ACADIA REALTY TRUST
Form 424B5
March 22, 2004

Click Here for Contents

Filed Pursuant to Rule 424(b)5
under Registration No. 333-31630
and Registration No. 333-87993

SUBJECT TO COMPLETION, DATED MARCH 19, 2004

PROSPECTUS SUPPLEMENT
(To Prospectus dated March 29, 2000
and Prospectus dated March 19, 2004)

5,000,000 Common Shares

We are Acadia Realty Trust, a Maryland real estate investment trust (REIT) formed in March 1993. We are a fully integrated, self-managed and self-administered equity REIT focused primarily on the ownership, acquisition, redevelopment and management of neighborhood and community shopping centers.

The selling shareholders named in this prospectus supplement are selling an aggregate of 5,000,000 of our common shares. We will not receive any proceeds from the sale of the shares by the selling shareholders. The selling shareholders have granted the underwriters an option to purchase up to 750,000 additional common shares to cover over-allotments.

Our common shares are listed on the New York Stock Exchange under the symbol AKR. The last reported sale price of our common shares on the New York Stock Exchange on March 18, 2004, was $15.00 per share.

Investing in our common shares involves risks. See Risk Factors beginning on page S-9 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectuses are truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	$	$
Underwriting Discount	$	$
Proceeds to selling shareholders before expenses	$	$

The underwriters expect to deliver the common shares to purchasers on or about March , 2004.

Citigroup

RBC Capital Markets

________, 2004.

The information in this prospectus supplement is not complete and may be changed. Two registration statements relating to these securities have been filed with the Securities and Exchange Commission and have become effective. This prospectus supplement and the accompanying prospectuses are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectuses. We have not, and the underwriters have not, authorized anyone to provide you with different information. We are not, and the underwriters are not, making an offer of these securities in any state where the offer is not permitted. You should assume that the information contained in this prospectus supplement, the accompanying prospectuses and the documents incorporated by reference herein and therein is accurate only as of its respective date or on the date which is specified in those documents.

Prospectus Supplement

	Page
About This Prospectus Supplement	ii
Cautionary Statements Concerning Forward-Looking Information	ii
Prospectus Supplement Summary	S-1
Risk Factors	S-9
Capitalization	S-9
Selling Shareholders	S-10
Price Range of Common Shares and Dividends	S-11
Our Company	S-12
Property Summary	S-13
Management	S-24
Restrictions on Transfers of Capital Shares and Anti-takeover Provisions	S-27
Federal Income Tax Considerations	S-29
Underwriting	S-39
Experts	S-41
Legal Matters	S-41
Incorporation of Certain Documents by Reference	S-41
Available Information	S-42

Prospectus Dated March 29, 2000

Table of Contents	i
Where You Can Find More Information	1
Incorporation of Certain Documents by Reference	1
Forward-Looking Information	2
Prospectus Summary	3
Risk Factors	4
Our Company	7
Description of Our Common Shares	8
Use of Proceeds	12
Interests of Named Experts and Counsel	12
Federal Income Tax Considerations	12
Selling Shareholders	22
Plan of Distribution	28
Experts	30
Legal Matters	30

Prospectus Dated March 19, 2004

Re-Offer Prospectus Summary	1
Risk Factors	4
Use of Proceeds	4
Selling Securityholders	4
Plan of Distribution	6
Description of Our Common Shares	7
Restrictions on Transfers of Capital Shares and Anti-Takeover Provisions	11
Federal Income Tax Considerations	12
Special Note Regarding Forward-looking Statements	22
Legal Matters	22
Experts	22

Available Information	22
Incorporation of Certain Documents by Reference	23

Back to Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document has three parts. The first part is the prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectuses and the documents incorporated by reference. The second and third parts are the accompanying prospectuses, which give more general information, some of which

may not apply to this offering.

All references to “we,” “our” and “us” in this prospectus supplement means Acadia Realty Trust and all entities owned or controlled by us except where it is made clear that the term means only the parent company. The term “you” refers to a prospective investor.

To the extent that any subject matter is addressed in both this prospectus supplement and the accompanying prospectuses, the information contained in this prospectus supplement supersedes the information contained in the accompanying prospectuses.

CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING INFORMATION

Certain information included or incorporated by reference in this prospectus supplement and the accompanying prospectuses may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as such may involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” “project,” or the negative of these words or other simil or terms. Factors which could have a material adverse effect on our operations and future prospects include, but are not limited to:

- changes in economic conditions generally and the real estate market specifically;
- adverse developments with respect to our tenants;
- legislative/regulatory changes including changes to laws governing the taxation of REITs;
- availability of debt and equity capital, changes in interest rates and competition;
- supply and demand for properties in our current and proposed market areas;
- discoveries of new or pre-existing environmental liabilities or non-compliance with environmental laws;
- policies and guidelines applicable to REITs; and
- the other factors described under the heading “Risk Factors” beginning on page S-9 of this prospectus supplement and in our periodic reports filed with the SEC, particularly our Form 10-K for the year ended December 31, 2003.

These risks and uncertainties should be considered in evaluating any forward-looking statements contained or incorporated by reference in this prospectus supplement.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed or incorporated by reference in this prospectus supplement and the accompanying prospectuses may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements.

Back to Contents

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement, the accompanying prospectuses, and the documents incorporated by reference herein and therein. Because this is a summary, it may not contain all of the information that is important to you. Before making a decision to invest in our common shares, you should read this entire prospectus supplement and the accompanying prospectuses carefully, especially Risk Factors beginning on page S-9 of this prospectus supplement, as well as the documents incorporated by reference in this prospectus supplement and the accompanying prospectuses including, in particular, our Form 10-K for the year ended December 31, 2003. Unless otherwise indicated, (i) all financial and property information is presented as of and for the year ended December 31, 2003 and (ii) we assume the underwriters over-allotment option to purchase up to an additional 750,000 common shares is not exercised.

Our Company

We are Acadia Realty Trust, a Maryland real estate investment trust (REIT) formed in March 1993. We are a fully integrated, self-managed and self-administered equity REIT focused primarily on the ownership, acquisition, redevelopment and management of neighborhood and community shopping centers, owned either directly or through joint ventures. As of the date of this prospectus supplement, we operate 62 properties which we own or have an ownership interest in, consisting of 58 neighborhood and community shopping centers, one enclosed mall, one mixed-use property (retail/residential) and two multifamily properties, totaling approximately 9 million square feet. Substantially all of our properties are located in the Northeast, Mid-Atlantic and Midwest United States.

Portfolio Summary

The following table summarizes our retail properties by region as of December 31, 2003:

					Percentage of Total Represented by Region	
Region(1)	**GLA (2)**	**Occupied % (3)**	**Annualized Base Rent (3)**	**Annualized Base Rent per Leased Square Foot**	**GLA**	**Annualized Base Rent**
			(GLA and rent in thousands)			
Wholly-Owned Portfolio:						
New York Region	1,706	88%	$ 19,116	$ 12.77	33%	45%
New England	958	98%	9,106	10.78	19%	22%
Midwest	706	92%	7,001	10.80	14%	16%
Mid-Atlantic	1,783	80%	7,447	6.28	34%	17%
TotalWeighted Average Wholly-Owned Portfolio	5,153	88%	$ 42,670	$ 10.22	100%	100%
Joint Venture Portfolio:						
Midwest (4)	324	93%	$ 3,193	$ 10.56	24%	17%
Mid-Atlantic (4,5)	702	99%	10,272	14.72	52%	54%
New York Region (6)	311	99%	5,524	17.99	24%	29%

Total Weighted Average Joint Venture Portfolio	1,337	98%	$ 18,989	$ 14.53	100%	100%

(1) Table does not include our partial interest in 25 anchor-only leases with Kroger and Safeway supermarkets, as the majority of these properties are free-standing and are all triple-net leases.
(2) GLA (Gross Leasable Area) includes 251 square feet which represents two anchor locations that are owned by the anchor tenants. Since we do not own these two locations, we do not collect base rent and, as such, no rent is reflected in the table.
(3) Does not include space which is currently leased, but for which rent payment has not yet commenced.
(4) We have a 22% interest in Acadia Strategic Opportunity Fund (AKR Fund I), the owner of these properties.
(5) Does not include 240 square feet of space in Phase II of the Brandywine Town Center.
(6) We have a 49% interest in each of two partnerships which own the Crossroads Shopping Center.

Back to Contents

All of our assets are held by, and all of our operations are conducted through, Acadia Realty Limited Partnership, a Delaware limited partnership, its majority-owned subsidiaries and the joint ventures in which it has an interest. We refer to Acadia Realty Limited Partnership and its majority-owned subsidiaries as the Operating Partnership throughout this prospectus supplement. As of the date of this prospectus supplement, we are the sole general partner of the Operating Partnership and own a 96% interest in the Operating Partnership. As the general partner, we are entitled to share, in proportion to our percentage interest, in the cash distributions and profits and losses of the Operating Partnership.

Our principal executive offices are located at 1311 Mamaroneck Avenue, Suite 260, White Plains, NY 10605, and our telephone number is (914) 288-8100.

Competitive Strengths
We believe that our key competitive strengths include the following:

Solid Core Portfolio With Embedded Internal Growth Our portfolio consists primarily of well-established neighborhood and community shopping centers, which are typically anchored by necessity-based or value-oriented retailers. A majority of our properties are located in the Northeast and Mid-Atlantic markets, which we believe have high barriers to entry. At December 31, 2003, our consolidated portfolio was 88% occupied, which reflects the redevelopment status of three properties, as well as vacancies related to two of our four former Ames locations that remain to be re-tenanted. Upon re-tenanting of these two locations, the occupancy of our portfolio is expected to increase from 88% to 91%, assuming no other portfolio changes. In addition, we believe our portfolio contains a significant number of leases that have in-place rents below the current prevailing market rent and thus, provide the opportunity to increase the rents to market upon lease expiration. For the year ended December 31, 2003, new and renewal leases representing approximately 585,000 square feet were executed at a 10% increase over the former base rents.

Strong Diversified Tenant Base Our portfolio contains over 500 leases, with no individual tenant contributing more than 5% of our portfolios total annualized base rent or occupying more than 10% of our portfolios total leased GLA. Approximately 87% of our revenue was received from well-known national or regional tenants. Approximately 92% of our revenue consisted of minimum rents and expense reimbursements received under long-term leases. In addition, during 2003, we renewed 81% of our expiring leases.

Opportunistic External Growth Platform Our acquisition program is executed primarily through our existing acquisition joint venture, AKR Fund I in which we own a 22% interest. From the inception of AKR Fund I in 2001 through December 31, 2003, we have contributed $10.5 million to AKR Fund I which principally represents our share of the acquisition costs of three portfolios, one of which was acquired in 2002 and the balance in January 2003. For the year ended December 31, 2003, AKR Fund I provided us with incremental FFO of $4.1 million, including asset management fees of $1.1 million and property management and leasing fees of $0.6 million. We are entitled to receive a pro rata share of distributions from AKR Fund I plus a promote, as well as asset management, property management, leasing and construction fees. Due to the promoted equity structure and fees, combined with our small market capitalization, we believe that our modest investment in AKR Fund I has had a positive impact on our earnings.

In addition, in January 2004, we entered into a venture with Klaff Realty and Lubert-Adler, for the purpose of making investments in surplus or underutilized properties owned by retailers, providing us with a second strategic acquisition platform. To date, this venture has made no investments. See Recent Developments, below.

Strong and Flexible Balance Sheet Maintaining a strong balance sheet provides us with the financial flexibility to fund future growth opportunities. As of December 31, 2003, our debt plus preferred OP Units to total market capitalization ratio was 35.0% and our fixed charge coverage ratio was 3.0x. In addition, we manage our exposure to variable rate debt through the use of interest rate hedges, resulting in 82% of our debt being at fixed interest rates through its term. Our dividend FFO payout ratio was 61.4% for the year ended December 31, 2003. While maintaining a conservative payout ratio, we have increased our annual dividend from $0.48 in 2001 to an annualized dividend of $0.64 for the quarter ended December 31, 2003, representing an increase of 33%.

Back to Contents

Experienced Management Team with Proven Track Record — Our senior management team has an average of 6 years with our Company and its predecessors and 23 years in the real estate industry. During 2002, we successfully completed a multi-year portfolio repositioning initiative that significantly improved the quality of our portfolio and tenant base. We sold 28 non-core assets in connection with this initiative comprising approximately 4.6 million square feet of retail properties and 800 multifamily units, for total consideration of approximately $186 million. The proceeds from these transactions were used to paydown our existing debt and provide the capital required for our investment in AKR Fund I. We believe our management team has demonstrated the ability to create value internally through anchor recycling, property redevelopment and strategic non-core dispositions, and externally through the creation of opportunistic acquisition vehicles.

Business Objectives and Fundamentals

Our primary business objective is to acquire, lease and manage commercial retail properties that will generate cash for distributions to our shareholders while also creating the potential for capital appreciation to enhance investor returns.

We focus on the following fundamentals to achieve our objectives:

- Own and operate a portfolio of community and neighborhood shopping centers anchored by necessity-based and value-oriented retailers and located in markets with strong demographics.
- Maintain a strong and flexible balance sheet through conservative financial practices while ensuring access to sufficient capital to fund future growth.
- Generate internal growth within the portfolio through aggressive redevelopment, re-anchoring and leasing activities.
- Generate external growth through an opportunistic yet disciplined acquisition program. The emphasis is on targeting transactions with high inherent opportunity for the creation of additional value through redevelopment and leasing and/or transactions requiring creative capital structuring to facilitate the transactions.

Operating and Growth Strategies

Currently, our acquisition program is executed primarily through AKR Fund I, which we and four institutional investors formed in September 2001 and a new venture (the "KLA Venture") with Klaff Realty, L.P. and Lubert-Adler Management, Inc., which was established in January 2004 to invest in surplus or underutilized properties owned or controlled by retailers, as further discussed under "Recent Developments."

Through AKR Fund I, we focus on acquiring assets that have superior in-fill locations, limited competition due to high barriers to entry, leases with below market rents and the potential for significant value creation through re-tenanting, timely capital improvements and property redevelopment. We consider both single assets and portfolios in our acquisition program. Although we currently operate properties in the Northeast, Mid-Atlantic and Midwest regions, and therefore focus on potential acquisitions within these geographic areas, we would consider portfolio acquisitions outside our current geographic footprint.

The outside investors have committed $70 million to AKR Fund I and we committed an additional $20 million of capital. We receive standard property management, construction and leasing fees with respect to properties acquired by AKR Fund I. In addition, we are entitled to an asset management fee equal to 1.5% of the capital committed as well as a promote of 20% after the return of all investor capital with a 9% preferred annual return. As of the date of this prospectus supplement, AKR Fund I has invested in approximately $163 million of properties and we and the outside investors have contributed equity capital to AKR Fund I in the amount of $10.5 million and $36.6 million, respectively.

Through the KLA Venture, we will seek to invest opportunistically in any of the following three ways:

- Working with financially healthy retailers to create value from their surplus real estate.
- Acquiring properties, designation rights or other control of real estate or leases associated with retailers in bankruptcy.

Back to Contents

- Completing sale-leasebacks with retailers in need of capital.

We typically hold our properties for long-term investment. As such, we continuously review the existing portfolio and implement programs to renovate and modernize targeted centers to enhance the property's market position. This in turn, strengthens the competitive position of our leasing program to attract and retain quality tenants, increasing cash flow and consequently property value. We also periodically identify certain properties for disposition and redeploy the capital to existing centers or acquisitions with greater potential for capital appreciation.

Financing Strategy

We intend to continue financing acquisitions and property redevelopment with sources of capital determined by management to be the most appropriate based on, among other factors, availability, pricing and other commercial and financial terms. The sources of capital may include cash on hand, bank and other institutional borrowing, the sale of properties and issuance of equity securities. We continually focus on maintaining a strong balance sheet when considering the sourcing of capital. We manage our interest rate risk primarily through the use of fixed rate debt and LIBOR swap agreements, resulting in 85% of our debt (including our pro rata share of joint venture debt) being at fixed interest rates through its term.

Recent Developments

Corporate Governance Initiatives — Board Restructuring

On March 18, 2004, we announced the next phase of our corporate governance initiatives. In connection with the transition to a more independent board, we announced that the following four individuals would not stand for re-election at the next annual meeting of our shareholders:

- Martin Edelman of the law firm Paul Hastings Janofsky and Walker, our outside general counsel;
- Gregory White of Prima Advisors, who is a member of the board of trustees of a competing retail REIT;
- Marvin Levine of the law firm Wachtel & Masyr, which actively represents us in transactions; and
- Lawrence Longua, an original member of Mark Center Trust's board of trustees who is currently with Newmark & Company.

We also announced that Ross Dworman, our former Chairman and Chief Executive Officer, has resigned as a trustee. In connection with his resignation, he is selling 1,400,000 common shares and an additional 158,614 shares if the underwriters' overallotment option is exercised.

At the next annual meeting of shareholders on May 6, 2004, four of the our current independent trustees will stand for re-election: Lee Wielansky, Douglas Crocker II, Alan Forman and Lorrence Kellar. Our only management trustee, Kenneth F. Bernstein, our President and Chief Executive Officer, will also stand for re-election. In addition, our Nominating/Corporate Governance Committee intends to select two new independent candidates to stand for election, bringing the size of our board to seven members. Assuming all expected trustees are elected to the board by shareholders, six of the seven board members will be independent under New York Stock Exchange requirements.

Acquisition of Mortgage Loan

On March 11, 2004, AKR Fund I, in conjunction with our long-time investment partner, Hendon Properties ("Hendon"), purchased a $9.6 million first mortgage loan from New York Life Insurance Company for $5.5 million. The loan is secured by a 235,000 square foot shopping center in Aiken, South Carolina and is currently in default. AKR Fund I and Hendon have acquired the loan with the intention of pursuing ownership of the property securing the debt. AKR Fund I has provided 90% of the equity capital and Hendon provided the remaining 10% of the equity capital used to acquire the loan. Hendon is entitled to receive profit participation in excess of its proportionate equity interest. The property is currently anchored by a Kroger supermarket and is only 56% occupied due to the vacancy of a former Kmart store.

Back to Contents

Declaration of Dividends

On February 26, 2004, our board of trustees declared a quarterly dividend of $0.16 per share payable April 15, 2004 to shareholders of record on March 31, 2004. The common shares offered hereby are expected to be delivered on March   , 2004. Accordingly, purchasers of common shares in this offering are expected to receive the dividend payable on April 15, 2004.

New Acquisition Venture

On January 27, 2004, we entered into a new venture with Klaff Realty, L.P. (Klaff) and Klaffs long-time capital partner Lubert-Adler Management, Inc. (Lubert-Adler) for the purpose of making investments in surplus or underutilized properties owned or controlled by retailers. The initial size of the KLA Venture is targeted to be approximately $300 million in equity, based on anticipated investments of approximately $1 billion. The KLA Venture is currently exploring investment opportunities, but has not yet made any investments. Each participant in the KLA Venture has the right to opt out of any potential investment.

We also acquired Klaffs rights to provide asset management, leasing, disposition, development and construction services (Management Rights) for an existing portfolio of retail properties and/or leasehold interests comprised of approximately 10 million square feet of retail space located throughout the United States (the Klaff Properties). The acquisition involves only the Management Rights associated with operating the Klaff Properties and does not include equity interests in the assets owned by Klaff or Lubert-Adler. The Operating Partnership issued $4.0 million of Series B Preferred OP Units to Klaff in consideration of the Management Rights. These management activities will be conducted through a taxable REIT subsidiary.

Back to Contents

The Offering

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of our common shares, see Description of Our Common Shares beginning on page 8 of the accompanying prospectus dated March 29, 2000.

Issuer	Acadia Realty Trust
New York Stock Exchange Symbol	AKR
Securities Offered by the selling shareholders	An aggregate of 5,000,000 common shares
	3,435,212 common shares to be sold by Yale University
	164,788 common shares to be sold by Yale University Retirement Plan for Staff Employees
	1,400,000 common shares to be sold by Ross Dworman (1)
Common shares outstanding prior to and after the offering	29,042,852 common shares (2)
OP units outstanding prior to and after the offering	553,608 OP Units (3)
Use of Proceeds	We will not receive any proceeds from this offering
Risk Factors	See Risk Factors beginning on page S-9 of this prospectus supplement and in our Form 10-K for the year ended December 31, 2003, as well as other information contained herein for a discussion of factors you should carefully consider before deciding to invest in our common shares.

(1) On March 17, 2004 and March 19, 2004, Mr. Dworman and certain entities controlled by Mr. Dworman converted (i) 1,000,000 stock options and 532,831 OP Units and (ii) 15,783 OP Units, respectively, held by them in connection with Mr. Dwormans resignation from our Board of Trustees and in connection with this offering. For additional details see Selling Shareholders.

(2) Excludes 1,070,050 common shares issuable upon exercise of stock options granted under our benefit plans.

(3) Excludes 1,580 Series A Preferred OP Units which are convertible into 210,667 Common OP Units and 4,000 Series B Preferred OP Units which are convertible into 312,012 Common OP Units.

Back to Contents

Selected Financial Data

The following table sets forth our historical selected financial and other data. This information should be read in conjunction with our audited consolidated financial statements and Managements Discussion and Analysis of Financial Condition and Results of Operations appearing in our Annual Report on Form 10-K, which is incorporated by reference herein.

	Years ended December 31,				
	2003	2002(3)	2001(4)	2000	1999
	(in thousands except per share amounts)				
OPERATING DATA:					
Revenues	$ 69,445	$ 69,347	$ 61,282	$ 63,450	$ 58,933
Operating expenses	34,703	30,894	29,049	28,736	27,651
Interest expense	11,231	11,017	12,370	15,877	13,686
Depreciation and amortization	17,909	14,804	13,745	13,136	12,241
Abandoned project costs		274			
Gain in sale of land	1,187	1,530			
Equity in earnings of unconsolidated partnerships	2,411	628	504	645	584
Minority interest	(1,347)	(2,999)	(1,466)	(1,952)	(1,832)
Income from continuing operations	7,853	11,517	5,156	4,394	4,107
Income from discontinued operations		7,882	4,795	15,513	3,088
Income before cumulative effect of a change in accounting principle	7,853	19,399	9,951	19,907	7,195
Cumulative effect of a change in accounting principle			(149)		
Net income	$ 7,853	$ 19,399	$ 9,802	$ 19,907	$ 7,195
Basic earnings per share:					
Income from continuing operations	$ 0.30	$ 0.46	$ 0.18	$ 0.16	$ 0.16
Income from discontinued operations		0.31	0.18	0.59	0.12
Cumulative effect of a change in accounting principle			(0.01)		
Basic earnings per share	$ 0.30	$ 0.77	$ 0.35	$ 0.75	$ 0.28
Diluted earnings per share:					
Income from continuing operations	$ 0.29	$ 0.45	$ 0.18	$ 0.16	$ 0.16
Income from discontinued operations		0.31	0.18	0.59	0.12
Cumulative effect of a change in accounting principle			(0.01)		
Diluted earnings per share	$ 0.29	$ 0.76	$ 0.35	$ 0.75	$ 0.28
Weighted average number of Common Shares outstanding					
- basic	26,589	25,321	28,313	26,437	25,709
- diluted (1)	27,496	25,806			
BALANCE SHEET DATA:					
Real estate before accumulated depreciation	$ 427,628	$ 413,878	$ 398,416	$ 387,729	$ 389,111
Total assets	388,184	410,935	493,939	523,611	570,803
Total mortgage indebtedness	190,444	202,361	211,444	193,693	213,154
Minority interest Operating Partnership	7,875	22,745	37,387	48,959	74,462

Total equity	169,734	161,323	179,098	179,317	152,487
OTHER DATA:					
Funds From Operations (2)	$ 27,664	$ 30,162	$ 13,487	$ 31,789	$ 31,160
Cash flows provided by (used in):					
Operating activities	19,082	24,918	20,521	19,197	25,886
Investing activities	(19,400)	24,646	(11,199)	(11,165)	(19,930)
Financing activities	(30,187)	(58,807)	(7,047)	(45,948)	14,201

(1) For 1999 through 2001, the weighted average number of shares outstanding on a diluted basis is not presented, because the inclusion of additional shares was anti-dilutive.

Back to Contents

(2) We consider funds from operations ("FFO"), as defined by the National Association of Real Estate Investment Trusts ("NAREIT"), to be an appropriate supplemental disclosure of operating performance for an equity REIT due to its widespread acceptance and use within the REIT and analyst communities. FFO is presented to assist investors in analyzing our performance. It is helpful as it excludes various items included in net income that are not indicative of the operating performance, such as gains (or losses) from sales of property and depreciation and amortization. However, our method of calculating FFO may be different from methods used by other REITs and, accordingly, may not be comparable to FFO reported by such other REITs. FFO does not represent cash generated from operations as defined by generally accepted accounting principles ("GAAP") and is not indicative of cash available to fund all cash needs, including distributions. It should not be considered as an alternative to net income for the purpose of evaluating our performance or to cash flows as a measure of liquidity. Consistent with the NAREIT definition, we define FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of depreciated property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. We historically had added back impairments in real estate in calculating FFO, in accordance with prior NAREIT guidance. However, NAREIT, based on discussions with the SEC, has provided revised guidance that provides that impairments should not be added back to net income in calculating FFO. As such, we have restated historical FFO consistent with this revised guidance. See "Reconciliation of Net Income to Funds From Operations" below.

(3) 2002 includes $3,945 of lease termination income received from a single former tenant. 2002 also includes the effect of the sale of 20 properties for an aggregate sales price of $74,000, as well as our repurchase of a total of 5,523,974 common shares and OP Units.

(4) 2001 includes a $15,886 impairment charge related to properties which were held for sale as of year-end and subsequently sold during 2002.

Reconciliation of Net Income to Funds From Operations

The reconciliations of net income to FFO for the years ended December 31, 2003, 2002, 2001, 2000 and 1999 are as follows:

	For the Years Ended December 31,				
	2003	**2002(b)**	**2001(c)**	**2000**	**1999**
			($ in thousands)		
Net income	$ 7,853	$ 19,399	$ 9,802	$ 19,907	$ 7,195
Depreciation of real estate and amortization of leasing costs:					
Wholly owned and consolidated partnerships	16,957	15,305	18,422	19,325	18,949
Unconsolidated partnerships	2,107	662	627	625	626
Income attributable to minority interest (a)	747	2,928	2,221	5,674	3,106
(Gain)loss on sale of properties	—	(8,132)	(17,734)	(13,742)	1,284
Cumulative effect of change in accounting principle	—	—	149	—	—
Funds from operations	$ 27,664	$ 30,162	$ 13,487	$ 31,789	$ 31,160

(a) Represents income attributable to Common OP Units and does not include distributions paid on Preferred OP Units.

(b) 2002 includes $3,945 of lease termination income received from a single former tenant. 2002 also includes the effect of the sale of 20 properties for an aggregate sales price of $74,000, as well as our repurchase of a total of 5,523,974 common shares and Common OP Units.

(c) 2001 includes a $15,886 impairment charge related to properties which were held for sale as of year-end and subsequently sold during 2002.

Back to Contents

RISK FACTORS

Investing in our securities involves risks that could affect us and our business as well as the real estate industry generally. Please see the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2003, which is incorporated by reference into this prospectus supplement. Much of the business information as well as the financial and operational data contained in our risk factors is updated in our periodic reports, which are also incorporated by reference into this prospectus supplement. Although we have tried to discuss key factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our financial performance. Before purchasing our securities, you should carefully consider the risks discussed in our Annual Report on Form 10-K for the year ended December 31, 2003 and the other information in this prospectus supplement and the accompanying prospectuses, as well as the documents incorporated by reference herein. Each of the risks described could result in a decrease in the value of our securities and your investment therein.

CAPITALIZATION

The following table sets forth our historical and as adjusted capitalization as of December 31, 2003. As adjusted gives effect to the sale of our common shares by the selling shareholders in the offering.

	As of December 31, 2003	
	Historical	**As Adjusted(1)**
	(In thousands)	
Debt:		
Mortgages notes payable	$ 190,444	$ 190,444
Minority interest:		
Minority interest in Operating Partnership	7,875	3,828
Minority interest in majority-owned partnerships	1,810	1,810
Total minority interest	9,685	5,638
Shareholders equity:		
Common shares, $.001 par value, 100,000,000 shares authorized, 27,409,141 shares issued and outstanding, historical, and 29,042,852 shares issued and outstanding, as adjusted	27	29
Additional paid-in capital	177,891	189,569
Accumulated other comprehensive loss	(5,505)	(5,505)
Deficit	(2,679)	(2,679)
Total shareholders equity	169,734	181,414
Total capitalization	$ 369,863	$ 377,496

(1) Assumes exercise of the underwriters over-allotment option in full. Changes in As Adjusted column result from (i) the exercise by Mr. Dworman on March 17, 2004 of 1,000,000 stock options at an exercise price of $7.50 per share, (ii) the conversion by Mr. Dworman and entities controlled by Mr. Dworman of 532,831 OP Units for 532,831 common shares on

March 17, 2004 and of 15,783 OP Units for 15,783 common shares on March 19, 2004, and (iii) the exercise of 25,000 stock options by other persons on February 20, 2004 at an average exercise price of $5.33 per share, the conversion of 17,029 OP Units by other persons on February 26, 2004 for 17,029 common shares, the conversion by other persons of 19,766 OP Units (includes 17,147 OP Units converted by Kenneth F. Bernstein, our President and Chief Executive Officer) for 19,766 common shares on March 17, 2004 and 23,302 common shares issued to employees under share compensation plans.

Back to Contents

SELLING SHAREHOLDERS

We will not receive any proceeds from the sale of our common shares by the selling shareholders.

The following table sets forth certain information regarding the selling shareholders as of March 19, 2004:

Name	Shares Beneficially Owned Prior to this Offering	Shares to be Sold in this Offering	Shares to be Sold Pursuant to Over-Allotment Option, if Exercised	Number of Shares to Be Beneficially Owned After this Offering(1)	Percentage to Be Beneficially Owned After the Offering(1)
Yale University	8,825,753(2)	3,435,212	564,316	5,225,753(3)	17.66%(4)
Yale University Retirement Plan for Staff Employees	403,994	164,788	27,070	239,206	*
Ross Dworman	1,560,914	1,400,000(5)	158,614	160,914	*
TOTALS		5,000,000	750,000		

(*) Less than 1%.
(1) Number and percentage of shares to be beneficially owned after this offering assumes the underwriters’ over-allotment option to purchase additional common shares from the selling shareholders is not exercised.
(2) Includes 403,994 common shares owned by Yale University Retirement Plan for Staff Employees. Yale University disclaims beneficial ownership of the 403,994 common shares owned by Yale University Retirement Plan for Staff Employees.
(3) Includes 239,206 common shares owned by Yale University Retirement Plan for Staff Employees. Yale University disclaims beneficial ownership of these 239,206 common shares.
(4) Assuming exercise of the underwriters’ over-allotment option in full, Yale University would beneficially own 4,634,367 or 15.66% of our outstanding common shares.
(5) On March 17, 2004 and March 19, 2004, Mr. Dworman and certain entities controlled by Mr. Dworman converted (i) 1,000,000 stock options and 532,831 OP Units and (ii) 15,783 OP Units, respectively, held by them in connection with Mr. Dworman’s resignation from our Board of Trustees and in connection with this offering. Common shares deemed to be beneficially owned by Mr. Dworman include 2,300 OP Units which are immediately exchangeable into a like number of common shares, which OP Units are held of record by The RD Foundation Inc. Mr. Dworman is the President and a Director of The RD Foundation Inc. and its sole member. Mr. Dworman disclaims beneficial ownership of the 2,300 OP Units held by The RD Foundation.

As of March 19, 2004, we had 29,042,852 common shares outstanding and 553,608 OP Units outstanding. In the table above, the amounts and percentages of common shares beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a “beneficial owner” of a security if that person has or shares “voting power,” which includes the power to vote or to direct the voting of the security, or “investment power,” which includes the power to dispose of or to direct the disposition of the security. A person is also deemed to be a beneficial owner of any securities of which that person may be deemed a beneficial owner within 60 days. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which the person has no economic interest.

Back to Contents

PRICE RANGE OF COMMON SHARES AND DIVIDENDS

Our common shares are traded on the New York Stock Exchange under the symbol AKR. On March 18, 2004, the last reported sale price of our common shares was $15.00 per share. The following table sets forth the high and low closing sale prices for our common shares for the periods indicated as reported on the New York Stock Exchange and the dividends declared by us on our common shares during each such period.

Calendar Period	High	Low	Dividend(1)
2004			
First Quarter (through March 18, 2004)	$ 15.00	$ 12.41	$ 0.160(2)
2003			
Fourth Quarter	$ 12.68	$ 10.81	$ 0.160
Third Quarter	11.50	9.06	0.145
Second Quarter	9.25	8.02	0.145
First Quarter	8.15	7.40	0.145
2002			
Fourth Quarter	$ 7.79	$ 6.77	$ 0.130
Third Quarter	8.15	6.87	0.130
Second Quarter	8.65	6.45	0.130
First Quarter	7.59	6.16	0.130

(1) All dividends that were declared were paid in the subsequent quarter.
(2) On February 26, 2004, our board of trustees declared a quarterly dividend of $0.16 per share payable April 15, 2004 to shareholders of record on March 31, 2004.

Back to Contents

OUR COMPANY

We were formed on March 4, 1993 as a Maryland REIT. We are a fully integrated, self-managed and self-administered equity REIT focused primarily on the ownership, acquisition, redevelopment and management of neighborhood and community shopping centers. We currently operate 62 properties, which we own or have an ownership interest in, consisting of 58 neighborhood and community shopping centers, one enclosed mall, one mixed-use property (retail/residential) and two multi-family properties, which are located primarily in the Northeast, Mid-Atlantic and Midwestern regions of the United States and, in total, comprise approximately nine million square feet.

All of our assets are held by, and all of our operations are conducted through, Acadia Realty Limited Partnership, a Delaware limited partnership (the "Operating Partnership") and its majority-owned subsidiaries. As of December 31, 2003, we controlled 96% of the Operating Partnership as the sole general partner. As the general partner, we are entitled to share, in proportion to our percentage interest, in the cash distributions and profits and losses of the Operating Partnership. The limited partners represent entities or individuals who contributed their interests in certain properties or partnerships to the Operating Partnership in exchange for common or preferred units of limited partnership interest ("Common OP Units" or "Preferred OP Units"). Limited partners holding Common OP Units are generally entitled to exchange their units on a one-for-one basis for our common shares.

On August 12, 1998, we completed a major reorganization ("RDC Transaction") in which we acquired 12 shopping centers, five multi-family properties and a 49% interest in one shopping center along with certain third party management contracts and promissory notes from real estate investment partnerships ("RDC Funds") managed by affiliates of RD Capital, Inc. In exchange for these and a cash investment of $100.0 million, we issued 11.1 million Common OP Units and 15.3 million common shares to the RDC Funds. These common shares were distributed to the respective limited partners of the RDC Funds during 2000. After giving effect to the conversion of the Common OP Units the RDC Funds beneficially owned 72% of the common shares as of the closing of the RDC Transaction. During February 2003, we issued additional Common OP Units and cash valued at $2.8 million to certain limited partners in connection with our obligation under the RDC Transaction. The payment was due upon the commencement of rental payments from a designated tenant at one of the properties acquired in the RDC Transaction.

We issued a total of 2,212 Series A Preferred OP Units in November 1999 in connection with the acquisition of all the partnership interests of the limited partnership which owns the Pacesetter Park Shopping Center. These units have a stated value of $1,000 each and are entitled to a quarterly preferred distribution of the greater of (i) $22.50 (9% annually) per Preferred OP Unit or (ii) the quarterly distribution attributable to a Preferred OP Unit if such unit were converted into a Common OP Unit. The Preferred OP Units are currently convertible into Common OP Units based on the stated value divided by $7.50. After the seventh anniversary following their issuance, either we or the holders can call for the conversion of the Preferred OP Units at the lesser of $7.50 or the market price of our common shares as of the conversion date. A total of 1,580 Series A Preferred OP Units were outstanding as of December 31, 2003 following the conversion of 632 Preferred OP Units to Common OP Units during 2003.

During 2001, certain of our larger shareholders expressed a desire for liquidity. We determined that it was in the best interest of our Company to provide an opportunity for shareholders wishing to sell their common shares to be able to do so in a manner that would not negatively impact our share price. Furthermore, we believed that while providing this liquidity to some shareholders, it would be at an attractive price that would benefit our remaining shareholders. Upon completion of the "Modified Dutch Auction" tender offer (the "Tender Offer") in February 2002, we purchased 4,136,321 common shares and 1,387,653 Common OP Units (collectively, "Shares"), at a purchase price of $6.05. This included 600,000 Shares purchased from Ross Dworman, former Chairman of our Board of Trustees, who participated in the Tender Offer. This also included 139,359 Shares purchased pursuant to our right to purchase up to an additional 2% of our common shares outstanding. The aggregate purchase price paid for the 5,523,974 Shares was $33.4 million.

Our acquisition program is executed primarily through our existing acquisition joint venture, AKR Fund I. From the inception of AKR Fund I in 2001 through December 31, 2003, we have contributed $10.5 million

Back to Contents

to AKR Fund I which principally represents our share of the acquisition costs of three portfolios, one of which was acquired in 2002 and the balance in January 2003. For the year ended December 31, 2003, AKR Fund I provided us with incremental FFO of $4.1 million, including asset management fees of $1.1 million and property management and leasing fees of $0.6 million. We are entitled to receive a pro rata share of distributions from AKR Fund I plus a promote, as well as asset management, property management, leasing and construction fees. Due to the promoted equity structure and fees, combined with our small market capitalization, our modest investment in AKR Fund I has had a positive impact on our earnings.

On January 27, 2004, we entered into a new venture with Klaff Realty, L.P. ("Klaff") and Klaff's long-time capital partner Lubert-Adler Management, Inc. ("Lubert-Adler") for the purpose of making investments in surplus or underutilized properties owned or controlled by retailers. The initial size of the KLA Venture is targeted to be approximately $300 million in equity, based on anticipated investments of approximately $1 billion. The KLA Venture is currently exploring investment opportunities, but has not yet made any investments. Each participant in the KLA Venture has the right to opt out of any potential investment.

We also acquired Klaff's rights to provide asset management, leasing, disposition, development and construction services ("Management Rights") for an existing portfolio of retail properties and/or leasehold interests comprised of approximately 10 million square feet of retail space located throughout the United States (the "Klaff Properties"). The acquisition involves only the Management Rights associated with operating the Klaff Properties and does not include equity interests in the assets owned by Klaff or Lubert-Adler. The Operating Partnership issued $4.0 million of Series B Preferred OP Units to Klaff in consideration of the Management Rights. These management activities will be conducted through a taxable REIT subsidiary.

These units have a stated value of $1,000 each and are entitled to a quarterly preferred distribution of the greater of (i) $13.00 (5.2% annually) per Preferred OP Unit or (ii) the quarterly distribution attributable to a Preferred OP Unit if such unit were converted into a Common OP Unit. The Preferred OP Units are convertible into Common OP Units. However, upon conversion to Common OP Units, such Common OP Units are restricted from sale until January 27, 2007. Additionally, the holder of the Preferred OP Units may cause us to redeem the Preferred OP Units at par for either cash or Common OP Units (at our option) after the earlier of the third anniversary of their issuance, or the occurrence of certain events including a change in control of our Company. Finally, after the fifth anniversary of the issuance, we may redeem the Preferred OP Units and convert them into Common OP Units at market value as of the redemption date. In response to a subsequent request from Klaff, our Board of Trustees approved a waiver on February 24, 2004 which allows Klaff to redeem 1,500 Preferred OP Units for cash at any time.

We and AKR Fund I, as well as possible subsequent joint venture funds sponsored by us, anticipate investing 20% of the equity of the KLA Venture. Cash flow is to be distributed to the partners in accordance with their capital accounts until they have received a 10% cumulative return and a full return of all contributions. Thereafter, remaining cash flow is to be distributed 20% to Klaff ("Klaff's Promote") and 80% to the partners (including Klaff). Remaining cash flow attributable to up to $20.0 million of our contributed capital is not subject to Klaff's Promote. We will also earn, through a taxable REIT subsidiary, market-rate fees for property management, leasing and construction services on behalf of the Venture.

PROPERTY SUMMARY

The discussion and tables below include six properties held through joint ventures in which we own a partial interest ("Joint Venture Portfolio"). Except where noted, the following does not include our partial interest in 25 anchor-only leases with Kroger and Safeway supermarkets, as the majority of these properties are free-standing and all are triple-net leases.

Shopping Center Properties
As of December 31, 2003, we owned and operated, directly and through joint ventures, 35 shopping centers, which include a mixed-use property (retail and residential) and three properties under redevelopment. Our shopping centers, which total approximately 6.5 million square feet of gross leasable area ("GLA"), are located in 12 states and are generally well-established, anchored community and neighborhood shopping

Back to Contents

centers. The properties are diverse in size, ranging from approximately 31,000 to 614,000 square feet. As of December 31, 2003, our wholly-owned portfolio and the Joint Venture Portfolio were approximately 88% and 98% occupied, respectively. Our shopping centers are typically anchored by necessity-based or value-oriented retailers.

We had approximately 500 leases as of December 31, 2003, of which 63%, 24% and 13% of the rental revenues received thereunder were from national, regional and local tenants, respectively. A majority of the income from the properties consists of rent received under long-term leases. Most of these leases provide for the payment of fixed minimum rent monthly in advance and for the payment by tenants of a pro-rata share of the real estate taxes, insurance, utilities and common area maintenance of the shopping centers. Minimum rents and expense reimbursements accounted for approximately 92% of our total revenues for the year ended December 31, 2003.

As of December 31, 2003, a number of our existing leases also provided for the payment of percentage rents either in addition to, or in place of, minimum rents. These arrangements generally provide for payment to us of a certain percentage of a tenant's gross sales in excess of a stipulated annual amount.

Three of our shopping center properties are subject to long-term ground leases in which a third party owns and has leased the underlying land to us. We pay rent for the use of the land and are responsible for all costs and expenses associated with the building and improvements.

No individual property contributed in excess of 10% of our total revenues for the years ended December 31, 2003, 2002 and 2001.

Back to Contents

The following sets forth more specific information with respect to each of our shopping centers at December 31, 2003:

Wholly-Owned Properties

(GLA in thousands) Shopping Center Region	Location	Year Constructed(C) Acquired(A)	Ownership Interest	GLA	Occupancy (1)	Anchor Tenants (2) Current Lease Expiration/ Lease Option Expiration
NEW ENGLAND						
Connecticut						
239 Greenwich Avenue	Greenwich	1998 (A)	Fee	17(3)	100%	Restoration Hardware 2015/2025 Chico's Fashion 2010/2020
Town Line Plaza	Rocky Hill	1998 (A)	Fee	206(4)	100%	Stop & Shop 2023/2063(5) WalMart(4)
Massachusetts						
Methuen Shopping Center	Methuen	1998 (A)	LI/Fee(7)	130	100%	WalMart 2011/2051 DeMoulas Market 2005/2015
Crescent Plaza	Brockton	1984 (A)	Fee	218	100%	Home Depot 2021/2051 Shaw's 2012/2042
Rhode Island						
Walnut Hill Plaza	Woonsocket	1998 (A)	Fee	286	100%	Sears 2008/2033 Shaw's 2013/2043
Vermont						
The Gateway Shopping Center	South Burlington	1999 (A)	Fee	101(6)	84%	Shaw's 2024/2054
NEW YORK						
New Jersey						
Berlin Shopping Center	Berlin	1994 (A)	Fee	189	80%	Kmart 2004/2029 Acme 2005/2015
Elmwood Park Shopping Center	Elmwood Park	1998 (A)	Fee	150	100%	Pathmark 2017/2052 Walgreen's 2022/2062
Ledgewood Mall	Ledgewood	1983 (A)	Fee	516	88%	The Sports' Authority 2007/2037 Macy's 2005/2025 WalMart 2019/2049 Circuit City 2020/2040 Marshall's 2007/2027
Marketplace of Absecon	Absecon	1998 (A)	Fee	105	93%	Eckerd Drug 2020/2040 Acme 2015/2055

New York						
Branch Shopping Plaza	Smithtown	1998 (A)	LI (7)	126	96%	Waldbaum's 2013/2028
New Loudon Center	Latham	1982 (A)	Fee	254	75%	Price Chopper 2015/2035 Marshall's 2014/2029(8) Bon Ton 2014/2034 (8)
Village Commons Shopping Center	Smithtown	1998 (A)	Fee	87	96%	Daffy's 2008/2028 Walgreens 2021/none
Soundview Marketplace	Port Washington	1998 (A)	LI/Fee (7)	182	92%	King Kullen 2007/2042 Clearview Cinema 2010/2030
Pacesetter Park Shopping Center	Pomona	1999 (A)	Fee	96	84%	Stop & Shop 2020/2040
MID-ATLANTIC						
Pennsylvania						
Abington Towne Center	Abington	1998 (A)	Fee	217(9)	98%	TJ Maxx 2010/2020 Target (9)
Blackman Plaza	Wilkes-Barre	1968 (C)	Fee	121	92%	Kmart 2004/2049 (10)
Bradford Towne Centre	Towanda	1993 (C)	Fee	257	89%	Kmart 2019/2069 P&C Foods 2014/2024 (16)
East End Centre	Wilkes-Barre	1986 (C)	Fee	308	52%	Price Chopper 2008/2028
Greenridge Plaza	Scranton	1986 (C)	Fee	198	53%	Giant Food 2021/2051
Luzerne Street Shopping Center	Scranton	1983 (A)	Fee	58	94%	Price Chopper 2004/2024 (11) Eckerd Drug 2004/2019
Mark Plaza	Edwardsville	1968 (C)	LI/Fee (7)	214	91%	Kmart 2004/2054 (10) Redner's Markets 2018/2028
Pittston Plaza	Pittston	1994 (C)	Fee	79	98%	Redner's Markets 2018/2028 Eckerd Drug 2006/2016
Plaza 422	Lebanon	1972 (C)	Fee	155	69%	Home Depot 2028/2058 (12)
Route 6 Mall	Honesdale	1994 (C)	Fee	176	99%	Kmart 2020/2070

Back to Contents

Shopping Center Region	Location	Year Constructed(C) Acquired(A)	Ownership Interest	GLA	Occupancy (1)	Anchor Tenants (2) Current Lease Expiration Lease Option Expiration
MIDWEST						
Illinois Hobson West Plaza	Naperville	1998 (A)	Fee	99	99%	Bobak□s Market & Restaurant 2007/2032
Indiana Merrillville Plaza	Merrillville	1998 (A)	Fee	236	100%	JC Penney 2008/2018 Office Max 2008/2028 TJ Maxx 2004/2014
Michigan Bloomfield Town Square	Bloomfield Hills	1998 (A)	Fee	217	88%	TJ Maxx 2009/2014 Marshalls 2011/2026 Home Goods 2010/2025
Ohio Mad River Station	Dayton	1999 (A)	Fee	154(13)	80%	Office Depot 2005/2010 Babies □R□ Us 2005/2020
	Wholly-owned portfolio			5,153	88%	
Joint Venture Properties						
NEW YORK **New York** Crossroads Shopping Center	White Plains	1998 (A)	49%	311	99%	Kmart 2012/2037 Waldbaum□s 2007/2032 B. Dalton 2012/2022 Modell□s 2009/2019 Pay Half 2018/none
MIDWEST Ohio Amherst Marketplace	Cleveland	2002 (A)	22%	80	100%	Giant Eagle 2021/2041
Granville Centre	Columbus	2002 (A)	22%	132	88%	Big Bear 2020/2050 (14) California Fitness 2017/2027
	Cleveland	2002 (A)	22%	113	94%	

Sheffield Crossing						Giant Eagle 2022/2042
MID-ATLANTIC						
Delaware						
Brandywine Town Center	Wilmington	2003 (A)	22%	614(15)	99%	Target 2018/2068 Lowes Home Centers 2018/2048 Dicks Sporting Goods 2013/2028 Bed Bath & Beyond 2014/2029 Old Navy (Gap) 2011/2016
Market Square Shopping Center	Wilmington	2003 (A)	22%	88	100%	Trader Joes 2013/2028 TJ Maxx 2006/2016
	Joint Venture Portfolio			1,337	98%	

(1) Does not include space leased but not yet occupied by the tenant.
(2) Generally, anchors represent those tenants whose leases comprise at least 10% of the GLA of the center.
(3) In addition to the 17 square feet of retail GLA, this property also has 21 apartments comprising 14 square feet.
(4) Includes a 93 square foot WalMart which is not owned by us.
(5) Following the recapture, demolition and reconstruction of the existing supermarket building, a new Super Stop & Shop supermarket will open at this center during the first quarter of 2005. Although not yet open, rent has commenced pursuant to the lease.
(6) The newly built 72 square foot Shaws supermarket opened during the second quarter 2003 at this redevelopment project. The balance of the newly constructed small shop space is in its initial lease-up phase.
(7) We are a ground lessee under a long-term ground lease.
(8) The Bon Ton Department Store opened for business in 66 square feet on November 21, 2003 as part of the redevelopment of this property. Additional space which has been leased, but is not yet occupied consists of approximately 11 square feet to Marshalls, an existing tenant at the center, which will be expanding its current 26 square foot store to 37 square feet, and 49 square feet to Raymour and

Back to Contents

Flanigan Furniture. Following these tenants taking occupancy in mid-2004, this community shopping center will be 100% leased.
(9) Includes a 158 square foot Target Store that is not owned by us.
(10) Kmart has notified us of its intentions to exercise its option to renew the lease upon expiration of the current lease term.
(11) This tenant has ceased operating in their space but continues to pay rent pursuant to the lease.
(12) Home Depot opened in 104 square feet at this shopping center redevelopment in December 2003. In connection with the project, we also recaptured another 48 square feet of space, for which re-leasing is underway.
(13) The GLA for this property includes 28 square feet of office space.
(14) This is a subsidiary of Penn Traffic, which is currently operating under Chapter 11 bankruptcy. Penn Traffic continues to operate at the Bradford Towne Centre, but has neither accepted nor rejected this lease. Penn Traffic ceased operations at the Granville Centre and rejected the lease at this location on February 20, 2004.
(15) Does not include 240 square feet of space in Phase II of the Brandywine Town Center, which will be paid for by us on an earn-out basis only if, and when, it is leased.

Multi-family Properties

We own two multi-family properties located in the Mid-Atlantic and Midwest regions. The properties, as of December 31, 2003, had a weighted average occupancy rate of 94%. The following sets forth more specific information with respect to each of our multi-family properties at December 31, 2003:

Multi-Family Property	Year Acquired	Ownership Interest	Units	% Occupied
Columbia, Missouri				
Gate House, Holiday House, Tiger Village and Colony Apartments(1)	1998	Fee	874	98%
Winston Salem, North Carolina				
Village Apartments	1998	Fee	600	89%
Total/weighted average			1,474	94%

(1) We own four contiguous residential complexes in Columbia, Missouri which, although owned in two separate entities, are managed as a single property and therefore reflected as such.

Major Tenants

No individual retail tenant accounted for more than 4.7% of minimum rents or more than 9.9% of total leased GLA as of and for the year ended December 31, 2003. The following table sets forth certain information for our 24 largest retail tenants based upon minimum rents in place as of December 31, 2003. The table includes leases related to our partial interest in 25 anchor-only leases with Kroger and Safeway supermarkets. The amounts below include our pro-rata share of GLA and annualized base rent for our partial ownership interest in our joint venture properties:

Back to Contents

Retail Tenant	Number of Stores in Portfolio	Total GLA (2)	Annualized Base Rent (1)(2)	Percentage of Total Represented by Retail Tenant: Total Portfolio GLA (2)	Percentage of Total Represented by Retail Tenant: Annualized Base Rent (2)
		(GLA and rent in thousands)			
Shaw□s	3	175	$ 2,337	3.0%	4.7%
Kmart	6	570	2,148	9.9%	4.3%
T.J. Maxx	9	245	1,923	4.3%	3.9%
Ahold (Giant, Stop & Shop) (3)	3	179	1,549	3.1%	3.1%
WalMart	2	210	1,515	3.6%	3.1%
Price Chopper (4)	3	168	1,296	2.9%	2.7%
A&P / Waldbaum□s	2	82	1,168	1.4%	2.4%
Eckerd Drug (5)	8	90	1,054	1.6%	2.1%
Home Depot	2	211	1,010	3.7%	2.0%
Pathmark	1	48	955	0.8%	1.9%
Restoration Hardware	1	12	930	0.2%	1.9%
Acme (Albertson□s)	2	76	919	1.3%	1.9%
Redners Supermarket	2	112	863	2.0%	1.7%
Safeway (6)	13	104	832	1.8%	1.7%
Kroger (7)	12	122	829	2.1%	1.7%
KB Toys (8)	6	46	669	0.8%	1.4%
Macy□s	1	73	611	1.3%	1.2%
Clearview Cinema (9)	1	25	596	0.5%	1.2%
JC Penney	2	73	592	1.3%	1.2%
Payless Shoe Source	12	41	589	0.7%	1.2%
Walgreen□s	2	24	589	0.4%	1.2%
King Kullen	1	48	563	0.8%	1.1%
Blockbuster Video	5	23	505	0.4%	1.0%
Fashion Bug (Charming Shoppes) (10)	9	88	470	1.5%	1.0%
Total	108	2,845	$ 24,512	49.4%	49.6%

(1) Base rents do not include percentage rents (except where noted), additional rents for property expense reimbursements, and contractual rent escalations due after December 31, 2003.
(2) Represents total GLA and annualized base rent for our retail properties including our pro-rata share of joint venture properties.
(3) We will be installing a new Super Stop & Shop supermarket in connection with the redevelopment of the property. Although not yet open, rent has commenced pursuant to the lease.
(4) The tenant is currently not operating the store at the Luzerne Street Shopping Center. It is obligated, and continues, to pay annual minimum rent of $178 until the lease expires on April 30, 2004.
(5) Subsidiary of JC Penney. The store at the Berlin Shopping Center has ceased operating, but continues to pay annual rent of $30 pursuant to the lease which expires November 30, 2004. The Route 6 Plaza location has been sublet to Advance Auto and expires 2011.
(6) Safeway has sub-leased seven of these locations to supermarket tenants, one location to a non-supermarket tenant and ceased operations at one other location. Safeway is obligated to pay rent through the full term of all these leases which expire in 2009.
(7) Kroger has sub-leased four of these locations to supermarket tenants, two locations to a non-supermarket tenant and ceased operations at one other location. Kroger is obligated to pay rent through the full term of these leases which expire in 2009.
(8) The tenant is currently operating under Chapter 11 bankruptcy and, as of December 31, 2003, has neither affirmed nor rejected its leases at any of its locations.
(9) Subsidiary of Cablevision.
(10) This tenant pays percentage rent only (no minimum rent) at four of its locations. Included in the above rent is $245 of percentage rent paid for calendar 2003.

Back to Contents

Lease Expirations

The following table shows scheduled lease expirations for retail tenants in place as of December 31, 2003, assuming that none of the tenants exercise renewal options. Lease expirations for 251,000 square feet of GLA owned by anchor tenants is not included for our wholly-owned portfolio. Leases related to our joint venture properties are shown separately below (GLA and rent in table in thousands):

Annualized Base Rent (1)	GLA