UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2003
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________________ to ________________

Commission File No. 33-98136

CPG PARTNERS, L.P.
(Exact name of registrant as specified in its charter)

Delaware	**22-3258100**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

103 Eisenhower Parkway, Roseland, New Jersey 07068
(Address of principal executive offices - zip code)

(973) 228-6111
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12 (g) of the Act: None

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 the 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 the 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. [x]

Indicate by check mark whether the registrant is an accelerated filer.
Yes ___ No __X__

There are no outstanding shares of Common Stock or voting securities.

Documents incorporated by reference:

Portions of the definitive Proxy Statement of Chelsea Property Group, Inc. relating to its 2004 Annual Meeting of Shareholders are incorporated by reference into Part III as set forth herein.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) 1 and 2. The response to this portion of Item 15 is submitted as a separate section of this report.

3. Exhibits

3.1 Articles of Incorporation of the Company, as amended, including Articles Supplementary relating to 8 3/8% Series A Cumulative Redeemable Preferred Stock and Articles Supplementary relating to 9% Series B Cumulative Redeemable Preferred Stock. Incorporated by reference to Exhibit 3.1 to Form 10-K for the year ended December 31, 2002.

3.2 By-laws of the Company. Incorporated by reference to Exhibit 3.2 to Registration Statement filed by the Company on Form S-11 under the Securities Act of 1933 (file No. 33-67870) ("S-11").

3.3 Agreement of Limited Partnership for the Operating Partnership. Incorporated by reference to Exhibit 3.3 to S-11.

3.4 Amendments No. 1 and No. 2 to Partnership Agreement dated March 31, 1997 and October 7, 1997. Incorporated by reference to Exhibit 3.4 to Form 10-K for the year ended December 31, 1997. ("1997 10-K")

3.5 Amendment No. 3 to Partnership Agreement dated September 3, 1999. Incorporated by reference to Exhibit 3.5 to 1999 10-K.

4.1 Form of Indenture among the Company, Chelsea GCA Realty Partnership, L.P., and State Street Bank and Trust Company, as Trustee. Incorporated by reference to Exhibit 4.4 to Registration Statement filed by the Company on Form S-3 under the Securities Act of 1933 (File No. 33-98136).

10.1 Registration Rights Agreement among the Company and recipients of Units. Incorporated by reference to Exhibit 4.1 to S-11.

10.2 Amended and Restated Credit Agreement dated July 31, 2002 among CPG Partners, L.P. and Fleet National Bank, individually and as an agent, and other Lending Institutions listed therein. Incorporated by reference to Exhibit 10.1 to Form 10-Q for the period ending September 30, 2002.

10.3 Joint Venture Agreement between Chelsea GCA Realty Partnership, L.P., Mitsubishi Estate Co., Ltd. and Nissho Iwai Corporation dated June 16, 1999. Incorporated by reference to Exhibit 10.9 to 1999 10-K.

10.4 Agreement for Purchase and Sale of Assets dated July 12, 2001. Incorporated by reference to Exhibit 2 to current report on Form 8-K reporting on an event, which occurred on September 25, 2001.

10.5 Purchase Agreement dated November 11, 2002. Incorporated by reference to Exhibit 2 to current report on Form 8-K reporting on an event which occurred December 19, 2002.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K (continued)

10.8 2002-2006 Long-Term Executive Incentive Plan. Incorporated by reference to Exhibit 10.8 to Form 10-K for the year ended December 31, 2002.

10.9 Agreement for Purchase and Sale dated May 8, 2003, as amended. Incorporated by reference to Exhibit 2 to current report on Form 8-K reporting on an event which occurred August 1, 2003 (“2003 8-K”).

10.10 Term Loan Agreement dated July 31, 2003 between CPG Partners, L.P. and Wachovia Bank, National Association. Incorporated by reference to Exhibit 10 to 2003 8-K.

21 List of Subsidiaries

23.1 Consent of Ernst & Young LLP.

31.1 Section 302 Chief Executive Officer Certificate

31.2 Section 302 Chief Financial Officer Certificate

32.1 Secton 906 Chief Executive Officer Certificate

32.2 Section 906 Chief Financial Officer Certificate

(b) Reports on Form 8-K.
None

(c) Exhibits
See (a) 3

(d) Financial Statement Schedules - The response to this portion of Item 15 is submitted as a separate schedule of this report.

Item 8, Item 15(a)(1) and (2) and Item 15(d)

(a)1. Financial Statements

Consolidated Financial Statements–CPG Partners, L.P.

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(a)2 and (d) Financial Statement Schedule

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All other schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto.

Report of Independent Auditors

To the Owners
CPG Partners, L.P.

We have audited the accompanying consolidated balance sheets of CPG Partners, L.P. as of December 31, 2003 and 2002, and the related consolidated statements of income, partners' capital and cash flows for each of the three years in the period ended December 31, 2003. Our audits also included the financial statement schedule listed in the Index as Item 15 (a)(2). These financial statements and schedule are the responsibility of the management of CPG Partners, L.P. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 CPG Partners, L.P. as of December 31, 2003 and 2002, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/Ernst & Young LLP

New York, New York
February 24, 2004

CPG Partners, L.P.
Consolidated
Balance Sheets (In thousands)

	December 31, 2003	December 31, 2002
Assets:		
Rental properties:		
Land	**$ 299,176**	$ 266,461
Depreciable property	**1,773,607**	1,570,713
Total rental property	**2,072,783**	1,837,174
Accumulated depreciation	**(332,406)**	(284,239)
Rental properties, net	**1,740,377**	1,552,935
Cash and cash equivalents	**18,476**	22,551
Restricted cash - escrows	**6,456**	3,455

	2003	2002
Tenant accounts receivable (net of allowance for doubtful accounts of $1,615 in 2003 and $2,593 in 2002)	**11,631**	7,762
Deferred rent receivable	**25,018**	18,778
Property held for sale	**3,500**	-
Investments in unconsolidated affiliates	**107,068**	47,997
Notes receivable-related parties	**2,151**	2,746
Deferred costs, net	**22,989**	16,706
Other assets	**32,748**	30,100
Total assets	**$1,970,414**	$1,703,030
Liabilities and partners' capital:		
Liabilities:		
Unsecured bank debt	**$ 204,035**	$ 103,035
Unsecured notes	**621,803**	621,330
Mortgage debt	**385,634**	306,455
Construction payables	**7,668**	8,046
Accounts payable and accrued expenses	**59,738**	45,077
Accrued distribution payable	**5,131**	4,927
Other liabilities	**20,871**	18,886
Total liabilities	**1,304,880**	1,107,756
Commitments and contingencies		
Partners' capital:		
General partner units outstanding, 43,592 in 2003 and 41,485 in 2002	**524,295**	462,127
Limited partners units outstanding 7,356 in 2003 and 7,563 in 2002	**81,934**	77,094
Preferred partners units outstanding, 1,300 in 2003 and 2002	**63,315**	63,315
Officer loan	**-**	(488)
Accumulated other comprehensive loss	**(4,010)**	(6,774)
Total partners' capital	**665,534**	595,274
Total liabilities and partners' capital	**$1,970,414**	$1,703,030

The accompanying notes are an integral part of the financial statements.

CPG Partners, L.P.
Consolidated Statements of Income
(In thousands, except per unit data)

	Year ended December 31, 2003	2002	2001
Revenues:			
Base rent	**$247,894**	$178,298	$124,645
Percentage rent	**29,134**	23,723	17,853
Expense reimbursements	**86,499**	64,875	49,496
Other income	**8,738**	11,593	10,888
Total revenues	**372,265**	278,489	202,882
Expenses:			
Operating and maintenance	**102,951**	77,863	56,256
Depreciation and amortization	**70,830**	56,870	46,768
General and administrative	**12,396**	7,074	4,620
Other	**4,984**	3,962	2,535
Total expenses	**191,161**	145,769	110,179
Income before unconsolidated investments and interest expense	**181,104**	132,720	92,703
Income from unconsolidated investments	**11,006**	9,802	15,025
Loss from and impairment of Chelsea Interactive	**(2,518)**	(47,756)	(5,337)
Interest expense	**(69,779)**	(49,189)	(37,271)
Gain on sale, net of write-down of assets	**-**	10,911	617
Income from continuing operations	**119,813**	56,488	65,737
(Loss) income from discontinued operations	**(980)**	1,366	783
Gain on sale of discontinued operations	**5,625**	-	-
Net income	**124,458**	57,854	66,520
Preferred unit requirement	**(9,184)**	(9,270)	(10,036)
Net income available to common unitholders	**$115,274**	$48,584	$56,484
Net income to common unitholders:			
General partner	**$98,192**	$41,714	$47,626
Limited partners	**17,082**	6,870	8,858
Total	**$115,274**	$48,584	$56,484

Net income per common unit:

	2003	2002	2001
General partner (including $0.09, $0.03 and $0.02 income from discontinued operations in 2003, 2002 and 2001, respectively)	**$2.30**	$1.09	$1.41
Limited partners (including $0.09, $0.03 and $0.02 income from discontinued operations in 2003, 2002 and 2001, respectively)	**$2.30**	$1.07	$1.39
Weighted average units outstanding:			
General partner................................	**42,613**	38,245	33,678
Limited partners...............................	**7,442**	6,426	6,358
Total...	**50,055**	44,671	40,036

The accompanying notes are an integral part of the financial statements.

CPG Partners, L.P.
Consolidated Statements of Partners' Capital
(In thousands)

	General Partner's Capital	Limited Partners' Capital	Preferred Partner's Capital	Officer Loan	Accum. Other Comp. Loss	Total Partners' Capital
Balance December 31, 2000....................	**$271,482**	**$37,888**	**$63,315**	**$ -**	**$ (123)**	**$372,562**
Net income..................................	51,814	14,706	-	-	-	66,520
Other comprehensive income						
Foreign currency translation.................	-	-	-	-	(252)	(252)
Interest rate swap...........................	-	-	-	-	(3,105)	(3,105)
Total comprehensive income..................						63,163
Common distributions.........................	(52,939)	(9,839)	-	-	-	(62,778)
Preferred distribution.......................	(4,188)	(5,848)	-	-	-	(10,036)
Contributions (net of costs).................	112,151	-	-	-	-	112,151
Revaluation of limited partners' interests...	(18,209)	18,209	-	-	-	-
Transfer of a limited partners' interest.....	2,291	(2,291)	-	-	-	-
Balance December 31, 2001....................	**362,402**	**52,825**	**63,315**	**-**	**(3,480)**	**475,062**
Net income..................................	45,136	12,718	-	-	-	57,854
Other comprehensive income						
Foreign currency translation.................	-	-	-	-	320	320
Interest rate swap...........................	-	-	-	-	(3,614)	(3,614)
Total comprehensive income..................						54,560
Issuance of limited partnership units........	-	44,593	-	-	-	44,593
Common distributions.........................	(72,220)	(12,304)	-	-	-	(84,524)
Preferred distribution.......................	(3,422)	(5,848)	-	-	-	(9,270)
Contributions (net of costs).................	124,995	-	-	-	-	124,995
Redemption of preferred units (net of costs)..........................	(9,654)	-	-	-	-	(9,654)
Officer loan................................	-	-	-	(488)	-	(488)
Revaluation of limited partners' interests...	14,651	(14,651)	-	-	-	-
Transfer of a limited partners' interest.....	239	(239)	-	-	-	-
Balance December 31, 2002....................	**462,127**	**77,094**	**63,315**	**(488)**	**(6,774)**	**595,274**
Net income..................................	101,528	22,930	-	-	-	124,458
Other comprehensive income						
Foreign currency translation.................	-	-	-	-	503	503
Interest rate swap...........................	-	-	-	-	2,261	2,261
Total comprehensive income..................						127,222
Common distributions.........................	(91,947)	(15,897)	-	-	-	(107,844)
Preferred distribution.......................	(3,336)	(5,848)		-	-	(9,184)
Contributions (net of costs).................	59,578	-	-	-	-	59,578
Repayment of officer loan	-	-	-	488	-	488
Revaluation of limited partners interests....	(5,736)	5,736	-	-	-	-
Transfer of a limited partners' interest.....	2,081	(2,081)	-	-	-	-
Balance December 31, 2003....................	**$524,295**	**$81,934**	**$63,315**	**$ -**	**$(4,010)**	**$665,534**

The accompanying notes are an integral part of the financial statements.

CPG Partners, L.P.
Consolidated Statements of Partners' Capital
(In thousands)

	Year ended December 31, 2003	2002	2001
Cash flows from operating activities			
Net income..	**$124,458**	$57,854	$66,520
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization...........................	**73,651**	58,275	48,554
Equity in earnings of unconsolidated investments in excess of distributions received..................	**(5,491)**	(2,407)	(2,215)
Loss from and impairment of Chelsea Interactive..........	**-**	47,756	5,337
Loss from interest rate swap.............................	**514**	-	-
Gain on sale of assets..................................	**-**	(11,514)	(333)
Gain on sale of discontinued operations.................	**(5,625)**	-	-
Proceeds from non-compete receivable....................	**-**	4,300	4,600
Amortization of non-compete revenue.....................	**-**	(5,136)	(5,136)
Additions to deferred lease costs.......................	**(2,642)**	(1,153)	(1,869)
Other operating activities..............................	**(1,487)**	(845)	(570)
Changes in assets and liabilities:			

Straight-line rent receivable	(7,285)	(3,872)	(1,761)
Other assets	(467)	(3,211)	965
Deferred compensation pay out	-	(14,401)	
Due from affiliates	(5,742)	(284)	(1,924)
Accounts payable and other liabilities	11,750	2,860	9,555
Net cash provided by operating activities	181,634	128,222	121,723
Cash flows from investing activities			
Additions to rental properties	(171,685)	(385,519)	(103,521)
Proceeds from sale of centers	13,853	7,929	7,100
Additions to investments in unconsolidated affiliates	(46,688)	(37,855)	(14,763)
Distributions from investments in unconsolidated affiliates in excess of earnings	-	337	5,079
Proceeds from sale of investment in unconsolidated affiliates	-	11,293	2,839
Additions to deferred lease costs from acquisitions	(8,536)	-	-
Loans to related parties	-	(550)	(2,750)
Payments from related parties	1,083	1,085	1,685
Additions to deferred development costs	(1,630)	(898)	(8,220)
Net cash used in investing activities	(213,603)	(404,178)	(112,551)
Cash flows from financing activities			
Debt proceeds	124,000	503,958	177,538
Repayments of debt	(38,078)	(249,540)	(217,318)
Net proceeds from sale of common stock	59,577	124,990	112,151
Distributions	(116,828)	(92,717)	(72,873)
Redemption of preferred units	-	(9,654)	-
Additions to deferred financing costs	(777)	(3,134)	(2,102)
Net cash provided by (used in) financing activities	27,894	273,903	(2,604)
Net (decrease) increase in cash and cash equivalents	(4,075)	(2,053)	6,568
Cash and cash equivalents, beginning of period	22,551	24,604	18,036
Cash and cash equivalents, end of period	$18,476	$22,551	$24,604

The accompanying notes are an integral part of the financial statements

CPG Partners, L.P.
Notes to Consolidated Financial Statements

1. Organization and Basis of Presentation

Organization

CPG Partners, L.P., (the "Operating Partnership" or "OP"), which commenced operations on November 2, 1993 specializes in owning, developing, leasing, marketing and managing upscale and fashion-oriented manufacturers' outlet centers. As of December 31, 2003, the OP wholly or partially owned 60 centers in 31 states and Japan containing approximately 16.1 million square feet of gross leasable area ("GLA"). The OP's portfolio is comprised of 30 Premium Outlet centers containing 10.6 million square feet of GLA (the "Premium Properties") and 30 other retail centers containing approximately 5.5 million square feet of GLA ("Other Properties") (collectively the "Properties"). The OP's Premium Properties generated approximately 75% and 86% of the OP's real estate net operating income for the years ended December 31, 2003, and 2002, respectively. The Premium Properties generally are located near metropolitan areas including New York City, Los Angeles, Chicago, Boston, Washington, D.C., San Francisco, Sacramento, Atlanta, Dallas, Tokyo and Osaka, Japan. Some Premium Properties are also located within 20 miles of major tourist destinations including Palm Springs, Napa Valley, Orlando, Las Vegas and Honolulu.

The sole general partner of the OP, Chelsea Property Group, Inc. (the "Company") is a self-administered and self-managed Real Estate Investment Trust (REIT).

Basis of Presentation

The financial statements contain the accounts of the Operating Partnership and its majority owned subsidiaries. Such subsidiaries represent partnerships in which the OP has greater than a 50% ownership interest and the ability to maintain operational control. All significant intercompany transactions and accounts have been eliminated in consolidation.

On May 1, 2002, the Company declared a 2-for-1 stock split of the Company's common shares. The stock dividend was paid May 28, 2002, to stockholders of record on May 14, 2002. The Operating Partnership simultaneously declared a 2-for-1 split of its limited units. All applicable unit and per unit information in the accompanying financial statements have been adjusted to reflect the split.

2. Summary of Significant Accounting Principles

Rental Properties

Rental properties are presented at cost net of accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The OP uses 25-40 year estimated lives for buildings, and 15 and 5-7 year estimated lives for improvements and equipment, respectively. Expenditures for ordinary maintenance and repairs are charged to operations as incurred, while significant renovations and enhancements that improve and or extend the useful life of an asset are capitalized and depreciated over the estimated useful life. The OP reviews real estate assets for impairment wherever events or changes in circumstances indicate that the carrying value of assets to be held and used may not be recoverable. Impaired assets are reported at the lower of cost or fair value. Assets to be disposed of are reported at the lower of cost or fair value less cost to sell. No impairment write-downs of rental properties were required for the three years ended December 31, 2003. At December 31, 2003,

the Lakeland Factory Outlet Mall was held for sale. The Lakeland property was purchased in August 2003 in conjunction with the Las Vegas Outlet Center. The OP anticipates selling the Lakeland property during 2004. At December 31, 2002, no assets were held for sale.

Gains and losses from sales of real estate are recorded when title is conveyed to the buyer, subject to the buyer’s financial commitment being sufficient to provide economic substance to the sale.

2. Summary of Significant Accounting Principles (continued)

Rental Properties (continued)

In accordance with Statement of Financial Accounting Standards No.141, or SFAS 141, “Business Combinations,” the OP allocates the purchase price of real estate to land, building, tenant improvements and if determined to be material, intangibles, such as the value of above, below and at market leases and origination cost associated with in-place leases. The OP depreciates the amount allocated to building and other intangible assets over their estimated useful lives, which generally range from five to forty years. The values of the above and below market leases are amortized and recorded as either an increase (in the case of below market leases) or a decrease (in the case of above market leases) to rental income over the remaining term of the associated lease. The value associated with in-place leases are amortized over the term of the lease. If a tenant vacates its space prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related intangible will be written off. The tenant improvements and origination costs are amortized as an expense over the remaining life of the lease (or charged against earnings if the lease is terminated prior to contractual expiration date). The OP assesses fair value based on estimated cash flow projections that utilize appropriate discount and capitalization rate and available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known trends and market/ economic conditions that may affect the property.

Cash and Equivalents

All demand and money market accounts and certificates of deposit with original terms of three months or less from the date of purchase are considered cash equivalents. The OP places its cash investments in excess of insured amounts with high quality financial institutions. At December 31, 2003 and 2002, cash equivalents consisted of repurchase agreements, commercial paper, U.S. Government agency securities, domestic bank obligations and other corporate and municipal obligations that mature between January and March of the following year. The carrying amount of such investments approximated fair value.

Investment in Unconsolidated Joint Ventures

The OP accounts for its investments in unconsolidated joint ventures under the equity method of accounting as the OP exercises significant influence, but does not control these entities. In all the joint ventures, the rights of the minority investor are both protective as well as participating. These rights preclude the OP from consolidating these investments. These investments are recorded initially at cost, as investments in unconsolidated joint ventures, and subsequently adjusted for equity in earnings (loss) and cash contributions and distributions. Any difference between the carrying amount of these investments on the balance sheet of the OP and the underlying equity in net assets is amortized as an adjustment to equity in earnings (loss) of unconsolidated joint ventures over the associated rental property’s useful life.

Development Costs

Development costs, including interest, taxes, insurance and other costs incurred in developing new properties, are capitalized. Upon completion of construction, development costs are amortized on a straight-line basis over the useful lives of the respective assets. Development costs related to inactive projects are expensed at such time as the project is deemed abandoned.

Capitalized Interest

Interest, including the amortization of deferred financing costs for borrowings used to fund development and construction, is capitalized as construction in progress and allocated to individual property costs.

2. Summary of Significant Accounting Principles (continued)

Foreign Currency Translation

The OP conforms to the requirements of the Statement of Financial Accounting Standards No. 52 entitled “Foreign Currency Translation.” Accordingly, assets and liabilities of foreign equity investees are translated at prevailing year-end rates of exchange. Translation gain or loss is recognized as a component of other comprehensive income.

Rental Expense

Rental expense is recognized on a straight-line basis over the initial term of the lease.

Deferred Lease Costs

Deferred lease costs consist of fees and direct internal costs incurred to initiate and renew operating leases, and are amortized on a straight-line basis over the initial lease term or renewal period as appropriate.

Deferred Financing Costs

Deferred financing costs represent commitment fees, legal and other third party costs associated with obtaining commitments for financing which result in a closing of such financing. Deferred financing costs are amortized as interest costs over the terms of the respective agreements. Unamortized deferred financing costs are expensed when the associated debt is retired before maturity. Costs incurred in seeking financial transactions which do not close are expensed in the period it is determined the financing will not be closing.

Revenue Recognition

Leases with tenants are accounted for as operating leases. Base rent revenue is recognized on a straight-line basis over the lease term according to the provisions of the lease. The excess of rents recognized over amounts contractually due and unpaid rents are included in deferred rent receivable in the accompanying financial statements. Certain lease agreements contain provisions for rents that are calculated on a percentage of sales and recorded on the accrual basis. These rents are accrued monthly once the required thresholds per the lease agreement are exceeded. Virtually all lease agreements contain provisions for additional rents representing reimbursement of real estate taxes, insurance, advertising and common area maintenance costs.

Bad Debt Expense

Bad debt expense included in other expense totaled $2.2 million, $2.0 million and $1.2 million for the years ended December 31, 2003, 2002 and 2001, respectively. The OP maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its tenants to make required rent payments.

2. Summary of Significant Accounting Principles (continued)

Income Taxes

No provision has been made for income taxes in the accompanying consolidated financial statements since such taxes, if any, are the responsibility of the individual partners.

The following summarizes the tax components of the OP's common distributions declared for the years ended December 31, 2003, 2002 and 2001:

	2003	2002	2001
Distributions per unit..............	**$2.14**	$1.86	$1.56
Capital gain (a)....................	**(0.13)**	**(0.21)**	-
Unrecaptured Section 1250 gain	**-**	**(0.01)**	-
Ordinary income.....................	**$2.01**	$1.64	$1.56

(a) Capital rates were 15% and 20% in 2003 and 2002, respectively.

Net Income Per Partnership Unit

Net income per partnership unit is determined by allocating net income to the general partner (including the general partner's preferred unit allocation) and the limited partners based on their weighted average partnership units outstanding during the respective periods presented.

2. Summary of Significant Accounting Principles (continued)

Concentration of OP's Revenue and Credit Risk

For the years ended December 31, 2003, 2002 and 2001, respectively, 13%, 16% and 21% of the OP's revenues were derived from Woodbury Common Premium Outlets. The loss of this center or a material decrease in revenues from the center for any reason may have a material adverse effect on the OP. In addition, for the years ended December 31, 2003, 2002 and 2001, respectively, 23%, 25% and 28% of the OP's revenues were derived from the OP's centers in California.

Management of the OP performs ongoing credit evaluations of its tenants and requires certain tenants to provide security deposits. Although the OP's tenants operate principally in the retail industry, there is no dependence upon any single tenant.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Accumulated Other Comprehensive Loss

At December 31, 2003 and 2002, other comprehensive loss was comprised of the following (in thousands):

	2003	2002
Interest rate swap	$4,458	$6,719
Foreign currency translation	(448)	55
Total	$4,010	$6,774

Derivative and Financial Instruments

In the normal course of business, the OP uses a variety of derivative and financial instruments to manage, or hedge, interest rate and foreign currency risk. The OP requires that hedging derivative instruments are effective in reducing the interest rate or foreign currency risk exposure as they are designated. This effectiveness is an essential for hedge accounting under accounting principles generally accepted in the United States. Derivative instruments may be associated with the hedge of an anticipated transaction. In those cases, hedge effectiveness criteria also require that it be probable that the underlying transaction occurs. Instruments that meet these hedging criteria are formally designated as hedges at the inception of the derivative contract and recorded on the balance sheet at their fair values with the changes in fair value reflected in accumulated other comprehensive income (loss). When the terms of an underlying transaction are modified, or when the underlying hedged item ceases to exist, all changes in the fair value of the instrument are marked-to-market with changes in value included in net income each period until the instrument matures or is terminated or assigned. Any derivative instrument used for risk management that does not meet the hedging criteria is marked-to-market each period in net income.

2. **Summary of Significant Accounting Principles (continued)**

Derivative and Financial Instruments (continued)

To determine the fair values of derivative and financial instruments, the OP uses a variety of methods and assumptions that are based on market conditions and risks existing at each balance sheet date. For the majority of financial instruments including most derivatives, long-term investments and long-term debt, standard market conventions and techniques such as discounted cash flow analysis, option pricing models, replacement cost, and termination cost are used to determine fair value. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realized.

Recently Issued Accounting Pronouncements

In October 2001, the FASB issued Statement of Financial Accounting Standard No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144") which was effective and adopted by the OP on January 1, 2002. SFAS 144 provides accounting guidance for financial accounting and reporting for impairment or disposal of long-lived assets. SFAS 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." SFAS 144 retains fundamental provisions of SFAS 121 related to the recognition and measurement of the impairment of long-lived assets to be held and used. In addition, SFAS 144 superseded APB Opinion 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions". SFAS 144 extended the reporting of a discontinued operation to a "component of an entity". Thus, the operations of assets sold or held for sale are presented as discontinued operations in the OP's statement of income.

In June 2002, FASB issued Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146") which was effective for exit or disposal activities initiated after December 31, 2002. SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized and measured initially at fair value, only when the liability is incurred. See note 6 to financial statements for discussion related to the estimated future costs to be incurred in connection with the future operations of Chelsea Interactive.

In November 2002, the FASB issued No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 requires certain guarantees to be recorded at fair value, instead of recording a liability only when a loss is probable and reasonably estimable, as those terms are defined in FASB Statement No. 5, Accounting for Contingencies. FIN 45 also requires a guarantor to make significant new disclosures, even when the likelihood of making any payments under the guarantee is remote. The disclosure requirements of FIN 45 are effective for financial statements of

interim or annual periods ending after December 15, 2002. The OP adopted the disclosure provisions of FIN 45 effective December 31, 2002. FIN 45's initial recognition and initial measurement provisions are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The adoption of FIN 45 did not have a material impact on the OP's financial position or the results of operations.

In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN 46"). FIN 46 clarifies the application of existing accounting pronouncements to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The provisions of FIN 46 will be immediately effective for all variable interests in variable interest entities created after January 31, 2003. The OP has not created any variable interest entities subsequent to January 31, 2003. In December 2003, FASB issued a revision to Interpretation 46 ("FIN 46-R") to clarify the provisions of FIN 46. The application of FIN 46-R is effective for public companies, other than small business issuers, after March 15, 2004. The OP does not believe that FIN 46-R will have a significant impact on the OP's financial statements.

2. Summary of Significant Accounting Principles (continued)

Recently Issued Accounting Pronouncements (continued)

April 30, 2003, FASB issued SFAS No.149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" ("SFAS 149"). SFAS 149 amends and clarifies the accounting guidance on (1) derivative instruments (including certain derivative instruments embedded in other contracts) and (2) hedging activities that fall within the scope of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities "("SFAS 133"). SFAS 149 also amends certain other existing pronouncements, which will result in more consistent reporting of contracts that are derivatives in the entirety or that contain embedded derivatives that warrant separate accounting. SFAS 149 is effective (1) for contracts entered into or modified after June 30, 2003, with certain exceptions, and (2) for hedging relationships designed after June 30, 2003. The guidance is to be applied prospectively. The adoption of SFAS 149 did not have a material impact on the OP's financial condition, results of operations or cash flows.

In May 2003, FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" ("SFAS 150"). This statement establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. SFAS 150 is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. It is to be implemented by reporting the cumulative effect of a change in accounting principle for financial instruments created before the issuance date of the statement and still existing at the beginning of the interim period of adoption. The implementation of SFAS 150 did not have a material impact on the OP's financial condition, results of operations or cash flows.

Reclassifications

Certain amounts in the 2002 and 2001 financial statements have been reclassified to conform to the 2003 presentation.

3. Acquisitions and Dispositions

Acquisitions

In June 2003, the OP purchased The Crossings Factory Stores ("The Crossings"), a 390,000 square-foot outlet center located in Tannersville, Pennsylvania, for $111.3 million, including closing costs, and assumed a $60.7 million 5.85% mortgage loan due 2013. The stated interest rate was greater than that available to the OP for comparable debt. Consequently, the OP recognized a $3.4 million debt premium that will be amortized over the period of the loan, which reduces the effective rate to 5.1%. An additional $5.0 million will be due to the sellers upon the completion of a 21,000 square-foot expansion scheduled to open in late 2004, subject to permits. In accordance with the provisions of SFAS 141, the OP allocated the purchase price between land, building and in-place leases. Tenant origination costs of $4.0 million are included in deferred costs on the balance sheet and a net intangible lease liability of $3.1 million is included in other liabilities. The tenant origination costs and intangible lease liability are being amortized over the respective lease terms. For the period ended December 31, 2003, the OP recognized rental income of $0.5 million related to the amortization of in-place leases.

3. Acquisitions and Dispositions (continued)

Acquisitions (continued)

In August 2003, the OP acquired Las Vegas Outlet Center ("Las Vegas"), a 477,000 square-foot outlet center in Las Vegas, Nevada, for $104.0 million including the assumption of a $24.4 million 8.12% mortgage loan due 2012. The stated interest rate was greater than that available to the OP for comparable debt. Consequently, the OP recognized a $1.9 million debt premium that will be amortized over the period of the loan, which reduces the effective rate to 6.29%. As part of the transaction, the OP also acquired Lakeland Factory Outlet Mall ("Lakeland"), a 319,000 square-foot outlet center near Memphis, Tennessee, for an additional $3.5

million. The Lakeland property is being marketed for sale. In accordance with the provisions of SFAS 141, the OP allocated the purchase price between land, building and in-place leases. Tenant origination costs of $4.5 million are included in deferred costs on the balance sheet and a net intangible lease liability of $0.4 million is included in other liabilities. The tenant origination costs and intangible lease liability are being amortized over the respective lease terms. For the period ending December 31, 2003, the OP recognized a charge against rental income of $0.3 million related to the amortization of in-place leases.

On April 1, 2002, the OP became the sole owner of the Orlando Premium Outlets ("Simon-Orlando") by acquiring Simon Property Group, Inc.'s ("Simon") 50% undivided ownership interest for $46.6 million in cash and the assumption of $29.7 million of existing mortgage debt and the guarantee related thereto. On June 16, 2002, the OP repaid the outstanding balance of $59.4 million and extinguished the mortgage. After closing the transaction the operating results and balance sheet of Simon-Orlando were consolidated in the accompanying financial statements.

On April 1, 2002, the OP purchased a 305,000 square foot outlet center located in Edinburgh, Indiana for $27.0 million in cash.

On August 20, 2002, the OP became the sole owner of four Premium Outlet centers by acquiring Fortress Registered Investment Trust's ("Fortress") 51% undivided ownership interest in the F/C Acquisition Holdings, LLC joint venture ("F/C Acquisition"). The OP paid $58.9 million in cash and assumed $86.5 million of existing mortgage debt on the properties. After closing the transaction the operating results and balance sheet of the four Premium Outlet centers including $169.6 million of existing nonrecourse mortgage debt, were consolidated in the accompanying financial statements.

On November 22, 2002, the OP purchased two outlet centers from JMJ Properties, Inc. ("JMJ"); a 305,000 square-foot center located in Albertville, Minnesota and a 278,000 square foot center located in Johnson Creek, Wisconsin for a total purchase price of $89.5 million. The OP paid $44.9 million in cash and issued 1.3 million limited partnership units with an assigned value of $44.6 million.

On December 19, 2002 the OP acquired four outlet centers for an all cash price of $193.0 million from New Plan Excel Realty Trust, Inc. ("NPXL"). The four properties consist of a 292,000 square foot outlet center located in Jackson, New Jersey; a 391,000 square foot outlet center located in Osage Beach, Missouri; a 329,000 square foot outlet center located in St. Augustine, Florida; and a 300,000 square foot outlet center located in Branson, Missouri.

3. Acquisitions and Dispositions (continued)

Acquisitions (continued)

The aggregate condensed balance sheet (unaudited) on the date of acquisition of the acquired properties is as follows (in thousands):

	2003	2002
Land	**$ 33,660**	$100,540
Depreciable property	**190,716**	591,018
Accumulated depreciation	**-**	(15,977)
Other assets	**945**	19,487
Total assets	**$225,321**	$695,068
Mortgage debt	**$ 90,491**	$228,025
Other liabilities	**383**	9,884
Total liabilities	**90,874**	237,909
Net equity	**$134,447**	$457,159

The following condensed pro forma (unaudited) information assumes that the acquisitions of The Crossings Factory Stores, Las Vegas Outlet Center and Lakeland Factory Outlet Mall had occurred on January 1, 2002. Additionally, it assumes that the effect of the sale of 1.2 million shares of the Company's common stock in conjunction with The Crossings acquisition and the $100.0 million term loan in conjunction with the Las Vegas acquisition occurred on January 1, 2002 (in thousands)

:

	Year Ended December 31,	
	2003	2002
Total revenue	**$386,407**	$307,284

Net income to common unitholders	**119,004**	54,772
Earnings per unit:		
Net income to common unitholders	**$2.33**	$1.19
Weighted average common units outstanding	**51,169**	45,871

3. Acquisitions and Dispositions (continued)

Dispositions

In June 2003, the OP sold a 23,000 square-foot Premium Outlet center located in St. Helena, California for $7.4 million, resulting in a gain of approximately $4.7 million. The center partially secured a mortgage note due April 2010 and $5.0 million of the sales proceeds were used to pay down the mortgage loan. Revenues and expenses related to the St. Helena property have been reclassified to discontinued operations in the period of sale and comparable periods in the accompanying financial statements.

In September 2003, the OP realized a gain of approximately $0.9 million from the sale of one of its non-core properties, the former Factory Stores of America at Mesa, Arizona (“Mesa property”). Revenues and expenses connected with the Mesa property have been reclassified to discontinued operations in the period of sale and comparable periods in the accompanying financial statements.

The OP terminated its long-term lease on American Tin Cannery Premium Outlets. Revenues and expenses connected with the ATC property have been reclassified to discontinued operations in the period of termination and comparable periods in the accompanying financial statements.

During June and July 2002, the OP sold four Other Properties centers and two outparcels generating net proceeds of approximately $6.8 million, which approximated the net book value of these properties. Accordingly, no gain or loss on the sales was recognized. The aggregate revenues and net income of the sold properties were $1.2 million and $0.3 million for the year ended December 31, 2002, respectively, and $0.6 million and $0.2 million for the year ended December 31, 2001, respectively.

In November 2002, the OP sold an additional Other Properties center and an outparcel that generated net proceeds of approximately $1.1 million, which resulted in a gain of approximately $0.6 million which is included in other income in the accompanying financial statements. The aggregate revenues and net income of the sold property were $0.6 million and $0.4 million for the year ended December 31, 2002, respectively and $0.1 million and $40,000 for the year ended December 31, 2001, respectively.

In October 2001, the OP sold a Premium Properties center and recognized a loss of approximately $0.3 million that is included as a charge in other income in the accompanying financial statements. The aggregate revenues and net income of the sold property were immaterial to the operations of the OP for the years ended December 31, 2001 and 2000.

4. Rental Properties

The following summarizes the carrying values of rental properties as of December 31 (in thousands):

	2003	2002
Land and improvements	**$ 495,819**	$ 460,227
Buildings and improvements	**1,536,998**	1,351,183
Construction-in-progress	**16,838**	6,708
Equipment and furniture	**23,128**	19,056
Total rental property	**2,072,783**	1,837,174
Accumulated depreciation and amortization	**(332,406)**	(284,239)
Total rental property, net	**$1,740,377**	$1,552,935

4. Rental Properties (continued)

Interest costs capitalized as part of buildings and improvements were $4.3 million, $2.9 million and $2.0 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Commitments for land, new construction, development and acquisitions including the OP’s 50% share of joint venture activity, totaled approximately $49.7 million and $19.1 million at December 31, 2003 and 2002, respectively.

Depreciation expense (including amortization of the capital lease) amounted to $67.3 million, $53.1 million and $42.9 million for the years ended December 31, 2003, 2002 and 2001, respectively.

5. Restricted Cash-Escrows

Restricted cash escrows include $6.5 million and $3.5 million at December 31, 2003 and 2002, respectively, of escrows and reserve funds for real estate taxes, property insurance, capital and tenant improvements and leasing costs established pursuant to certain mortgage loan agreements.

6. Investments in Affiliates

The OP holds interests in several domestic and international joint ventures. Non-controlling investments are accounted for under the equity method. Equity in earnings or losses of these affiliates, and related management advisory, license, leasing and guarantee fees earned are included in income from unconsolidated investments and loss from impairment of Chelsea Interactive in the accompanying financial statements.

As of December 31, 2003 and 2002, the OP's interests in joint ventures included: a 50% interest in Las Vegas Premium Outlets ("Simon-Las Vegas") and a 50% interest in Chicago Premium Outlets ("Simon-Chicago") with Simon (collectively "Simon-Ventures"); a 40% interest in Chelsea Japan Co., Ltd. ("Chelsea Japan"); a 50% interest in a strategic alliance with Sordo Madaleno y Asociados and affiliates; minority interests in various outlet centers and development projects in Europe operated by Value Retail PLC ("Value Retail"); and 100% of the non-voting preferred stock of Chelsea Interactive and 50% of the non-voting common stock representing 40% of the total common stock. As of December 31, 2001, the OP's investment in joint ventures also included a 50% interest in Simon-Orlando and a 49% interest in F/C Acquisition.

6. Investments in Affiliates (continued)

In June 2002, the OP and Simon entered into a 50/50 joint venture to develop and operate Las Vegas Premium Outlets, a 435,000 square-foot single-phase outlet center located in Las Vegas, Nevada, which opened on August 1, 2003. The OP is responsible for financing its 50% share of development costs, or approximately $48.0 million. As of December 31, 2003, the OP had contributed $44.7 million and capitalized interest and other costs of $2.3 million.

In August 2002, the OP and Simon entered into a new 50/50 joint venture to develop and operate Simon-Chicago, a 438,000 square-foot single-phase premium outlet center located in Aurora, Illinois, near Chicago. The center is scheduled to open in mid-2004. On September 23, 2002, Simon-Chicago purchased a 140-acre site, including 80 acres of conservation area, and commenced construction. The OP is responsible for financing its 50% share of the development costs, which are expected to be approximately $46.0 million. As of December 31, 2003, the OP had contributed $26.7 million and capitalized interest and other costs of $1.5 million.

In June 1999, the OP entered into an agreement with Mitsubishi Estate Co., Ltd. and Nissho Iwai Corporation to jointly develop, own and operate Premium Outlet centers in Japan. The OP has a 40% interest in Chelsea Japan. In conjunction with the agreement, the OP contributed $1.7 million in equity and provides its share of construction financing and/or loan guarantees. Chelsea Japan opened its initial project, the 220,000 square-foot first phase of Gotemba Premium Outlets, on July 13, 2000. Gotemba has grown to 390,000 square feet with the completion of its 170,000 square-foot second phase that opened in July 2003. Gotemba is located on the Tomei Expressway, approximately 60 miles west of Tokyo and midway between Mt. Fuji and the Hakone resort area. Chelsea Japan opened its second project, located outside Osaka, the second-largest city in Japan, the 180,000 square-foot first phase of Rinku Premium Outlets on November 23, 2000. Rinku increased to 250,000 square feet in March 2002, upon opening its 70,000 square-foot second phase. Rinku's 70,000 square-foot third phase is scheduled to open in late 2004. Chelsea Japan's third project, the 180,000 square foot first phase of Sano Premium Outlets opened in March 2003 and in Fall 2004, Sano is scheduled to open its 55,000 square foot second phase. Sano is located 40 miles north of Tokyo off Tohoku Expressway.

In May 2002, the OP entered into a 50/50 joint venture agreement with Sordo Madaleno y Asociados and affiliates to jointly develop Premium Outlet centers in Mexico. Construction on the 230,000 square-foot first phase of Punta Norte Premium Outlets commenced in July 2003 and the center is scheduled to open in late 2004. The OP is responsible for financing its 50% share of project costs of approximately $15.0 million. As of December 31, 2003, the OP contributed $2.5 million. In January 2004, an affiliate of the OP entered into a 180.0 million Peso denominated credit facility which is guaranteed by the OP to fund its share of construction costs.

At December 31, 2003 and 2002, the OP had minority interests ranging from 3% to 8% and 5% to 15% at December 31, 2001, in several outlet centers and outlet development projects in Europe. Five outlet centers, containing approximately 900,000 square feet of GLA, including Bicester Village, outside London, England, La Roca OP Stores outside of Barcelona, Spain, Las Rozas Village outside Madrid, Spain, La Vallee near Disneyland Paris and Maasmechelen Village in Belgium are currently open and operated by Value Retail PLC and its affiliates. In July 2002, the OP sold approximately 40% of its holdings in Value Retail to a third party for $11.4 million, resulting in a gain of approximately $10.9 million which was recorded as a gain on sale of unconsolidated investments in the accompanying financial statements. In 2001, the OP sold a portion of its Bicester Village holding resulting in a gain of $1.8 million, which was included in gain on sale of unconsolidated investments, net of write-down in the accompanying financial statements.

6. Investments in Affiliates (continued)

The OP and Simon entered into a 50/50 joint venture agreement to develop and operate Simon-Orlando a 428,000 square foot center that was completed in May 2000 and is located on Interstate 4, midway between Walt Disney World/EPCOT and Sea World in Orlando. In April 2002, the OP purchased Simon's 50% undivided ownership interest in the center for $46.6 million in cash and assumed Simon's $29.7 million pro-rata share of existing mortgage debt. The operations and balance sheet of the center are consolidated in the accompanying financial statements from the buyout date.

In December 2000, the OP and Fortress acquired four outlet centers from a competitor, through F/C Acquisition in which the OP had a 49% interest. The total purchase price was $240.0 million, including the assumption of approximately $174.0 million of 6.99% fixed-rate non-recourse mortgage debt due in 2008. In July 2002, Fortress exercised its option under the F/C Limited Liability Company Agreement to invoke the "Buy/Sell Right" which gave the OP the option to sell its 49% ownership interest in F/C Acquisition or buy the partner's 51% ownership interest. On August 20, 2002, the OP exercised its right to buy the 51% interest for cash of $58.9 million and assumed $86.5 million of existing mortgage debt on the properties. The operations and balance sheet of the four F/C Acquisition Premium Outlet centers have been consolidated in the accompanying financial statements from the buyout date.

In December 2001, the OP had a 15% minority interest in a partnership that owns an outlet center located in Guam. The center had been generating operating losses and the OP did not anticipate recovering its investment. Therefore, in December 2001, the OP wrote off its investment in Guam and recognized a loss of $1.2 million which is included in gain on sale of unconsolidated investments, net of write-down in 2001 in the accompanying financial statements. During the year ended December 31, 2002, the OP withdrew as a partner in the Guam outlet center.

Chelsea Interactive

At December 31, 2002, the OP recognized an impairment loss equal to the net book value of its investment in Chelsea Interactive. The OP believes that it will not be able to recover the net book value of its investment in Chelsea Interactive through future cash flows. A $2.5 million funding loss was reported for the year ended December 31, 2003. Future funding by the OP will be reported as a loss in the period funding is required. Through December 31, 2003, the OP had funded $54.9 million and anticipates that funding to Chelsea Interactive will not reach the OP's funding limit of $60.0 million. On February 17, 2004, the OP announced a joint venture between Chelsea Interactive and a publicly traded third party, GSI Commerce, Inc. Under the terms of the agreement, Chelsea Interactive will no longer operate its e-commerce technology, but will retain a minority interest in GSI-Chelsea Solutions. Chelsea Interactive's largest clients have entered into service agreements with GSI-Chelsea Solutions and will transition e-commerce activities to the GSI-Chelsea platform by the second quarter of 2004.

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Notes to Consolidated Financial Statements

The following is a summary of investments in and amounts due from affiliates at December 31, 2003 and 2002 (in thousands):

	F/C	Chelsea Japan	Simon-Orlando	Simon-Ventures	Chelsea Interactive	Other	Total
Balance December 31, 2001........	$36,118	$9,296	$9,723	$ -	$34,856	$3,696	$93,689
Additional investment......................	-	655	-	31,281	13,508	303	45,747
Income (loss) from unconsolidated investments.................	4,331	4,136	1,310	-	(13,386)	25	(3,584)
Distributions and fees...........	(2,841)	(2,528)	(250)	-	-	-	(5,619)
Buyout reclassifications.........	(36,531)	-	(9,199)	-	-	-	(45,730)
Impairment loss..................	-	-	-	-	(34,370)	-	(34,370)
Disposition......................	-	-	-	-	-	(382)	(382)
Advances (net)...................	(1,077)	912	(1,584)	638	(608)	(35)	(1,754)
Balance December 31, 2002........	**$ -**	**$12,471**	**$ -**	**$31,919**	**$ -**	**$3,607**	**$47,997**

	F/C	Chelsea Japan	Simon-Orlando	Simon-Ventures	Chelsea Interactive	Chelsea Mexico	Other	Total
Balance December 31, 2002......	$ -	$12,471	$ -	$31,919	$ -	$ -	$3,607	$47,997
Additional Investment...................	-	1,591	-	43,965	-	6,212	26	51,794
Income (loss) from unconsolidated investments................	-	8,574	-	2,432	-	-	-	11,006
Distributions and fees.........		(5,102)	-	(2,754)	-	-	-	(7,856)
Foreign exchange...............	-	503	-	-	-	-	-	503
Advances (net).................	-	1,424	-	2,177	-	-	23	3,624
Balance December 31, 2003......	**$ -**	**$19,461**	**$ -**	**$77,739**	**$ -**	**$6,212**	**$3,656**	**$107,068**

The OP's share of income before depreciation, depreciation expense and income from unconsolidated investments for the years ended December 31, 2003, 2002 and 2001 is as follows (in thousands):

For the Year Ended:	F/C	Chelsea Japan	Simon-Orlando	Simon Ventures
December 31, 2003				
Income (loss) before depreciation.........	$ -	$11,923	$ -	$ 3,152
Depreciation.............................	-	3,349	-	720
Income(loss) from unconsol. investment....	$ -	$ 8,574	$ -	$ 2,432
December 31, 2002				
Income (loss) before depreciation.........	$6,178	$ 5,932	$1,833	$ -
Depreciation.............................	1,847	1,796	523	-
Impairment loss..........................	-	-	-	-
Income (loss) from unconsol. investment...	$4,331	$4,136	$1,310	$ -
December 31, 2001				
Income (loss) before depreciation..........	$9,214	$4,676	$7,374	$ -
Depreciation..............................	2,692	1,390	1,882	-
Income (loss) from unconsol. investment..	$6,522	$3,286	$5,492	$ -

For the Year Ended:	Other	Total	Chelsea Interactive
December 31, 2003			
Income (loss) before depreciation.........	$ -	$15,075	$ (1)
Depreciation.............................	-	4,069	-
Income(loss) from unconsol. investment....	$ -	$11,006	$ -
December 31, 2002			
Income (loss) before depreciation.........	$ 25	$13,968	$(5,115)
Depreciation.............................	-	4,166	8,271
Impairment loss..........................	-	-	(34,370)
Income (loss) from unconsol. investment...	$ 25	$ 9,802	$(47,756)
December 31, 2001			
Income (loss) before depreciation.........	$ (275)	$20,989	$ (2,449)
Depreciation.............................	-	5,964	2,888
Income (loss) from unconsol. investment..	$ (275)	$15,025	$ (5,337)

(1) A $2.5 million funding loss was reported for the year ended December 31, 2003.

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Condensed financial information as of December 31, 2003 and 2002, and for the years then ended for Chelsea Japan and Simon-Ventures (which are included in "Real Estate") and Chelsea Interactive is as follows (in thousands):

	Real Estate	Chelsea Interactive
Property, plant and equipment (net)		
December 31, 2003..	$288,780	$ -
December 31, 2002..	140,057	-
Total assets		
December 31, 2003..	380,426	-
December 31, 2002..	190,157	1,887
Long term debt (1)		
December 31, 2003..	129,731	-
December 31, 2002..	75,139	-
Total liabilities		
December 31, 2003..	220,238	1,352
December 31, 2002..	119,886	1,548
Net income (loss)		
December 31, 2003..	12,717	(2,518)
December 31, 2002..	12,594	(14,247)
OP's share of net income (loss)		
December 31, 2003..	5,488	(2,518)
December 31, 2002..	5,795	(13,386)
Fee income		
December 31, 2003..	5,518	-
December 31, 2002..	3,982	-

(1) Long-term debt in 2003 and 2002 consists of borrowings related to Chelsea Japan.

7. Deferred Costs

The following summarizes the carrying amounts for deferred costs at December 31, 2003 and 2002 (in thousands):

2003 2002

Lease costs	$29,609	$28,074
FAS 141 lease adjustment	8,536	-
Financing costs	10,506	9,200
Development costs	2,311	1,572
Other	371	871
Total deferred costs	51,333	39,717
Accumulated amortization	(28,344)	(23,011)
Total deferred costs, net	$22,989	$16,706

8. Non-Compete Agreement

In October 1998 the OP sold its interest in and terminated the development of Houston Premium Outlets, a joint venture project with Simon. Under the terms of the agreement, the OP received non-compete payments totaling $21.4 million from The Mills Corporation; $3.0 million at closing and four annual installments of $4.6 million, terminating in January 2002. The January 2002 payment had a $0.3 million legal escrow reserve withheld. The revenue is being recognized on a straight-line basis over the term of the non-compete agreement and the OP recognized income of $5.1 million during the years ended December 31, 2002 and 2001. Such amounts are included in other income in the accompanying financial statements.

9. Other Assets

The following summarizes the components of other assets at December 31 (in thousands):

	2003	2002
Sales tax receivable	$10,728	$11,708
Prepaid expenses	10,680	9,902
Deferred compensation	8,800	6,400
Non-compete receivable	300	300
Due from equity investees	-	136
Other	2,240	1,654
Total other assets	$32,748	$30,100

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10. Debt

Unsecured Bank Debt

The OP has a $200.0 million senior unsecured bank line of credit (the “Senior Credit Facility”) with an expiration date of March 31, 2005, which the OP has the right to extend until March 31, 2006. The Senior Credit Facility bears interest on the outstanding balance, payable monthly, at a rate equal to the London Interbank Offered Rate (“LIBOR”) plus 0.95% (2.09% at December 31, 2003) or the prime rate, at the OP’s option. The LIBOR rate spread ranges from 0.85% to 1.50% depending on the OP’s Senior Debt rating. The OP received a debt rating upgrade in July 2003, resulting in a reduction of the LIBOR rate spread to 0.95% from 1.05%. At December 31, 2003, $99.0 million was outstanding under the Senior Credit Facility.

The OP also has a $5.0 million term loan that carries the same interest rate and maturity as the Senior Credit Facility.

The OP has a one-year $100.0 million unsecured bridge loan (the “Bridge Loan Facility”) due July 31, 2004 and has the right to extend the loan until January 31, 2005. The Bridge Loan Facility bears interest on the outstanding balance, payable monthly, at a rate equal to LIBOR plus 0.80% (1.96% at December 31, 2003). The LIBOR rate spread ranges from 0.70% to 1.35% depending on the OP’s Senior Debt rating.

Unsecured Notes

A summary of the terms of the unsecured notes outstanding at December 31, 2003 and December 31, 2002, is as follows (in thousands):

	December 31, 2003	December 31, 2002	Effective Yield (1)
8.375% Unsecured Notes due August 2005	$ 49,952	$ 49,922	8.44%
7.250% Unsecured Notes due October 2007	124,874	124,841	7.39%
8.625% Unsecured Notes due August 2009	49,943	49,933	8.76%
8.250% Unsecured Notes due February 2011	148,963	148,817	8.40%
6.875% Unsecured Notes due June 2012	99,878	99,825	6.90%
6.000% Unsecured Notes due January 2013	148,193	147,992	6.18%

Total unsecured notes	$ 621,803	$ 621,330

(1) Including discount on the notes

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10. Debt (continued)

Mortgage Debt

A summary of the terms of the mortgage debt outstanding at December 31, 2003 and 2002, and the related interest rate and Net Book Value ("NBV") of the associated collateral as of December 31, 2003, is as follows (in thousands):

	December 31, 2003	December 31, 2002	Effective Interest Rate	NBV
Due July 2008 (1)	$164,727	$167,723	7.26%	$252,972
Due April 2010 (2)	61,475	67,250	7.26%	67,978
Due December 2012 (3)	25,477	-	6.29%	101,341
Due December 2012 (4)	70,460	71,482	7.67%	74,416
Due March 2013 (5)	63,495	-	5.10%	112,650
	$385,634	$306,455		$609,357

(1) The F/C mortgage loan was consolidated as part of the August 20, 2002 buyout of Fortress' 51% interest in the F/C Acquisition joint venture. The mortgage bears interest at 6.99% per annum through July 11, 2008, (the "Optional Prepayment Date") and thereafter at a rate equal to the greater of 8.4% plus 5% or the Treasury Rate, as defined, plus 6.5% until the earlier of the date the mortgage is paid in full or its maturity date of July 11, 2028. The mortgage may be prepaid in whole or in part at any time after the Optional Prepayment Date without a prepayment penalty. The mortgage calls for a $1.2 million fixed monthly interest plus principal payment based on a 26-year amortization schedule. The F/C Mortgage Loan had a face value of $169.6 million and a carrying amount fair value of $168.7 million on the buyout date. During the year ended December 31, 2003, the OP recognized $135,000 in debt discount amortization that is included in interest expense in the accompanying financial statements.

(2) In April 2000, Chelsea Financing entered into a $70.0 million mortgage loan due April 2010 originally secured by its four properties. On June 2, 2003 the OP sold one of the encumbered properties for $7.4 million with an NBV of $2.5 million. Proceeds of $5.0 million were used to pay down the mortgage loan. In February 2004, the OP amended the mortgage loan to unsecure the properties and reduced the interest rate to LIBOR plus 1.25% from LIBOR plus 1.50% (2.62% at December 31, 2003). The loan calls for quarterly principal amortization of $0.25 million through April 2005 and thereafter $0.45 million per quarter until maturity. In December 2000, the OP entered into an interest rate swap agreement to hedge against unfavorable fluctuations in LIBOR rates by fixing the interest rate at 7.26% until January 2006. During the years ended December 31, 2003 and 2002, the OP recognized interest expense of $3.1 million and $2.7 million, respectively on the hedge that is included in interest expense in the accompanying financial statements.

(3) The mortgage loan due December 2012 was assumed as part of an August 2003 acquisition. The stated interest rate of 8.12% was greater than that available to the OP for comparable debt. Consequently, the OP recognized a $1.9 million debt premium that will be amortized over the period of the loan, which reduces the effective interest rate to 6.29%. The mortgage loan calls for a $0.3 million fixed monthly debt service payment on a 17-year amortization schedule. During the year ended December 31, 2003, the OP recognized approximately $120,000 in debt premium amortization that is included in interest expense in the accompanying financial statements.

(4) The mortgage loan was assumed as part of a September 2001 acquisition. The stated interest rate of 9.1% was greater than that available to the OP in the public debt markets. Accordingly, the OP recorded a $6.9 million debt premium that will be amortized over the period of the loan which reduces the effective interest rate to 7.67%. The loan calls for fixed monthly debt service payments of $0.5 million for interest plus principal based on a 26-year amortization schedule. The mortgage loan matures in March 2028 but can be prepaid beginning December 2012. During the years ended December 31, 2003 and 2002, the OP recognized $0.5 million and $0.4 million, respectively, in debt premium amortization that is included in interest expense in the accompanying financial statements.

(5) The mortgage loan due March 2013 was assumed as part of a June 2003 acquisition. The stated interest rate of 5.85% was greater than that available to the OP for comparable debt. Accordingly, the OP recorded a $3.4 million debt premium that will be amortized over the period of the loan, which reduces the effective interest rate to 5.10%. The loan calls for a $0.4 million fixed monthly debt service payment on a 25-year amortization schedule. During the year ended December 31, 2003, the OP recognized approximately $144,000 in debt premium amortization that is included in interest expense in the accompanying financial statements.

10. Debt (continued)

Mortgage Debt (continued)

Following is a schedule of the estimated fair value of the OP's debt using current broker quotations at December 31, 2003, (in thousands):

Description	Carrying Value	Principal Balance	Estimated Fair Value
Fixed Rate Debt..............	$945,962	$938,959	$1,043,232
Variable Rate Debt...........	265,510	265,510	265,510

Interest paid, excluding amounts capitalized, was $70.2 million, $47.5 million and $34.5 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Following is a schedule of the OP's debt maturities, including debt premium amortization, at December 31, 2003, (in thousands):

2004...........	$ 107,873
2005...........	163,095
2006...........	9,829
2007...........	135,442
2008...........	157,145
Thereafter......	638,088
	$1,211,472

11. Financial Instruments: Derivatives and Hedging

In the normal course of business, the OP is exposed to the effect of interest rate changes. The OP limits these risks by following established risk management policies and procedures including the use of derivatives. For interest rate exposures, derivatives are used primarily to align rate movements between interest rates associated with the OP's financial assets with interest rates on related debt, and manage the cost of borrowing obligations. For foreign currency exposures, derivatives are used primarily to align movements between currency rates to protect forecasted returns of fees to the U.S.

The OP has a policy of only entering into contracts with major financial institutions based upon their credit ratings and other factors. When viewed in conjunction with the underlying and offsetting exposure that the derivatives are designed to hedge, the OP has not sustained a material loss from those instruments nor does it anticipate any material adverse effect on its net income or financial position in the future from the use of derivatives.

To manage interest rate and foreign currency risk, the OP may employ options, forwards, interest rate swaps, caps and floors or a combination thereof depending on the underlying exposure. The OP undertakes a variety of borrowings: from lines of credit, to medium- and long-term financings. To reduce overall interest cost, the OP uses interest rate instruments, typically interest rate swaps, to convert a portion of variable rate debt to fixed rate debt, or a portion of its fixed-rate debt to variable rate. Interest rate differentials that arise under these swap contracts are recognized in interest expense over the life of the contracts.

11. Financial Instruments: Derivatives and Hedging (continued)

Interest rate swaps that are designated as cash flow hedges hedge the future cash outflows on debt. Interest rate swaps that convert variable payments to fixed payments, interest rate caps, floors, collars, and forwards are cash flow hedges. Unrealized gains and losses in the fair value of cash flow hedges are reported on the balance sheet with a corresponding adjustment to Accumulated Other Comprehensive Income to the extent they are offsetting and otherwise qualify in the period for cash flow hedge accounting. Over time, the unrealized gains and losses held in Accumulated Other Comprehensive Income will be reclassified to earnings through interest expense. This reclassification occurs over the same time period in which the hedged items affect earnings. The OP hedges its exposure to variability in future cash flows for forecasted transactions other than those associated with existing floating-rate debt over a maximum period of 12 months. During the forecast period, unrealized gains and losses in the hedging instrument will be reported in Accumulated Other Comprehensive Income. Once the hedged transaction takes place, the hedge gains and losses will be reported in earnings during the same period in which the hedged item is recognized in earnings. During 2003, the OP paid down approximately $5.0 million of hedged debt and reclassed approximately $0.5 million out of accumulated other comprehensive loss to other expenses. The ineffective portion of the hedge will be marked to market through earnings.

The notional value and fair value of the swap provide an indication of the extent of the OP's involvement in financial derivative instruments at December 31, 2003. It does not represent exposure to credit, interest rate or market risks. At December 31, 2003, and

2002, the swap was reported at its fair value and classified as other liabilities in the accompanying financial statements of $4.8 million and $6.7 million, respectively. Within the next twelve months, the OP expects to reclassify to earnings approximately $2.7 million of the current balance held in accumulated other comprehensive loss related to the interest rate swap.

Hedge Type	As of December 31, 2003 Notional Value	Rate	Maturity	Fair Value
Swap, Cash Flow	$66.5 mil	5.7625%	1/1/06	($4.8 mil)

During 2002, the OP had Japanese yen forward contracts with a notional value of 255 million yen and a fair value of $10,000 as a hedge against its yen-denominated receivable due from Chelsea Japan. During the year ended December 31, 2002, the receivable and yen forward contracts were settled and the OP received $1.9 million and recognized a $0.1 million foreign exchange loss, which is included in income from unconsolidated investments in the accompanying financial statements.

During 2001, the OP entered into a yen forward contract with a notional value of $1.4 million and a fair value of $40,000 as a hedge against its yen-denominated receivable. During the year ended December 31, 2001 the receivable and yen forward contract were settled and the OP received $1.4 million.

12. Preferred Units

In September 1999, the OP completed a private sale of $65 million of Series B Cumulative Redeemable Preferred Units ("Preferred Units") to an institutional investor. The private placement took the form of 1.3 million Preferred Units at a stated value of $50 each. The Preferred Units may be called at par on or after September 2004, have no stated maturity or mandatory redemption and pay a cumulative quarterly dividend at an annualized rate of 9.0%. The Preferred Units are exchangeable into Series B Cumulative Redeemable Preferred Stock of the Company after ten years. Activity related to the Preferred Units is included in partner's capital account.

13. Preferred Stock

In October 1997, the Company issued 1.0 million shares of non-voting 8.375% Series A Cumulative Redeemable Preferred Stock (the "Preferred Stock"), par value $0.01 per share, having a liquidation preference of $50 per share. The Preferred Stock has no stated maturity and is not convertible into any other securities of the Company. The Preferred Stock is redeemable on or after October 15, 2027, at the OP's option.

During the year ended December 31, 2002, the Company redeemed and retired 136,500 shares of Preferred Stock at a net price of $47 per share and 66,552 shares at a net share of $47.25 per share.

14. Common Stock

In June 2003, the Company sold 1.2 million shares of common stock at a price of $42.10 per share, yielding net proceeds after expenses of $49.4 million, which were used to fund the Crossings acquisition.

In November 2002, the Company sold 3.5 million shares of common stock at a price of $34.65 per share, yielding net proceeds after expenses of $118.8 million, which were used to fund the NPXL acquisition.

On May 1, 2002, the Company declared a 2-for-1 stock split on the Company's common shares. The stock dividend was paid May 28, 2002, to stockholders of record on May 14, 2002.

15. Lease Agreements

The OP is the lessor and sub-lessor of retail stores under operating leases with term expiration dates ranging from 2004 to 2020. Most leases are renewable for five years after expiration of the initial term at the lessee's option. Future minimum lease receipts under non-cancelable operating leases at December 31, 2003, exclusive of renewal option periods, were as follows (in thousands):

2004	$ 252,259
2005	230,216
2006	196,693
2007	162,283
2008	129,848
Thereafter	309,278
	$1,280,577

In 1987, a predecessor partnership entered into a lease agreement for property in California. Land was estimated to be approximately 37% of the fair market value of the property, and accordingly the portion of the lease attributed to land was classified as an operating lease. The portion attributed to building was classified as a capital lease as the present value of payments related to the building exceeded 90% of its fair value at inception of the lease. The initial lease term was 25 years with two options

of 5 and 4.5 years, respectively. The lease provided for additional rent based on specific levels of income generated by the property. No additional rental payments were incurred during 2003, 2002 or 2001. The OP terminated the lease agreement and recognized a $0.1 million gain on the termination.

15. Lease Agreements (continued)

Operating Leases

Future minimum rental payments under operating leases for administrative offices at December 31, 2003, are as follows (in thousands):

2004	$1,480
2005	916
2006	52
	$2,448

Rental expense amounted to $1.4 million for the years ended December 31, 2003 and 2002, and $0.8 million for the year ended December 31, 2001.

Capital Lease

A leased property included in rental properties at December 31, 2002 consisted of the following (in thousands):

Building	$6,796
Less accumulated amortization	(5,865)
Leased property, net	$ 931

Amortization expense on capital lease of $0.9 million for the year ended December 31, 2003 and $0.3 million for the years ended December 31, 2002 and 2001, is included in depreciation and amortization expense in the financial statements.

Ground Lease

In connection with the 2003 and 2002 property acquisitions, the OP acquired six properties subject to ground leases that were assumed by the OP. These ground leases have termination dates ranging from 2007 to 2087 and allow for renewal terms of 4 to 30 years.

Future minimum lease payments under ground leases at December 31, 2003, exclusive of renewal option periods were as follows (in thousands):

2004	$ 819
2005	819
2006	822
2007	811
2008	1,547
Thereafter	17,368
	$22,186

16. Commitments and Contingencies

In connection with the Simon-Ventures, the OP has committed to provide 50% of the development costs or approximately $48.0 million to Simon-Las Vegas and $46.0 million to Simon-Chicago. As of December 31, 2003, the OP had contributed $44.7 million to Simon-Las Vegas and $26.7 million to Simon-Chicago.

Borrowings related to Chelsea Japan for which the Company and the OP have provided guarantees for repayment of debt as of December 31, 2003, are as follows (in thousands):

Total Facility		Outstanding				
Yen	US $ Equivalent	Yen	US $ Equivalent	US $ Guarantee	Due Date	Interest Rate
4.0 billion (1)	$37.3 million	0.9 billion	$8.4 million	$ 8.4 million	2004	1.31%
3.8 billion (2)	35.4 million	3.2 billion	30.0 million	12.0 million	2015	2.20%
0.6 billion (2)	5.6 million	0.5 billion	4.7 million	1.9 million	2012	1.50%

(1) Facility entered into by an equity investee of the OP and has a one-year extension option; until April 1, 2005.

(2) Facilities entered into by Chelsea Japan, secured by Gotemba and Rinku and 40% severally guaranteed by the OP.

In May 2002, the OP entered into a 50/50 joint venture agreement with Sordo Madaleno y Asociados and affiliates to jointly develop Premium Outlet centers in Mexico. Construction on the 230,000 square-foot first phase of Punta Norte Premium Outlets commenced in July 2003 and the center is scheduled to open in late 2004. The OP is responsible for financing its share of project costs of approximately $15.0 million. As of December 31, 2003, the OP had contributed $2.5 million. In January 2004, an affiliate of the OP entered into a Peso denominated credit facility which is guaranteed by the OP to fund its share of construction costs.

As of December 31, 2003, the OP had provided limited debt service guarantees of approximately $17.1 million to Value Retail and affiliates, under a standby facility for loans provided to Value Retail and affiliates to construct outlet centers in Europe. The standby facility, which has a maximum limit of $22.0 million, expired in November 2001, and outstanding guarantees, shall not survive more than five years after project completion.

At December 31, 2003, other assets include $8.8 million and accrued expenses and other liabilities include $17.6 million related to the 2002 deferred unit incentive program which may be paid to certain key officers in 2007.

The OP is not presently involved in any material litigation nor, to its knowledge, is any material litigation threatened against the OP or its properties, other than routine litigation arising in the ordinary course of business. Management believes the costs incurred by the OP related to any of its litigation will not be material and have been adequately provided for in the consolidated financial statements.

17. Related Party Information

In 1999, the OP established a $6.0 million secured loan facility that expires in June 2004 for the benefit of certain unitholders. Each borrower issued a note that is secured by OP units, bears interest at a rate of LIBOR plus 200 basis points per annum payable quarterly and is due by the facility expiration date. At December 31, 2003, the $2.2 million note receivable from related parties represents a loan made to a unitholder, who is also an officer and director of the OP. During the year ended December 31, 2003, the OP received $1.1 million from a unitholder in full repayment of his loan. Effective June 2002, the OP changed its policy to eliminate new loans to directors and officers.

The OP leased space to related parties of approximately 56,000 square feet during the year ended December 31, 2001. Rental income from those tenants, including reimbursement for taxes, common area maintenance and advertising, totaled $2.1 million during the year ended December 31, 2001.

In August 1997, the OP and one of its directors entered into a Consulting Agreement pursuant to which the director agreed to perform services for the OP in connection with the development and operation of manufacturer's outlet centers in Japan and Hawaii. The agreement provided for payments to the director of $10,000 per month and was terminated by the OP in December 1999. During the term of the agreement and for four years after the termination, the director will be entitled to deferred compensation of 1% of the development costs, up to a maximum amount of $0.5 million per project, on all projects in which he was involved in Japan or Hawaii either directly or as a result of Mitsubishi and/or Nissho Iwai committing to develop such project with the OP in Japan during the previously mentioned four year period. Fees paid under this agreement totaled $0.3 million for the year ended December 31, 2003. These fees are included in investment in affiliates in the accompanying financial statements. The final payment under this agreement, related to the opening of Tosu Premium Outlets which was Board approved during 2003, is expected to be paid in 2004.

18. Employee Stock Purchase Plan

The Company's Board of Directors and unitholders approved an Employee Stock Purchase Plan (the "Purchase Plan"), effective July 1, 1998. The Purchase Plan covers an aggregate of 1.0 million shares of common stock. Eligible employees have been in the employ of the OP or a participating subsidiary for five months or more and customarily work more than 20 hours per week. The Purchase Plan excludes employees who are "highly compensated employees", as defined, or own 5% or more of the voting interest of the Company's stock. Eligible employees will purchase shares through automatic payroll deductions up to a maximum of 10% of weekly base pay. The Purchase Plan will be implemented by consecutive three-month offerings (each an "Option Period"). The price at which shares may be purchased shall be the lower of (a) 85% of the fair market value of the stock on the first day of the Option Period or (b) 85% of the fair market value of the stock on the last day of the Option Period. As of December 31, 2003, 118 employees were enrolled in the Purchase Plan and $10,000 in expenses has been incurred and is included in the OP's general and administrative expense. The Purchase Plan will terminate in July 2008 unless terminated earlier by the Board of Directors.

19. 401(k) Plan

The OP maintains a defined contribution 401(k) savings plan (the "Plan"), which was established to allow eligible employees to make tax-deferred contributions through voluntary payroll withholdings. All employees of the OP are eligible to participate in the Plan after completing six months of service and attaining age 21. Employees who elect to enroll in the Plan may elect to have from 1% to 15% of their pre-tax gross pay contributed to their account each pay period. As of January 1, 1998 the Plan was amended to include an employer discretionary matching contribution which currently excludes certain officers, in an amount not to exceed 100% of each participant's first 6% of yearly compensation to the Plan. Matching contributions of approximately $156,000 in 2003, $96,000 in 2002 and $128,000 in 2001 are included in the OP's general and administrative expense in the accompanying financial statements.

20. Quarterly Financial Information (Unaudited)

The following summary represents the results of operations, expressed in thousands except per share amounts, for each quarter during 2003 and 2002:

	March 31	June 30	September 30	December 31
2003				
Base rental revenue............................	$59,159	$59,461	$63,645	$ 65,629
Total revenues.................................	83,282	86,609	92,203	110,171
Net income available to common unitholders.................................	21,762	29,079	29,272	35,161
Net income per weighted average common unit................................	$0.44	$0.59	$0.58	$0.69
2002				
Base rental revenue............................	$37,629	$42,458	$46,100	$ 52,111
Total revenues.................................	55,395	63,844	70,387	88,863
Net income (loss) available to common unitholders	13,880	15,631	28,228	(9,155)
Net income(loss) per weighted average common unit................................	$0.32	$0.35	$0.64	$(0.20)

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21. Segment Information

The OP is principally engaged in the development, ownership, acquisition and operation of manufacturers' outlet centers and has determined that under SFAS No.131 "Disclosures About Segments of an Enterprise and Related Information" it has three reportable real estate segments: premium domestic, other domestic and international in 2003 and 2002. The OP evaluates real estate performance and allocates resources based on Net Operating Income ("NOI") defined as total revenue less operating expenses. The primary sources of revenue are generated from tenant base rents, percentage rents and reimbursement revenue. Operating expenses primarily consist of common area maintenance, real estate taxes and promotional expenses. The real estate business segments meet the quantitative threshold for determining reportable segments:

For the years ended: (in thousands)	Premium Domestic	Other Domestic (2)	International (3)	Other (4)	Total
Total revenues (1)					
December 31, 2003............	$ 266,944	$104,797	$ -	$ 524	$ 372,265
December 31, 2002............	224,701	48,306	-	5,482	278,489
Interest income(1)					
December 31, 2003............	1,015	35	-	156	1,206
December 31, 2002............	1,169	124	-	358	1,651
Income (loss) from unconsolidated investments					
December 31, 2003............	2,432	-	8,574	(2,518)	8,488
December 31, 2002............	5,641	-	15,072	(47,756)	(27,043)
NOI					
December 31, 2003............	196,444	70,386	15,449	(12,985)	269,294
December 31, 2002............	176,001	30,664	7,891	(12,216)	202,340
Fixed asset additions					
December 31, 2003............	17,404	239,519	-	1,006	257,929
December 31, 2002............	398,933	309,540	-	795	709,268
Total assets					
December 31, 2003............	1,341,535	501,093	29,306	98,480	1,970,414
December 31, 2002............	1,262,190	394,984	16,077	29,779	1,703,030

(1) Excludes revenue for St. Helena, Mesa and American Tin Cannery properties which are classified as discontinued operations.

(2) Approximately 16% and 23% of the GLA is occupied by and approximately 9% and 12% of annual base rent is derived from one tenant during the 2003 and 2002 periods, respectively.

(3) Principally comprised of the OP's interest in Chelsea Japan.

(4) Includes corporate overhead assets and results from Chelsea Interactive.

21. Segment Information (continued)

Following is a reconciliation of net operating income to net income for the years ended December 31, 2003 and 2002 (in thousands):

	2003	2002
Segment NOI	$269,294	$202,340
Interest expense - consolidated	(69,215)	(48,693)
Interest expense - unconsolidated investments	(886)	(556)
Depreciation expense - consolidated	(73,651)	(58,275)
Depreciation expense - unconsolidated investments	(4,069)	(4,166)
Depreciation expense - Chelsea Interactive	-	(8,271)
Impairment loss- Chelsea Interactive	-	(34,370)
Income tax - unconsolidated investments	(2,640)	(1,378)
Gain/(loss) on sale of centers	5,625	312
Gain on sale, net of writedown - International	-	10,911
Net income	$124,458	$ 57,854

22. Non-Cash Investing and Financing Activities

In December 2003, 2002 and 2001, the OP declared quarterly distributions per unit of $0.535, $0.485, and $0.390, respectively (assumes May 2002, 2-for-1 unit split occurred on January 1, 2001). The limited partners' distributions were paid in January of each subsequent year.

In connection with the Crossings and Las Vegas acquisitions, the OP assumed approximately $64.1 million and $26.3 million, respectively, in mortgage loans payable.

In connection with the buyout of Simon's 50% interest in Simon-Orlando in April 2002, the OP assumed additions of approximately $68.9 million in rental properties, $6.5 million in accumulated depreciation, $8.8 million in other assets, $3.2 million in other liabilities and $59.4 million in mortgage debt.

In connection with the buyout of Fortress' 51% interest in F/C Acquisition in August 2002, the OP assumed additions of approximately $207.0 million in rental properties, $9.4 million in accumulated depreciation, $11.7 million in other assets and $5.3 million in other liabilities and $168.7 million in mortgage debt.

In connection with the purchase of the JMJ properties in November 2002, the OP issued 1.3 million units with an assigned value of $44.6 million.

In connection with the Konover acquisition in 2001, the OP assumed approximately $131.0 million in REMIC and mortgage loans payable.

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Schedule III-Consolidated Real Estate and Accumulated Depreciation
for the year ended December 31, 2003 (in thousands)

		Initial Cost to Company		Cost Capitalized (Disposed of) Subsequent to Acquisition (Improvements)		Step-Up Related to Acquisition of Partnership Interest (1)	
Description Outlet Center Name	Encum- brances	Land	Buildings, Fixtures and Equipment	Land	Buildings, Fixtures and Equipment	Land	Buildings, Fixtures and Equipment
Woodbury Common, NY	-	$4,448	$16,073	$4,967	$127,871	$ -	$ -
Orlando, FL (6)	-	9,946	65,711	300	1,151	7,957	31,829
Gilroy, CA (6)	(4)	17,053	84,641	2	840	1,812	8,840
Wrentham, MA	-	157	2,817	3,842	84,595	-	-
Waikele, HI	-	22,800	54,357	-	3,374	-	-
Leesburg, VA	-	6,296	-	(811)	71,995	-	-
Desert Hills, CA	-	975	-	2,376	67,366	830	4,936
Michigan City, IN (6)	(4)	7,264	60,107	-	885	772	6,243
Camarillo, CA	-	4,000	-	10,696	58,254	-	-
Osage Beach, MO (6)	-	10,395	58,701	-	1,869	-	-
Jackson, NJ (6)	-	10,302	58,178	-	339	-	-
Albertville, MN (6)	-	15,794	45,977	2,851	12,029	-	-
North Georgia, GA	-	2,960	34,726	(223)	22,252	-	-
Waterloo, NY (6)	(4)	5,258	42,942	-	670	559	4,519
Clinton, CT	-	4,124	43,656	202	1,674	-	-
Allen, TX	-	8,938	2,068	(834)	37,203	-	-
Vacaville, CA	-	9,683	38,850	18	1,921	-	-
Folsom, CA	(2)	4,169	10,465	2,692	27,140	-	-
Carolina Outlet (I), NC	-	6,220	24,860	(181)	794	-	-
Carolina Outlet (II), NC	(5)	-	7,862	-	305	-	-
Petaluma Village, CA	-	3,735	-	2,959	32,370	-	-
St. Augustine, FL (6)	-	5,783	32,658	-	585	-	-
Liberty Village, NJ	-	345	405	1,499	23,159	11,015	2,195
Napa, CA	(2)	3,456	2,113	7,908	19,756	-	-
Kittery (I), ME (6)	(4) (5)	2,143	23,985	6	289	228	2,354
Kittery (II), ME	-	567	2,265	-	92	-	-
Johnson Creek, WI (6)	-	4,648	26,341	3	113	-	-
Aurora, OH	-	637	6,884	1,055	23,023	-	-
Edinburgh, IN (6)	-	5,415	21,659	-	2,118	-	-
North Bend, WA	-	4,735	18,925	(83)	(283)	-	-
The Crossings, PA	(7)	17,187	97,443	35	(597)	-	-
Las Vegas Outlet, NV	(8)	15,930	90,270	19	(3,915)	-	-

Branson II (6)	-	2,892	16,332	-	270	-	-
Columbia Gorge, OR	(2)	934	-	428	13,845	497	2,647
Santa Fe, NM	-	74	-	1,300	12,188	491	1,772
American Tin Cannery, CA	-	-	8,621	-	(8,621)	-	-
Patriot Plaza, VA	-	789	1,854	976	4,081	-	-
Corporate Offices, NJ, CA	-	-	60	-	7,542	-	-
St. Helena, CA	-	1,029	1,522	(1,067)	(1,600)	38	78
Poconos, PA	-	330	-	-	-	-	-
Tinton Falls, NJ	-	110	-	-	-	-	-
Chicago, IL	-	465	-	(465)	-	-	-
Las Vegas, NV	-	405	-	(405)	-	-	-
Other retail	(3) (5)	15,406	64,911	(2,885)	(6,986)	-	-
(2)(3)(4)	385,634	$237,797	$1,068,239	$37,180	$639,955	$24,199	$65,413

Description Outlet Center Name	Gross Amount Carried at Close of Period December 31, 2003 Land	Buildings, Fixtures and Equipment	Total	Accumulated Depreciation	Date of Construction	Life Used to Compute Depreciation in Latest Income Statement
Woodbury Common, NY	$9,415	$143,944	$153,359	$57,875	'85, '93, '95, '98	40
Orlando, FL (6)	18,203	98,691	116,894	14,161	'00	40
Gilroy, CA (6)	18,867	94,321	113,188	7,270	'90,'91,'92,'94,'95	40
Wrentham, MA	3,999	87,412	91,411	23,735	'95, '00	40
Waikele, HI	22,800	57,731	80,531	13,190	'98	40
Leesburg, VA	5,485	71,995	77,480	19,090	'96-'00	40
Desert Hills, CA	4,181	72,302	76,483	31,164	'90, '94-'95, '97-'98	40
Michigan City, IN (6)	8,036	67,235	75,271	5,220	'87,'88,'89,'91,'94,'95,'97	40
Camarillo, CA	14,696	58,254	72,950	18,584	'94-'99	40
Osage Beach, MO (6)	10,395	60,570	70,965	1,543	'87-'90	40
Jackson, NJ (6)	10,302	58,517	68,819	1,463	'97,'98	40
Albertville, MN (6)	18,645	58,006	76,651	1,529	'00,'01	40
North Georgia, GA	2,737	56,978	59,715	19,816	'95-'99	40
Waterloo, NY (6)	5,817	48,131	53,948	3,716	'95,'96,'97	40
Clinton, CT	4,326	45,330	49,656	18,533	'95-'96	40
Allen, TX	8,104	39,271	47,375	6,520	'99-'01	40
Vacaville, CA	9,701	40,771	50,472	2,333	'88,'91,'92	40
Folsom, CA	6,861	37,605	44,466	13,425	'90, '92, '93, '96-'97,'00	40
Carolina Outlet (I), NC	6,039	25,654	31,693	1,528	'87,'95,'96,'99	40
Carolina Outlet (II), NC	-	8,167	8,167	502	'87,'95,'96,'99	40
Petaluma Village, CA	6,694	32,370	39,064	11,742	'93, '95-'96	40
St. Augustine, FL (6)	5,783	33,243	39,026	846	'90-'92	40
Liberty Village, NJ	12,859	25,759	38,618	9,492	'81, '97-'98	30
Napa, CA	11,364	21,869	33,233	8,275	'62, '93, '95	40
Kittery (I), ME (6)	2,377	26,628	29,005	2,234	'86	40
Kittery (II), ME	567	2,357	2,924	139	'10,'84,'89,'95	40
Johnson Creek, WI (6)	4,651	26,454	31,105	873	'98,'99,'01	40
Aurora, OH	1,692	29,907	31,599	10,777	'90, '93, '94, '95	40
Edinburgh, IN (6)	5,415	23,777	29,192	1,020	'89,'95	40
North Bend, WA	4,652	18,642	23,294	1,088	'90,'95	40
The Crossings, PA	17,222	96,846	114,068	1,418	'03	40
Las Vegas Outlet, NV	15,949	86,355	102,304	964	'03	40
Branson II (6)	2,892	16,602	19,494	421	'88,'94	40
Columbia Gorge, OR	1,859	16,492	18,351	6,371	'91, '94	40
Santa Fe, NM	1,865	13,960	15,825	4,874	'93, '98	40
American Tin Cannery, CA	-	-	-	-	'87, '98	0
Patriot Plaza, VA	1,765	5,935	7,700	2,638	'86, '93, '95	40
Corporate Offices, NJ, CA	-	7,602	7,602	4,824	-	5
St. Helena, CA	-	-	-	-	'83	40
Poconos, PA	330	-	330	-	-	0
Tinton Falls, NJ	110	-	110	-	-	0
Chicago, IL	-	-	-	-	-	40
Las Vegas, NV	-	-	-	-	-	40
Other retail	12,521	57,925	70,446	3,213	various	40
(2)(3)(4)	$299,176	$1,773,607	$2,072,783	$332,406		

The aggregate cost of the land, buildings, fixtures and equipment for federal tax purposes was approximately $1,754 million at December 31, 2003.

(1) As part of the formation transaction assets acquired for cash have been accounted for as a purchase. The step-up represents the amount of the purchase price that exceeds the net book value of the assets acquired.

(2) Projects encumbered by mortgage totaling $61.5 million at December 31, 2003.

(3) Projects encumbered by mortgage totaling $70.5 million at December 31, 2003.

(4) Projects encumbered by mortgage totaling $164.7 million at December 31, 2003.

(5) Project held under long term land lease.

(6) Purchase price has been tentatively allocated.

(7) Projects encumbered by mortgage totaling $63.5 million at December 31, 2003.

(8) Projects encumbered by mortgage totaling $25.5 million at December 31, 2003.

CPG Partners, L.P.
Schedule III–Consolidated Real Estate
and Accumulated Depreciation (continued)
(in thousands)

The changes in total real estate:

	Year ended December 31, 2003	2002
Balance, beginning of period	$1,837,174	$1,127,906
Additions	268,318	719,857
Dispositions and other	(32,709)	(10,589)
Balance, end of period	$2,072,783	$1,837,174

The changes in accumulated depreciation:

	Year ended December 31, 2003	2002
Balance, beginning of period	$284,239	$217,462
Additions	67,023	53,065
Consolidation of properties previously held as investments in unconsolidated affiliates	-	15,977
Dispositions and other	(18,856)	(2,265)
Balance, end of period	$332,406	$284,239

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this amendment to the report to be signed on its behalf by the undersigned, thereunto duly authorized on the 18th of March, 2004.

CPG Partners, L.P.

By: /s/ Michael J. Clarke
Michael J. Clarke, Chief Financial Officer

CERTIFICATION

I, David C. Bloom, Chief Executive Officer of Chelsea Property Group, Inc., the sole general partner of CPG Partners, L.P. (the "OP"), certify that:

1. I have reviewed this Annual Report on Form 10-K of the OP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Intentionally Omitted

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to material affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 18, 2004

/s/ David C. Bloom
David C. Bloom
Chief Executive Officer

CERTIFICATION

I, Michael J. Clarke, Chief Financial Officer of Chelsea Property Group, Inc., the sole general partner of CPG Partners, L.P. (the "OP"), certify that:

1. I have reviewed this Annual Report on Form 10-K of the OP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Intentionally Omitted

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to material affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 18, 2004

/s/ Michael J. Clarke
Michael J. Clarke
Chief Financial Officer

CERTIFICATION

I, David C. Bloom, Chief Executive Officer of Chelsea Property Group, Inc., the sole general partner of CPG Partners, L.P. ("the OP"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify as follows:

1. The annual report on Form 10-K of the OP for the year ended December 31, 2003 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the OP.

IN WITNESS WHEREOF, I have executed this Certification this 18th day of March, 2004.

/s/ David C. Bloom
David C. Bloom
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Chelsea Property Group, Inc. and will be retained by Chelsea Property Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION

I, Michael J. Clarke, Chief Financial Officer of Chelsea Property Group, Inc., the sole general partner of CPG Partners, L.P. ("the OP"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify as follows:

1. The annual report on Form 10-K of the OP for the year ended December 31, 2003 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the OP.

IN WITNESS WHEREOF, I have executed this Certification this 18th day of March, 2004.

/s/ Michael J. Clarke
Michael J. Clarke
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Chelsea Property Group, Inc. and will be retained by Chelsea Property Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.