UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]
For the fiscal year ended January 31, 1994

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the transition period from to

Commission file number 1-4372

FOREST CITY ENTERPRISES, INC.
(Exact name of registrant as specified in its charter)

Ohio	34-0863886
(State of incorporation)	(I.R.S. Employer Identification No.)
10800 Brookpark Road Cleveland, Ohio	44130
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 216-267-1200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common Stock ($.33 1/3 par value)	American Stock Exchange
Class B Common Stock ($.33 1/3 par value)	American Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

On March 1, 1994 the aggregate market value of the voting stock held by non-affiliates of the registrant amounted to $105,254,409 and $52,221,415 for Class A and Class B common stock, respectively.

The number of shares of registrant's common stock outstanding on March 1, 1994 was 5,146,226 and 3,845,388 for Class A and Class B common stock, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Annual Report to Shareholders for the fiscal year ended January 31, 1994 (1993 Annual Report to Shareholders) are incorporated by reference into Parts I and II of this Form 10-K. Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held June 14, 1994 are incorporated by reference into Part III of this Form 10-K.

PART I

Item 1. Business

Forest City Enterprises, Inc. and subsidiaries (the "Company" or "Forest City Enterprises") is a major national real estate company principally engaged in the development, construction, ownership and management of commercial and residential real estate throughout the United States. The Company is vertically integrated and comprised of three main operating groups: Forest City Rental Properties Corporation, Sunrise Land Company and the Wholesale Lumber Division.

Forest City Rental Properties Corporation ("Rental Properties"), a wholly-owned subsidiary of Forest City Enterprises, conducts the real estate development and management activity for the Company. Rental Properties focuses on urban development and is engaged in the investment in, development and management of large-scale real estate projects, including regional malls and shopping centers, hotels, office and mixed-use facilities and apartment complexes.

Sunrise Land Company is involved in the acquisition, development and sale of commercial, industrial and residential land.

The Wholesale Lumber Division is comprised of the Company's lumber brokerage business which operates in the trading of lumber in the United States and Canada, and a business which sells lumber and building materials to contractors in Northeast Ohio.

The following material provides additional information about the Company's principal operating groups.

I. Rental Properties

Rental Properties was formed as, and has remained, a wholly-owned subsidiary of Forest City Enterprises since its inception on September 19, 1969.

The goal of Rental Properties is to increase value through the development and ownership of predominantly large-scale real estate projects nationwide, with an emphasis on urban projects. Rental Properties is responsible for the development, construction, management and ownership of a diversity of projects including mixed-use properties, shopping centers, apartment complexes, congregate care facilities, office buildings, hotels and parking facilities. The business of Rental Properties is conducted through three divisions: the Residential Development and Management Division, the Commercial Development Division and the Commercial Management Division.

The Residential Development and Management Division is responsible for developing, leasing and managing our residential properties. In addition, the Division acquires completed real estate at advantageous prices.

The Commercial Development Division locates and executes commercial and mixed-use development opportunities, obtaining favorable financing and structuring deals as advantageously as possible. This division also supervises construction and carries out the initial lease up of the properties it develops. Real estate development is a highly competitive business. For this reason, the Company seeks projects to which its special talents, imagination and resources are likely to add value. The Company uses a variety of financing techniques. In addition to being financed through conventional methods, its projects also have been financed with various forms of public/private financing alternatives.These include government-subsidized mortgage loans used to construct housing for the elderly and disadvantaged, bond proceeds on which the interest is tax-free to the recipients and Urban Development Action Grants (either noninterest-bearing or bearing interest at below-market rates) which the Company received as an inducement to develop real estate in economically underdeveloped localities.

The Commercial Management Division is responsible for the ownership, leasing and management of our shopping centers, office buildings, hotels, and mixed-use projects. Once projects are developed by the Commercial Development Division, they are transferred to the Commercial Management Division. This group is also responsible for increasing cash flow by deciding when to refinance, determining leasing strategy, deciding when to purchase interest rate caps on variable-rate debt and setting capital expenditures.

II. Sunrise Land Company

Sunrise Land Company acquires and sells both raw land and developed lots to commercial, industrial and residential users. The Division's efforts are currently concentrated on major developments in Arizona, Florida, Illinois, Nevada, New York and Ohio.

Competition in this segment is dominated by price, location and availability of product.

III. Wholesale Lumber Division

Lumber Brokerage--Forest City Trading Group, Inc., with thirteen offices in the United States and one office in Canada, conducts the lumber brokerage portion of the Company's business. Lumber brokerage consists of the purchase of lumber and plywood from sawmills and other specialty products for immediate resale to retailers and other large purchasers of lumber throughout the United States.

Approximately 88% of the Division's transactions are direct shipments from the sawmills to the customer. The remainder of its business is delivered from inventory stored at public warehouse facilities.

Wholesale Lumber--This unit is comprised of two joint ventures in northeastern Ohio which are accounted for on the equity method. Forest City and North American Lumber supplies building materials and lumber to general contractors. Forest City/Babin is a wholesaler of major home appliances, cabinets and hardware to housing contractors.

The principal factors of competition in this unit are price, service and product availability.

Number of Employees

The Company had 2,980 employees as of January 31, 1994, of which 2,309 were full-time and 671 were part-time.

Segments of Business

Financial information about industry segments required by this item is incorporated by reference to Note I "Segment Information" which appears on page 30 of the 1993 Annual Report to Shareholders.

Item 2. Properties

The Corporate headquarters of Forest City Enterprises is located in Cleveland, Ohio and is owned by the Company. Forest City Trading Group maintains its headquarters in Portland, Oregon with thirteen aministrative and sales offices and two manufacturing plants located in eight states and one sales office in North Vancouver, B.C., Canada.

The "Forest City Rental Properties Corporation Portfolio of Real Estate," presented on pages 18 and 19 of the 1993 Annual Report to Shareholders, lists the shopping centers, office buildings, hotels and apartments in which Rental Properties has an interest and is incorporated herein by reference.

Item 3. Legal Proceedings

The Company is involved in various claims and lawsuits incidental to its business. The Company's General Counsel is of the opinion that, except for the claims discussed below which may or may not have a material effect, none of the other claims and lawsuits will have a material adverse effect on the Company.

The Company holds a partnership interest in Grant Liberty Development Group Associates ("GLDGA"). GLDGA and Metropolitan Life Insurance Company ("Metropolitan") hold ownership interests of 40% and 60%, respectively, in Liberty Center Venture ("Partnership"). Metropolitan is also the holder of the nonrecourse mortgage which encumbers the property held by the Partnership. In July 1990, GLDGA initiated an action against Metropolitan alleging Metropolitan violated its fiduciary duty to the Partnership by refusing to refinance or reduce the interest rate on the mortgage and by making decisions detrimental to the Partnership. Subsequently, in March 1991, Metropolitan filed an action against the Partnership to foreclose on the mortgage and obtain title to the property and, subsequent thereto a receiver had been appointed to manage the property.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the fourth quarter.

Executive Officers of the Registrant

The following list is included as an unnumbered Item in Part I of this Report in lieu of being included in the Proxy Statement for the Annual Meeting of Shareholders to be held on June 14, 1994.

The names, ages and positions held by the executive officers of the Company are presented in the following list. Each individual has been appointed to serve for the period which ends with the Annual Meeting of Shareholders scheduled for June 14, 1994. (Note: The first order of business at the Annual Meeting of Shareholders will be an immediate adjournment to Tuesday, June 21, 1994 because of a scheduling conflict with many of the Directors.)

Name and Position(s) Held	Date Appointed	Age	Family Relationship
Max Ratner Founder Chairman of the Board, Director, Officer of various subsidiary corporations.	6-08-93	86	Brother-in-law of Nathan Shafran; Uncle of Albert B. Ratner; Father of Charles A. Ratner, James A. Ratner and Ronald A.Ratner
Albert B. Ratner Vice Chairman of the Board, Chief Executive Officer, Director, Officer of various subsidiary corporations.	6-08-93	66	
Samuel H. Miller Chairman of the Board, Treasurer, Director, Officer of various subsidiary corporations.	6-08-93	72	

Charles A. Ratner President, Chief Operating Officer, Director, Officer of various subsidiary corporations.	6-08-93	52
Nathan Shafran Vice Chairman of the Board, Director, Officer of various subsidiary corporations.	3-11-87	80
James A. Ratner Executive Vice President, Director, Officer of various subsidiary corporations.	3-09-88	49
Ronald A. Ratner Executive Vice President, Director, Officer of various subsidiary corporations.	3-09-88	47
Thomas G. Smith Senior Vice President, Chief Financial Officer, Secretary, Officer of various subsidiary corporations.	9-03-85	53
William M. Warren Senior Vice President and General Counsel.	5-16-72	65
D. Layton McCown Vice President-Corporate Controller.	8-17-86	45

<FN>
Gilles Stucker resigned his position with the Registrant as Senior Vice President-Finance effective January 31, 1994.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Information required by this item is incorporated by reference to the "Quarterly Consolidated Financial Data (Unaudited)" which appears on page 33 of the 1993 Annual Report to Shareholders.

Item 6. Selected Financial Data

The information required by this item is incorporated by reference to the "Selected Financial Data" on page 20 of the 1993 Annual Report to Shareholders.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by this item is incorporated by reference to "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 33 through 35 of the 1993 Annual Report to Shareholders.

Item 8. Financial Statements and Supplementary Data

The financial statements and supplementary data for Forest City Enterprises, Inc. and subsidiaries are incorporated by reference to pages 21 through 33 of the 1993 Annual Report to Shareholders.

Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

(a) Identification of Directors is contained in a definitive proxy statement which the registrant anticipates will be filed by May 5, 1994 and is incorporated herein by reference.

(b) Pursuant to General Instruction G of Form 10-K and Item 401(b) of Regulation S-K, Executive Officers of the Registrant are reported in Part I of this Report.

(c) The disclosure of delinquent filers under Section 16(a) of the Securities Exchange Act of 1934 is contained in a definitive proxy statement which the registrant anticipates will be filed by May 5, 1994 and is incorporated herein by reference.

Item 11. Executive Compensation; Item 12. Security Ownership of Certain Beneficial Owners and Management; and Item 13. Certain Relationships and Related Transactions

Information required under these sections is contained in a definitive proxy statement which the registrant anticipates will be filed by May 5, 1994 and is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) 1. The following financial statements of Forest City Enterprises, Inc. and subsidiaries and the report of the independent accountants included in the 1993 Annual Report to Shareholders are incorporated by reference in Part II, Item 8.

Report of Independent Accountants
Consolidated Balance Sheets - January 31, 1994 and January 31, 1993
Consolidated Statements of Earnings for the three years ended January 31, 1994
Consolidated Statements of Shareholders' Equity for the three years ended January 31, 1994
Consolidated Statements of Cash Flows for the three years ended January 31, 1994
Notes to Consolidated Financial Statements

Individual financial statements of 50% or less owned persons accounted for by the equity method have been omitted because such 50% or less owned persons considered in the aggregate as a single subsidiary would not constitute a significant subsidiary.

(a) 2. The following consolidated financial statement schedules are included in Part IV, Item 14(d):

For the three years ended January 31, 1994:

Page No.

The report of the registrant's independent accountants with respect to the above listed financial statement schedules as of and for the years ended January 31, 1994, 1993 and 1992 appears on page IV-3 of this Report.

Schedules other than those listed above are omitted for the reason that they are not required or are not applicable, or the required information is shown in the consolidated financial statements or notes thereto. Columns omitted from schedules filed have been omitted because the information is not applicable.

(a) 3. Exhibits:

No. 3.1 - Amended Articles of Incorporation adopted as of October 11, 1983, was filed with Form 10-Q for the quarter ended October 31, 1983 and is incorporated herein by reference.

No. 3.2 - Code of Regulations as amended June 11, 1991 was filed with Form 10-K for the fiscal year ended January 31, 1992 and is incorporated herein by reference.

No. 10.1 - Credit Agreement, dated as of July 1, 1989, among Forest City Rental Properties Corporation, the banks named therein and Ameritrust Company National Association, as Agent, was filed with Form 10-Q for the quarter ended July 31, 1989 and is incorporated herein by reference.

No. 10.2 - Amendment Agreement, dated as of July 1, 1989, among Forest City Rental Properties Corporation, the banks named therein and Ameritrust Company National Association, as Agent, was filed with Form 10-Q for the quarter ended July 31, 1989 and is incorporated herein by reference.

No. 10.3 - Guaranty of Payment of Debt, dated as of July 1, 1989, between Forest City Enterprises, Inc. and the banks named therein was filed with Form 10-Q for the quarter ended July 31, 1989 and is incorporated herein by reference.

No. 10.4 - Second Amendment Agreement, dated as of June 29, 1990, among Forest City Rental Properties Corporation, the banks named therein and Ameritrust Company National Association, as Agent, was filed with Form 10-K for the fiscal year ended January 31, 1991 and is incorporated herein by reference.

No. 10.5 - Amendment Agreement to the Guaranty of Payment of Debt, dated as of June 29, 1990, between Forest City Enterprises, Inc. and the banks named therein was filed with Form 10-K for the fiscal year ended January 31, 1991 and is incorporated herein by reference.

No. 10.6 - Amendment Agreement to the Guaranty of Payment of Debt, dated as of June 14, 1991, between Forest City Enterprises, Inc. and the banks named therein was filed with Form 10-K for the fiscal year ended January 31, 1992 and is incorporated herein by reference.

No. 13 - 1993 Annual Report to Shareholders

		Page No.
No. 22 -	Subsidiaries of the Registrant (Parents and Subsidiaries)	IV-10

(b) Reports on Form 8-K filed during the three months ended January 31, 1994:
None.

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors and Shareholders
Forest City Enterprises, Inc.

Our report on the consolidated financial statements of Forest City Enterprises, Inc. and subsidiaries has been incorporated by reference in this Form 10-K from page 21 of the 1993 Annual Report to Shareholders of Forest City Enterprises, Inc. In connection with our audits of such financial statements, we have also audited the related financial statement schedules listed in the index on page IV-1 of this Form 10-K.

In our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

/s/ Coopers & Lybrand

Cleveland, Ohio
March 10, 1994

FOREST CITY ENTERPRISES, INC. AND SUBSIDIARIES

SCHEDULE II - AMOUNTS RECEIVABLE FROM RELATED PARTIES AND UNDERWRITERS, PROMOTERS, AND EMPLOYEES OTHER THAN RELATED PARTIES

Name of Debtor	Balance at Beginning of Period	Additions	Deductions Amounts Collected	Deductions Amounts Written Off	Balance at End of Period
			(in thousands)		
Year ended January 31, 1994					
David G. Max-Muller (A)<F1>	$183	$ -	$ -	$ -	$183
Everett Shine (B)<F2>	203	-	-	-	203
Abraham Gelber (C)<F3>	131	5	(32)	-	104
	$517	$ 5	$ (32)	$ -	$490
Year ended January 31, 1993					
David G. Max-Muller (A)<F1>	$183	$ -	$ -	$ -	$183
Everett Shine (B)<F2>	203	-	-	-	203

Abraham Gelber (C)<F3>	151	5	(25)	-	131
	$537	$ 5	$ (25)	$ -	$517
Year ended January 31, 1992					
David G. Max-Muller (A)<F1>	$183	$ -	$ -	$ -	$183
Everett Shine (B)<F2>	200	3	-	-	203
Abraham Gelber (C)<F3>	150	1	-	-	151
	$533	$ 4	$ -	$ -	$537

<F1>(A) Mr. Max-Muller terminated his employment in August 1990. As a part of his termination agreement, this note is due upon sale of the residence or death of the debtor. The promissory note is secured by a second mortgage on his residence with interest charged at the Company's cost of borrowing but not to exceed 10%. The promissory note became noninterest-bearing as of August 1990.

<F2>(B) The promissory note is secured by a second mortgage on the employee's residence with interest charged at the lower of 8% or a formula based on the increased value of the residence. Additionally, the promissory note is due June 13, 1998 or earlier providing the residence is sold or the employee is terminated. The accrual of interest income was discontinued during 1991 due to the difficulty in computing it under the formula.

<F3>(C) The promissory note is secured by a second mortgage on the employee's new residence and former residence. The note is due on the earlier of November 21, 1994 or the date of closing on the sale of the former residence. This note became interest-bearing at the rate of 4% on November 21, 1991.

FOREST CITY ENTERPRISES, INC. AND SUBSIDIARIES

SCHEDULE VIII - VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deductions	Balance at End of Period
		(in thousands)		
Allowance for doubtful accounts				
Year Ended January 31, 1994	$3,683	$3,078	$1,439(A)<F1>	$5,322
Year Ended January 31, 1993	$5,226	$1,827	$3,370(A)<F1>	$3,683
Year Ended January 31, 1992	$5,963	$3,271	$4,008(A)<F1>	$5,226

<FN>
<F1>(A) Uncollectible accounts written off.

FOREST CITY ENTERPRISES, INC. AND SUBSIDIARIES

SCHEDULE IX - SHORT-TERM BORROWINGS

Category of Aggregate Short-Term Borrowings	Balance at End of Period	Weighted Average Interest Rate	Maximum Amount Outstanding During the Period	Average Amount Outstanding During the Period (A)<F1>	Weighted Average Interest Rate During the Period (B)<F2>
			(in thousands)		
Year Ended January 31, 1994					
Notes payable to financial institutions	$ 26,555	6.6%	$ 70,565	$ 36,585	7.0%
Commercial Paper	$ 39,704	3.2%(C)<F3>	$141,235	$ 65,082	3.1%(C)<F3>
Year Ended January 31, 1993					
Notes payable to financial institutions	$ 49,168	6.8%	$ 62,713	$ 45,391	7.5%
Commercial Paper	$141,914	3.5%(C)<F3>	$144,134	$143,482	4.1%(C)<F3>
Year Ended January 31, 1992					
Notes payable to financial institutions	$ 39,690	7.0%	$ 45,571	$ 37,174	8.8%
Commercial Paper	$143,912	5.0%(C)<F3>	$145,389	$144,344	8.5%(C)<F3>

<F1>(A) The average amount outstanding during the period was computed by adding the daily principal balance outstanding during the period and then dividing that total by the number of days in the period.

<F2>(B) The weighted average interest rate during the period was computed by dividing interest expense by the "Average Amount Outstanding During the Period."

<F3>(C) Includes certain credit related fees.

FOREST CITY ENTERPRISES, INC. AND SUBSIDIARIES

SCHEDULE X - SUPPLEMENTARY INCOME STATEMENT INFORMATION

Item	Charged to Costs and Expenses Year Ended January 31, 1994	1993	1992
	(in thousands)		
Maintenance and repairs	$30,746	$29,104	$27,055
Taxes, other than payroll and income taxes: Real property	25,733	27,214	23,781
Amortization of intangible assets	16,468	14,862	12,397
Advertising costs	5,895	5,858	5,424

FOREST CITY ENTERPRISES, INC. AND SUBSIDIARIES

SCHEDULE XI - REAL ESTATE AND ACCUMULATED DEPRECIATION

(in thousands)

Description of Property	Amount of encumbrance at Jan. 31, 1994	Initial cost to Company: Land	Initial cost to Company: Buildings, and imprvmnts.	Cost capitalized subsequent to acquisition: Imprvemnts.	Cost capitalized subsequent to acquisition: Carrying costs	Gross amount at which carried at close of January 31, 1994: Land	Gross amount at which carried at close of January 31, 1994: Buildings, and imprvmnts.	Total (A)<F1>(B)	Acc Depr at Jan 31, 1994 (C)	Date of const.	Date acquired	Range of lives (in yrs) on which deprec in latest income statement is computed: Bldg.	Improv.
Apartments:													
Los Angeles, Calif.	$ 216,542	$53,238	$ 148,383	$ 9,431	$ -	$ 53,959	$ 157,093	$ 211,052	$ 29,855		10/86	40	10-40
Misc. invest.	426,958	42,916	434,694	11,676	27,867	44,644	472,509	517,153	74,056	Various	-	Various	Various
Shopping Centers:													
Cleveland, Ohio	66,058	-	143,287	5,718	-	-	149,005	149,005	11,499	1988-1990	-	50	50
Misc. invest.	478,346	29,412	319,669	65,237	30,387	40,598	404,107	444,705	72,437	Various	-	Various	Various
Office Buildings:													
New York, New York	128,838	-	137,618	1,484	-	-	139,102	139,102	4,919	1989-1991	-	50	-
Misc. invest.	517,236	11,335	479,628	106,775	45,009	13,407	629,340	642,747	81,210	Various	-	Various	Various
Leasehold improvements and other equipment:													
Misc. invest.	-	-	12,793	-	-	-	12,793	12,793	8,337	-	Various	Various	Various
Under Construction:													
Misc. invest.	49,161	108,719	105,392	-	-	108,719	105,392	214,111	-				
Undeveloped Land:													
Misc. invest.	47,860	74,398	-	-	-	74,398	-	74,398	-				
Total	$1,930,999	$320,018	$1,781,464	$200,321	$103,263	$335,725	$2,069,341	$2,405,066	$282,313				

<FN>
<F1>(A) The aggregate cost at January 31, 1994 for federal income tax purposes was $2,261,137.

FOREST CITY ENTERPRISES, INC. AND SUBSIDIARIES
SCHEDULE XI - REAL ESTATE AND ACCUMULATED DEPRECIATION (CONTINUED)

	For the Years Ended January 31, 1994	1993	1992
	(in thousands)		
(B) Reconciliations of total real estate carrying value are as follows:			
Balance at beginning of period	$2,310,970	$2,281,731	$2,080,522
Additions during period -			
Improvements	127,035	111,083	226,358
Other acquisitions	5,198	-	-
	132,233	111,083	226,358
Deductions during period -			
Cost of real estate sold	(38,137)	(81,844)	(25,149)
Balance at end of period	$2,405,066	$2,310,970	$2,281,731
(C) Reconciliations of accumulated depreciation are as follows:			
Balance at beginning of period	$ 243,019	$ 204,212	$ 178,485
Additions during period -			

Charged to profit or loss	48,840	44,410	39,583
Deductions during period - Retirement and sales	(9,546)	(5,603)	(13,856)
Balance at end of period	$ 282,313	$ 243,019	$ 204,212

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

FOREST CITY ENTERPRISES, INC.
(Registrant)

DATE: 4/27/94 BY: /s/ Albert B. Ratner
(Albert B. Ratner, Vice Chairman of the Board)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Max Ratner (Max Ratner)	Founder Chairman of the Board and Director	4/27/94 (Date)
/s/ Albert B. Ratner (Albert B. Ratner)	Vice Chairman of the Board and Director (Principal Executive Officer)	4/27/94 (Date)
/s/ Samuel H. Miller (Samuel H. Miller)	Chairman of the Board, Treasurer and Director	4/27/94 (Date)
/s/ Charles A. Ratner (Charles A. Ratner)	President, Chief Operating Officer and Director	4/27/94 (Date)
/s/ Thomas G. Smith (Thomas G. Smith)	Senior Vice President, Chief Financial Officer and Secretary (Principal Financial Officer)	4/27/94 (Date)
/s/ D. Layton McCown (D. Layton McCown)	Vice President and Corporate Controller (Principal Accounting Officer)	4/27/94 (Date)
/s/ Nathan Shafran (Nathan Shafran)	Vice Chairman of the Board and Director	4/27/94 (Date)
/s/ James A. Ratner (James A. Ratner)	Executive Vice President and Director	4/27/94 (Date)
/s/ Ronald A. Ratner (Ronald A. Ratner)	Executive Vice President and Director	4/27/94 (Date)
/s/ Jerry V. Jarrett (Jerry V. Jarrett)	Director	4/27/94 (Date)
/s/ Scott S. Cowen (Scott S. Cowen)	Director	4/27/94 (Date)

The registrant plans to furnish security holders a copy of the Annual Report and Proxy material by May 5, 1994.

Exhibits Filed Electronically

The following exhibits are included in this electronic filing and are located after this index.

Exhibit No. 22 - Parents and Subsidiaries

Portions of the 1993 Annual Report to Shareholders that are incorporated by reference into this electronic filing:

- Selected Financial Data
- Report of Independent Accountants
- Financial Statements of Forest City Enterprises, Inc. and subsidiaries
- Quarterly Consolidated Financial Data (Unaudited)
- Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 14. Exhibit 22 - Parents and Subsidiaries

The voting securities of the subsidiaries below are in each case owned by Forest City Enterprises, Inc. except where a subsidiary's name is indented, in which case that subsidiary's voting securities are owned by the next preceding subsidiary whose name is not so indented. All subsidiaries of the parent except those which are 50%-owned are included in the consolidated financial statements of the registrant:

Name of Subsidiary	Percentage of Voting Securities Owned by Immediate Parent	State of Incorporation
F.C.P. Supply, Inc.	100 (a)<F1>	Ohio
FL-Tampa, Inc.	100 (a)<F1>	Florida
Forest City Rental Properties Corporation	100 (a)<F1>	Ohio
Campus Condos, Inc.	100 (a)<F1>	California
Center Courtland, Inc.	100 (a)<F1>	Ohio
Concourse Development, Inc.	100 (a)<F1>	Ohio
F.C. Grand Terrace, Inc.	100 (a)<F1>	California
F.C. Irvine, Inc.	100 (a)<F1>	California
F.C. Parklabrea Towers, Inc.	100 (a)<F1>	Ohio
F.C. Superblock, Inc.	100 (a)<F1>	Delaware
F.C. Wisconsin, Inc.	100 (a)<F1>	Maryland
FL-Pembroke, Inc.	100 (a)<F1>	Florida
Forest Bay, Inc.	100 (a)<F1>	Ohio
Forest City 38 Sidney Street, Inc.	100 (a)<F1>	Ohio
Forest City 64 Sidney Street, Inc.	100 (a)<F1>	Ohio
Forest City Antelope Valley, Inc.	100 (a)<F1>	Ohio
Forest City Bluffside Corporation	100 (a)<F1>	Ohio
Forest City Central Station, Inc.	100 (a)<F1>	Ohio
Forest City Commercial Construction Co., Inc.	100 (a)<F1>	Ohio
Forest City East Coast, Inc.	100 (a)<F1>	New York
Forest City Eureka, Inc.	100 (a)<F1>	Ohio
Forest City Finance Corporation	100 (a)<F1>	Ohio
Forest City Franklin Town Corp.	100 (a)<F1>	Ohio
Forest City Investment Partners Millender, Inc.	100 (a)<F1>	Ohio
Forest City Management, Inc.	100 (a)<F1>	Ohio
Forest City Palmdale, Inc.	100 (a)<F1>	Ohio
Forest City Parklabrea, Inc.	100 (a)<F1>	Delaware
Forest City Peripheral Land, Inc.	100 (a)<F1>	Delaware
Forest City Properties Corporation	100 (a)<F1>	California

Forest City Rental Properties Corporation of Nevada, Inc.	100	(a)<F1>	Nevada
Forest City Robinson Mall, Inc.	100	(a)<F1>	Delaware
Forest City Southpark Two, Inc.	100	(a)<F1>	California
Forest City Vineyard Village, Inc.	100	(a)<F1>	Ohio
Hawthorne Bay, Inc.	100	(a)<F1>	California
Parklabrea Finance Corp.	100	(a)<F1>	Delaware
Parmatown Towers, Inc.	100	(a)<F1>	Ohio
Playhouse Square Investment, Inc.	100	(a)<F1>	Ohio
Post Office Building Co.	100	(a)<F1>	Ohio
Terminal Investments, Inc.	100	(a)<F1>	Ohio
Tower City Land Corporation	100	(a)<F1>	Ohio
Tower City Retail, Inc.	100	(a)<F1>	Ohio
Tower City Skylight Tower, Inc.	100	(a)<F1>	Ohio
Forest City Residential Development, Inc.	100	(a)<F1>	Ohio
Forest City Capital Corporation	100	(a)<F1>	Ohio
Forest City Southpark Corp.	100	(a)<F1>	Ohio
Forest City Scottsdale, Inc.	100	(a)<F1>	Ohio
Forest City Trading Group, Inc.	100	(a)<F1>	Oregon
Ironwood Insurance Company	100	(a)<F1>	Vermont
Mid-Corp., Inc.	100	(a)<F1>	Ohio
Mountain, Inc.	100	(a)<F1>	Ohio
Sunrise Development Co.	100	(a)<F1>	Ohio

<FN>
<F1>(a) Subsidiaries included in consolidated financial statements.

SELECTED FINANCIAL DATA

For the Years Ended January 31,	1994	1993	1992	1991	1990
	(dollars in thousands, except per share data)				
OPERATING RESULTS					
Sales and operating revenues	$ 502,903	$ 463,626	$ 419,815	$ 381,955	$ 324,249
Net earnings (loss)					
Operating earnings (loss), net of tax (1) <F1>	$ 718	$ (4,712)	$ (5,083)	$ (9,834)	$ 2,522
Gain (loss) on disposition of properties and other provisions, net of tax (2) <F2>	1,494	17,399	(1,105)	12,986	3,269
	$ 2,212	$ 12,687	$ (6,188)	$ 3,152	$ 5,791
Earnings before depreciation and deferred taxes					
Operating earnings (loss), net of tax (1) <F1>	$ 718	$ (4,712)	$ (5,083)	$ (9,834)	$ 2,522
Adjustments related to real estate operations (3) <F3>					
Depreciation and amortization	63,901	57,896	50,543	39,224	29,487
Deferred income taxes	10,865	19,021	1,789	13,761	7,954
Accrued interest of a rental property not paid	5,495	4,870	3,973	3,293	4,111
Real estate adjustment	80,261	81,787	56,305	56,278	41,552
	$ 80,979	$ 77,075	$ 51,222	$ 46,444	$ 44,074
Per common share					
Net earnings (loss)	$ .25	$ 1.41	$ (.69)	$ .35	$ .70
Dividends declared					
Class A	$ -	$ -	$ -	$ .46	$ .42
Class B	$ -	$ -	$ -	$ .40	$ .36

January 31,	1994	1993	1992	1991	1990
	(dollars in thousands)				
FINANCIAL POSITION					
Consolidated assets	$ 2,668,057	$ 2,625,404	$ 2,556,261	$ 2,350,343	$ 1,955,264
Real estate portfolio, at cost	$ 2,405,066	$ 2,310,970	$ 2,281,731	$ 2,080,522	$ 1,685,402
Long-term debt, including mortgage debt	$ 2,026,451	$ 1,972,160	$ 1,980,985	$ 1,807,683	$ 1,482,545
FOREST CITY RENTAL PROPERTIES CORPORATION - REAL ESTATE ACTIVITY					
Total real estate end of year					
Completed rental properties, before depreciation	$ 2,101,528	$ 2,045,946	$ 1,878,394	$ 1,600,276	$ 1,145,591
Projects under development	214,111	188,187	316,771	385,042	451,211
	2,315,639	2,234,133	2,195,165	1,985,318	1,596,802
Accumulated depreciation	(272,518)	(232,905)	(193,683)	(160,616)	(136,192)
Rental properties, net of depreciation	$ 2,043,121	$ 2,001,228	$ 2,001,482	$ 1,824,702	$ 1,460,610
Activity during the year					
Completed rental properties					
Additions	$ 50,384	$ 200,440	$ 279,319	$ 462,796	$ 147,546
Purchased	5,198	-	-	28,143	-
Sold	-	(32,888)	(1,201)	(36,254)	(5,750)
	55,582	167,552	278,118	454,685	141,796
Projects under development					
New development	54,317	39,045	199,346	387,582	363,448
Transferred to completed rental properties	(28,393)	(167,629)	(267,617)	(453,751)	(115,800)
	25,924	(128,584)	(68,271)	(66,169)	247,648

Increase in rental properties, at cost	$ 81,506	$ 38,968	$ 209,847	$ 388,516	$ 389,444

<FN>
<F1>(1) Represents operating earnings (loss), excluding the gain (loss) on disposition of properties and the provision for decline in real estate.
<F2>(2) Includes the provision for decline in real estate.
<F3>(3) These adjustments represent amounts related to the Company's real estate operations in Rental Properties only.

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors and Shareholders
Forest City Enterprises, Inc.

We have audited the consolidated balance sheets of Forest City Enterprises, Inc. and subsidiaries at January 31, 1994 and 1993, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended January 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Forest City Enterprises, Inc. and subsidiaries at January 31, 1994 and 1993, and the consolidated results of its operations and its cash flows for each of the three years in the period ended January 31, 1994, in conformity with generally accepted accounting principles.

/s/ Coopers & Lybrand

Cleveland, Ohio
March 10, 1994

CONSOLIDATED BALANCE SHEETS

January 31,	1994	1993
	(dollars in thousands)	
ASSETS		
Real Estate		
Completed rental properties	$ 2,116,557	$ 2,059,532
Projects under development	214,111	188,187
Land held for development or sale	74,398	63,251
	2,405,066	2,310,970
Less accumulated depreciation	(282,313)	(243,019)
Total Real Estate	2,122,753	2,067,951
Cash	21,798	41,483
Notes and accounts receivable, net	252,009	295,099
Inventories and construction contracts in progress	63,220	42,823
Investments in and advances to affiliates	59,891	58,848
Other assets	148,386	119,200
	$ 2,668,057	$ 2,625,404

LIABILITIES AND SHAREHOLDERS' EQUITY
LIABILITIES

Mortgage debt, nonrecourse	$ 1,930,999	$ 1,853,439
Accounts payable and accrued expenses	361,023	356,831
Notes payable	39,183	64,430
Long-term debt	95,452	118,721
Deferred income taxes	69,449	65,835
Deferred profit	26,509	22,918
Total Liabilities	2,522,615	2,482,174
SHAREHOLDERS' EQUITY		
Preferred stock - convertible, without par value; 1,000,000 shares authorized; no shares issued	-	-
Common stock -$.33 1/3 par value		
Class A, 16,000,000 shares authorized; 5,146,226 and 5,140,826 shares outstanding, respectively	1,715	1,713
Class B, convertible, 6,000,000 shares authorized; 3,845,388 and 3,850,788 shares outstanding, respectively	1,282	1,284
	2,997	2,997
Additional paid-in capital	45,511	45,511
Retained earnings	96,934	94,722
Total Shareholders' Equity	145,442	143,230
	$ 2,668,057	$ 2,625,404

<FN>
The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF EARNINGS

For the Years Ended January 31,	1994	1993	1992
	(in thousands, except per share data)		
Sales and operating revenues	$ 502,903	$ 463,626	$ 419,815
Interest and other income	16,476	10,843	32,101
Total revenues	519,379	474,469	451,916
Operating expenses	338,308	310,621	287,268
Interest expense	111,494	111,309	116,886
Provision for decline in real estate	-	9,438	1,823
Depreciation and amortization	65,309	59,272	51,979
Gain on disposition of properties	2,268	39,322	88
EARNINGS (LOSS) BEFORE INCOME TAXES	6,536	23,151	(5,952)
INCOME TAXES			
Current	710	1,655	(84)
Deferred	3,614	8,809	320
	4,324	10,464	236
NET EARNINGS (LOSS)	$ 2,212	$ 12,687	$ (6,188)
NET EARNINGS (LOSS) PER SHARE	$ .25	$ 1.41	$ (.69)

<FN>
The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock				Additional	
	Class A		Class B		Paid-In	Retained
	Shares	Amount	Shares	Amount	Capital	Earnings
	(in thousands)					
Balances at January 31, 1991	5,119	$ 1,706	3,873	$ 1,291	$ 45,511	$ 88,223
Net loss						(6,188)
Conversion of Class B shares to Class A shares	9	3	(9)	(3)		
Balances at January 31, 1992	5,128	1,709	3,864	1,288	45,511	82,035
Net earnings						12,687
Conversion of Class B shares to Class A shares	13	4	(13)	(4)		
Balances at January 31, 1993	5,141	1,713	3,851	1,284	45,511	94,722
Net earnings						2,212
Conversion of Class B shares to Class A shares	5	2	(5)	(2)		
Balances at January 31, 1994	5,146	$ 1,715	3,846	$ 1,282	$ 45,511	$ 96,934

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended January 31,	1994	1993	1992
	(in thousands)		
OPERATING ACTIVITIES			
Net earnings (loss)	$ 2,212	$ 12,687	$ (6,188)
Depreciation and amortization	65,309	59,272	51,979
Deferred income taxes	3,614	8,809	320
Accrued interest of a rental property not payable until future years	5,495	4,870	3,973
Gain on disposition of properties	(2,268)	(39,322)	(88)
Provision for decline in real estate	-	9,438	1,823
(Increase) decrease in land held for development or sale	(11,147)	8,992	(299)
(Increase) decrease in notes and accounts receivable	43,090	(37,530)	(14,742)
(Increase) decrease in inventories and construction contracts in progress	(20,397)	(7,311)	5,584
Increase (decrease) in accounts payable and accrued expenses	4,263	54,830	(6,463)
Increase in deferred profit	3,929	2,593	162
(Increase) in other assets	(45,655)	(13,664)	(6,279)
NET CASH PROVIDED BY OPERATING ACTIVITIES	48,445	63,664	29,782
INVESTING ACTIVITIES			
Capital expenditures	(92,495)	(76,318)	(215,476)
Proceeds from disposition of properties	1,859	25,205	1,268
Investments in affiliates	(1,043)	(11,532)	(6,587)
NET CASH USED IN INVESTING ACTIVITIES	(91,679)	(62,645)	(220,795)
FINANCING ACTIVITIES			
Increase in mortgage and long-term debt	111,256	61,479	198,222
Payments on long-term debt	(25,719)	(14,153)	(8,753)
Principal payments on mortgage debt on real estate	(36,741)	(23,858)	(20,140)
Increase in notes payable	1,332	13,775	23,755
Payments on notes payable	(26,579)	(14,726)	(3,056)
NET CASH PROVIDED BY FINANCING ACTIVITIES	23,549	22,517	190,028
NET INCREASE (DECREASE) IN CASH	(19,685)	23,536	(985)
CASH AT BEGINNING OF YEAR	41,483	17,947	18,932
CASH AT END OF YEAR	$ 21,798	$ 41,483	$ 17,947

<FN>
The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FISCAL YEAR
The years 1993, 1992 and 1991 refer to the fiscal years ended January 31, 1994, 1993 and 1992, respectively.

PRINCIPLES OF CONSOLIDATION
The consolidated financial statements include the accounts of Forest City Enterprises, Inc. and all wholly-owned subsidiaries ("Enterprises" and the "Company"). The Company also includes its share of the assets, liabilities and results of operations of its real estate partnerships, joint ventures and majority-owned corporations. These entities are included as of their respective fiscal year-ends (generally December 31).

All significant intercompany accounts and transactions between consolidated entities have been eliminated. Entities which the Company does not control are accounted for on the equity method. Undistributed earnings of such entities included in retained earnings are $2,410,000 at January 31, 1994.

Certain prior years' amounts in the accompanying financial statements have been reclassified to conform to the current year's presentation.

RECOGNITION OF REVENUE AND PROFIT

REAL ESTATE SALES-The Company follows the provisions of Statement of Financial Accounting Standards No. 66 for reporting the gain on the disposition of properties.

LEASING OPERATIONS-The Company enters into leases with tenants in its rental properties. The lease terms of tenants occupying space in the shopping centers and office buildings range from 1 to 20 years, excluding leases with anchor tenants. Minimum rent revenues are recognized when due from tenants. Leases with most shopping center tenants provide for percentage rents when the tenants' sales volumes exceed stated amounts. The Company is also reimbursed for certain expenses related to operating its

properties.
LUMBER BROKERAGE-The Company recognizes the gross margin on these sales as revenue. Sales invoiced for the years 1993 through 1991 were approximately $2,447,800,000, $1,723,800,000 and $1,278,500,000, respectively.
CONSTRUCTION-Revenue and profit on long-term fixed-price contracts are reflected under the percentage-of-completion method. On reimbursable cost-plus fee contracts, revenues are recorded in the amount of the accrued reimbursable costs plus proportionate fees at the time the costs were incurred.

RECOGNITION OF COSTS AND EXPENSES
Operating expenses primarily represent the recognition of operating costs, administrative expenses and taxes other than income taxes.
For financial reporting purposes, interest and taxes during development and construction are capitalized as a part of the project cost.
Depreciation is generally computed on a straight-line method over the estimated useful asset lives. The estimated useful lives of buildings vary from 3 to 50 years, lease-hold improvements from 4 to 51.5 years, and other equipment from 1 to 10 years.
Major renewals and improvements are capitalized and expensed through depreciation charges. Repairs, maintenance and minor improvements are expensed as incurred. Costs and accumulated depreciation applicable to assets retired or sold are eliminated from the respective accounts and any resulting gains or losses are reported in the consolidated statements of earnings.

LAND OPERATIONS
Land held for development or sale is stated at the lower of cost or market.

OTHER ASSETS
Included in other assets are costs incurred in connection with obtaining financing, which are deferred and amortized over the life of the related debt. Costs incurred in connection with leasing space to tenants are also included in other assets and are deferred and amortized on the straight-line method over the lives of the related leases.

INCOME TAXES
The Company follows the provisions of Statement of Financial Accounting Standards No. 109, "Accounting For Income Taxes".
Deferred income taxes reflect the tax consequences on future years of differences between the tax and financial statement basis of assets and liabilities at year-end. The Company has recognized the benefits of its tax loss carryforward and investment tax credits as a reduction of the deferred tax expense.

CAPITAL STOCK
Class B common stock is convertible into Class A common stock on a share-for-share basis. The 1,000,000 authorized shares of preferred stock without par value, none of which have been issued, are convertible into Class A common stock.
Class A common stockholders elect three members of the Board of Directors and Class B common stockholders elect the remaining nine directors annually.

EARNINGS PER SHARE
Earnings per share are computed by dividing net earnings by the weighted average number of common shares outstanding during the year of 8,991,614 in 1993, 1992 and 1991.

B. REAL ESTATE AND RELATED ACCUMULATED DEPRECIATION AND INDEBTEDNESS

The components of real estate cost and the related nonrecourse mortgage indebtedness is presented below.

	January 31, 1994			
Classification	Total Cost	Accumulated Depreciation	Net Cost	Amount of Indebtedness

	(in thousands)			
Shopping centers	$ 593,710	$ 83,936	$ 509,774	$ 544,404
Apartments	728,205	103,911	624,294	643,500
Office and other buildings	781,849	86,129	695,720	646,074
Corporate and other equipment	12,793	8,337	4,456	-
	2,116,557	282,313	1,834,244	1,833,978
Under development	214,111	-	214,111	49,161
Land held for development or sale	74,398	-	74,398	47,860
	$ 2,405,066	$ 282,313	$ 2,122,753	$ 1,930,999

C. NOTES AND ACCOUNTS RECEIVABLE, NET

Notes and accounts receivable are summarized below.

<CAPTION

January 31,	1994	1993
	(in thousands)	
Lumber brokerage	$ 122,235	$ 150,609
Receivables from affiliates	53,460	47,557
Real estate sales	16,915	36,273
Syndication activities	19,961	20,621
Receivables from tenants	16,758	17,095
Construction contracts	407	674
Other receivables	27,595	25,953
	257,331	298,782
Allowance for doubtful accounts	(5,322)	(3,683)
	$ 252,009	$ 295,099

Notes receivable at January 31, 1994 of $39,118,000, primarily reflected above in real estate sales and syndication activities, are collectible primarily over 8 years, with $10,764,000 being due within one year. The weighted average interest rate at January 31, 1994 was 10.2%.

In July 1993, Forest City Trading Group, the Company's lumber brokerage subsidiary, entered into a three-year agreement under which it is selling an undivided interest in a pool of accounts receivable up to a maximum of $60,000,000. During the year ended January 31, 1994, the Company received $50,000,000 as net proceeds from this transaction. An interest in additional accounts receivable is being sold as collections reduce previously sold interests.

D. INVENTORIES AND CONSTRUCTION CONTRACTS IN PROGRESS

The detail of the balances are as follows.

January 31,	1994	1993
	(in thousands)	
Lumber brokerage	$ 62,818	$ 42,534
Other	402	289

	$ 63,220	$ 42,823

The lumber brokerage inventory is stated at the lower of cost or market. Inventory cost is determined by specific identification and average cost methods.

E. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Included in accounts payable and accrued expenses at January 31, 1994 and 1993 are book overdrafts of approximately $60,434,000 and $64,498,000, respectively. The overdrafts are a result of the Company's cash management program and represent checks issued but not yet presented to a Company bank for collection.

F. NOTES PAYABLE

The components of notes payable, which represent indebtedness whose original maturity dates are within one year of issuance, are as follows.

January 31,	1994	1993
	(in thousands)	
Payable To		
Banks	$ 26,555	$ 49,168
Other	12,628	15,262
	$ 39,183	$ 64,430

Effective May 31, 1993, the Company extended its $15,000,000 short-term line of credit to May 31, 1994, at which time it is subject to renewal. This line of credit is available for working capital advances and letters of credit. Funds drawn under the line bear interest at a rate of 1/2% above prime (6-1/2% at January 31, 1994). At January 31, 1994, no borrowings were outstanding under this credit line.

In July 1993, the Lumber Brokerage Division entered into a three-year agreement under which it is selling an undivided ownership interest in a pool of accounts receivable up to a maximum of $60,000,000. During 1993, the Company received $50,000,000 as net proceeds from this transaction that were used to reduce the bank debt outstanding. An interest in additional accounts receivable is being sold as collections reduce previously sold interests. At the same time, the Company reduced its bank line of credit from $67,500,000 to $40,000,000. The Company has the right to borrow an additional $10,000,000 for up to 90 days between January 25, 1994 and May 31, 1994 under this bank line of credit. The bank line of credit bears interest at a rate up to 0.6% over prime and has a fee of 1/4% per annum on the unused portion of the available commitment. This agreement is subject to review and extension annually on May 31. At January 31, 1994, there was $26,555,000 outstanding under the bank line of credit.

In June 1991, the Company borrowed $10,000,000 from each of two related parties pursuant to a nonrecourse loan and security agreement, the loans being secured by selected real estate assets of the Company and a note receivable. The creditors, both of whom are shareholders, are the Ratner, Miller and Shafran families ("RMS") and related parties, and the Harris family and related parties. Harris is also a partner with the Company in several development projects. During 1992, the Company repaid $7,146,000 of the Harris/bank loan and repaid the remainder of the loan in February 1993. The RMS loan has been paid down $70,000 in 1992 and $1,045,000 in 1993 from sales of secured properties and collections on the note receivable. Interest is payable monthly at a rate of 2% over prime with an 8% minimum. Prior to loan maturity, which has been extended to August 1, 1994, loan principal payments are due from proceeds from sales or financing of the secured properties and collections on the note receivable. At January 31, 1994, $8,885,000 was outstanding in notes payable.

G. LONG-TERM DEBT

MORTGAGE DEBT ON REAL ESTATE

Mortgage debt, which is collateralized by completed rental properties, projects under development and certain undeveloped land, is as follows.

January 31,	1994	1993
	(in thousands)	
Fixed interest rates ranging from 1.5% to 14.0%	$ 778,998	$ 618,648
Variable interest rates ranging from 2.1% to 8.8%	1,112,297	1,092,877
Commercial paper having a weighted average interest rate of 3.2%	39,704	141,914
	$ 1,930,999	$ 1,853,439

The debt related to projects under development at January 31, 1994 totals $49,161,000 out of a total commitment from lenders of $83,003,000. Of this outstanding debt, $35,253,000 is variable-rate debt and $13,908,000 is fixed-rate debt. The Company generally borrows funds for development and construction projects on a long-term basis, usually with maturities of five to seven years, which allows the property to achieve stabilized operations before refinancing is required.

The Company has a practice of purchasing interest rate caps on a substantial portion of its variable-rate debt to provide protection against significant increases in interest rates. The coverage generally extends for one to two years.

In lieu of purchasing interest rate caps, the Company periodically has fixed the interest rates on a short-term basis (generally for periods not exceeding one year) when favorable market conditions exist.

Included in the fixed-rate debt above is $54,788,000 of Urban Development Action Grant loans. These loans bear interest at rates which are below prevailing commercial lending rates and are granted to the Company as an inducement to develop real estate in economically under-developed localities. A right to participate by the local government in the future cash flow of the project is generally a condition of these loans. The Company also has entered into a small number of mortgage obligations and leases with tenants that enable the debt holder or lessee to participate in appreciation and cash flow, as defined, generated from operations, sale or refinancing. Participation in annual cash flow generated from operations is recognized as an expense in the period earned. Participation in appreciation and cash flow resulting from a sale or refinancing is recorded as an expense at the time of sale or is capitalized as additional basis and amortized if amounts are paid prior to the disposition of the property.

The Company has a nonrecourse mortgage on which a portion of the interest expense is accrued currently but is not payable until future years when certain requirements are satisfied. These requirements generally relate to a specified level of cash flow or the sale or refinancing of the property. Interest accrued but not paid was $5,495,000, $4,870,000 and $3,973,000 in 1993, 1992 and 1991, respectively.

Annual maturities of the mortgage debt for the next five years ending January 31 are as follows: 1995, $313,643,000; 1996, $203,505,000; 1997,

$496,529,000; 1998, $94,335,000; and 1999, $287,981,000.

The Company is negotiating with its current lenders and expects to refinance or extend the maturity dates of its nonrecourse mortgage debt that matures. In certain instances, the Company will seek alternative sources of financing to replace certain debt that matures.

LONG-TERM DEBT

Long-term debt is as follows.

January 31,	1994	1993
	(in thousands)	
Six-year term loan	$ 78,750	$ 96,250
Seven-year term loan	12,500	17,500
Other debt	4,202	4,971
	$ 95,452	$ 118,721

Effective July 1, 1992, the Company converted its $105,000,000 revolving credit agreement with a group of banks to a six-year term loan in accordance with the terms of the agreement. Quarterly principal payments commenced October 1, 1992. The agreement provides, among other things, for 1) interest rates ranging from 1/4% to 1/2% over the prime rate or 1-1/4% to 1-1/2% over the London Interbank Offered Rate ("LIBOR") or Certificate of Deposit ("CD") rates; 2) the maintenance of a specified level of net worth and cash flow (as defined); and 3) a restriction on dividend payments. At January 31, 1994 approximately $7,162,000 of retained earnings were available for payment of dividends.

The Company also has a seven-year term loan under the above credit agreement. The term loan bears interest at rates ranging from 1/4% to 3/4% over the prime rate or 1-1/4% to 1-3/4% over the LIBOR or CD rates. The repayment, payable in twenty-eight equal quarterly principal installments of $1,250,000 plus interest, commenced October 1, 1989.

Interest rates on the other debt ranged primarily from 6.0% to 10.4% at January 31, 1994.

Maturities of other debt for the next five years ending January 31, are as follows: 1995, $461,000; 1996, $472,000; 1997, $474,000; 1998, $301,000; and 1999, $119,000.

In accordance with Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments," the Company determined the estimated fair value of its debt by aggregating the various types (i.e. fixed rate versus variable rate debt) and discounting future cash payments at interest rates that the Company believes approximates the current market. There was no material difference in the carrying amount and the estimated fair value of the Company's total mortgage debt.

Total interest incurred on all forms of indebtedness was $117,826,000 in 1993, $126,755,000 in 1992 and $147,835,000 in 1991, of which $6,332,000, $15,446,000 and $30,949,000 was capitalized, respectively.

The following are non-cash supplemental disclosures related to the consolidated statements of cash flows. Interest actually paid on all forms of indebtedness, net of interest capitalized, was $103,311,000, $106,120,000 and $117,384,000 for 1993, 1992 and 1991, respectively. During 1992, the Company sold a shopping center to a limited partnership in which it retained a 50% interest. The purchaser assumed $35,000,000 of nonrecourse mortgage debt collateralized by the shopping center.

H. INCOME TAXES

The Company's provision for income taxes consists of the following components.

For the Years Ended January 31,	1994	1993	1992
	(in thousands)		
Current			
Federal	$ 376	$ 716	$ (602)
State	334	939	518
	710	1,655	(84)
Deferred			
Federal	2,985	6,383	(2,537)
State	629	2,426	2,857
	3,614	8,809	320
Provision for income taxes	$ 4,324	$ 10,464	$ 236

In August 1993, the United States Congress passed the Omnibus Budget Reconciliation Act of 1993. Among other things, this law increased the federal corporate tax rate from 34% to 35% effective January 1, 1993. The impact on the Company is an increase in income taxes and a decrease in net earnings of $1,742,000 for the year ended January 31, 1994, of which $1,658,000 relates to timing items at January 31, 1993.

The effective tax rate for income taxes varies from the federal statutory rate of 35% for 1993 and 34% for 1992 and 1991 due to the following items.

For the Years Ended January 31,	1994	1993	1992
	(in thousands)		
Financial earnings (loss) before income taxes	$ 6,536	$ 23,151	$ (5,952)
Income taxes computed at the statutory rate	$ 2,288	$ 7,871	$ (2,024)
Increase (decrease) in tax resulting from:			
Minimum tax refund and audit adjustments	(2,559)	-	-
Valuation allowance	1,362	-	2,065
Rate difference for change in tax law	1,658	-	-
State taxes, net of federal benefit	556	2,221	162
Adjustment of prior estimated taxes	771	-	21
Contribution carryover	477	333	74
Other items	(229)	39	(62)
Total provision	$ 4,324	$ 10,464	$ 236

An analysis of the deferred tax provision is as follows.

For the Years Ended

January 31,	1994	1993	1992
	(in thousands)		
Excess of tax over statement depreciation and amortization	$ 9,976	$ 9,736	$ 10,217
Allowance for doubtful accounts deducted for statement	(476)	563	(87)
Costs on land and rental properties under development expensed for tax	309	2,704	6,161
Revenues and expenses recognized in different periods for tax and statement	(8,793)	(10,800)	(738)
Development fees deferred for statement	(701)	-	(935)
Provision for decline in real estate	-	(1,056)	(206)
Deferred state taxes, net of federal benefit	564	1,066	1,885
Interest on construction advances deferred for statement	1,721	2,441	2,471
Benefits of tax loss carry-forward recognized against deferred taxes	(1,021)	4,155	(20,513)
Audit adjustments	(985)	-	-
Rate difference per change in tax law	1,658	-	-
Valuation allowance	1,362	-	2,065
	$ 3,614	$ 8,809	$ 320

The types of differences that give rise to significant portions of the deferred income tax liability are as follows.

	Temporary Differences	Deferred Tax (Asset) Liability
	(in thousands)	
Depreciation	$ 211,371	$ 83,597
Capitalized costs	142,704	56,439
Net operating losses	(91,348)	(36,128)
Investment tax credits	-	(4,350)
Other	(86,308)	(30,109)
	$ 176,419	$ 69,449

Income taxes paid totaled $323,926, $449,000 and $1,983,000 in 1993, 1992 and 1991, respectively.

At January 31, 1994, the Company had a net operating loss carryforward for tax purposes of $91,348,000 which will expire in the years ending January 31, 2005 through January 31, 2007 and an investment tax credit carryover of $4,350,000 which will expire in the years ending January 31, 2002 through January 31, 2005.

The Company's deferred tax liability at January 31, 1994 is comprised of deferred liabilities of $173,132,000, deferred assets of $107,079,000 and a valuation allowance related to state taxes and investment credits of $3,396,000.

I. SEGMENT INFORMATION

Business segments are determined by the type of customer served or the product sold. Rental properties include apartments, shopping centers, office buildings and hotels. It also includes data relating to the management of real estate. The Land Division develops and markets land to home builders and commercial and industrial users principally in Arizona, Florida, Illinois, Nevada, New York and Ohio. The Residential Development Division manages syndicated partnerships and acquires selected completed real estate at advantageous prices. In prior years, it also was involved heavily in the construction of apartments, condominiums and similar residential buildings. The Wholesale Lumber Division sells lumber products to retailers and also sells building products to commercial contractors and builders. Corporate includes capitalized interest on the Company's equity in development projects, interest expense on borrowings for investment activities, development fee income, miscellaneous development expenses and interest income on notes receivable for properties previously syndicated, as well as general and administrative expenses. The following tables summarize selected financial data by business segment for the fiscal years ended January 31, 1994, 1993 and 1992.

	Sales and Operating Revenues (a)<F1>			Income Taxes		
For the Years Ended January 31,	1994	1993	1992	1994	1993	1992
	(in thousands)					
Rental properties	$ 367,160	$ 353,743	$ 319,035	$ 119	$ (11,482)	$ (22,659)
Land Division	46,238	36,877	24,864	5,405	3,186	(848)
Residential Development Division	2,504	5,121	22,306	1,284	1,160	5,421
Wholesale Lumber Division (b)<F2>	87,001	67,885	53,610	8,654	6,629	4,313
Gain on disposition of properties	-	-	-	2,268	39,322	88
Provision for decline in real estate	-	-	-	-	(9,438)	(1,823)
Corporate	-	-	-	(11,194)	(6,226)	9,556
Consolidated	$ 502,903	$ 463,626	$ 419,815	$ 6,536	$ 23,151	$ (5,952)

	Identifiable Assets at			Real Estate Additions, net			Real Estate Depreciation and Amortization		
For the Years Ended January 31,	1994	1993	1992	1994	1993	1992	1994	1993	1992
	(in thousands)								
Rental properties									
Completed	$ 1,982,198	$ 1,975,580	$ 1,801,104	$ 55,582	$ 167,552	$ 278,118	$ 63,885	$ 57,875	$ 50,474
Under Construction	197,361	192,602	357,067	25,924	(128,584)	(68,271)	-	-	29
Land Division	120,035	94,650	101,798	11,155	(8,990)	299	102	103	113
Residential Development Division	38,064	35,166	40,326	38	-	(9,032)	29	25	97
Wholesale Lumber Division	198,617	204,005	149,439	1,126	860	(8)	1,124	1,075	1,032
Corporate (c)<F3>	131,782	123,401	106,527	271	(1,599)	103	169	194	234
Consolidated	$ 2,668,057	$ 2,625,404	$ 2,556,261	$ 94,096	$ 29,239	$ 201,209	$ 65,309	$ 59,272	$ 51,979

<FN>
<F1>(a) Interdivision sales are not significant except for sales of buildings by the Residential Development Division to Rental Properties, which amounted to approximately $5,762,000 and $18,757,000 for the years ended January 31, 1993 and 1992, respectively. These sales are at cost and are eliminated in consolidation.
<F2>(b) The Company recognizes the gross margin on lumber brokerage sales as revenue. Gross value of lumber sold for the years ended January 31, 1994, 1993 and 1992 was approximately $2,447,800,000, $1,723,800,000 and $1,278,500,000, respectively.
<F3>(c) Corporate assets consist primarily of the investments in and advances to affiliates and capitalized interest on the Company's equity in projects under development.

J. LEASES

THE COMPANY AS LESSOR
The following summarizes the minimum future rental income to be received on noncancelable operating leases of commercial properties that generally extend for periods of more than one year.

For the Years Ended January 31,	
	(in thousands)
1995	$ 135,090

1996	129,794
1997	123,178
1998	117,208
1999	109,854
Later years	737,231
Total minimum future rentals	$ 1,352,355

Further, most of the commercial leases also include provisions for additional rental income based on sales volume and increases in real estate taxes and operating costs. Percentage rents and other charges amounted to $3,282,000 and $70,641,000 in 1993, $3,754,000 and $72,719,000 in 1992 and $4,374,000 and $72,672,000 in 1991.

THE COMPANY AS LESSEE

The Company and its subsidiaries are lessees under various leasing arrangements for real property and equipment having terms expiring through 2019, excluding optional renewal periods. These leases are operating leases.

As part of the syndication of a mixed-use property in November 1985, the Company leased back all of the facilities sold. The lease is a noncancelable operating lease expiring in the year 2000.

Minimum fixed rental payments under long-term leases (over one year) in effect at January 31, 1994 are as follows.

For the Years Ended January 31,

	Syndicated Property	All Other
	(in thousands)	
1995	$ 5,510	$ 5,060
1996	5,998	4,339
1997	6,677	3,700
1998	6,996	2,879
1999	7,318	1,752
Later years	15,162	2,557
Total minimum lease payments	$ 47,661	$ 20,287

Rent expense was $11,351,000, $12,061,000 and $11,626,000 for 1993, 1992 and 1991, respectively.

K. CONTINGENT LIABILITIES

As of January 31, 1994, the Company has guaranteed loans totaling $1,170,000 and has $17,121,000 in outstanding letters of credit.

The Company customarily guarantees lien-free completion of its construction. Upon completion the guarantees are released.

The Company is also involved in certain claims and litigation related to its operations. Based upon the facts known at this time, management is of the opinion that the ultimate outcome of all such claims and litigation will not have a material adverse effect on the financial condition of the Company.

L. SUMMARIZED FINANCIAL INFORMATION

Forest City Rental Properties Corporation ("Rental Properties") is a wholly-owned subsidiary engaged in the development and management of real estate projects, including regional malls and shopping centers, hotels, office and mixed-use facilities and apartment complexes.

Condensed consolidated balance sheets and statements of earnings for Rental Properties and its subsidiaries follows.

Forest City Rental Properties Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS

January 31,	1994	1993
	(in thousands)	
Assets		
Real Estate		
Completed rental properties	$ 2,101,528	$ 2,045,946
Projects under development	214,111	188,187
	2,315,639	2,234,133
Less accumulated depreciation	(272,518)	(232,905)
Total Real Estate	2,043,121	2,001,228
Cash	6,217	31,546
Other assets	236,760	241,327
	$ 2,286,098	$ 2,274,101
Liabilities and Shareholder's Equity		
Liabilities		
Mortgage debt, nonrecourse	$ 1,883,139	$ 1,831,906
Accounts payable and accrued expenses	122,077	147,969
Long-term debt	92,083	116,328
Other liabilities and deferred credits	121,856	110,135
Total Liabilities	2,219,155	2,206,338
Shareholder's Equity		
Common stock and additional paid-in capital	5,378	5,378
Retained earnings	61,565	62,385
Total Shareholder's Equity	66,943	67,763
	$ 2,286,098	$ 2,274,101

CONSOLIDATED STATEMENTS OF EARNINGS

For the Years Ended January 31,	1994	1993	1992
		(in thousands)	
Sales and operating revenues	$ 367,160	$ 353,743	$ 319,035
Interest and other income	8,247	5,192	21,176
Total revenues	375,407	358,935	340,211
Operating expenses	214,805	209,890	190,889
Interest expense	102,414	104,260	107,758
Provision for decline in real estate	-	9,438	1,823
Depreciation and amortization	63,901	57,896	50,543
Gain on disposition of properties	2,268	39,322	88
Earnings (loss) before income taxes	(3,445)	16,773	(10,714)

Income taxes (credit)	(2,625)	5,804	(1,898)
Net earnings (loss)	$ (820)	$ 10,969	$ (8,816)

QUARTERLY CONSOLIDATED FINANCIAL DATA (UNAUDITED)

Fiscal Year	-- First -- -- Quarter -- 1993	1992	- Second -- -- Quarter -- 1993	1992	-- Third -- -- Quarter -- 1993	1992	- Fourth -- -- Quarter -- 1993	1992
				(in thousands, except per share data)				
Sales and operating revenues	$ 127,905	$ 108,456	$ 114,905	$ 108,547	$ 119,753	$ 113,277	$ 140,340	$ 133,346
Earnings (loss) before income taxes	$ 2,866	$ (3,082)	$ 1,360	$ (2,487)	$ 1,684	$ (3,856)	$ 626	$ 32,576
Net earnings (loss) (a)<F1>	$ 1,323	$ (2,587)	$ 179	$ (2,262)	$ (590)	$ (2,728)	$ 1,300	$ 20,264
Earnings (loss) per common share (a)<F1>	$ .15	$ (.29)	$ .02	$ (.25)	$ (.07)	$ (.30)	$ .15	$ 2.25
Dividends declared per common share (b)<F2>	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Market price range of common stock								
Class A								
High	$ 33 1/4	$ 20 3/4	$ 36 1/2	$ 20 1/8	$ 44 1/8	$ 18 3/4	$ 41 3/8	$ 27 1/4
Low	$ 23 3/4	$ 17 1/4	$ 30 3/8	$ 17 5/8	$ 35 1/8	$ 16 5/8	$ 38 1/4	$ 16 1/2
Class B								
High	$ 33 1/2	$ 20 3/8	$ 36 5/8	$ 20 1/4	$ 44 1/8	$ 18 1/2	$ 43 1/2	$ 27
Low	$ 23 3/4	$ 17 1/2	$ 30 3/4	$ 17 5/8	$ 36 1/4	$ 16 5/8	$ 38 1/2	$ 16 5/8

Both classes of common stock are traded on the American Stock Exchange under the symbols, FCEA and FCEB. High and low prices shown are based upon data provided by the Exchange.

As of March 1, 1994, the number of registered holders of Class A and Class B common stock were 984 and 780, respectively.

[FN]

<F1>(a) In 1992, the Company recorded year-end adjustments during the fourth quarter which decreased net earnings by approximately $843,000, or $.09 per share. These adjustments primarily related to depreciation expense on properties recently placed in service and on which additional construction occurred during 1992.

<F2>(b) No dividends were declared in either 1993 or 1992. Future dividends will depend upon such factors as the earnings, capital requirements and financial condition of the Company. Approximately $7,162,000 of retained earnings were available for payment of dividends under the restrictions contained in the six-year term loan agreement with a group of banks.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Earnings Before Depreciation and Deferred Taxes from Operations ("EBDT") increased 5% in 1993 to $80,979,000 from $77,075,000 in 1992. EBDT consists of net earnings before gain on disposition of properties and the provision for decline in real estate plus noncash charges from real estate operations of depreciation and amortization, deferred income taxes and accrued interest on mortgage notes of a rental property that is not payable until future years. During the fourth quarter of 1992, the Company sold the Galleria at South Bay shopping center to a limited partnership in which the Company retained a 50% interest. The tax implication of this transaction increased EBDT in 1992 by approximately $23,000,000. There was no major sale in 1993.
EBDT for 1991 was $51,222,000.

Consolidated sales and operating revenues were $502,903,000. Consolidated sales and operating revenues in 1993 exceeded 1992 revenues of $463,626,000 by $39,277,000, an increase of 8.5%.

The net earnings from operations, including gain on disposition of properties and the provision for the decline in real estate, was $2,212,000 in 1993 versus $12,687,000 in 1992 and a net loss of $6,188,000 in 1991. The gain on disposition of properties and the provision for the decline in real estate, net of tax, which varies from year to year and are not considered by management to be a part of the on-going results of operations, were earnings in 1993 and 1992 of $1,494,000 and $17,399,000, respectively, and a loss of $1,105,000 in 1991.

INVESTMENT REAL ESTATE
FOREST CITY RENTAL PROPERTIES CORPORATION

OPERATIONS

The Company conducts the development and management of its real estate portfolio through Forest City Rental Properties Corporation. Sales and operating revenues were $367,160,000 in 1993 versus $353,743,000 in 1992. Revenues in 1991 were $319,035,000. The increase in revenues is attributable to a large number of buildings opened by the Company during the past few years and their related lease-up. During the last five years, the Company has added over $1,000,000,000 to its completed real estate portfolio. The growth in the Company's completed real estate portfolio will not continue in the next few years at the same pace as it has in the past few years. As a result, the growth in revenues will decrease.

The net loss before gain on disposition of properties and the provision for the decline in real estate for 1993 was $2,314,000 versus losses of $6,430,000 in 1992 and $7,711,000 in 1991. It is normal for new properties to have a negative impact upon earnings due to the initial operating deficits and additional depreciation and amortization expense. The loss in 1993 includes approximately $64,000,000 in depreciation and amortization expense, an increase of approximately $6,000,000 over that of 1992. Most of our newer properties are now rented and management expects that the related earnings and EBDT will continue to increase.

DISPOSITION OF PROPERTIES AND OTHER PROVISIONS

Gains on disposition of properties and the provision for decline in real estate will vary from year to year, depending upon management's decisions regarding the disposition of properties and the performance of the Company's real estate portfolio. The Company does not write up assets for financial statement purposes; however, we provide our shareholders with the current value of our completed rental properties. During 1992, the Company sold the Galleria at South Bay shopping center to a limited partnership in which the Company retained a 50% interest, resulting in a pretax profit of approximately $38,500,000. There were no major sales in either 1993 or 1991. The Company continually evaluates the realization of the investment in its real estate projects by reviewing their current operations and future projected results. As a result of such analysis, the Company provided a provision for the decline in real estate of $9,438,000 in 1992 and $1,823,000 in 1991.

LAND DIVISION

The sales of residential, commercial and industrial land were $46,238,000 in 1993 versus $36,877,000 in 1992 and $24,864,000 in 1991. The pretax earnings were $5,405,000 in 1993 and $3,186,000 in 1992 versus a loss of $848,000 in 1991. The increase in profit in 1993 over 1992 resulted from an increase in land sales in several of our large residential developments and the margin earned on the sale of several commercial parcels. Sales of land and related earnings vary from period to period, depending upon management's decisions regarding the disposition of significant land holdings.

RESIDENTIAL DEVELOPMENT DIVISION

Revenues in 1993 totaled $2,504,000 versus $5,121,000 in 1992. Revenues in 1991 were $22,306,000. Pretax income was $1,284,000 in 1993, $1,160,000 in 1992 and $5,421,000 in 1991. The division completed the construction of its major residential projects during 1991. In 1993 and 1992, the majority of its efforts were directed toward acquiring completed real estate at favorable prices for the Company's portfolio and continuing to oversee the operations of properties syndicated in prior years. During 1991, the Company recognized approximately $4,000,000 of deferred income related to syndicated operations and charged off $3,300,000 to operating expense for an investment on which the Company no longer intends to proceed.

WHOLESALE LUMBER DIVISION

Forest City Trading Group's revenues were a record $87,001,000 in 1993 versus $67,885,000 in 1992 and $53,610,000 in 1991. Pretax earnings from this division, including earnings from the Company's building materials business which is accounted for on the equity method, were $8,654,000 in 1993, also a record compared to earnings of $6,629,000 in 1992 and $4,313,000 in 1991. The significant fluctuations in the lumber markets created market conditions which allowed the Company to substantially increase its gross margins on trades, resulting in a significant increase in profitability.

FINANCIAL CONDITION AND LIQUIDITY

Net cash provided by operating activities totaled $48,455,000 in 1993 versus $63,664,000 in 1992 and $29,782,000 in 1991. Net earnings from operations in 1993 improved by $5,430,000 over net earnings in 1992. Contributing to an increase in funds generated from the results of operations in 1993 over 1992 was the continued improvement in profitability of the Company's lumber brokerage subsidiary and a greater volume of land sales. The decrease in notes and accounts receivable primarily resulted from the net proceeds of $50,000,000 received under the Company's lumber brokerage subsidiary's agreement to sell an undivided ownership interest in a pool of accounts receivable. An increase in trading activity by the lumber brokerage subsidiary resulted in an increase in inventories and construction contracts in progress, partially offset by an increase in accounts payable and accrued expenses. Other assets increased primarily due to the restricted funds acquired by a new land development subsidiary, Granite Development, L.P., and an increase in Rental Properties' unamortized mortgage and lease costs due to the continuing lease-up of our completed real estate portfolio.

Net cash used in investing activities totaled $91,679,000 in 1993, versus $62,645,000 and $220,795,000 in 1992 and 1991, respectively. The net cash provided by financing activities in 1993 was $23,549,000, which was comparable to 1992 of $22,517,000, but substantially lower than 1991 of $190,028,000. The Company's net capital expenditures and related mortgage debt financing decreased significantly in 1992 and 1993 as compared to 1991 due to less development and construction activity, a condition that resulted from the general lack of available financing for real estate projects. The Company continued to amortize its corporate recourse debt and increased the amortization of its mortgage debt. Payments on notes payable increased in 1993, primarily due to the Company's lumber brokerage subsidiary using the net proceeds from their sale of accounts receivable to reduce the bank debt outstanding.

During 1992, Forest City Rental Properties Corporation converted its $105,000,000 revolving credit agreement with a group of banks into a six-year term loan in accordance with the terms of the agreement. Quarterly principal payments commenced October 1, 1992. The balance outstanding under this loan at January 31, 1994 was $78,750,000. The Company also has a $15,000,000 short-term line of credit which is subject to renewal by May 31, 1994. There were no borrowings outstanding under this line of credit at January 31, 1994. Forest City Rental Properties Corporation also has a term loan that had a balance outstanding of $12,500,000 at January 31, 1994 and that has required quarterly payments of $1,250,000. During 1991, the Company borrowed $10,000,000 from a shareholder. The balance outstanding in notes payable at January 31, 1994 was $8,885,000.

The Company's mortgage debt, all of which is nonrecourse, totaled $1,930,999,000 at January 31, 1994. During 1993, certain loans matured which were either extended or refinanced and, just as we have been able to refinance our debt that has matured in the past, we expect to either extend the maturity date on our loans as they come due in 1994 or refinance the projects.

In July 1993, Forest City Trading Group, the Company's lumber brokerage subsidiary, entered into a three-year agreement under which it is selling, an undivided ownership interest in a pool of accounts receivable up to a maximum of $60,000,000. An interest in additional accounts receivable is being sold as collections reduce previously sold interests. At the same time, the Company reduced its bank line of credit from $67,500,000 to $40,000,000. The Company has the right to borrow an additional $10,000,000 for up to 90 days between January 25, 1994 and May 31, 1994 under this bank line of credit.

During 1993, the Company received $50,000,000 as net proceeds from this transaction. At January 31, 1994, $26,555,000 was outstanding under the bank line of credit.

The sources of liquidity of the Company and its subsidiaries are unused bank lines, cash flow from operations, refinancings of rental properties with larger mortgages and sales of real estate. In addition, the large principal payments we are making on our recourse debt provides the Company with the potential to raise additional corporate debt on a recourse basis. The sources of funds have been and, to a lesser extent, will continue to be used principally for the development of additional real estate projects, the acquisition of existing real estate and the repayment of recourse debt. Now that the Company's development program has diminished and the properties are completing their lease-up, we are experiencing a substantial increase in cash flow from operations. This should have a positive impact upon the Company's liquidity.

The Company has historically invested a significant amount of equity in its projects during their development and construction phases. Forest City generally mortgages the properties owned by Forest City Rental Properties on an intermediate- to long-term nonrecourse basis with maturities ranging from 5 years and higher to the extent that funds are available on acceptable terms. Rental Properties has financed most of its development and construction projects with shorter- to intermediate-term bank loans bearing floating rates of interest. We now have begun a program of securitizing our nonrecourse debt on a longer-term basis.

The Company has a substantial amount of variable-rate debt which enables it to benefit from historically low interest rates. In past years, the Company has purchased interest rate protection on a portion of its debt to provide protection against significant increases in interest rates. The Company has elected to purchase interest rate protection on a substantial portion of its debt through January 31, 1995. Increases in interest rates still could have a negative impact upon the Company to the extent that it has variable-rate debt that is not covered by interest rate protection. The Company will continue to review the various components of its variable-rate debt structure and purchase interest rate protection as it deems appropriate.

GENERAL

Forest City had both investment tax credits and substantial tax net operating loss carryforward ("NOL") at the end of 1993. The Company projects that this NOL will increase during 1994 due to its real estate operations. The Company's policy is to utilize these NOL's before they expire and will consider a variety of strategies to implement that policy. These NOL's generally will not begin to expire before January 31, 2005.