \$11.46 on expiring leases. Based on the current outlook, and Koger's results to date, the Company is reaffirming its fiscal 2002 diluted FFO per share guidance of \$2.00. In addition, Koger expects to provide fiscal 2003 FFO per diluted share guidance prior to the end of the third quarter.

However, some likely assumptions for fiscal 2003 include:

- o The termination of the management agreement for the assets sold to AP-Knight, LP. in fiscal 2001.
- o The State of Florida's decision to eliminate its Labor Department in Tallahassee.
- o Insurance premium increases in the second half of fiscal 2002.

In conjunction with the termination of the management agreement, the Company announced that Board of Director member John R S Jacobsson will resign. He is also a director of Apollo Real Estate Advisors, LP.

Mr. Crocker concluded, "While we achieved positive comparable same store operating margins through the first six-months of fiscal 2002, we are still attempting to factor into our budgets for fiscal 2003 the uncertain leasing traffic throughout our portfolio, reduced management fee income, and unrealistic asset pricing that seems pervasive in this current market. That said, we continue to believe in the long-term viability of our strategy, which focuses on buying class A assets at the right price in the right markets and doing so without sacrificing our balance sheet strength. We believe that this strategy will succeed, however, our collective experience calls for a patient approach in this economy. That said, we believe Koger is well positioned to maximize total return for shareholders over time, particularly with our equity at current levels."

Forward Looking Statement

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

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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 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.

Conference Call Details:

Company management will further discuss its 2002 second quarter results on a conference call scheduled for Tuesday, August 13, 2002 at 5:00 PM EDT. To participate in the call, please dial (800) 388-8975. Due to call volume, we suggest that participants dial in 15 minutes before the scheduled start of the call. A replay of the call will be available until August 20th at 11:59 p.m. ET. Please dial (800) 428-6051, password 255955. The conference call will also be broadcast live over the Internet at <http://www.koger.com>

Koger Equity, Inc. owns and operates 121 office buildings, containing 7.71 million rentable square feet, located primarily in 12 suburban office parks in eight cities in the Southeastern United States.

Additionally, the Second Quarter Supplemental Disclosure package and further information about Koger Equity, Inc. can be found on the Company's web site at <http://www.koger.com>.

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

	For the Three Months Ended		
	6/30/02	6/30/01	6/30/00
	-----	-----	-----
Revenues			
Rental and other rental services	\$ 31,855	\$ 41,628	\$ 62,115
Management fees	963	1,362	1,362
Interest	87	195	195
Other	--	--	--
	-----	-----	-----
Total revenues	32,905	43,185	64,662

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	-----	-----	-----
Expenses			
Property operations	11,928	15,766	22,
Depreciation and amortization	6,731	8,816	13,
Mortgage and loan interest	6,029	6,654	11,
General and administrative	2,947	1,833	5,
Direct cost of management fees	822	945	1,
Other	49	59	
	-----	-----	-----
Total expenses	28,506	34,073	54,
	-----	-----	-----
Income Before Loss on Sale or Disposition of Assets, Income Taxes and Minority Interest	4,399	9,112	9,
Gain (loss) on sale or disposition of assets	--	3	
	-----	-----	-----
Income Before Income Taxes and Minority Interest	4,399	9,115	9,
Income taxes	62	152	
	-----	-----	-----
Income Before Minority Interest	4,337	8,963	9,
Minority interest	--	250	
	-----	-----	-----
Net Income	\$ 4,337	\$ 8,713	\$ 9,
	=====	=====	=====
Earnings Per Share:			
Basic	\$ 0.20	\$ 0.33	\$ 0
	=====	=====	=====
Diluted	\$ 0.20	\$ 0.32	\$ 0
	=====	=====	=====
Weighted Average Shares:			
Basic	21,255	26,807	21,
	=====	=====	=====
Diluted	21,469	26,869	21,
	=====	=====	=====

KOGER EQUITY, INC.
FUNDS FROM OPERATIONS
(In Thousands except per Share Data)

	For the		
	Three Months Ended		
	6/30/02	6/30/01	6/30/00
	-----	-----	-----
Net income	\$ 4,337	\$ 8,713	\$ 9,
Depreciation - real estate	6,277	8,097	12,
Amortization - deferred tenant costs	338	552	
Amortization - goodwill	--	43	
Minority interest	--	250	
Loss (gain) on sale or disposition:			
Operating properties	--	--	
Non-operating assets			

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	--	(3)	
	-----	-----	-----
Funds from operations	\$ 10,952	\$ 17,652	\$ 22,
	=====	=====	=====
Weighted average shares/units outstanding - diluted	21,469	27,869	21,
Funds from operations, per diluted share/unit	\$ 0.51	\$ 0.63	\$ 1

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

June 30,
2002

ASSETS

Real estate investments:

Operating properties:

Land	\$ 98,253
Buildings	685,975
Furniture and equipment	2,987
Accumulated depreciation	(136,010)

Operating properties, net	651,205
Undeveloped land held for investment	13,779
Undeveloped land held for sale, net of allowance	76
Cash and cash equivalents	14,564
Accounts receivable, net of allowance for uncollectible accounts of \$1,284 and \$1,114	9,802
Cost in excess of fair value of net assets acquired, net of accumulated amortization of \$683 and \$683	595
Other assets	11,809

TOTAL ASSETS \$701,830

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:

Mortgages and loans payable	\$321,217
Accounts payable	1,837
Accrued real estate taxes payable	6,358
Other accrued liabilities	8,903
Dividends payable	7,452
Advance rents and security deposits	4,656

Total Liabilities 350,423

Minority interest

Shareholders' equity:

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Common stock	298
Capital in excess of par value	471,974
Notes receivable from stock sales	(5,066)
Retained earnings	15,784
Treasury stock, at cost	(131,583)

Total Shareholders' Equity	351,407

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$701,830
	=====

Koger Equity, Inc.
Supplemental
Information
June 30, 2002

Koger Equity, Inc.
Supplemental Information
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KOGER EQUITY, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

Dollars in thousands

	(Unaudited) 6/30/02	(Unaudited) 3/31/02	12/31/01
ASSETS			
Real Estate Investments:			
Operating properties:			
Land	\$98,253	\$110,084	\$91,000
Buildings	685,975	670,895	568,000
Furniture and equipment	2,987	2,933	3,000
Accumulated depreciation	(136,010)	(129,617)	(123,000)
Operating properties - net	651,205	654,295	539,000
Properties under construction:			
Land	0	0	0
Buildings	0	0	0
Undeveloped land held for investment	13,779	13,779	13,000
Undeveloped land held for sale	76	76	0
Cash and temporary investments	14,564	16,461	113,000
Accounts receivable, net	9,802	10,441	11,000
Cost in excess of fair value of net assets acquired, net	595	595	0
Other assets	11,809	11,722	11,000
TOTAL ASSETS	\$701,830	\$707,369	\$690,000
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Mortgages and loan payable	\$321,217	\$327,415	\$248,000
Accounts payable	1,837	2,046	4,000
Accrued real estate taxes payable	6,358	3,273	1,000
Accrued liabilities - other	8,903	8,607	9,000
Dividends payable	7,452	7,433	44,000
Advance rents and security deposits	4,656	4,876	5,000
Total Liabilities	350,423	353,650	313,000
Minority interest	0	0	22,000
Shareholders' Equity:			
Common stock	298	298	0
Capital in excess of par value	471,974	471,205	469,000
Notes receivable from stock sales	(5,066)	(5,066)	(5,000)
Retained earnings	15,784	18,898	21,000
Treasury stock, at cost	(131,583)	(131,616)	(131,000)

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Total Shareholders' Equity	351,407	353,719	354,000
	-----	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$701,830	\$707,369	\$690,000
	=====	=====	=====

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KOGER EQUITY, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

Dollars in thousands

	12/31/01	12/31/00	12/31/99
	-----	-----	-----
ASSETS			
Real Estate Investments:			
Operating properties:			
Land	\$91,919	\$138,214	\$140,061
Buildings	568,285	805,935	784,769
Furniture and equipment	3,082	2,631	2,693
Accumulated depreciation	(123,999)	(155,817)	(137,452)
	-----	-----	-----
Operating properties - net	539,287	790,963	790,071
Properties under construction:			
Land	0	2,128	8,347
Buildings	0	12,023	41,912
Undeveloped land held for investment	13,779	13,899	16,034
Undeveloped land held for sale	76	76	1,103
Cash and temporary investments	113,370	1,615	0
Accounts receivable, net	11,574	13,232	10,512
Investment in Koger Realty Services, Inc.	0	2,533	2,319
Cost in excess of fair value of net assets acquired, net	595	1,360	1,530
Other assets	11,904	13,193	13,911
	-----	-----	-----
TOTAL ASSETS	\$690,585	\$851,022	\$885,739
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Mortgages and loans payable	\$248,683	\$343,287	\$351,528
Accounts payable	4,962	4,961	12,716
Accrued real estate taxes payable	1,007	4,175	1,383
Accrued liabilities - other	9,206	10,562	13,162
Dividends payable	44,159	9,392	9,370
Advance rents and security deposits	5,103	7,014	6,570
	-----	-----	-----
Total Liabilities	313,120	379,391	394,729
	-----	-----	-----

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Minority interest	22,923	23,138	23,184
Shareholders' Equity:			
Common stock	297	296	288
Capital in excess of par value	469,779	468,277	457,945
Notes receivable from stock sales	(5,066)	(6,250)	0
Retained earnings	21,180	20,261	30,546
Treasury stock, at cost	(131,648)	(34,091)	(20,953)
Total Shareholders' Equity	354,542	448,493	467,826
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$690,585	\$851,022	\$885,739

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

In thousands, except per share data

	Three Months Ended		
	6/30/02	3/31/02	12/31/01
REVENUES			
Rental and other rental services	\$ 31,855	\$ 30,596	\$ 40,161
Management fees	963	787	550
Interest	87	145	180
Other	0	3	0
Total revenues	32,905	31,531	40,891
EXPENSES			
Property operations	11,928	10,459	14,859
Depreciation and amortization	6,731	6,522	7,945
Mortgage and loan interest	6,029	5,795	6,053
General and administrative	2,947	2,510	2,264
Direct cost of management fees	822	1,010	720
Other	49	33	18
Total expenses	28,506	26,329	31,859
INCOME BEFORE GAIN (LOSS) ON SALE OR DISPOSITION OF ASSETS	4,399	5,202	9,032
Gain (loss) on sale or disposition of assets	0	1	39,189
INCOME BEFORE INCOME TAXES	4,399	5,203	48,221

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Income taxes	62	32	235	
	-----	-----	-----	-----
INCOME BEFORE MINORITY INTEREST	4,337	5,171	47,986	
Minority interest	0	20	107	
	-----	-----	-----	-----
NET INCOME	\$ 4,337	\$ 5,151	\$ 47,879	
	=====	=====	=====	=====
EARNINGS PER SHARE - Diluted	\$ 0.20	\$ 0.24	\$ 1.86	
	=====	=====	=====	=====
WEIGHTED AVERAGE SHARES - Diluted	21,469	21,283	25,785	
	=====	=====	=====	=====
OPERATING MARGIN	62.6%	65.8%	63.0%	
	=====	=====	=====	=====

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

In thousands, except per share data

	2001	2000	1999	
	-----	-----	-----	-----
REVENUES				
Rental and other rental services	\$165,623	\$164,733	\$156,153	
Management fees	4,080	1,793	2,384	
Interest	776	703	457	
Income from Koger Realty Services, Inc.	81	645	1,099	
	-----	-----	-----	-----
Total revenues	170,560	167,874	160,093	
	-----	-----	-----	-----
EXPENSES				
Property operations	61,608	61,868	60,582	
Depreciation and amortization	35,099	35,133	32,314	
Mortgage and loan interest	26,112	27,268	21,893	
General and administrative	8,412	20,217	8,633	
Direct cost of management fees	3,378	898	1,432	
Other	189	217	1,143	
Recovery of loss on land held for sale	0	0	0	
	-----	-----	-----	-----
Total expenses	134,798	145,601	125,997	
	-----	-----	-----	-----
INCOME BEFORE GAIN ON SALE OR DISPOSITION OF ASSETS	35,762	22,273	34,096	
Gain on sale or disposition of assets	39,189	6,015	3,851	
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES	74,951	28,288	37,947	
Income taxes	684	(21)	187	
	-----	-----	-----	-----

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INCOME BEFORE MINORITY INTEREST	74,267	28,309	37,760
Minority interest	1,044	1,156	1,174
	-----	-----	-----
INCOME BEFORE EXTRAORDINARY ITEM	73,223	27,153	36,586
Extraordinary loss on early retirement of debt	0	0	0
	-----	-----	-----
NET INCOME	\$73,223	\$27,153	\$36,586
	=====	=====	=====
EARNINGS PER SHARE - Diluted	\$ 2.75	\$ 1.01	\$ 1.35
	=====	=====	=====
WEIGHTED AVERAGE SHARES - Diluted	26,610	26,962	27,019
	=====	=====	=====
OPERATING MARGIN	62.8%	62.4%	61.2%
	=====	=====	=====

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

In thousands, except per share data

	Three Months Ended		
	6/30/02	3/31/02	12/31/01
	-----	-----	-----
Funds from Operations:			
Net income	\$ 4,337	\$ 5,151	\$ 47,879
Depreciation - real estate	6,277	6,042	7,270
Amortization - deferred tenant costs	338	364	514
Amortization - goodwill	0	0	42
Minority interest	0	20	107
Loss (gain) on sale of operating properties	0	(1)	(39,189)
Loss (gain) on sale of non-operating assets	0	0	0
	-----	-----	-----
Funds from Operations	10,952	11,576	16,623
Cash Available for Distribution:			
Add (Deduct):			
Rental income from straight-line rents	(534)	(460)	(338)
Amortization of deferred financing costs	299	289	228
Building improvements	(1,285)	(965)	(1,032)
2nd generation tenant improvements	(1,070)	(906)	(1,625)
2nd generation leasing commissions	(479)	(88)	(614)
	-----	-----	-----
Cash Available for Distribution	\$ 7,883	\$ 9,446	\$ 13,242
	=====	=====	=====
Weighted average common shares/units outstanding - diluted	21,469	21,350	26,785

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	=====	=====	=====
Per share/unit - diluted:			
Funds from operations	\$ 0.51	\$ 0.54	\$ 0.62
	=====	=====	=====
Cash available for distribution	\$ 0.37	\$ 0.44	\$ 0.49
	=====	=====	=====
Dividends paid	\$ 0.35	\$ 2.09 (a)	\$ 0.35
	=====	=====	=====
Dividend payout ratio:			
Funds from operations	68.6%	64.8%	56.5%
	=====	=====	=====
Cash available for distribution	95.3%	79.5%	71.4%
	=====	=====	=====

(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

	2001	2000	1999
	-----	-----	-----
Funds from Operations:			
Net income	\$73,223	\$27,153	\$36,586
Depreciation - real estate	32,261	31,720	28,800
Amortization - deferred tenant costs	2,172	1,923	2,132
Amortization - goodwill	170	170	170
Minority interest	1,044	1,156	1,174
Gain on sale of operating properties	(39,189)	(5,963)	(3,846)
Gain on sale of non-operating assets	0	(52)	(5)
Recovery of loss on land held for sale	0	0	0
Loss on early retirement of debt	0	0	0
	-----	-----	-----
Funds from Operations	69,681	56,107	65,011
Cash Available for Distribution:			
Add (Deduct):			
Rental income from straight-line rents	(1,470)	(1,897)	(1,764)
Amortization of deferred financing costs	908	888	836
Building improvements	(3,049)	(2,804)	(3,741)
2nd generation tenant improvements	(6,604)	(8,362)	(13,204)
2nd generation leasing commissions	(1,389)	(1,712)	(1,736)
	-----	-----	-----
Cash Available for Distribution	\$58,077	\$42,220	\$45,402
	=====	=====	=====

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Weighted average common shares/units outstanding - diluted	27,610	27,962	28,019
	=====	=====	=====
Per share/unit - diluted:			
Funds from operations	\$ 2.52	\$ 2.01	\$ 2.32
	=====	=====	=====
Cash available for distribution	\$ 2.10	\$ 1.51	\$ 1.62
	=====	=====	=====
Dividends paid	\$ 1.40	\$ 1.40	\$ 1.30
	=====	=====	=====
Dividend payout ratio:			
Funds from operations	55.6%	69.7%	56.0%
	=====	=====	=====
Cash available for distribution	66.7%	92.7%	80.2%
	=====	=====	=====

7

KOGER EQUITY, INC. AND SUBSIDIARIES NET OPERATING INCOME 2002

	Three Months Ended				Year To Date
	3/31/02	6/30/02	9/30/02	12/31/02	6/30/02
	-----	-----	-----	-----	-----
	\$ (000)	\$ (000)	\$ (000)	\$ (000)	\$ (000)
Same Store Sales:					
Revenues	27,580	27,619			5
Expenses	9,178	9,657			1
	-----	-----	-----	-----	-----
Net Operating Income	18,402	17,962			3
	-----	-----	-----	-----	-----
2001 and 2002 Acquisitions:					
Revenues	2,206	3,305			
Expenses	1,011	1,665			
	-----	-----	-----	-----	-----
Net Operating Income	1,195	1,640			
	-----	-----	-----	-----	-----
Building Completions (1):					
Revenues	782	823			
Expenses	236	266			
	-----	-----	-----	-----	-----
Net Operating Income	546	557			
	-----	-----	-----	-----	-----
2001 Property Sales:					
Revenues	27	108			

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Expenses	33	340			
Net Operating Income	(6)	(232)			
Total Company:					
Revenues	30,595	31,855			6
Expenses	10,458	11,928			2
Net Operating Income	20,137	19,927			4

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

8

KOGER EQUITY, INC. AND SUBSIDIARIES
NET OPERATING INCOME
2001

	Three Months Ended			
	3/31/01	6/30/01	9/30/01	12/31/01
	\$ (000)	\$ (000)	\$ (000)	\$ (000)
Same Store Sales:				
Revenues	27,140	27,010	27,543	
Expenses	9,833	10,035	9,993	
Net Operating Income	17,307	16,975	17,550	
2001 Acquisitions:				
Revenues	0	0	0	
Expenses	0	0	0	
Net Operating Income	0	0	0	
Building Completions (1):				
Revenues	171	495	742	
Expenses	88	182	248	
Net Operating Income	83	313	494	
2001 Property Sales:				
Revenues	14,280	14,123	13,958	
Expenses	5,471	5,549	5,350	
Net Operating Income	8,809	8,574	8,608	

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Total Company:

Revenues	41,591	41,628	42,243
Expenses	15,392	15,766	15,591
Net Operating Income	26,199	25,862	26,652

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

9

KOGER EQUITY, INC. AND SUBSIDIARIES SUMMARY OF OUTSTANDING DEBT AS OF JUNE 30, 2002

	Average Interest		Monthly Debt
Description	Rate	Maturity	Service
			\$ (000)
Fixed Rate:			
Northwestern Mutual - Tranche A	8.19%	01/02/07	789
Northwestern Mutual - Tranche B	8.33%	01/02/09	710
Northwestern Mutual - Tranche C	7.10%	01/02/07	105
Northwestern Mutual - Tranche D	7.10%	01/02/09	216
New York Life	8.00%	12/10/02	68
Allstate Life	8.20%	12/01/06	165
Total Fixed Rate Debt	8.04%		2,053
Variable Rate:			
GE Capital	7.88%	06/30/21	13
Secured Revolving Credit Facility - \$125 Million	3.74%	12/27/2004	234
Total Variable Rate Debt	3.82%		247
Total Debt	7.04%		2,300
Market Capitalization:			
Total Debt			
Common Stock			
Total Market Capitalization			

Schedule of Mortgage Maturities by Year (1):

2002
2003
2004
2005
2006
Thereafter

Total

(1) Does not include Secured Revolving Credit Facility.

10

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

Property	Location	Square Feet	Date Purchased	
1999				
Charlotte University	Charlotte, NC	190,600	11/01/99	
Orlando Lake Mary	Orlando, FL	318,000	11/01/99	
		508,600		
2000				
None				
2001				
None				
2002				
Three Ravinia	Atlanta, GA	845,000	01/31/02	

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

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

Property	Location	Square Feet	Month Completed

1999			
Glenridge Building	Orlando, FL	75,800	01/1999
Wingate Building (3)	Greensboro, NC	98,300	01/1999
Chisholm Building (3)	San Antonio, TX	141,500	02/1999
Coventry III Building (2)	El Paso, TX	21,900	07/1999
Carlton Building	Jacksonville, FL	112,000	09/1999
Landstar Building	Jacksonville, FL	180,900	12/1999

		630,400	
		=====	
2000			
3500 Building (3)	Birmingham, AL	144,900	01/2000
Columbia Building	Atlanta, GA	90,200	01/2000
Stuart Building	Memphis, TN	83,700	01/2000
Dover Building	Orlando, FL	67,400	05/2000
Duluth Building	Atlanta, GA	103,200	05/2000
Pasco Building	St. Petersburg, FL	89,800	05/2000

		579,200	
		=====	
2001			
Collier Building	Jacksonville, FL	113,500	02/2001
Rosemont Building	Orlando, FL	67,400	06/2001

		180,900	
		=====	
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.

KOGER EQUITY, INC. AND SUBSIDIARIES
BUILDINGS UNDER CONSTRUCTION
JUNE 30, 2002

Property	Location	Square Feet	Expected Completion
-----	-----	-----	-----
None.			
		-----	-----
		-	
		=====	=====

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

KOGER EQUITY, INC. AND SUBSIDIARIES
TWENTY-FIVE LARGEST TENANTS
BASED ON ANNUALIZED GROSS RENTS
AS OF JUNE 30, 2002

Tenant (a)	Number of Leases	Leased Square Feet	Term (Months)	Remaining Percent of Leased
-----	-----	-----	-----	-----
U S Government	44	910,483	94	13.7%
State of Florida	47	760,242	33	11.4%
Blue Cross Blue Shield	11	565,925	28	8.5%
Six Continents Hotels	1	348,702	81	5.2%
Landstar Systems Holding, Inc.	1	176,000	149	2.6%
CitiFinancial	1	159,827	62	2.4%
Siemens	5	114,028	9	1.7%
Zurich Insurance Company	2	97,913	55	1.5%
General Electric	3	89,163	7	1.3%
Hanover Insurance	1	89,500	6	1.3%
Hoechst Celanese Corp.	1	92,376	12	1.4%
Ford Motor Company	4	63,271	47	0.9%
Homeside Lending, Inc.	1	69,020	16	1.0%
ACS State Healthcare, LLC	1	52,486	80	0.8%
Dynamic Healthcare Tech Inc.	1	53,761	32	0.8%

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BellSouth	4	66,526	43	1.0%
Moody's Investor Services	1	58,072	2	0.9%
Sara Lee Corp.	1	51,188	36	0.8%
Enovia Corporation	1	44,095	26	0.7%
Best Software, Inc.	1	47,110	78	0.7%
Check Solutions Company	1	40,307	79	0.6%
Navision Software US, Inc.	1	37,783	62	0.6%
Sungard Trust Systems Inc.	2	43,569	48	0.7%
Peerless Insurance Co.	1	36,306	41	0.5%
HireCheck Inc.	1	30,226	68	0.5%

Total	138	4,097,879		61.5%
=====				
Weighted Average			58	
			=====	

- (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 June 30, 2002 multiplied by 12.

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KOGER EQUITY, INC. AND SUBSIDIARIES REGIONAL SUMMARY OF MSAs AS OF JUNE 30, 2002

MSA	State	# of Bldgs	Age (yrs)	Square Feet	%

Atlanta	GA	26	15	2,358,838	
Orlando	FL	28	18	1,299,971	
Jacksonville	FL	11	8	1,166,563	
Tallahassee	FL	19	20	833,916	
Charlotte	NC	15	15	708,878	
St. Petersburg	FL	15	19	669,248	
Memphis	TN	6	9	528,114	
Richmond	VA	1	16	145,008	

Total		121	15	7,710,536	
		=====	=====	=====	=====

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

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KOGER EQUITY, INC. AND SUBSIDIARIES OCCUPANCY SUMMARY AS OF JUNE 30, 2002

	Square Footage			Total	Percentage	
	Occupied	Leased, Not Occupied	Vacant		Occupied	Leased, Not Occupied
Atlanta	1,871,277	40,079	447,482	2,358,838	79.3%	20.7%
Orlando	1,215,820	6,548	77,603	1,299,971	93.5%	6.5%
Jacksonville	1,151,758	6,098	8,707	1,166,563	98.7%	1.3%
Tallahassee	651,426	0	182,490	833,916	78.1%	21.9%
Charlotte	606,586	1,130	101,162	708,878	85.6%	14.4%
St. Petersburg	575,697	7,210	86,341	669,248	86.0%	14.0%
Memphis	443,745	66	84,303	528,114	84.0%	16.0%
Richmond	145,008	0	0	145,008	100.0%	0.0%
Total	6,661,317	61,131	988,088	7,710,536	86.4%	13.6%

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KOGER EQUITY, INC. AND SUBSIDIARIES LEASE DISTRIBUTION AS OF JUNE 30, 2002

Category	Number of Leases (1)	Percent of Leases	Tenant Occupied Square Feet (2)	Percent of Square Feet	Annualized Gross Rent (3)	Average Annual Rent (4)
2,500 or Less	426	51.0%	521,688	7.9%	\$9,206,510	\$21,612
2,501 - 5,000	181	21.7%	647,190	9.8%	11,892,083	\$65,702
5,001 - 7,500	63	7.5%	388,744	5.9%	7,146,484	\$113,754
7,501 - 10,000	34	4.1%	301,154	4.5%	5,627,156	\$164,328

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10,001 - 20,000	55	6.6%	763,217	11.5%	14,361,788
20,001 - 40,000	41	4.9%	1,211,318	18.3%	21,411,772
40,001 - 60,000	18	2.2%	896,741	13.5%	16,772,960
60,001 - 100,000	13	1.6%	1,044,622	15.8%	19,390,402
100,001 or Greater	4	0.5%	844,537	12.8%	16,339,404

Total / Weighted Average	835	100.0%	6,619,211	100.0%	\$122,148,559
-----------------------------	-----	--------	-----------	--------	---------------

Square footage occupied by tenants
Square footage attributable to vending/antenna
Square footage occupied by owner/building use

Total Occupied Square Footage

Leased square footage
Vacant square footage

Total Net Rentable Square Footage

- (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 June 30, 2002 multiplied by 12.

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KOGER EQUITY, INC. AND SUBSIDIARIES LEASE EXPIRATIONS AS OF JUNE 30, 2002

City	Item	2002	2003	2004	2005	2006
Atlanta	Square Feet (1)	162,092	104,237	103,240	191,085	72,211
	% Square Feet (2)	6.89%	4.43%	4.39%	8.12%	3.07%
	Annualized Rent (3)	2,936,751	2,078,920	2,145,668	3,664,194	1,283,900
	Number of Leases (4)	27	41	38	30	2
	Rent PSF	\$18.12	\$19.94	\$20.78	\$19.18	\$17.7
Orlando	Square Feet (1)	246,211	298,395	243,022	157,020	87,111
	% Square Feet (2)	18.93%	22.94%	18.69%	12.07%	6.70%

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	Annualized Rent (3)	4,329,120	5,248,333	4,574,794	2,908,842	1,681,89
	Number of Leases (4)	33	64	60	32	1
	Rent PSF	\$17.58	\$17.59	\$18.82	\$18.53	\$19.3
Jacksonville	Square Feet (1)	7,504	323,548	92,737	168,926	79,82
	% Square Feet (2)	0.64%	27.74%	7.95%	14.48%	6.84
	Annualized Rent (3)	142,183	5,240,318	1,732,698	2,354,241	1,495,55
	Number of Leases (4)	4	14	7	5	
	Rent PSF	\$18.95	\$16.20	\$18.68	\$13.94	\$18.7
Tallahassee	Square Feet (1)	142,730	94,844	66,031	5,763	174,48
	% Square Feet (2)	17.13%	11.38%	7.92%	0.69%	20.94
	Annualized Rent (3)	2,601,586	1,844,976	1,116,982	99,342	3,739,25
	Number of Leases (4)	31	27	9	4	
	Rent PSF	\$18.23	\$19.45	\$16.92	\$17.24	\$21.4
Charlotte	Square Feet (1)	116,499	210,766	119,771	38,554	57,37
	% Square Feet (2)	16.44%	29.74%	16.90%	5.44%	8.10
	Annualized Rent (3)	1,960,944	3,809,019	2,157,622	658,290	919,96
	Number of Leases (4)	11	26	21	12	
	Rent PSF	\$16.83	\$18.07	\$18.01	\$17.07	\$16.0
St. Petersburg	Square Feet (1)	41,489	105,856	120,016	94,115	56,96
	% Square Feet (2)	6.19%	15.80%	17.92%	14.05%	8.50
	Annualized Rent (3)	704,418	1,607,538	1,755,080	1,515,501	937,20
	Number of Leases (4)	26	38	20	19	
	Rent PSF	\$16.98	\$15.19	\$14.62	\$16.10	\$16.4
Memphis	Square Feet (1)	55,447	63,098	40,322	134,392	71,28
	% Square Feet (2)	10.52%	11.97%	7.65%	25.49%	13.52
	Annualized Rent (3)	1,067,475	1,230,557	807,705	2,470,593	1,297,20
	Number of Leases (4)	12	17	12	22	
	Rent PSF	\$19.25	\$19.50	\$20.03	\$18.38	\$18.2
Richmond	Square Feet (1)	8,341	35,441	12,541	45,704	12,95
	% Square Feet (2)	5.75%	24.44%	8.65%	31.52%	8.93
	Annualized Rent (3)	164,323	875,216	248,369	894,355	241,02
	Number of Leases (4)	2	8	4	5	
	Rent PSF	\$19.70	\$24.70	\$19.80	\$19.57	\$18.6
Total	Square Feet (1)	780,313	1,236,185	797,680	835,559	612,21
	% Square Feet (2)	10.13%	16.04%	10.35%	10.84%	7.95
	Annualized Rent (3)	13,906,800	21,934,877	14,538,918	14,565,358	11,596,0
	Number of Leases (4)	146	235	171	129	7
	Rent PSF	\$17.82	\$17.74	\$18.23	\$17.43	\$18.9
City	Item	2008	2009	2010	2011	2011 +
Atlanta	Square Feet (1)	158,504	551,625	98,174	26,201	239,42
	% Square Feet (2)	6.73%	23.43%	4.17%	1.11%	10.17
	Annualized Rent (3)	3,171,324	13,447,388	1,748,395	626,573	4,284,82
	Number of Leases (4)	6	8	1	1	

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	Rent PSF	\$20.01	\$24.38	\$17.81	\$23.91	\$17.9
Orlando	Square Feet (1)	90,204	25,000	635	0	
	% Square Feet (2)	6.94%	1.92%	0.05%	0.00%	0.00
	Annualized Rent (3)	1,595,019	459,306	11,573	0	
	Number of Leases (4)	6	1	1	0	
	Rent PSF	\$17.68	\$18.37	\$18.23	\$0.00	\$0.0
Jacksonville	Square Feet (1)	0	0	0	26,947	176,00
	% Square Feet (2)	0.00%	0.00%	0.00%	2.31%	15.09
	Annualized Rent (3)	0	0	0	527,622	2,633,84
	Number of Leases (4)	0	0	0	1	
	Rent PSF	\$0.00	\$0.00	\$0.00	\$19.58	\$14.9
Tallahassee	Square Feet (1)	48,876	0	0	26,696	
	% Square Feet (2)	5.86%	0.00%	0.00%	3.20%	0.00
	Annualized Rent (3)	872,437	0	0	340,374	
	Number of Leases (4)	1	0	0	1	
	Rent PSF	\$17.85	\$0.00	\$0.00	\$12.75	\$0.0
Charlotte	Square Feet (1)	0	40,307	0	0	
	% Square Feet (2)	0.00%	5.69%	0.00%	0.00%	0.00
	Annualized Rent (3)	0	735,396	0	0	
	Number of Leases (4)	0	1	0	0	
	Rent PSF	\$0.00	\$18.24	\$0.00	\$0.00	\$0.0
St. Petersburg	Square Feet (1)	77,336	12,709	17,686	0	
	% Square Feet (2)	11.55%	1.90%	2.64%	0.00%	0.00
	Annualized Rent (3)	1,457,427	170,936	244,774	0	
	Number of Leases (4)	2	1	1	0	
	Rent PSF	\$18.85	\$13.45	\$13.84	\$0.00	\$0.0
Memphis	Square Feet (1)	47,188	0	0	0	
	% Square Feet (2)	8.95%	0.00%	0.00%	0.00%	0.00
	Annualized Rent (3)	900,057	0	0	0	
	Number of Leases (4)	3	0	0	0	
	Rent PSF	\$19.07	\$0.00	\$0.00	\$0.00	\$0.0
Richmond	Square Feet (1)	0	0	0	0	
	% Square Feet (2)	0.00%	0.00%	0.00%	0.00%	0.00
	Annualized Rent (3)	0	0	0	0	
	Number of Leases (4)	0	0	0	0	
	Rent PSF	\$0.00	\$0.00	\$0.00	\$0.00	\$0.0
Total	Square Feet (1)	422,108	629,641	116,495	79,844	415,42
	% Square Feet (2)	5.48%	8.17%	1.51%	1.04%	5.39
	Annualized Rent (3)	7,996,264	14,813,026	2,004,742	1,494,569	6,918,66
	Number of Leases (4)	18	11	3	3	
	Rent PSF	\$18.94	\$23.53	\$17.21	\$18.72	\$16.6

(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 June 30, 2002 multiplied by 12.

(4) Analysis does not include owner occupied space, vending leases and antenna leases.

KOGER EQUITY, INC. AND SUBSIDIARIES
NET EFFECTIVE RENTS

	New & Backfill Leases		
	06/30/2002	03/31/2002	12/31/2001
Number of leases	29	27	
Rentable square footage leased	154,666	40,165	104,400
Average per rentable square foot over the lease term:			
Gross Rent	\$ 19.83	\$ 17.66	\$ 18.00
Tenant improvements	(1.96)	(1.59)	(1.00)
Leasing commissions	(0.98)	(0.40)	(0.00)
Other/concessions	-	-	-
Effective Rent	16.89	15.67	16.00
Expense stop	(6.16)	(5.26)	(5.00)
Equivalent effective net rent	\$ 10.73	\$ 10.41	\$ 10.00
Average term (yrs)	6.0	3.8	5.0
	Renewal Leases		
	06/30/2002	03/31/2002	12/31/2001
Number of leases	56	45	
Rentable square footage leased	169,543	434,600	104,200
Average per rentable square foot over the lease term:			
Gross Rent	\$ 18.53	\$ 16.08	\$ 17.00
Tenant improvements	(0.91)	(0.56)	(0.00)
Leasing commissions	(0.24)	(0.10)	(0.00)
Other/concessions	-	-	-
Effective Rent	17.38	15.42	16.00
Expense stop	(5.55)	(4.96)	(5.00)
Equivalent effective net rent	\$ 11.83	\$ 10.46	\$ 10.00
Average term (yrs)	3.8	4.2	4.0

KOGER EQUITY, INC. AND SUBSIDIARIES
SAME SUITE ANALYSIS
YEAR TO DATE JUNE 30, 2002

	Total Leasing (a)		
	RSF Leased	New Net Rent per RSF	Expiring Net Rent per RSF
Atlanta	130,248	\$13.88	\$13.25
Orlando	99,665	\$11.58	\$10.78
Jacksonville	167,459	\$10.10	\$10.57
Tallahassee	113,861	\$11.38	\$11.12
Charlotte	8,773	\$13.81	\$14.04
St. Petersburg	96,447	\$10.93	\$11.15
Memphis	39,281	\$10.83	\$11.15
Richmond	19,295	\$12.97	\$13.59
Total	675,029	\$11.56	\$11.46

(a) Analysis includes leases fully executed from 1/1/02 to 6/30/02 for buildings owned at 6/30/02. Does not include First Generation space.