



First Union Real Estate Equity and Mortgage Investments Announces Financial Results for Three and Twelve Months Ended December 31, 2003

BOSTON, Mar 11, 2004 /PRNewswire-FirstCall via COMTEX/ -- First Union Real Estate Equity and Mortgage Investments (FUR), a real estate investment trust, announced the operating results for the three and twelve months ended December 31, 2003.

Financial results for the three and twelve months ended December 31, 2003 and 2002 are as follows:

(in thousands)	Three Months Ended		Twelve Months Ended	
	December 31, 2003	December 31, 2002	December 31, 2003	December 31, 2002
Revenues	\$3,892	\$4,701	\$16,646	\$18,701
Loss before gain on sale	(1,019)	(1,229)	(5,956)	(5,032)
Gain on sale	-	-	54	-
Net loss	\$ (1,019)	\$ (1,229)	\$ (5,902)	\$ (5,032)
Net loss applicable to shares of bene- ficial interest	\$ (1,535)	\$ (1,745)	\$ (7,966)	\$ (7,099)
Net loss applicable to shares of bene- ficial interest (per share)	\$ (0.06)	\$ (0.05)	\$ (0.26)	\$ (0.20)

For the three months ended December 31, 2003, First Union's net loss applicable to shares of beneficial interest was \$1.5 million compared to a net loss applicable to shares of beneficial interest of \$1.7 million for the same period in 2002 due primarily to a decrease in expenses for the comparable periods. Net loss applicable to shares of beneficial interest for the three months ended December 31, 2003 and 2002 included \$0.0 million and \$0.4 million, respectively, of transaction costs related to the proposed transaction with Gotham Golf Corp., which are included in general and administrative expenses. In addition, the net loss applicable to shares of beneficial interest for the three months ended December 31, 2003 and 2002 included \$0.1 million \$0.5 million, respectively, of costs related to the lawsuits brought in connection with the Gotham transaction, which are included in general and administrative expenses. Property net operating income (which is defined as rent less operating expenses) and real estate taxes increased for the three months ended December 31, 2003 to \$2.4 million from \$2.3 million for the same period in 2002. The increase was attributable to lower real estate tax expense. VenTek's sales decreased for the three months ended December 31, 2003 to \$76,000 from \$0.7 million for the comparable period in 2002 and cost of goods sold decreased to \$0.5 million from \$1.3 million for the same period in 2002. The decrease in both sales and cost of goods sold is due to the winding down of VenTek's current contracts.

Interest income decreased during the three months ended December 31, 2003, as compared to the same period in 2002, due primarily to lower cash balances maintained in 2003.

During the three months ended December 31, 2003, the Trust used \$12.538 million from its cash reserves to repay in full its senior notes. In addition, during this period, the Company closed its transactions under the previously

announced Stock Purchase Agreement between the Trust and FUR Investors LLC including, without limitation, the acquisition by FUR Investors LLC purchased 5,000,000 newly issued common shares from the Trust at a price of \$2.60 per share (\$13,000,000 in the aggregate).

The Combined Statements of Operations for First Union for the three and twelve month periods ended December 31, 2003 and 2002 accompanies this release.

Certain statements contained in this press release that are forward-looking are based on current expectations that are subject to a number of uncertainties and risks, and actual results may differ materially. Further information about these matters and the risks generally with respect to First Union can be found in First Union's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission.

First Union Real Estate Equity and Mortgage Investments is a NYSE-listed real estate investment trust (REIT) headquartered in Boston, Massachusetts.

FIRST UNION REAL ESTATE EQUITY and MORTGAGE INVESTMENTS				
Combined Statements of Operations				
(In thousands, except per share data)				
	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2003	2002	2003	2002
Revenues				
Rents	\$3,660	\$3,630	\$13,916	\$13,643
Sales	76	730	1,892	2,924
Interest and dividends	156	341	838	1,659
Other income	-	-	-	475
	3,892	4,701	16,646	18,701
Expenses				
Property operating	1,203	1,097	4,965	5,043
Cost of goods sold	525	1,354	3,279	4,892
Real estate taxes	99	225	773	899
Depreciation and amortization	549	537	2,161	2,077
Interest	943	1,217	4,551	5,102
General and administrative	1,592	1,500	6,873	5,720
	4,911	5,930	22,602	23,733
Loss before gains on sales	(1,019)	(1,229)	(5,956)	(5,032)
Gains on sales	-	-	54	-
Net loss	(1,019)	(1,229)	(5,902)	(5,032)
Preferred dividend	(516)	(516)	(2,064)	(2,067)
Net loss applicable to shares of beneficial interest	\$(1,535)	\$(1,745)	\$(7,966)	\$(7,099)
Per share data				
Basic:				
Net loss applicable to shares of beneficial interest	\$(0.06)	\$(0.05)	\$(0.26)	\$(0.20)
Diluted:				
Net loss applicable to shares of beneficial interest	\$(0.06)	\$(0.05)	\$(0.26)	\$(0.20)
Basic weighted average shares	26,168	34,809	30,885	34,807
Diluted weighted average shares	26,168	34,809	30,885	34,807

SOURCE First Union Real Estate Equity and Mortgage Investments

Carolyn Tiffany, Chief Operating Officer of First Union Real
Estate Equity and Mortgage Investments, +1-617-570-4614
(FUR)