



Associated Estates Realty Corporation

Mission Statement

Associated Estates Realty Corporation will be recognized for an unequalled commitment to resident service, employee satisfaction and investor value.

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Associated Estates Realty Corporation is one of the largest multifamily property managers in the United States. Associated Estates is a self-administered and self-managed real estate investment trust, or "REIT." Headquartered in Richmond Heights, Ohio, a suburb of Cleveland, the Company currently directly or indirectly owns, manages or is a joint venture partner in 109 multifamily properties containing 25,174 units located in 12 states.

AEC became a public company in November 1993 and was formed to continue the business of its predecessor, the Associated Estates Group, which was founded in the mid-1960s as a builder, manager, and owner of apartment communities in Cleveland. Following its initial public offering, AEC expanded into Columbus, Ohio; Pittsburgh, Pennsylvania; Indianapolis, Indiana and Michigan. On June 30, 1998, AEC acquired privately-owned MIG Realty Advisors (MIG), extending its geographic presence beyond the Midwest, and positioning the Company for joint venture and co-investing opportunities with MIG's pension fund and institutional clients.

The Company is committed to superior service and attentive "hands-on" management necessary to maintain and enhance its position as a leader in the operations of multifamily properties. AEC's executive team represents more than 95 combined years of experience in multifamily development, finance, marketing and management. Approximately 800 talented and dedicated employees throughout the organization support the executive management team, contributing their experience, ideas and extra efforts to help the Company utilize its resources effectively and improve service to residents.

AEC's total market capitalization as of December 31, 2002 is approximately \$761 million. Equity research is currently provided by Green Street Advisors, Legg Mason Wood Walker, Inc., and Salomon Smith Barney.

Primary Operating Areas

Approximately 75 percent of the Company's current portfolio is located in the Midwest, primarily in Michigan and Ohio. These are markets that have historically enjoyed relatively steady, stable population and employment growth, with no significant influx or outflow of renters, providing stability to the portfolio.

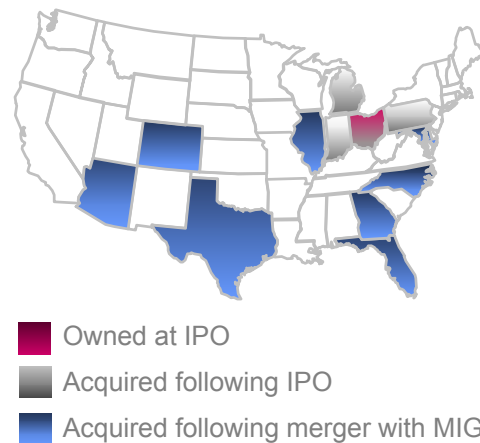
Development Expertise

While the company's growth to date has been primarily through acquisitions, several developments have recently been completed or are in various stages of development, adding approximately 2,300 units to AEC's portfolio.

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Growth Since IPO

	Nov. '93	Today
No. of Properties Owned	45	79
No. Units Owned	8,704	18,313
% Affordable Housing	24%	7%
Market Rate Average Age	19 years	15 years
No. of properties managed	30	30
No. units managed	7,155	6,861
Total properties owned and managed	75	109
Total units owned and managed	15,859	25,174
Advisory business clients	0	5
Employees	580	788



Strategy

Since the Company went public in 1993, the number of owned and managed units has grown significantly, and the average age of the portfolio has been reduced, as shown on the chart above. This is the result of buying newer properties with functional unit designs and significant amenities, such as garages, fireplaces, saunas, and fitness centers.

Approximately 75 percent of the Company's portfolio is currently located in the Midwest, which we consider to be a stable and predictable market. In the near term, we will be focusing on returning to a hands-on, property-by-property management approach which brought us success in the past. In moving in this direction, we will lessen the administrative burden on the properties, allowing them to focus on resident service and increasing occupancy. We are returning to our roots as a low cost, highly profitable operating business, benefiting from our geographic concentration.

Recent Events

In January 2003, the Company introduced a new corporate identity and branding strategy, including new logos for Associated Estates and MIG Realty Advisors. Our redesigned brand emphasizes the residential focus of our business. We expect to carry the consistency reflected in the new logos to the high level of service we strive to provide to all of our residents. We are also incorporating the 'service satisfaction value' tagline in our identification program, which reflects our emphasis on customer satisfaction.

Same Store Market-Rate Portfolio

	# Units	Physical Occupancy	Rent Incr. Vs. Year Ago Qtr.	Net Operating Income (NOI) Growth Vs. Year Ago Qtr.	Funds From Operations Per Share
Q1 2001	15,111	93.0%	3.9%	1.7%/4.0% [†]	\$0.32
Q2 2001	14,715	92.0%	3.8%	4.6%	\$0.33
Q3 2001	14,518	93.1%	4.0%	2.1%	\$0.34
Q4 2001	14,277	90.8%	4.0%	-1.6%/2.5% [‡]	\$0.33
Q1 2002	14,305	90.3%	3.2%	-1.0%	\$0.29
Q2 2002	14,617	93.1%	2.7%	-5.4%	\$0.30
Q3 2002	14,617	91.2%	2.0%	-8.8%	\$0.22 ^{††}
Q4 2002	14,421	87.3%	2.1%	-7.8%	\$0.23

[†] Reflects impact of utility cost increases.

[‡] Reflects impact of real estate tax adjustments in Q4 2000.

^{††} Reflects restructuring charge of \$0.035.

How to Invest in AEC

There are several ways to invest in AEC: through a broker; through NAIC's low cost investment plan; through the Company's dividend reinvestment and stock purchase plan; or through ShareBuilder.com online via the Company's web site. For more information regarding any of these purchase options, contact the Company's Investor Relations Department at 1-800-440-2372, ext. 8752.