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

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2002
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 2003 Annual Meeting of Shareholders are incorporated by reference into Part III as set forth herein.

PART I

Item 1. Business

The OP

CPG Partners, L.P., a Delaware limited partnership, (the "Operating Partnership" or "OP") is 84.6% owned and managed by its sole general partner Chelsea Property Group, Inc. (the "Company"), a self-administered and self-managed real estate investment trust ("REIT"). The OP specializes in owning, developing, redeveloping, leasing, marketing and managing upscale and fashion-oriented manufacturers' outlet centers. As of December 31, 2002, the OP wholly or partially-owned 58 centers in 30 states and Japan containing approximately 14.4 million square feet of gross leasable area ("GLA") represented by more than 750 tenants in approximately 3,400 stores. The OP's portfolio is comprised of 26 premium outlet centers containing 8.4 million square feet of

GLA ("Premium Properties") and 32 other retail centers containing 6.0 million square feet of GLA ("Other Properties") (collectively the "Properties"). The Premium Properties generated approximately 86% of the OP's retail real estate net operating income for the year ended December 31, 2002. The Premium Properties generally are located near metropolitan areas including New York City, Los Angeles, Boston, Washington, D.C., San Francisco, Sacramento, Cleveland, Atlanta, Dallas, Portland (Oregon), Tokyo and Osaka, Japan, which have a population of at least one million people within a 30-mile radius, with average annual household income of greater than $50,000. Some Premium Properties centers are also located within 20 miles of major tourist destinations including Palm Springs, the Napa Valley, Orlando, and Honolulu. During 2002, the OP's domestic Premium Properties generated weighted average tenant sales of $383 per square-foot, defined as total sales reported by tenants divided by their gross leasable area weighted by months in operation.

The OP's executive offices are located at 103 Eisenhower Parkway, Roseland, New Jersey 07068 (telephone 973-228-6111). The Company's website can be accessed at www.CPGI.com. A copy of the OP's 10-K's, 10-Q's, and 8-K's can be obtained, free of charge, on the OP's website.

Recent Developments

In April 2002, the OP became the sole owner of Orlando Premium Outlets 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 a related guarantee. In June 2002, the OP repaid the outstanding debt of $59.4 million and extinguished the mortgage.

Also in April 2002, the OP acquired a 305,000 square-foot outlet center, included in Other Properties, located in Edinburgh, Indiana, for $27.0 million in cash.

In June 2002, the OP and Simon entered into a new 50/50 joint venture to develop and operate Las Vegas Premium Outlets ("Simon-Las Vegas"), a 435,000 square-foot single-phase premium outlet center located in Las Vegas, Nevada. The center is scheduled to open in the summer of 2003. In June 2002, Simon-Las Vegas purchased a 40-acre site and commenced construction. The OP is responsible for financing its 50% share of development costs, which are expected to be approximately $48.0 million. As of December 31, 2002, the OP had contributed $22.8 million.

In July 2002, the OP sold approximately 40% of its holdings in Value Retail PLC to a third party for $11.4 million, resulting in a gain of $10.9 million.

In August 2002, the OP became the sole owner of four Premium Properties by acquiring the remaining 51% undivided ownership interest in the joint venture F/C Acquisition Holdings, LLC. The OP paid $58.9 million in cash and assumed $86.5 million, the remaining 51%, of existing mortgage debt.

In August 2002, the OP and Simon entered into a new 50/50 joint venture to develop and operate Chicago Premium Outlets ("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. In September 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, 2002, the OP had contributed $8.4 million.

In November 2002, the OP acquired two outlet centers included in Other Properties: a 305,000 square-foot outlet center located in Albertville, Minnesota, and a 278,000 square-foot outlet center located in Johnson Creek, Wisconsin, for a total price of $89.5 million. The transaction was financed by issuing limited partnership units in the OP valued at $44.6 million and the balance from the senior credit facility.

In December 2002, the OP purchased four outlet centers included in Other Properties for an all-cash price of $193.0 million. The four properties total 1.3 million square feet of gross leaseable area and consist of a 292,000 square-foot center located in Jackson, New Jersey; a 391,000 square-foot center located in Osage Beach, Missouri; a 329,000 square-foot center located in St. Augustine, Florida; and a 300,000 square-foot center located in Branson, Missouri.

During 2002, the OP sold five non-core Other Properties and recognized a gain of approximately $0.3 million.

The OP has been developing and operates an e-commerce technology platform through its affiliate, Chelsea Interactive, Inc. ("Chelsea Interactive") with an aggregate funding commitment of up to $60.0 million; as of December 31, 2002, $52.4 million had been funded. The OP anticipates that the balance of the funding will be used to further develop the platform and to finance operating cash shortfalls and potential costs related to the disposal or discontinuance of the business. The OP currently believes that it will not be able to recover the net book value of its investment in Chelsea Interactive through future cash flows unless Chelsea Interactive is able to achieve positive cash flow before reaching the $60.0 million funding limit. Due to current market conditions and costs related to securing additional brand users for the platform, the OP has decided to recognize an impairment loss of $34.4 million, equal to the net book value of its investment in Chelsea Interactive at December 31, 2002. However, the OP is in active discussions with potential investors to provide capital to and/or acquire Chelsea Interactive. There can be no assurance that any of these discussions will be successful or that Chelsea Interactive will be able to continue as a going concern. Future funding by the OP will be reported as a loss in the period funding occurs.

The following table sets forth a summary of the additional GLA from expansions, acquisitions and dispositions from January 1 through December 31, 2002:

Property	% Owned	Date (1)	GLA (Sq. Ft.)	Number of Stores	Tenants (2)
As of January 1, 2002.............			12,574,000	2,903	
Expansions:					
Rinku Premium Outlets............... Izumisano, Japan	40	03/02	70,000	40	Benetton, Cole Haan, La Perla, The North Face, Tommy Hilfiger
Desert Hills Premium Outlets........ Cabazon, CA	100	12/02	23,000	8	Hugo Boss
Liberty Village Premium Outlets..... Flemington, NJ	100	11/02	23,000	2	LL Bean, Liz Claiborne
Napa Premium Outlets................ Napa, CA	100	04/02	9,000	2	Kenneth Cole
Other (net).........................			(17,000)	1	
Total expansions			108,000	53	
Acquisitions:					
Factory Outlet Village Osage Beach . Osage Beach, MO	100	12/02	391,000	104	Eddie Bauer, Gap, Polo, Tommy Hilfiger, Liz Claiborne,
St. Augustine Outlet Center......... St. Augustine, FL	100	12/02	329,000	93	Brooks Brothers, Coach, Gap, Tommy Bahama, Casual Corner, Reebok
Outlets at Albertville .... Albertville, MN	100	11/02	305,000	67	Polo, Old Navy Gap, Tommy Hilfiger, Banana Republic
Edinburgh Outlet Center............ Edinburgh, IN	100	04/02	305,000	72	Gap, Nautica, Nike, OshKosh B'Gosh, Factory Brand Shoes, Tommy Hilfiger
Factory Merchants Branson.......... Branson, MO	100	12/02	300,000	86	Carter's Childrenswear, L'eggs/ Hanes/Bali/Playtex, Lenox
Jackson Outlet Village............. Jackson, NJ	100	12/02	292,000	71	Casual Corner, Gap, Nike, Reebok, Tommy Hilfiger,
Johnson Creek Outlet Center......... Johnson Creek, WI	100	11/02	278,000	62	Gap, Old Navy Clothing Company, Nike, Tommy Hilfiger
Total acquisitions:.................			2,200,000	555	
Dispositions:					
Factory Stores of America.......... LaMarque, TX	100	06/02	(176,000)	(43)	Bass, Levi's, Van Heusen, West Point Stevens
Factory Stores of America.......... Tucson, AZ	100	07/02	(128,000)	(20)	Book Warehouse, Banister Shoe, Samsonite, VF Factory Outlet
Factory Stores of America.......... Corsicana, TX	100	06/02	(64,000)	(4)	VF Factory Outlet
Factory Stores of America.......... Livingston, TX	100	07/02	(64,000)	(4)	VF Factory Outlet
Factory Stores of America.......... Mineral Wells, TX	100	11/02	(64,000)	(4)	VF Factory Outlet
Total dispositions.................			(496,000)	(75)	
Net additions for 2002.............			1,812,000	533	
Totals as of December 31, 2002......			14,386,000	3,436	

1) Expansion, acquisition or disposition date.

2) Consists of tenants who lease at least 5,000 square feet of GLA or have estimated sales of more than $300 per square-foot. Most tenants pay a fixed base rent based on square feet leased and also pay a percentage rent based on sales.

Some of the most recent newly acquired or expanded centers are discussed below:

Rinku Premium Outlets, Izumisano, Japan. Rinku Premium Outlets, a 250,000 square-foot center containing 120 stores, opened its initial phase in November 2000. The Phase II expansion that opened in March 2002 consisted of 70,000 square feet of GLA and 40 stores. The center is located 45 miles south of Osaka near Kansai International Airport. The populations within a 35-mile and 65-mile radius are approximately 12.0 million and 19.1 million, respectively.

Factory Outlet Village Osage Beach, Osage Beach, MO - Factory Outlet Village Osage Beach, a 391,000 square-foot center containing 104 stores was acquired in December 2002. The center is located in a tourist destination off Interstate 70 on Highway 54 at the Lake of Ozarks. The populations within a 15-mile, 30-mile and 45-mile radius are 0.1 million, 0.1 million and 0.3 million, respectively. Average household income within a 30-mile radius is approximately $44,000.

St. Augustine Outlet Center, St. Augustine, FL - St. Augustine Outlet Center, a 329,000 square-foot center containing 93 stores was acquired in December 2002. The center is located in a tourist destination off Interstate 95 in St. Augustine, Florida. The populations within a 15-mile, 30-mile and 45-mile radius are 0.1 million, 0.7 million and 1.2 million, respectively. Average household income within a 30-mile radius is approximately $60,000.

Outlets at Albertville, Albertville, MN – Outlets at Albertville, a 305,000 square-foot center containing 67 stores was acquired in November 2002. The center is located approximately 20 miles northwest of Minneapolis-St. Paul on Interstate 94. The populations within a 15-mile, 30-mile and 45-mile radius are 0.3 million, 1.9 million and 3.1 million, respectively. Average household income within a 30-mile radius is approximately $68,000.

Edinburgh Outlet Center, Edinburgh, IN – Edinburgh Outlet Center, a 305,000 square-foot center containing 72 stores was acquired in April 2002. The center is located 40 miles south of downtown Indianapolis at the junction of Interstate 65 and U.S. Route 31. The populations within a 15-mile, 30-mile and 45-mile radius are 0.1 million, 0.7 million and 1.8 million, respectively. Average household income within a 30-mile radius is approximately $53,000.

Factory Merchants Branson, Branson, MO – Factory Merchants Branson, a 300,000 square-foot center containing 86 stores was acquired in December 2002. The center is located in a tourist destination off Highway 76 west on Pat Nash Drive, 40 miles south of Springfield, Missouri. The populations within a 15-mile, 30-mile and 45-mile radius are 0.1 million, 0.2 million and 0.5 million, respectively. Average household income within a 30-mile radius is approximately $47,000.

Jackson Outlet Village, Jackson, NJ - Jackson Outlet Village, a 292,000 square-foot center containing 71 stores was acquired in December 2002. The center is located 50 miles northeast of Philadelphia and 65 miles southwest of New York City. The populations within a 15-mile, 30-mile and 45-mile radius are 0.5 million, 3.0 million and 10.2 million, respectively. Average household income within a 30-mile radius is approximately $70,000.

Johnson Creek Outlet Center, Johnson Creek, WI – Johnson Creek Outlet Center, a 278,000 square-foot center containing 62 stores was acquired in November 2002. The center is located on Interstate 94 at Highway 26, midway between Madison and Milwaukee, Wisconsin. The populations within a 15-mile, 30-mile and 45-mile radius are 0.1 million, 0.6 million and 2.4 million, respectively. Average household income within a 30-mile radius is approximately $62,000.

The OP had been developing and operates an e-commerce technology platform through its affiliate, Chelsea Interactive, Inc. with an aggregate funding commitment of up to $60.0 million; as of December 31, 2002, $52.4 million has been funded. The OP anticipates that the balance of the funding will be used to further develop the platform and to finance operating cash shortfalls and potential costs related to the disposal or discontinuance of the business. The OP currently believes that it will not be able to recover the net book value of its investment in Chelsea Interactive through future cash flows unless Chelsea Interactive is able to achieve positive cash flow before reaching the $60.0 million funding limit. Due to current market conditions and costs related to securing additional brand users for the platform, the OP has decided to recognize an impairment loss of $34.4 million, equal to the net book value of its investment in Chelsea Interactive as of December 31, 2002. However, the OP is in active discussions with potential investors to provide capital to and/or acquire Chelsea Interactive. There can be no assurance that any of these discussions will be successful or that Chelsea Interactive will be able to continue as a going concern. Future funding by the OP will be reported as a loss in the period funding occurs.

Strategic Alliances and Joint Ventures

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 joint venture, known as Chelsea Japan Co., Ltd. ("Chelsea Japan"), developed its two initial projects, Gotemba Premium Outlets a 220,000 square-foot center, outside of Tokyo and the second, Rinku Premium Outlets a 180,000 square-foot center outside Osaka. In March 2002, the 70,000 square-foot second phase of Rinku Premium Outlets opened 100% leased. The joint venture's third project, the 180,000 square-foot first phase of Sano Premium Outlets located north of Tokyo in Sano, Japan is scheduled to open in March 2003. A 170,000 square-foot second phase of Gotemba Premium Outlets is scheduled to open in July 2003.

During 2002, the OP and Simon agreed to develop two premium outlet centers under separate 50/50 joint ventures, the 435,000 square-foot Las Vegas Premium Outlets scheduled to open in summer 2003 and the 438,000 square-foot Chicago Premium Outlets scheduled to open in mid-2004 ("Simon-Ventures"). Simon is the largest publicly traded retail real estate company as measured by market capitalization. At February 2003, Simon was engaged in ownership and management of income-producing properties primarily regional malls and community centers and had an interest in and/or managed approximately 183 million square feet of retail and mixed-use properties in 36 states, Canada and Europe. The original 5-year strategic alliance with Simon to develop and acquire high-end outlet centers with 500,000 square feet or more in the United States expired on December 31, 2002. In April 2002, the OP bought out Simon's undivided 50% interest in Orlando Premium Outlets that opened in May 2000.

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 was received at closing and all four annual installments of $4.6 each million were received, including the final January 2002 payment, which was reduced by a $0.3 million legal escrow reserve.

In May 2002, the OP entered into a 50/50 strategic alliance with Sordo Madaleno y Asociados and Mr. Carlos Peralta of Mexico City to jointly develop premium outlet centers in Mexico. Subject to leasing and entitlements, construction on a 200,000 square-foot first phase of an outlet project north of Mexico City is expected to commence later in 2003 and open in late 2004. The site can support a second phase containing approximately 165,000 square feet of GLA.

The OP has made several investments through joint ventures with others. Joint venture investments may involve risks not otherwise present for investments made solely by the OP, including the possibility its co-venturers might become bankrupt, its co-venturers might at any time have different interests or goals than the OP, and that the co-venturers may take action contrary to the OP's instructions, requests, policies or objectives, including its policy with respect to maintaining the qualification of the OP as a REIT. Other risks of joint venture investments include impasse on decisions, such as a sale, because neither its co-venturer nor the OP would have full control over the joint venture. There is no limitation under the OP's organizational documents as to the amount of funds that may be invested in partnerships or joint ventures.

Organization of the OP

Virtually all of the Properties assets are held by, and all of its business activities conducted through, the Operating Partnership. The Company is the sole general partner of the OP (which owned 84.6% in the Operating Partnership as of December 31, 2002) and has full and complete control over the management of the OP and each of the Properties, excluding joint ventures.

The Manufacturers' Outlet Business

Manufacturers' outlets are manufacturer-operated retail stores that sell primarily first-quality, branded goods at significant discounts from regular department and specialty store prices. Manufacturers' outlet centers offer numerous advantages to both consumer and manufacturer; by eliminating the third party retailer, manufacturers are often able to charge customers lower prices for brand name and designer merchandise; manufacturers benefit by being able to sell first quality in-season, as well as out-of-season, overstocked or discontinued merchandise without compromising their relationships with department stores or the manufacturers' brand name. In addition, outlet stores enable manufacturers to optimize the size of production runs while maintaining control of their distribution channels.

Business Strategy

The OP believes its strong tenant relationships, high-quality property portfolio and managerial expertise give it significant advantages in the manufacturers' outlet business.

Strong Tenant Relationships. The OP maintains strong tenant relationships with high-fashion, upscale manufacturers and retailers that have a selective presence in the outlet industry, such as Armani, Brooks Brothers, Chanel, Coach Leather, Cole-Haan, Donna Karan, Gap/Banana Republic, Gucci, Nautica, Polo Ralph Lauren, Tommy Hilfiger and Versace, as well as with national brand-name manufacturers such as Adidas, Carter's, Nike, Phillips-Van Heusen (Bass, Izod, Geoffrey Beene, Van Heusen) and Timberland. The OP believes that its ability to draw from both groups is an important factor in providing broad customer appeal and higher tenant sales.

High Quality Property Portfolio. The OP's 24 domestic Premium Properties generated weighted average reported tenant sales during 2002 of $383 per square-foot, the highest among the three publicly traded outlet companies. As a result, the OP has been successful in attracting some of the world's most sought-after brand-name designers, manufacturers and retailers and each year has added new names to the outlet business and its centers. The OP believes that the quality of its centers gives it significant advantages in attracting customers and negotiating multi-lease transactions with tenants.

Management Expertise. The OP believes it has a competitive advantage in the manufacturers' outlet business as a result of its experience in the business, long-standing relationships with tenants and expertise in the development and operation of manufacturers' outlet centers. Management developed a number of the earliest and most successful outlet centers in the industry, including Liberty Village Premium Outlets (one of the first manufacturers' outlet centers in the U.S.) in 1981, Woodbury Common Premium Outlets in 1985 and Desert Hills Premium Outlets in 1990. Since the Company's initial public offering of its common stock, the OP has added significantly to its senior management in the areas of development, leasing and property management without increasing general and administrative expenses as a percentage of total revenues; additionally, the OP intends to continue to invest in systems and controls to support the planning, coordination and monitoring of its activities.

Growth Strategy

The OP seeks growth through increasing rents in its existing centers; developing new centers and expanding existing centers; and acquiring and re-developing centers.

Increasing Rents at Existing Centers. The OP's leasing strategy includes aggressively marketing available space and maintaining a high level of occupancy; providing for inflation-based contractual rent increases or periodic fixed contractual rent increases in substantially all leases; renewing leases at higher base rents per square-foot; re-tenanting space occupied by under performing tenants; and continuing to sign leases that provide for percentage rents.

Developing New Centers and Expanding Existing Centers. The OP believes that there continue to be significant opportunities to develop manufacturers' outlet centers across the United States and internationally. The OP intends to undertake such development selectively, and believes that it will have a competitive advantage in doing so as a result of its development expertise, tenant relationships and access to capital. The OP expects that the development of new centers and the expansion of existing centers will continue to be a substantial part of its growth strategy. The OP believes that its development experience and strong tenant relationships enable it to determine site viability on a timely and cost-effective basis. However, there can be no assurance that any development or expansion projects will be commenced or completed as scheduled.

International Development. The OP continues to develop, own and operate premium outlet centers in Japan through its joint venture company, Chelsea Japan. In 2000, Chelsea Japan developed its first two outlet centers, one in Gotemba, located outside Tokyo, and the other in Izumisano, outside Osaka, Japan. A third outlet center in Sano, Japan is expected to open in March 2003.

The OP believes that there are significant opportunities to develop additional manufacturers' outlet centers in Japan and other countries. The OP intends to pursue these opportunities as viable sites and local partners are identified. During 2002, the OP entered into an agreement to jointly develop premium outlets centers in Mexico.

The OP has minority interests ranging from 3% to 8% in several outlet centers and outlet development projects in Europe.

Acquiring and Redeveloping Centers. The OP intends to selectively acquire individual properties and portfolios of properties that meet its strategic investment criteria as suitable opportunities arise. The OP believes that its extensive experience in the outlet center business, access to capital markets, familiarity with real estate markets and advanced management systems will allow it to evaluate and execute its acquisition strategy successfully. Furthermore, management believes that the OP will be able to enhance the operation of acquired properties as a result of its strong tenant relationships with both national and upscale fashion retailers and development, marketing and management expertise as a full-service real estate organization. Additionally, the OP may be able to acquire properties on a tax-advantaged basis through the issuance of Operating Partnership units. However, there can be no assurance that any acquisitions will be consummated or, if consummated, will result in an advantageous return on investment for the OP.

Operating Strategy

The OP's primary business objective is to enhance the value of its properties and operations by increasing cash flow. The OP plans to achieve these objectives through continuing efforts to improve tenant sales and profitability, and to enhance the opportunity for higher base and percentage rents.

Leasing. The OP pursues an active leasing strategy through long-standing relationships with a broad range of tenants including manufacturers of men's, women's and children's ready-to-wear, lifestyle apparel, footwear, accessories, tableware, housewares, linens and domestic goods. Key tenants are placed in strategic locations to draw customers into each center and to encourage shopping at more than one store. The OP continually monitors tenant mix, store size, store location and sales performance, and works with tenants to improve each center through re-sizing, re-location and joint promotion.

Market and Site Selection. To ensure a sound long-term customer base, the OP generally seeks to develop sites near densely-populated, high-income metropolitan areas, and/or at or near major tourist destinations. While these areas typically impose numerous restrictions on development and require compliance with complex entitlement and regulatory processes, the OP believes that these areas provide the most attractive long-term demographic characteristics. The OP generally seeks to develop sites that can support at least 400,000 square feet of GLA and that offer the long-term opportunity to dominate their respective markets through a critical mass of tenants.

Marketing. The OP pursues an active, property-specific marketing strategy using a variety of media including newspapers, television, radio, billboards, regional magazines, guide books and direct mailings. The centers are marketed to tour groups, conventions and corporations; additionally, each property participates in joint destination marketing efforts with other area attractions and accommodations. Virtually all consumer marketing expenses incurred by the OP are reimbursable by tenants.

Property Design and Management. The OP believes that effective property design and management are significant factors in the success of its properties and works continually to maintain or enhance each center's physical plant, original architectural theme and high level of on-site services. Each property is designed to be compatible with its environment and is maintained to high standards of aesthetics, ambiance and cleanliness in order to promote longer visits and repeat visits by shoppers. The OP has 634 full-time and 180 part-time employees. Of these employees, 491 full-time and 178 part-time are involved in on-site maintenance, security, administration and marketing. Centers are generally managed by an on-site property manager with oversight from a regional operations director.

Financing

The OP seeks to maintain a strong, flexible financial position by: (i) maintaining a moderate level of leverage, (ii) extending and sequencing debt maturity dates, (iii) managing floating interest rate exposure and (iv) maintaining liquidity. Management believes these strategies will continue to enable the OP to access a broad array of capital sources, including bank or institutional borrowings, secured and unsecured debt and equity financings. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Competition

The Properties compete for retail consumer spending on the basis of the diverse mix of retail merchandising and value oriented pricing. Manufacturers' outlet centers have established a niche capitalizing on consumers' desire for value-priced goods. The Properties compete for customer spending with other outlet locations, traditional shopping malls, off-price retailers, and other retail distribution channels. The OP believes that the Premium Properties generally are the leading manufacturers' outlet centers in each market. The OP carefully considers the degree of existing and planned competition in each proposed market before deciding to build a new center.

Environmental Matters

The OP is not aware of any environmental liabilities relating to the Properties that would have a material impact on the OP's financial position and results of operations.

Personnel

As of December 31, 2002, the OP had 634 full-time and 180 part-time employees. None of the employees are subject to any collective bargaining agreements, and the OP believes it has good relations with its employees.

Item 2. Properties

As of December 31, 2002, the OP had 58 centers in 30 states and Japan containing approximately 14.4 million square feet of gross leasable area. Of the 58 centers, 56 are owned 100% (49 in fee and seven under a long-term lease). The OP owned and operated all 56 of its domestic centers and Chelsea Japan manages the two centers in Japan.

The OP's Premium Properties consists of 26 upscale, fashion-oriented manufacturers' outlet centers located in or near New York City, Los Angeles, Boston, Washington, D.C., San Francisco, Sacramento, Cleveland, Atlanta, Dallas, Portland (Oregon), Tokyo and Osaka, Japan, or within 20 miles of major tourist destinations including Palm Springs, the Napa Valley, Orlando, and Honolulu. The domestic Premium Properties were 99% leased as of December 31, 2002, and contained approximately 2,000 stores with more than 535 different tenants. The OP's Premium Properties in Japan were 100% leased as of December 31, 2002, and contained approximately 210 stores. The OP's Other Properties were 95% leased as of December 31, 2002, and contained approximately 1,200 stores with more than 225 different tenants.

The OP believes the Properties are adequately covered by insurance.

The OP does not consider any single store lease to be material; no individual tenant, combining all of its store concepts, accounts for more than 5% of the OP's gross revenues; and only one tenant occupies more than 5% of the OP's total domestic GLA at 8%. As a result, and considering the OP's past success in re-leasing available space, the OP believes the loss of any individual tenant would not have a significant effect on future operations.

For the years ended December 31, 2002, 2001, and 2000, respectively, 16%, 21% and 23% of the OP's total 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 might have a material adverse effect on the OP. In addition, for the years ended December 31, 2002, 2001, and 2000, respectively, 25%, 28% and 28% of the OP's total revenues were derived from the OP's centers in California.

Woodbury Common Premium Outlets contributed more than 10% of the OP's aggregate gross revenues during 2002 and had a book value of more than 5% of the total assets at year-end 2002. No tenant leases more than 10% of the center's GLA. The following chart shows certain information for Woodbury Common.

Fiscal Year	Occupancy Rate	Avg. Annual Rent per sq ft
1998	100.0%	$33.16
1999	99.5	35.61
2000	100.0	38.55
2001	98.8	38.63
2002	100.0	41.23

Woodbury Common Premium Outlets opened in four phases in 1985, 1993, 1995 and 1998 and contains 845,000 square feet of GLA. As of December 31, 2002, the center was leased to 212 tenants. Woodbury Common is located approximately 50 miles north of New York City at the Harriman exit of the New York State Thruway. The populations within a 30-mile, 60-mile and 100-mile radius are approximately 2.6 million, 17.4 million and 25.3 million, respectively. Average household income within the 30-mile radius is approximately $92,000.

The following table shows lease expiration data as of December 31, 2002 for Woodbury Common Premium Outlets for the next ten years (assuming that none of the tenants exercise renewal options).

Expiration Year	GLA	Contractual Base Rents ("CBR") per sq ft	Contractual Base Rents ("CBR") Total	No. of Leases Expiring	% of Annual "CBR" Represented by Expiring Leases
2003	126,496	$30.04	$3,785,000	27	12.5%
2004	35,051	32.23	1,128,000	10	3.7
2005	113,629	35.43	4,027,000	28	13.3
2006	33,544	39.38	1,339,000	14	4.4
2007	63,336	36.24	2,283,000	18	7.6
2008	185,379	35.23	6,517,000	43	21.6
2009	44,786	43.16	1,942,000	16	6.4
2010	37,875	35.76	1,359,000	11	4.5
2011	72,881	42.41	3,096,000	15	10.3
2012	77,193	51.75	3,985,000	26	13.2

Depreciation on Woodbury Common Premium Outlets is calculated using the straight line method over the estimated useful life of the real property and land improvements which ranges from 10 to 40 years. At December 31, 2002, the Federal income tax basis in this center was $120.0 million.

The realty tax rate on Woodbury Common Premium Outlets is approximately $4.68 per $100 of assessed value. Estimated 2003 taxes are $3.9 million.

VF Corporation (Vanity Fair) leases approximately 8% of the OP's total domestic GLA as of December 31, 2002 and 2001, which constitutes approximately 2% of the OP's total revenues.

Set forth in the table below is certain property information as of December 31, 2002:

Name/location	Year Opened or Acquired	GLA (Sq. Ft.)	No. of Stores	Selected Tenants
Premium Properties:				
Woodbury Common Premium Outlets........ Central Valley, NY (New York City area)	1985	845,000	212	Banana Republic, Brooks Brothers, Coach, Giorgio Armani, Gucci, Neiman Marcus Last Call, Polo Ralph Lauren, Salvatore Ferragamo
Wrentham Village Premium Outlets....... Wrentham, MA (Boston/Providence area)	1997	601,000	157	Barneys New York, Burberry, Hugo Boss, Kenneth Cole, Nike, Polo Ralph Lauren, Sony, Versace
Gilroy Premium Outlets................. Gilroy, CA (San Jose area)	1990	577,000	141	Brooks Brothers, Coach, J. Crew, Hugo Boss, Nike, Polo Ralph Lauren, Timberland, Tommy Hilfiger, Versace,
North Georgia Premium Outlets.......... Dawsonville, GA (Atlanta metro area)	1996	537,000	132	Coach, Crate & Barrel, Escada, Liz Claiborne, Polo Ralph Lauren, Tommy Hilfiger, Williams-Sonoma
Desert Hills Premium Outlets........... Cabazon, CA (Palm Springs-Los Angeles)	1990	499,000	133	Burberry, Coach, Giorgio Armani, Gucci, Max Mara, Polo Ralph Lauren, Salvatore Ferragano, Versace, Zegna
Lighthouse Place Premium Outlets....... Michigan City, IN (Chicago area)	1987	484,000	121	Burberry, Coach, Crate & Barrel, Gap, Liz Claiborne, Polo Ralph Lauren, Tommy Hilfiger
Leesburg Corner Premium Outlets........ Leesburg, VA (Washington DC area)	1998	463,000	103	Barneys New York, Kenneth Cole, Liz Claiborne, Nike, Polo Ralph Lauren, Williams-Sonoma
Camarillo Premium Outlets.............. Camarillo, CA (Los Angeles metro area)	1995	454,000	122	Banana Republic, Barneys New York, Coach, Donna Karan, Polo Ralph Lauren, St. John Knits,Versace
Orlando Premium Outlets................ Orlando, FL (between Sea World & Epcot)	2000	428,000	114	Barneys New York, Coach, Escada, Giorgio Armani, Hugo Boss, Max Mara, Nike, Polo Ralph Lauren
Waterloo Premium Outlets............... Waterloo, NY (Finger Lakes Region)	1995	392,000	99	Brooks Brothers, Coach, Eddie Bauer, Gap, J. Crew, Jones New York, Liz Claiborne, Mikasa, Polo Ralph Lauren
Allen Premium Outlets.................. Allen, TX (Dallas metro area)	2000	349,000	84	Barneys New York, Brooks Brothers, Cole-Haan, Crate & Barrel, Liz Claiborne, Polo Ralph Lauren, Tommy Hilfiger
Folsom Premium Outlets................. Folsom, CA (Sacramento metro area)	1990	299,000	80	Bass, Eddie Bauer, Gap, Kenneth Cole, Liz Claiborne, Nike, Off 5th-Saks Fifth Avenue
Aurora Premium Outlets................. Aurora, OH (Cleveland metro area)	1987	286,000	65	Brooks Brothers, Gap, Liz Claiborne, Nautica, Off 5th-Saks Fifth Avenue, Polo Ralph Lauren, Tommy Hilfiger
Clinton Crossing Premium Outlets....... Clinton CT (I-95/NY-NewEngland corridor)	1996	272,000	66	Barneys New York, Coach, Dooney & Bourke, Gap, Kenneth Cole, Liz Claiborne, Nike, Polo Ralph Lauren
Rinku Premium Outlets.................. Rinku, Japan (Osaka metro area) (2)	2000(1)	250,000	120	Brooks Brothers, Coach, Dolce & Gabbana, Eddie Bauer, Gap, Nautica, Nike, Timberland
Gotemba Premium Outlets................ Gotemba, Japan (Tokyo metro area) (2)	2000(1)	220,000	90	Brooks Brothers, Coach, Eddie Bauer, Gap, J. Crew, L.L.Bean, Nautica, Nike, Timberland
Waikele Premium Outlets................ Waipahu, HI (Honolulu area)	1997	213,000	51	Banana Republic, Barneys New York, Brooks Brothers, Guess, Kenneth Cole, Max Mara
Petaluma Village Premium Outlets....... Petaluma, CA (San Francisco metro area)	1994	196,000	51	Brooks Brothers, Coach, Gap, Jones New York, Liz Claiborne, Off 5th-Saks Fifth Avenue, Puma
Napa Premium Outlets................... Napa, CA (Napa Valley)	1994	179,000	51	Barneys New York, J. Crew, Jones New York, Kenneth Cole, Nautica, Tommy Hilfiger, TSE
Liberty Village Premium Outlets........ Flemington, NJ (New York-Phila. metro area)	1981	177,000	57	Ellen Tracy, Jones New York, L.L. Bean, Polo Ralph Lauren, Tommy Hilfiger, Timberland, Waterford Wedgwood
Columbia Gorge Premium Outlets......... Troutdale, OR (Portland metro area)	1991	164,000	45	Adidas, Bass, Carter's, Gap, Mikasa, Samsonite
Kittery Premium Outlets .... Kittery, ME (Boston area) (2)	1984	150,000	31	Banana Republic, Coach, Crate & Barrel, J. Crew, Polo Ralph Lauren, Reebok,
American Tin Cannery Premium Outlets... Pacific Grove, CA (Monterey Peninsula)(2)	1987	135,000	45	Bass, Geoffrey Beene, Nine West, Reebok, Samsonite, WestPoint Stevens
Santa Fe Premium Outlets.............. Santa Fe, NM	1993	125,000	38	Bose, Brooks Brothers, Coach, Jones New York, Nautica, Liz Claiborne, Van Heusen
Patriot Plaza Premium Outlets.......... Williamsburg, VA (Norfolk-Richmond area)	1986	77,000	11	Lenox, Polo Ralph Lauren, WestPoint Stevens
St. Helena Premium Outlets............ St. Helena, CA (Napa Valley)	1992	23,000	9	Brooks Brothers, Donna Karan, Coach, Escada
Total Premium Properties............		8,395,000	2,228	

Other Properties:				
Factory Stores at Vacaville........... Vacaville, CA	2001	447,000	105	Adidas, Carter's, Childrenswear, Coach, Eddie Bauer, Gap, Liz Claiborne, Mikasa, Nike, OshKosh B'Gosh, Reebok
Carolina Outlet Center (2)............ Smithfield, NC	2001	440,000	82	Brooks Brothers, Gap, Liz Claiborne Nike, Polo Ralph Lauren, Timberland, Tommy Hilfiger
Factory Outlet Village Osage Beach..... Osage Beach, MO	2002	391,000	104	Eddie Bauer, Factory Brand Shoes, Gap, Liz Claiborne, Polo, Ralph Lauren, Tommy Hilfiger
St. Augustine Outlet Center........... St. Augustine, FL	2002	329,000	93	Brooks Brothers, Coach, Casual Corner, Gap, Reebok, Tommy Bahama
Outlets at Albertville,................ Albertville, MN.	2002	305,000	67	Banana Republic, Gap, Old Navy, Polo, Tommy Hilfiger
Edinburgh Outlet...................... Edinburgh, IN	2002	305,000	72	Factory Brand Shoes, Gap, Nautica, Nike, OshKosh B'Gosh, Tommy Hilfiger
Factory Merchants Branson(2).......... Branson, MO	2002	300,000	86	Carter's, Childrenswear, L'eggs/Hanes, Bali/Playtex, Lenox
Jackson Outlet Village................ Jackson, NJ	2002	292,000	71	Casual Corner, Gap, Nike, Reebok, Tommy Hilfiger,
Factory Shoppes at Branson Meadows..... Branson, MO	2001	287,000	44	Dress Barn, Easy Spirit, Speigel, VF Factory Outlet
Johnson Creek Outlet Center........... Johnson Creek, WI	2002	278,000	62	Gap, Old Navy, Nike, Tommy Hilfiger
Factory Stores at North Bend.......... North Bend, WA	2001	223,000	50	Adidas, Eddie Bauer, Bass, Carters, Childrenswear, Nike, OshKosh B'Gosh, Samsonite
Factory Stores of America............. Draper, UT	2001	184,000	31	Adidas, Dress Barn, Samsonite, VF Factory Outlet
Factory Stores of America............. Georgetown, KY	2001	177,000	27	Bass, Carolina Pottery, Dress Barn, Levi's, Van Heusen
Factory Stores of America............. Mesa, AZ	2001	167,000	30	Bass, Dress Barn, Fieldcrest Cannon, Samsonite, VF Factory Outlet
North Ridge Shopping Center........... North Ridge, Raleigh, NC	2001	166,000	33	Ace Hardware, Kerr Drugs, Winn Dixie
Factory Stores of America............. Crossville, TN	2001	151,000	30	Bass, Liz Claiborne, OshKosh B'Gosh, Van Heusen, VF Factory Outlet,
Mac Gregor Village.................... Cary, NC	2001	144,000	45	Spa Health Club, Tuesday Morning
Factory Stores of America -Tri-Cities.. Blountville, TN	2001	133,000	16	Carolina Pottery, L'eggs/Hanes/Bali/ Playtex, Tri-Cities Cinemas
Factory Stores of America (2)......... Iowa, LA	2001	131,000	18	Bass, Easy Spirit, VF Factory Outlet, Van Heusen
Factory Stores of America............. Tupelo, MS	2001	129,000	12	Banister Shoes, VF Factory Outlet, Van Heusen
Dare Center (2)....................... Kill Devil Hills, NC	2001	115,000	15	Fashion Bug, Food Lion
Factory Stores of America............. Story City, IA	2001	112,000	17	Dress Barn, Factory Brand Shoes, VF Factory Outlet, Van Heusen
Factory Stores of America (2)......... Boaz, AL	2001	112,000	18	Banister Shoes, Paper Factory, VF Factory Outlet
Factory Stores of America............. West Frankfort, IL	2001	91,000	10	VF Factory Outlet
Factory Stores of America............. Arcadia, LA	2001	90,000	11	Bass, Dress Barn, VF Factory Outlet, Van Heusen
Factory Stores of America............. Nebraska City, NE	2001	90,000	10	Bass, Dress Barn, VF Factory Outlet
Factory Stores of America............. Lebanon, MO	2001	86,000	13	Dress Barn, VF Factory Outlet
Factory Stores of America............. Graceville, FL	2001	84,000	13	Factory Brand Shoes, VF Factory Outlet, Van Heusen
Factory Stores of America.............. Hanson, KY	2001	64,000	4	Banister Shoes, VF Factory Outlet
Factory Stores of America.............. Hempstead, TX	2001	64,000	4	VF Factory Outlet
Factory Stores of America.............. Union City, TN	2001	60,000	4	Bass, VF Factory Outlet
Factory Stores of America.............. Lake George, NY	2001	44,000	11	Levi's, L'eggs/ Hanes/ Bali/ Playtex
Total Other Properties...............		5,991,000	1,208	
Grand Total.........................		14,386,000	3,436	

Notes to Property Data:

1) 40%-owned through a joint venture with Mitsubishi Estate Co., Ltd. (30% ownership) and Nissho Iwai Corporation (30% ownership).

2) Property held under long term land lease expiring as follows: American Tin Cannery Premium Outlets, December 2004; Factory Stores of America at Boaz, January 2007; Kittery Premium Outlets (129,000 sq ft), October 2009; Gotemba

Premium Outlets, October 2019; Rinku Premium Outlets, March 2020; Factory Merchants Branson, November 2021; Factory Stores of America at Smithfield (87,000 sq ft), January 2029; Dare Center, September 2058; Factory Stores of America at Iowa, September 2087.

The OP rents approximately 36,000 square feet of office space in its headquarters facility in Roseland, New Jersey; approximately 2,000 square feet at its office in Mission Viejo, California; 5,600 square feet at Chelsea Interactive's office in Reston, Virginia and 3,500 square feet at its office in New York.

Item 3. Legal Proceedings

The OP is not presently involved in any material litigation other than routine litigation arising in the ordinary course of business and that is either expected to be covered by liability insurance or to have no material impact on the OP's financial position and results of operations.

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

None.

PART II

Item 5. Market for Registrant's Common Stock and related Security Matters

None.

Item 6: Selected Financial Data

CPG Partners, L.P.
(In thousands except per unit, and number of centers)

	Year Ended December 31,				
Operating Data:	**2002**	**2001**	**2000**	**1999**	**1998**
Rental revenue..................................	$205,689	$145,278	$125,824	$114,485	$99,976
Total revenues..................................	283,214	206,855	179,903	162,618	139,315
Total expenses..................................	198,317	150,640	123,876	114,676	98,449
Income from unconsolidated investments	9,802	15,025	6,723	308	-
Loss from and impairment of Chelsea Interactive	(47,756)	(5,337)	(2,364)	-	-
Gain (loss) on sale or write-down of assets.....	10,911	617	-	(694)	(15,713)
Net income......................................	57,854	66,520	60,386	47,556	25,436
Preferred distributions.........................	(9,270)	(10,036)	(10,036)	(6,137)	(4,188)
Net income available to common unitholders......	$48,584	$56,484	$50,350	$41,419	$20,903
Net income per common unit(1) (2):.............					
General Partner	$1.09	$1.41	$1.30	$1.09	$0.56
Limited Partner	$1.07	$1.39	$1.30	$1.08	$0.55
Ownership Interest: (2)					
General Partner.................................	38,245	33,678	31,880	31,484	30,880
Limited Partners................................	6,426	6,358	6,712	6,778	6,862
Weighted average units outstanding..............	44,671	40,036	38,592	38,262	37,742
Balance Sheet Data:					
Rental properties before accumulated depreciation.................................	$1,837,174	$1,127,906	$908,344	$848,813	$792,726
Total assets....................................	1,703,030	1,099,308	901,314	806,055	773,352
Unsecured and mortgage debt.....................	1,030,820	548,538	450,353	355,684	375,571
Total liabilities	1,107,756	624,246	528,752	426,198	450,410
Partner's capital	595,274	475,062	372,562	379,857	322,942
Distributions declared per common unit (2)......	$1.86	$1.56	$1.50	$1.44	$1.38
Other Data:					
Funds from operations available to common unitholders (1)	$131,771	$108,862	$93,556	$79,980	$67,994
Cash flows from:					
Operating activities........................	$128,222	$121,723	$106,658	$87,502	$78,731
Investing activities........................	(404,178)	(112,551)	(121,479)	(77,490)	(119,807)
Financing activities........................	273,903	(2,604)	23,995	(10,781)	36,169
GLA at end of period (3)........................	14,386	12,574	8,159	5,216	4,876
Weighted average GLA (4)........................	12,758	9,349	5,703	4,995	4,614
Centers in operation at end of the period.......	58	57	27	19	19
New centers opened..............................	-	-	4	-	1
Centers expanded	4	1	3	4	7
Centers sold	5	1	1	1	-
Centers held for sale...........................	-	-	-	1	2
Centers acquired	7	31	4	-	-

Notes to Selected Financial Data:

1) The OP believes that FFO is helpful to investors as a measure of the performance of an equity REIT because, along with cash flow from operating activities, financing activities and investing activities, it provides investors with an indication of

the ability of the OP to incur and service debt, to make capital expenditures and to fund other cash needs. The OP computes FFO in accordance with the current standards established by NAREIT which may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than the OP. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of the OP's financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of the OP's liquidity, nor is it indicative of funds available to fund the OP's cash needs, including its ability to make cash distributions. See Management's Discussion and Analysis for definition of FFO.

2) Assumes that the 2-for-1 stock/unit split on May 28, 2002 had occurred on January 1, 1998.

3) At year-end 2002, includes two 40% owned centers containing 470,000 square feet of GLA; at year-end 2001 and 2000 includes seven centers containing 2.4 million square feet of GLA in which the OP had a joint venture interest ranging from 40 to 50%.

4) GLA weighted by months in operation.

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

The following discussion should be read in connection with the financial statements and notes thereto appearing elsewhere in this annual report.

Certain comparisons between periods have been made on a percentage or weighted average per square-foot basis. The latter technique adjusts for square-footage changes at different times during the year.

General Overview

At December 31, 2002, the OP wholly or partially-owned 58 Premium Outlet and other shopping centers, compared to 57 and 27 at the end of 2001 and 2000, respectively. During 2002, the OP added a net 1.8 million square feet of GLA to its portfolio by acquiring seven Other Properties comprising 2.2 million square feet, expanding three existing wholly-owned centers by 55,000 square feet and one joint venture center by 70,000 square feet and selling five non-core wholly-owned Other Properties containing 496,000 square feet. Two previously acquired premium outlet centers in Kittery, Maine were combined and are now considered a single center.

During the three-year period ending December 31, 2002, the OP has grown rental revenue by $90.2 million to $205.7 million. This was achieved by increasing rents, opening four new centers, expanding eight centers and acquiring 42 centers that was partially offset by rent decreases from selling six non-core centers. Income from unconsolidated investments aggregated $31.6 million during the same three-year period ended December 31, 2002, increasing from $0.3 million in 1999 to $9.8 million in 2002, primarily as a result of opening three new centers developed by joint ventures during 2000 and by acquiring a 49% interest in four centers through a joint venture in December 2000. During 2002, the OP became the sole owner of five of these outlet centers resulting from the buyouts of joint venture partners. The operating results of these five centers have been fully consolidated since their buyouts.

At December 31, 2002, 2001 and 2000, the OP wholly or partially-owned 14.4 million, 12.6 million and 8.2 million square feet of GLA, respectively. Since January 1, 2000, the OP has added 9.2 million square feet ("sf") of net GLA and details are as follows:

	Since January 1, 2000	2002	2001	2000
Changes in GLA (sf in 000's):				
New centers developed:				
Orlando Premium Outlets	428	-	-	428
Gotemba Premium Outlets (40%-owned)	220	-	-	220
Allen Premium Outlets...........................	206	-	-	206
Rinku Premium Outlets (40%-owned)	180	-	-	180
Total new centers...............................	1,034	-	-	1,034
Centers expanded:				
Rinku Premium Outlets (40% owned)	70	70	-	-
Desert Hills Premium Outlets....................	23	23	-	-
Liberty Village Premium Outlets.................	23	23	-	-
Napa Premium Outlets............................	9	9	-	-
Allen Premium Outlets...........................	146	-	146	-
Leesburg Corner Premium Outlets.................	138	-	-	138
Wrentham Village Premium Outlets................	127	-	-	127
Folsom Premium Outlets..........................	54	-	-	54
Other...	(14)	(17)	4	(1)
Total centers expanded..........................	576	108	150	318
Centers acquired:				
Factory Outlet Village Osage Beach..............	391	391	-	-
St. Augustine Outlet Center.....................	329	329	-	-
Edinburgh Outlet Center.........................	305	305	-	-
Outlets at Albertville..........................	305	305	-	-
Factory Merchants Branson.......................	300	300	-	-
Jackson Outlet Village..........................	292	292	-	-
Johnson Creek Outlet Center.....................	278	278	-	-
Kittery Premium Outlets II (1)(3)...............	21	-	21	-
30 Other Properties (2).........................	4,279	-	4,279	-

Gilroy Premium Outlets	577	-	-	577
Lighthouse Place Premium Outlets	491	-	-	491
Waterloo Premium Outlets	392	-	-	392
Kittery Premium Outlets (I) (3)	131	-	-	131
Total centers acquired	8,091	2,200	4,300	1,591
Centers sold:				
Five Other Properties	(496)	(496)	-	-
Mammoth Premium Outlets	(35)	-	(35)	-
Total centers sold	(531)	(496)	(35)	-
Net GLA added during the period	9,170	1,812	4,415	2,943
Other Data:				
GLA at end of period		14,386	12,574	8,159
Weighted average GLA		12,758	9,349	5,703
Centers in operation at end of period		58	57	27
New centers opened		-	-	4
Centers expanded		4	1	3
Centers sold		5	1	1
Centers acquired		7	31	4

1) Acquired in the September 25, 2001 Konover Property Trust acquisition transaction and formerly Factory Stores of America at Kittery.

2) Acquired in the September 25, 2001 Konover transaction and excludes Vegas Pointe Plaza which was repurchased by Konover on December 3, 2001.

3) Kittery Premium Outlets (I) and Kittery Premium Outlets (II) were combined in 2002 and are now considered a single center.

The OP's domestic Premium Properties produced weighted average reported tenant sales of approximately $383 per square-foot in 2002, $379 per square-foot in 2001 and $400 per square-foot in 2000. Weighted average sales is a measure of tenant performance that has a direct effect on base and percentage rents that can be charged to tenants over time.

One of the OP's centers, Woodbury Common Premium Outlets, generated approximately 16%, 21% and 23% of the OP's total revenue for the years 2002, 2001 and 2000, respectively. In addition, approximately 25%, 28% and 28% of the OP's revenues for the years ended December 31, 2002, 2001 and 2000, respectively, were derived from the OP's centers in California.

The OP does not consider any single store lease to be material; no individual tenant, combining all of its store concepts, accounts for more than 5% of the OP's gross revenues. VF Corporation occupied 8% of the OP's total domestic GLA at December 31, 2002, and was the only tenant that occupied more than 5% of GLA at year end. In view of these statistics and the OP's past success in re-leasing available space, the OP believes that the loss of any individual tenant would not have a significant effect on future operations.

Comparison of year ended December 31, 2002 to year ended December 31, 2001.

Income before interest, depreciation and amortization increased $40.3 million, or 24.9%, to $202.3 million in 2002 from $162.0 million in 2001. This increase was primarily the result of the acquisition of 31 centers in September 2001, the buyout and consolidation of five centers previously held as unconsolidated investments, the acquisition of seven centers and higher rents on releasing and renewals partially offset by higher operating maintenance, general and administrative, interest and other costs and increased losses from Chelsea Interactive during 2002. Income before interest expense increased $3.1 million to $106.5 million in 2002 from $103.4 million in 2001 due to the addition of GLA while maintaining overhead costs, a gain resulting from the partial sale of an unconsolidated investment, substantially offset by the impairment loss on Chelsea Interactive.

Base rents increased $54.5 million, or 42.8%, to $181.7 million in 2002 from $127.2 million in 2001 due to the acquisition of 38 centers; the buyouts of ownership interests in five centers in 2002; and higher average rents as a result of higher rental rates on new leases and renewals. Base rental revenue per weighted average square-foot in the Premium Properties increased to $21.30 in 2002 from $20.39 in 2001.

Percentage rents increased $6.0 million, or 33.1%, to $24.0 million in 2002 from $18.0 million in 2001 primarily due to higher tenant sales, the acquisition of the 38 centers and the buyouts of ownership interests in five centers during 2002.

Expense reimbursements, representing contractual recoveries from tenants of certain common area maintenance, operating, real estate tax, promotional and management expenses, increased $15.2 million, or 30.1%, to $65.8 million in 2002 from $50.6 million in 2001 due to the recovery of operating and maintenance costs from increased GLA. The average recovery of reimbursable expenses for the Premium Properties was 90.6% for 2002 and 2001. The average recovery of reimbursable expenses for the Other Properties improved to 52.6% in 2002 compared to 51.1% in 2001.

Other income increased $0.7 million, or 6.7%, to $11.7 million in 2002 from $11.0 million in 2001 primarily due to increased ancillary operating income from the acquisition of the 38 centers; the buyouts of ownership interests in five centers in 2002; and the gains from sale of five Other Properties and an out parcel during 2002, partially offset by decreased interest income from lower interest rates.

Operating and maintenance expenses increased $22.1 million, or 38.3%, to $79.9 million in 2002 from $57.8 million in 2001 primarily due to costs related to increased GLA and the buyouts of ownership interests in five centers during 2002. On a weighted average square-foot basis, Premium Properties operating and maintenance expenses increased to $9.21 in 2002 from $9.16 in 2001.

Depreciation and amortization expense increased $9.7 million, or 20.0%, to $58.3 million in 2002 from $48.6 million in 2001 due to additional depreciation from the acquisition of the 38 retail centers, the buyouts of ownership interests in five centers in 2002 and expansions.

General and administrative expense increased $2.5 million, or 53.2%, to $7.1 million in 2002 from $4.6 million in 2001 primarily due to increased professional fees, head count and deferred compensation accrual.

Other expenses increased $1.5 million, or 54.1%, to $4.3 million in 2002 from $2.8 million in 2001 due to ground lease expenses assumed with the acquisition of new centers, legal expenses and increased bad debts.

Income from unconsolidated investments decreased $5.2 million, or 34.8%, to $9.8 million in 2002 from $15.0 million in 2001 due to buyouts of ownership interests in five centers that required that operations of these centers be fully consolidated from the buyout date, partially offset by higher earnings from Chelsea Japan.

The loss from Chelsea Interactive operations increased $8.1 million, or 150.8%, to $13.4 million in 2002 from $5.3 million in 2001. The increase was due to increased operating payroll, general and administrative, depreciation and amortization expense and lack of third party participation in the losses. The OP also recorded an impairment loss of $34.4 million as of December 31, 2002.

Gain on sale of unconsolidated investments of $10.9 million in 2002 resulted from the sale of approximately 40% of the OP's partial interest in Value Retail. The 2001 gain on sale of $0.6 million was also from the sale of a partial interest in Value Retail offset by the write-off of the OP's investment in Guam.

Interest in excess of amounts capitalized increased $11.8 million, or 32.1%, to $48.7 million in 2002 from $36.9 million in 2001, primarily due to higher debt from acquisitions, and joint venture buyouts, partially offset by lower interest rates.

Comparison of year ended December 31, 2001 to year ended December 31, 2000.

Income before interest, depreciation and amortization increased $30.0 million, or 22.7%, to $162.0 million in 2001 from $132.0 million in 2000. This increase was primarily the result of expansions and new center openings during the latter part of 2000, higher rents on releasing and renewals during 2001, income from unconsolidated investments that commenced operations in the latter part of 2000 and the September 25, 2001, acquisition of 31 centers. These increases were partially offset by the loss from Chelsea Interactive and increases in interest and operating and maintenance expenses.

Base rents increased $19.1 million, or 17.7%, to $127.2 million in 2001 from $108.1 million in 2000 due to expansions of wholly-owned centers and a new center opening in 2000, higher average rents and the acquisition of the 31 centers in September 2001. Base rental revenue per weighted average square-foot in the Premium Properties increased to $20.39 in 2001 from $20.23 in 2000 as a result of higher rental rates on new leases and renewals.

Percentage rents increased $0.3 million, or 2.0%, to $18.0 million in 2001 from $17.7 million in 2000 primarily due to the acquisition of the 31 centers in 2001. Percentage rents per weighted average square-foot on the OP's wholly-owned centers decreased to $2.60 in 2001 from $3.31 in 2000. The decrease is due to much lower sales per square-foot from the Other Properties acquired in September 2001. The OP's wholly-owned Premium Properties percentage rents per weighted average square-foot decreased to $3.08 in 2001 from $3.31 in 2000 due to changes of some tenants from overage to base rents and lower sales.

Expense reimbursements, representing contractual recoveries from tenants of certain common area maintenance, operating, real estate tax, promotional and management expenses, increased $6.5 million, or 14.6%, to $50.6 million in 2001 from $44.1 million in 2000, due to the recovery of operating and maintenance costs from increased GLA. Excluding the 31 retail centers acquired in 2001, on a weighted average square-foot basis, expense reimbursements increased 0.7% to $8.32 in 2001 from $8.26 in 2000. The average recovery of reimbursable expenses for the wholly-owned Premium Properties was 90.8% in 2001 compared to 90.0% in 2000. The average recovery of reimbursable expense for the Other Properties was 51.1% in 2001.

Other income increased $1.0 million, or 10.6%, to $11.0 million in 2001 from $10.0 million in 2000. The increase was due to increased interest and ancillary income, partially offset by lower pad sale gains in 2001 versus 2000.

Operating and maintenance expenses increased $8.8 million, or 18.0%, to $57.8 million in 2001 from $49.0 million in 2000. The increase was primarily due to costs related to increased GLA and the acquisition of the 31 centers. Excluding the 31 centers acquired in 2001, on a weighted average square-foot basis, operating and maintenance expenses decreased to $9.16 in 2001 from $9.17 in 2000.

Depreciation and amortization expense increased $5.6 million, or 12.9%, to $48.6 million in 2001 from $43.0 million in 2000 due to depreciation of expansions of wholly-owned and new centers opened in 2000 and the acquisition of the 31 centers in September 2001.

General and administrative expenses were $4.6 and $4.8 million in 2001 and 2000, respectively.

Other expenses increased $0.1 million, or 5.8%, to $2.8 million in 2001 from $2.7 million in 2000. Increased 2001 bad debt and legal expenses were greater than the non-recurring write-off of development costs related to inactive projects in 2000.

Income from unconsolidated investments increased $8.3 million, or 123.5%, to $15.0 million in 2001 from $6.7 million in 2000 as a result of a full year's results of equity-in-earnings and fees earned from joint venture investments that were opened or acquired in the latter part of 2000.

The loss from Chelsea Interactive increased $2.9 million, or 125.8%, to $5.3 million in 2001 from $2.4 million in 2000. The increase was due to a full year of operations in 2001 versus a partial year in 2000.

Gain on sale of unconsolidated investments (net of write-downs) of $0.6 million in 2001 resulted from the gain generated from a partial sale of the OP's interest in Value Retail offset by the write-off of the OP's investment in Guam.

Interest, in excess of amounts capitalized, increased $12.4 million, or 50.7%, to $36.9 million in 2001 from $24.5 million in 2000, due to higher debt balances from acquisitions and lower construction activity in 2001.

Liquidity and Capital Resources

The OP believes it has adequate financial resources to fund operating expenses, distributions, and planned development, construction and acquisition activities over the short term, which is less than 12 months and the long term, which is 12 months or more. Operating cash flow for the year ended December 31, 2002 of $128.2 million is expected to increase with a full year of operations from the five joint venture buyout centers and the 1.8 million square feet of GLA added during 2002 as well as scheduled openings of approximately 800,000 square feet of new joint venture GLA in 2003. The OP has adequate funding sources to complete and open all current development projects from available cash, credit facilities and secured construction financing. The OP also has access to the public markets through its $800 million debt and the Company's $800 million equity shelf registrations.

Operating cash flow is expected to provide sufficient funds for dividends and distributions in accordance with the Company's REIT federal income tax requirements. In addition, the OP anticipates retaining sufficient operating cash to fund re-tenanting and lease renewal tenant improvement costs, as well as capital expenditures to maintain the quality of its centers, meet funding requirements of Chelsea Interactive and partially fund development projects.

Common distributions declared and recorded in 2002 were $84.5 million, or $1.86 per share or unit. The OP's dividend payout ratio as a percentage of net income before gain or loss on sale or writedown of assets and depreciation and amortization (reduced by amortization of deferred financing costs, depreciation of non-real estate assets and preferred dividends ("FFO")) was 64.1%. The OP's senior unsecured bank line of credit ("Senior Credit Facility") limits aggregate dividends and distributions to the lesser of (i) 90% of FFO on an annual basis or (ii) 100% of FFO for any two consecutive quarters.

The OP's ratio of earnings-to-fixed charges for each of the three years ended December 31, 2002, 2001 and 2000 was 2.4, 2.6 and 2.6, respectively. For purposes of computing the ratio, earnings consist of income from continuing operations after depreciation and fixed charges, exclusive of interest capitalized and amortization of loan costs capitalized and impairment losses. Fixed charges consist of interest expense, including interest costs capitalized, the portion of rent expense representative of interest and total amortization of debt issuance costs expensed and capitalized.

In July 2002, the OP increased its Senior Credit Facility to $200 million from $160 million to support its growth. The Senior Credit Facility expires in March 2005 (unless extended until March 2006), bears interest on the outstanding balance at an annual rate equal to the London Interbank Offered Rate ("LIBOR") plus 1.05% (2.46% at December 31, 2002) or the prime rate, at the OP's option and has an annual facility fee of 0.125%. The LIBOR rate spread ranges from 0.85% to 1.50% depending on the OP's Senior Debt rating. At December 31, 2002, $98.0 million was outstanding under the Senior Credit Facility.

During 2002, the OP completed five acquisitions valued at $531.2 million, including: (i) $76.3 million buyout of Simon Property Group's 50% undivided ownership interest of Orlando Premium Outlets on April 1, 2002; (ii) $27.0 million acquisition of a 305,000 square-foot center in Edinburgh, Indiana completed on April 1, 2002; (iii) $145.4 million buyout of Fortress Registered Investment Trust's 51% ownership interest in four premium outlet centers on August 20, 2002; (iv) $89.5 million acquisition of two outlet centers located in Albertville, Minnesota and Johnson Creek, Wisconsin, completed on November 22, 2002; and (v) $193.0 million acquisition of four outlet centers located in Jackson, New Jersey, Osage Beach, Missouri, St. Augustine, Florida and Branson, Missouri, completed on December 19, 2002.

Also during 2002, the OP completed several long-term capital transactions to fund acquisition and development activity and to support future growth. These transactions included: (i) the issuance of $100 million of 6.875% ten-year senior unsecured notes due June 15, 2012; (ii) the assumption of $86.5 million of mortgage debt due 2008, bearing interest at 6.99% that was part of the consideration for the 51% ownership interest buyout of four premium outlet centers; (iii) the issuance of 3.5 million common shares in a public offering that yielded net proceeds before expenses of $119.3 million; (iv) the issuance of 1.3 million limited partnership units (convertible on a one-for-one basis to common shares of the Company) valued at $44.6 million as partial consideration in the acquisition of the Albertville, Minnesota and Johnson Creek, Wisconsin outlet centers; (v) the issuance of $150 million of 6.0% ten-year senior unsecured notes due January 15, 2013; and (vi) the repayment of two secured construction loans aggregating $88.9 million, and the extinguishment of mortgages on Orlando Premium Outlets and Allen Premium Outlets.

A summary of the maturity of OP's contractual debt obligations (at par) as of December 31, 2002 is as follows (in thousands):

	Total	Less than One Year	1 to 3 Years	4 to 5 Years	After 5 Years
Unsecured bank debt	$103,035	$ -	$103, 035	$ -	$ -
Unsecured notes	625,000	-	50,000	125,000	450,000
Mortgage debt	301,025	4,686	10,934	166,068	119,337
Total	$1,029,060	$4,686	$163,969	$291,068	$569,337

Construction projects underway and expected to open during 2003 include a 180,000 square-foot first phase of Sano Premium Outlets, located north of Tokyo, Japan, scheduled to open in March 2003; a 170,000 square-foot second phase at Gotemba Premium Outlets, scheduled to open in July 2003; and the 435,000 square-foot Las Vegas Premium Outlets, scheduled to open mid-2003. The OP is also under construction on the single phase 438,000 square-foot Chicago Premium Outlets located in Aurora, Illinois that is scheduled to open in mid-2004. The Gotemba and Sano projects are developments of Chelsea Japan Co., Ltd., the OP's 40% owned Japanese joint venture. The Las Vegas and Chicago projects are 50/50 joint ventures with Simon. Other projects in various stages of development are expected to open in 2004 and beyond. There can be no assurance that these projects will be completed or opened, or that there will not be delays in opening or completion. All current development activity is fully financed either through project specific secured construction financing, the yen denominated line of credit, available cash or through the Senior Credit Facility. The OP will seek to obtain permanent financing once the projects are completed and income has been stabilized.

In connection with the Simon joint ventures, the OP has committed to provide 50% of the development costs, which are expected to be approximately $48.0 million for Las Vegas Premium Outlets and $46.0 million for Chicago Premium Outlets. As of December 31, 2002, the OP had contributed $22.8 million and $8.4 million to the Las Vegas and Chicago projects, respectively.

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 under the joint venture Chelsea Japan. Borrowings related to Chelsea Japan for which the Company and the OP have provided guarantees as of December 31, 2002, are as follows (in thousands):

Total Facility		Outstanding				
Yen	US $ Equivalent	Yen	US $ Equivalent	US $ Guarantee	Due Date	Interest Rate
4.0 billion (1)	$33.7 million	1.0 billion	$8.3 million	$8.3 million	2003	1.45%
0.6 billion (2)	5.0 million	0.6 billion	4.8 million	1.9 million	2012	1.50%
3.8 billion (2)	32.0 million	3.5 billion	29.5 million	11.8 million	2015	2.20%

1) Facility entered into by an equity investee of the OP has a one-year extension option; amended in November 2002 to allow for one additional year extension.

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

In May 2002, the OP, through an affiliated entity, entered into a 50/50 strategic alliance with Sordo Madaleno y Asociados and Mr. Carlos Peralta of Mexico City to jointly develop premium outlet centers in Mexico. Subject to leasing and entitlements, construction on a 200,000 square-foot first phase of an outlet project north of Mexico City is expected to commence later in 2003 and to open in 2004. The site can support a second phase containing approximately 165,000 square feet of GLA. Once phase one of the project has been approved, the OP will be committed to fund approximately $12 million which is 50% of the development costs.

The OP has minority interests ranging from 3% to 8% in several outlet centers and outlet development projects in Europe operated by Value Retail. The OP's total investment in Europe as of December 31, 2002, was $3.6 million. The OP has also agreed to provide up to $22.0 million in limited debt service guarantees under a standby facility for loans arranged by Value Retail to construct outlet centers in Europe. The term of the standby facility for new guarantees expired in November 2001 and these guarantees shall not be outstanding for longer than five years after project completion. 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.

The OP has been developing and operates an e-commerce technology platform through its affiliate, Chelsea Interactive, Inc. with an aggregate funding commitment of up to $60.0 million; as of December 31, 2002, $52.4 million had been funded. The OP anticipates that the balance of the funding will be used to further develop the platform and to finance operating cash shortfalls and potential costs related to the disposal or discontinuance of the business. The OP currently believes that it will not be able to recover the net book value of its investment in Chelsea Interactive through future cash flows unless Chelsea Interactive is able to achieve positive cash flow before reaching the $60.0 million funding limit. Due to current market conditions and costs related to securing additional brand users for the platform, the OP has decided to recognize an impairment loss of $34.4 million, equal to the net book value of its investment in Chelsea Interactive as of December 31, 2002. However, the OP is in active discussions with potential investors to provide capital to and/or acquire Chelsea Interactive. There can be no assurance that any of these discussions will be successful or that Chelsea Interactive will be able to continue as a going concern. Future funding by the OP will be reported as a loss in the period funding occurs.

To achieve planned growth and favorable returns in both the short and long-term, the OP's financing strategy is to maintain a strong, flexible financial position by: (i) maintaining a conservative level of leverage; (ii) extending and sequencing debt maturity dates; (iii) managing exposure to floating interest rates; and (iv) maintaining liquidity. Management believes these strategies will continue to enable the OP to access a broad array of capital sources, including bank or institutional borrowings and secured and unsecured debt and equity offerings, subject to market conditions.

Net cash provided by operating activities was $128.2 million and $121.7 million for the years ended December 31, 2002, and 2001, respectively. The increase was primarily due to the growth of the OP's GLA to 14.4 million square feet in 2002 from 12.6 million square feet in 2001 offset by the payout of the deferred incentive compensation in March 2002. Net cash used in investing activities increased $291.6 million for the year ended December 31, 2002, compared to the corresponding 2001 period, as a result of increased joint venture and wholly owned property investing activity, offset by proceeds from the partial sale of a joint venture investment. For the year ended December 31, 2002, net cash provided by financing activities increased by $276.5 million compared to the corresponding period in 2001 as a result of increased borrowing and increased issuance of the Company's common stock as a result of acquisition and development activities of the OP.

Net cash provided by operating activities was $121.7 million and $106.7 million for the years ended December 31, 2001, and 2000, respectively. The increase was primarily due to the growth of the OP's GLA to 12.6 million square feet in 2001 from 8.2 million square feet in 2000. Net cash used in investing activities decreased $8.9 million for the year ended December 31, 2001, compared to the corresponding 2000 period, as a result of decreased joint venture investing activity, proceeds from sale of a center and partial sale of a joint venture investment offset by the acquisition of the 31 centers. For the year ended December 31, 2001, net cash provided by financing activities decreased by $26.6 million compared to the corresponding period in 2000 as a result of reduced borrowing and increased debt repayments offset by issuance of the Company's common stock.

Funds from Operations

Management believes that funds from operations ("FFO") should be considered in conjunction with net income, as presented in the statements of operations included elsewhere herein, to facilitate a clearer understanding of the operating results of the OP. The White Paper on Funds from Operations approved by the Board of Governors of NAREIT in October 1999 defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring and sales of properties, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. The OP believes that FFO is helpful to investors as a measure of the performance of an equity REIT because, along with cash flow from operating activities, financing activities and investing activities, it provides investors with an indication of the ability of the OP to incur and service debt, to make capital expenditures and to fund other cash needs. FFO for the year ended December 31, 2002, excludes the Chelsea Interactive impairment loss of $34.4 million. Since all companies do not calculate FFO in a similar fashion, the OP's calculation of FFO presented herein may not be comparable to similarly titled measure as reported by other companies. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of the OP's financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of the OP's liquidity, nor is it indicative of funds available to fund the OP's cash needs, including its ability to make cash distributions.

	Year Ended December 31,		
	2002	2001	2000
Income available to common unitholders	$48,584	$56,484	$50,350
Depreciation and amortization-wholly-owned	58,275	48,554	42,978
Depreciation and amortization-joint ventures	4,166	5,964	2,024
Amortization of deferred financing costs and depreciation of non-rental real estate assets	(2,401)	(1,807)	(1,796)
Net gain on sale or write-down of assets	(11,223)	(333)	-
Chelsea Interactive impairment loss	34,370	-	-
FFO	$131,771	$108,862	$93,556
Average units outstanding (1)	44,671	40,036	38,592
Distributions declared per unit	$1.86	$1.56	$1.50

1) Assumes 2-for-1 stock/unit split in May 2002 had occurred on January 1, 2000.

Recent Accounting Pronouncements

In June 2001, the FASB issued Statements of Financial Accounting Standards No. 141 "Business Combinations" ("SFAS 141"), which was effective for all business combinations initiated after June 30, 2001, and No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142") which was effective January 1, 2002. SFAS 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Under SFAS 142, amortization of goodwill, including goodwill recorded in past business combinations, will discontinue upon adoption of this standard. All goodwill and intangible assets will be tested for impairment in accordance with the provisions of the Statement. The OP adopted SFAS 141 and 142 on July 1, 2001 and January 1, 2002, respectively. The adoption of these statements did not have an impact on the OP's results of operations or its financial position.

In August 2001, FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143") which is effective January 1, 2003. SFAS 143 requires the recording of the fair value of a liability for an asset retirement obligation in the period in which it 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 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 held for sale or assets sold are required to be presented as discontinued operations in the OP's statement of income. The initial adoption of FAS 144 did not have a material effect on the financial position or results of operations of the OP.

In May 2002, the FASB issued SFAS No. 145, "Reporting Gains and Losses from Extinguishment of Debt", which rescinded SFAS No. 4, No. 44 and No. 64 and amended SFAS No. 13. The new standard addresses the income statement classification of gains or losses from the extinguishment of debt and criteria for classification as extraordinary items. The new standard became effective for fiscal years beginning after May 15, 2002. The OP adopted this pronouncement on April 1, 2002. The adoption of this pronouncement did not have a material impact on the OP's results of operations or financial position.

In November 2002, the FASB issued Interpretation 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 OP is in the process of determining the impact, if any, on its results of operations or financial position from the adoption of FIN 45.

In January of 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, and the OP will need to apply its provisions to any existing variable interests in variable interest entities by no later than December 31, 2004. The OP does not believe that FIN 46 will have a significant impact on the OP's financial statements.

Critical Accounting Policies and Estimates

The OP's discussion and analysis of its financial condition and results of operations are based upon the OP's consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the OP to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. The OP bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The OP believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

Bad Debt

The OP maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its tenants to make required rent payments. If the financial condition of the OP's tenants were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The OP's allowance for doubtful accounts included in tenant accounts receivable totaled $2.6 million and $1.7 million at December 31, 2002 and 2001, respectively.

Valuation of Investments

On a periodic basis, the OP's management team assesses whether there are any indicators that the value of real estate properties, including joint venture properties may be impaired. If the carrying amount of the property is greater than the estimated expected future cash flow (undiscounted and without interest charges) of the asset, impairment has occurred. The OP will then record an impairment loss equal to the difference between the carrying amount and the fair value of the asset. The OP does not believe that the value of any of its rental properties were impaired at December 31, 2002 and 2001. The OP recorded a $34.4 million impairment loss in 2002 on its investment in Chelsea Interactive and a $1.2 million loss in 2001 for an impairment write-down of its investment in an outlet center in Guam.

Economic Conditions

Substantially all leases contain provisions, including escalations of base rents and percentage rentals calculated on gross sales, to mitigate the impact of inflation. Inflationary increases in common area maintenance and real estate tax expenses are substantially reimbursed by tenants.

Virtually all tenants have met their lease obligations and the OP continues to attract and retain quality tenants. The OP intends to reduce operating and leasing risks by continually improving its tenant mix, rental rates and lease terms and by pursuing contracts with creditworthy upscale and national brand-name tenants.

Item 7-A. Quantitative and Qualitative Disclosures about Market Risk

The OP is exposed to changes in interest rates primarily from its floating rate debt arrangements. In December 2000, the OP implemented a policy to protect against interest rate and foreign exchange risk. The OP's primary strategy is to protect against this risk by using derivative transactions as appropriate to minimize the variability that floating rate interest and foreign currency fluctuations could have on cash flow. In December 2000, a wholly-owned subsidiary of the OP entered into an interest rate swap agreement effective January 2, 2001 with a financial institution for a notional amount of $69.3 million amortizing to $64.1 million to hedge against unfavorable fluctuations in the LIBOR rates of its secured mortgage loan facility. The hedge effectively produces a fixed rate of 7.2625% on the notional amount until January 1, 2006.

At December 31, 2002 a hypothetical 100 basis point adverse move (increase) in US Treasury and LIBOR rates applied to unhedged debt would adversely affect the OP's annual interest cost by approximately $1.0 million annually.

Following is a summary of the OP's debt obligations at December 31, 2002 (in thousands):

	Expected Maturity Date							
	2003	2004	2005	2006	2007	Thereafter	Total	Fair Value
Fixed Rate Debt:	-	-	$49,922	-	$124,841	$685,772	$860,535	$966,224
Average Interest Rate:	-	-	8.38%	-	7.25%	7.22%	7.29%	
Variable Rate Debt:	-	-	$103,035	-	-	$67,250	$170,285	$170,285
Average Interest Rate:	-	-	2.46%	-	-	2.88%	2.63%	

Item 8. Financial Statements and Supplementary Data

The financial statements and financial information of the OP for the years ended December 31, 2002, 2001 and 2000 and the Report of the Independent Auditors thereon are included elsewhere herein. Reference is made to the financial statements and schedules in Item 15.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Items 10, 11, 12 and 13.

The Operating Partnership does not have any Directors, executive officers or stock authorized, issued or outstanding. If the information were required it would be indentical to the information contained in Items 10, 11, 12 and 13 of the Company's Form 10-K that will appear in the Company's Proxy Statement furnished to shareholders in connection with the Company's 2003 Annual Meeting. Such information is incorporated by reference in the Form 10-K.

Item 14. Controls and Procedure

The Company's chief executive officer and chief financial officer evaluated the effectiveness of our disclosure controls and procedures (as defined in rule 13A-14 c under the Securities Exchange Act of 1934, as amended) within 90 days of the filing date of this report (the "Evaluation Date") and, based on that evaluation, concluded that, as of the Evaluation Date, we had sufficient controls and procedures for recording, processing, summarizing and reporting information that is required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended, within the time periods specified in the SEC's rules and forms.

Since the Evaluation Date, there have not been any significant changes to our internal controls including any corrective actions with regard to significant deficiencies and material weaknesses or other factors that could significantly affect these controls.

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 14 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 of Chelsea Property Group, Inc. 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 among 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 December 22, 2000. Incorporated by reference to Exhibit 2.1 to current report on Form 8-K reporting on an event which occurred December 22, 2000.

10.5 Limited Liability Company Agreement of F/C Acquisition Holdings LLC. Incorporated by reference to Exhibit 2.2 to current report on Form 8-K reporting on an event which occurred December 22, 2000.

10.6 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.

10.7 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.

21 List of Subsidiaries

23.1 Consent of Ernst & Young LLP.

(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

(a)2 and (d) Financial Statement Schedule

Schedule III-Consolidated Real Estate and Accumulated Depreciation	F-30

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, 2002 and 2001, and the related consolidated statements of income, partners' capital and cash flows for each of the three years in the period ended December 31, 2002. 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 the 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, 2002 and 2001, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2002, 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 21, 2003

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

	December 31, 2002	December 31, 2001
Assets:		
Rental properties:		
Land	$ 266,461	$ 160,458
Depreciable property	1,570,713	967,448
Total rental property	1,837,174	1,127,906
Accumulated depreciation	(284,239)	(217,462)
Rental properties, net	1,552,935	910,444
Cash and cash equivalents	22,551	24,604
Restricted cash - escrows	3,455	3,347
Tenant accounts receivable (net of allowance for doubtful accounts of $2,593 in 2002 and $1,708 in 2001)	7,762	7,863
Deferred rent receivable	18,778	13,038
Investments in unconsolidated affiliates	47,997	93,689
Notes receivable-related parties	2,746	3,281
Deferred costs, net	16,706	22,534
Other assets	30,100	20,508
Total assets	$ 1,703,030	$1,099,308
Liabilities and partners' capital:		
Liabilities:		
Unsecured bank debt	$ 103,035	$ 5,035
Unsecured notes	621,330	373,294
Mortgage debt	306,455	170,209
Construction payables	8,046	8,001
Accounts payable and accrued expenses	43,570	47,039
Obligation under capital lease	1,507	2,141
Accrued distribution payable	4,927	3,851
Other liabilities	18,886	14,676
Total liabilities	1,107,756	624,246
Commitments and contingencies		
Partners' capital:		
General partner units outstanding, 41,485 in 2002 and 37,540 in 2001	462,127	362,402
Limited partners units outstanding 7,563 in 2002 and 6,300 in 2001	77,094	52,825
Preferred partners units outstanding, 1,300 in 2002 and 2001	63,315	63,315
Officer loan	(488)	-
Accumulated other comprehensive loss	(6,774)	(3,480)
Total partners' capital	595,274	475,062

Total liabilities and partners' capital....................................	$1,703,030	$1,099,308

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, 2002	2001	2000
Revenues:			
Base rent.....................................	$181,672	$127,229	$108,123
Percentage rent...............................	24,017	18,049	17,701
Expense reimbursements........................	65,773	50,559	44,116
Other income..................................	11,752	11,018	9,963
Total revenues....................................	283,214	206,855	179,903
Expenses:			
Operating and maintenance......................	79,942	57,791	48,992
Depreciation and amortization..................	58,275	48,554	42,978
General and administrative.....................	7,075	4,618	4,784
Other..	4,332	2,812	2,663
Total expenses.....................................	149,624	113,775	99,417
Income before unconsolidated investments and interest expense	133,590	93,080	80,486
Income from unconsolidated investments.............	9,802	15,025	6,723
Loss from and impairment of Chelsea Interactive.............................	(47,756)	(5,337)	(2,364)
Gain on sale of unconsolidated investments, net of write-down in 2001.......................	10,911	617	-
Interest expense....................................	(48,693)	(36,865)	(24,459)
Net income..	57,854	66,520	60,386
Preferred unit requirement..........................	(9,270)	(10,036)	(10,036)
Net income available to common unitholders..........	$48,584	$56,484	$50,350
Net income to common unitholders:			
General partner................................	$41,714	$47,626	$41,592
Limited partners...............................	6,870	8,858	8,758
Total..	$48,584	$56,484	$ 50,350
Net income per common unit:			
General partner	$1.09	$1.41	$1.30
Limited partners...............................	$1.07	$1.39	$1.30
Weighted average units outstanding:			
General partner................................	38,245	33,678	31,880
Limited partners...............................	6,426	6,358	6,712
Total..	44,671	40,036	38,592

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, 1999....................	$277,296	$39,246	$63,315	$ -	$ -	$379,857
Net income...................................	45,780	14,606	-	-	-	60,386
Other comprehensive income...................						
Foreign currency translation............	-	-	-	-	(123)	(123)
Total comprehensive income...................						60,263
Common distributions.........................	(47,823)	(10,068)	-	-	-	(57,891)
Preferred distribution.......................	(4,188)	(5,848)	-	-	-	(10,036)
Contributions (net of costs).................	369	-	-	-	-	369
Transfer of a limited partners' interest.....	48	(48)	-	-	-	-
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...................						62,893
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

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

CPG Partners, L.P.
Consolidated Statements of Cash Flows
(In thousands)

	Year ended December 31, 2002	2001	2000
Cash flows from operating activities			
Net income	$57,854	$66,520	$60,386
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	58,275	48,554	42,978
Gain on sale of assets	(11,514)	(333)	-
Equity in earnings of unconsolidated investments in excess of distributions received	(2,407)	(2,215)	(1,375)
Loss from and impairment of Chelsea Interactive	47,756	5,337	2,364
Write-off of development costs	-	-	869
Proceeds from non-compete receivable	4,300	4,600	4,600
Amortization of non-compete revenue	(5,136)	(5,136)	(5,136)
Additions to deferred lease costs	(1,153)	(1,869)	(2,708)
Other operating activities	(845)	(570)	(531)
Changes in assets and liabilities:			
Straight-line rent receivable	(3,872)	(1,761)	(1,536)
Other assets	(3,211)	965	(5,995)
Deferred compensation pay out	(14,401)		
Due from affiliates	(284)	(1,924)	(2,878)
Accounts payable and accrued expenses	2,860	9,555	15,620
Net cash provided by operating activities	128,222	121,723	106,658
Cash flows from investing activities			
Additions to rental properties	(385,519)	(103,521)	(59,980)
Proceeds from sale of centers	7,929	7,100	3,372
Additions to investments in unconsolidated affiliates	(37,855)	(14,763)	(64,837)
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	-
Loans to related parties	(550)	(2,750)	(3)
Payments from related parties	1,085	1,685	-
Additions to deferred development costs	(898)	(8,220)	(31)
Net cash used in investing activities	(404,178)	(112,551)	(121,479)
Cash flows from financing activities			
Debt proceeds	503,958	177,538	246,526
Repayments of debt	(249,540)	(217,318)	(151,750)
Net proceeds from sale of common stock	124,990	112,151	369
Distributions	(92,717)	(72,873)	(67,830)
Redemption of preferred units	(9,654)	-	-
Additions to deferred financing costs	(3,134)	(2,102)	(3,320)
Net cash provided by (used in) financing activities	273,903	(2,604)	23,995
Net (decrease) increase in cash and cash equivalents	(2,053)	6,568	9,174
Cash and cash equivalents, beginning of period	24,604	18,036	8,862
Cash and cash equivalents, end of period	$22,551	$24,604	$18,036

The accompanying notes are an integral part of the 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, 2002, the OP wholly or partially owned 58 centers in 30 states and Japan containing approximately 14.4 million square feet of gross leasable area ("GLA"). The OP's portfolio is comprised of 26 premium outlet centers containing 8.4 million square feet of GLA (the "Premium Properties") and 32 other retail centers containing approximately 6.0 million square feet of GLA ("Other Properties") (collectively the "Properties"). The OP's Premium Properties generated approximately 86% and 97% of the OP's retail real estate net operating income for the years ended December 31, 2002, and 2001, respectively. The Premium Properties generally are located near metropolitan areas including New York City, Los Angeles, Boston, Washington, D.C., San Francisco, Sacramento, Cleveland, Atlanta, Dallas, Portland (Oregon), Tokyo and Osaka, Japan. Some Premium Properties are also located within 20 miles of major tourist destinations including Palm Springs, the Napa Valley, Orlando, 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.

The OP developed a technology-based e-commerce platform through an unconsolidated affiliate, Chelsea Interactive, Inc. ("Chelsea Interactive"). This platform provides fashion and other retail brands with their own customized direct-to-the-consumer Internet online stores, incorporating e-commerce design, development, and fulfillment and customer services. The OP reported an impairment loss of $34.4 million, equal to the net book value of its investment in Chelsea Interactive at December 31, 2002.

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 Operating Partnership simultaneously declared a 2-for-1- split of the OP's Limited Partnership units. The stock/unit dividend was paid May 28, 2002, to shareholder/unitholders of record on May 14, 2002. All applicable unit and per unit information in the accompanying financial statements have been adjusted to reflect the stock/unit split.

Disclosure about fair value of financial instruments is based on pertinent information available to management as of December 31, 2002 and 2001, using available market information and appropriate valuation methodologies. Although management is not aware of any factors that would significantly affect the reasonable fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since such date and current estimates of fair value may differ significantly from the amounts presented herein.

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 in 2002 or 2001 and no assets were held for sale at December 31, 2002 and 2001.

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.

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, 2002 and 2001, cash equivalents consisted of repurchase agreements, commercial paper, U.S. Government agency securities, bank liabilities 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.

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 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.

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 $2.0 million, $1.2 million and $0.9 million for the years ended December 31, 2002, 2001 and 2000, respectively.

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, 2002, 2001 and 2000:

	2002	2001	2000
Distributions per share.............	$1.86	$1.56	$1.50
Return of capital...................	-	-	(0.17)
20% capital gain....................	(0.21)	-	-
Unrecaptured Section 1250 gain	(0.01)	-	-
Ordinary income.....................	$1.64	$1.56	$1.33

2. Summary of Significant Accounting Principles (continued)

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.

Concentration of OP's Revenue and Credit Risk

For the years ended December 31, 2002, 2001 and 2000, respectively, 16%, 21% and 23% 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, 2002, 2001 and 2000, respectively, 25%, 28% 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.

Other Comprehensive Loss

At December 31, 2002 and 2001, other comprehensive loss included a reduction to partners' capital related to an interest rate swap of $6.7 million and $3.1 million, respectively, and losses of $0.1 million and $0.4 million, respectively, related to a foreign currency exchange rate on receivables.

Derivative and Financial Instruments

In the normal course of business, the OP uses a variety of derivative 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 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 June 2001, the FASB issued Statements of Financial Accounting Standards No. 141 "Business Combinations" ("SFAS 141"), which was effective for all business combinations initiated after June 30, 2001, and No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142") which was effective January 1, 2002. SFAS 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Under SFAS 142, amortization of goodwill, including goodwill recorded in past business combinations, will discontinue upon adoption of this standard. All goodwill and intangible assets will be tested for impairment in accordance with the provisions of the Statement. The OP adopted SFAS 141 and 142 on July 1, 2001 and January 1, 2002, respectively. The adoption of these statements did not have an impact on the OP's results of operations or its financial position.

In August 2001, FASB issued Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143") which is effective January 1, 2003. SFAS 143 requires the recording of the fair value of a liability for an asset retirement obligation in the period in which it 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 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 held for sale or assets sold are required to be presented as discontinued operations in the OP's statement of income. The initial adoption of FAS 144 did not have a material effect on the financial position or results of operations of the OP.

In May 2002, the FASB issued Statement of Financial Accounting Standards No. 145, "Reporting Gains and Losses from Extinguishment of Debt", ("SFAS 145") which rescinded SFAS No. 4, No. 44 and No. 64 and amended SFAS No. 13. The new standard addresses the income statement classification of gains or losses from the extinguishment of debt and criteria for classification as extraordinary items. The new standard became effective for fiscal years beginning after May 15, 2002. The OP adopted this pronouncement on April 1, 2002. The adoption of this pronouncement did not have a material impact on the OP's results of operations or financial position.

2. Summary of Significant Accounting Principles (continued)

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 OP is in the process of determining the impact, if any, on its results of operations or financial position from the adoption of FIN 45.

In January of 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, and the OP will need to apply its provisions to any existing variable interests in variable interest entities by no later than December 31, 2004. The OP does not believe that FIN 46 will have a significant impact on the OP's financial statements.

Reclassifications

Certain amounts in the 2001 and 2000 financial statements have been reclassified to conform to the 2002 presentation.

3. Acquisitions and Dispositions

Acquisitions

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. The center is classified as Other Properties. After closing the transaction the operating results and balance sheet of Edinburgh Outlet Center were consolidated in the accompanying financial statements.

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. The two outlet centers are classified as Other Properties. After closing the transaction the operating results and balance sheets of these properties were consolidated in the accompanying financial statements.

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. The four outlet centers are classified as Other Properties. After closing the transaction the operating results and balance sheets of these properties were consolidated in the accompanying financial statements.

On September 25, 2001, the OP acquired 32 shopping centers from Konover Property Trust, Inc. and its affiliates ("Konover"). The purchase price was $182.5 million, including the assumption of $131.0 million of non-recourse debt. This purchase price was preliminarily allocated to each of the centers. One of these centers was acquired subject to a repurchase agreement and was sold back to Konover on December 3, 2001, at the established cost basis of $2.5 million. One of the centers acquired meets the OP's criteria for classification as a Premium Properties center. The other 30 centers contain 4.3 million square feet and are classified as Other Properties. After closing the transaction the operating results and balance sheets of these properties were consolidated in the accompanying financial statements.

The OP intends to account for the 2002 acquisitions listed above in accordance with SFAS 141 and 142. Management is currently in the process of analyzing the fair value of the leases of the acquired properties and consequently, no value has yet been assigned to them. Therefore, the purchase price allocations are preliminary and subject to change.

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

	December 31, 2002	December 31, 2001
Land	$100,540	$ 36,589
Depreciable property	591,018	157,345
Accumulated depreciation	(15,977)	-
Other assets	19,487	10,186
Total assets	$695,068	$204,120
Mortgage debt	$228,025	$137,885
Other liabilities	9,884	4,045
Total liabilities	$237,909	$141,930
Net equity	$457,159	$ 62,190

The following condensed pro forma (unaudited) information assumes that the JMJ and NPXL acquisitions, the buyouts of the remaining 51% interest in F/C Acquisition and 50% interest in Simon-Orlando and the Konover acquisition had all occurred on January 1, 2001. Additionally, it assumes that the effect of the sale of 3.5 million shares of the Company's common stock and issuance of the 6.0% unsecured notes in conjunction with the NPXL acquisition, the issuance of 1.3 million limited partnership units and borrowings on the Senior Credit Facility in conjunction with the JMJ acquisition, the sale of 1.1 million shares of the Company's common stock in conjunction with the Konover acquisition and the Company's 2-for-1 stock split in May 2002 have occurred on January 1, 2001:

3. Acquisitions and Dispositions (continued)

	Year Ended December 31, 2002	Year Ended December 31, 2001
Total revenue	$346,423	$344,931
Net income to common unitholders	63,283	83,206
Earnings per unit:		
Net income to common unitholders	$1.28	$1.86
Weighted average common units outstanding	49,461	44,826

Dispositions

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 which is included 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):

	2002	2001

Land and improvements	$460,227	$328,324
Buildings and improvements	1,351,183	775,309
Construction-in-progress	6,708	9,356
Equipment and furniture	19,056	14,917
Total rental property	1,837,174	1,127,906
Accumulated depreciation and amortization	(284,239)	(217,462)
Total rental property, net	$1,552,935	$910,444

4. Rental Properties (continued)

Interest costs capitalized as part of buildings and improvements were $2.9 million, $2.0 million and $5.4 million for the years ended December 31, 2002, 2001 and 2000, respectively.

Commitments for land, new construction, development, and acquisitions including the OP's 50% share of joint venture activity, totaled approximately $19.1 million and $6.3 million at December 31, 2002 and 2001, respectively.

Depreciation expense (including amortization of the capital lease) amounted to $53.1 million, $42.9 million and $38.5 million for the years ended December 31, 2002, 2001 and 2000, respectively.

5. Restricted Cash-Escrows

Restricted cash escrows includes $3.5 million and $1.2 million at December 31, 2002 and 2001, respectively, of escrows and reserve funds for real estate taxes, property insurance, capital and tenant improvements and leasing costs established pursuant to certain mortgage financing agreements and $2.1 million at December 31, 2001 of funds held in escrow pursuant to certain loan guarantee arrangements with an unconsolidated investee of the OP which was returned in 2002.

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 and impairment of Chelsea Interactive in the accompanying financial statements.

As of December 31, 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 Mr. Carlos Peralta of Mexico City, 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 new 50/50 joint venture to develop and operate Simon–Las Vegas, a 435,000 square-foot single-phase premium outlet center located in Las Vegas, Nevada, scheduled to open in mid-2003. On June 20, 2002, Simon-Las Vegas purchased a 40-acre site and commenced construction. The OP is responsible for financing its 50% share of development costs that are expected to be approximately $48.0 million. As of December 31, 2002, the OP had contributed $22.8 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, 2002, the OP had contributed $8.4 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 will provide 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 with its 170,000 square-foot second phase scheduled to open in 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, the 180,000 square-foot first phase of Rinku Premium Outlets on November 23, 2000, and in March 2002, Rinku opened its 70,000 square foot second phase. The center is located outside Osaka, the second-largest city in Japan. Chelsea Japan's third project, the 180,000 square-foot first phase of Sano Premium Outlets, is scheduled to open in March 2003. Sano is located 40 miles north of Tokyo.

The OP had minority interests ranging from 3% to 8% at December 31, 2002 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 Company 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.

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.

6. Investments in Affiliates (continued)

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

The OP has been developing and operates an e-commerce technology platform through its affiliate, Chelsea Interactive with an aggregate funding commitment of up to $60.0 million; as of December 31, 2002, $52.4 million had been funded. The OP anticipates that the balance of the funding will be used to further develop the platform and to finance operating cash shortfalls and potential costs related to the disposal or discontinuance of the business. The OP currently believes that it will not be able to recover the net book value of its investment in Chelsea Interactive through future cash flows unless Chelsea Interactive is able to achieve positive cash flow before reaching the $60.0 million funding limit. Due to current market conditions and costs related to securing additional brand users for the platform, the OP has decided to recognize an impairment loss of $34.4 million, equal to the net book value of its investment in Chelsea Interactive as of December 31, 2002. However, the OP is in active discussions with potential investors to provide capital to and/or acquire Chelsea Interactive. There can be no assurance that any of these discussions will be successful or that Chelsea Interactive will be able to continue as a going concern. Future funding by the OP will be reported as a loss in the period funding occurs. The OP owns 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.

The following is a summary of investments in and amounts due from affiliates at December 31, 2002 and 2001 (in thousands):

	F/C	Chelsea Japan	Simon-Orlando	Simon-Ventures	Chelsea Interactive	Other	Total
Balance 12/31/00	$33,114	$6,245	$15,922	$ --	$29,899	$6,449	$91,629
Additional investment................	1,528	674	--	--	9,934	--	12,136
Income (loss) from unconsolidated investments..............	6,522	3,286	5,492		(5,337)	(275)	9,688
Distributions and fees......................	(6,088)	(2,222)	(10,745)		--	--	(19,055)
Dispositions...............	--	--	--		--	(2,839)	(2,839)
Gain on sale net of impairment loss...........	--	--	--		--	617	617
Advances (net).............	1,042	1,313	(946)		360	(256)	1,513
Balance 12/31/01...........	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 12/31/02>...........	$ --	$12,471	$ --	$31,919	$ --	$3,607	$47,997

The OP's share of income before depreciation, depreciation expense and income from unconsolidated investments for the years ended December 31, 2002, 2001 and 2000 are as follows (in thousands):

	F/C	Chelsea Japan	Orlando	Simon-Other	Total	Chelsea Interactive
For the Year Ended: December 31, 2002						
Income (loss) before depreciation..........	$6,178	$5,932	$1,833	$25	$13,968	($5,115)
Depreciation	1,847	1,796	523	--	4,166	8,271
Impairment loss............................	--	--	--	--	--	(34,370)
Income (loss) from unconsol. investment....	$4,331	$4,136	$1,310	$25	$9,802	($47,756)
December 31, 2001						
Income (loss) before depreciation..........	$9,214	$4,676	$7,374	($275)	$20,989	($2,449)
Depreciation...............................	2,692	1,390	1,882	--	5,964	2,888
Income (loss) from unconsol. investment ...	$6,522	$3,286	$5,492	($275)	$15,025	($5,337)
December 31, 2000						
Income (loss) before depreciation	$259	$3,905	$4,250	$333	$8,747	($1,719)
Depreciation...............................	71	694	1,259	--	2,024	645
Income (loss) from unconsol. investment....	$188	$3,211	$2,991	$333	$6,723	($2,364)

Condensed financial information as of December 31, 2002 and 2001, and for the years then ended for F/C Acquisition, Chelsea Japan and Simon-Ventures (which are included in "Retail Real Estate") and Chelsea Interactive is as follows:

	Retail Real Estate	Chelsea Interactive
Property, plant and equipment (net)		
December 31, 2002..........................	$140,057	$31,409
December 31, 2001..........................	355,427	29,923
Total assets		
December 31, 2002..........................	190,157	33,295
December 31, 2001..........................	409,944	34,963
Long term debt (1)		
December 31, 2002..........................	75,139	-
December 31, 2001..........................	282,057	-
Total liabilities		
December 31, 2002..........................	119,886	1,548
December 31, 2001..........................	321,854	2,665
Net income (loss)		
December 31, 2002..........................	12,594	(14,247)
December 31, 2001..........................	20,812	(11,976)
OP's share of net income (loss)		
December 31, 2002..........................	5,795	(13,386)
December 31, 2001..........................	10,013	(5,337)
Fee income		
December 31, 2002..........................	3,982	-
December 31, 2001..........................	5,287	-

(1) In 2002, includes long-term debt of $75.1 in Chelsea Japan and in 2001 includes long term debt of $170.5 million in F/C, $58.5 million in Simon and $53.1 million in Chelsea Japan.

7. Deferred Costs

The following summarizes the carrying amounts for deferred costs at December 31, 2002 and 2001, (in thousands):

	2002	2001
Lease costs................................	$28,074	$24,152
Financing costs............................	9,200	16,977
Development costs..........................	1,572	8,349
Other......................................	871	871
Total deferred costs.......................	39,717	50,349
Accumulated amortization...................	(23,011)	(27,815)
Total deferred costs, net..................	$16,706	$22,534

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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, 2001 and 2000. 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):

	2002	2001
Sales tax receivable	$11,708	$12,585
Prepaid expenses	9,902	3,181
Deferred compensation	6,400	-
Non-compete receivable	300	2,769
Due from equity investees	136	764
Other	1,654	1,209
Total other assets	$30,100	$20,508

10. Debt

Unsecured Bank Debt

The OP has a $200.0 million senior unsecured bank line of credit (the "Senior Credit Facility") that has an expiration date of March 2005 (unless extended until March 2006). The Senior Credit Facility bears interest on the outstanding balance, at a rate equal to the London Interbank Offered Rate ("LIBOR") plus 1.05% (2.46% at December 31, 2002) or the prime rate, at the OP's option and has an annual facility fee of 0.125%. The LIBOR rate spread ranges from 0.85% to 1.50% depending on the OP's Senior Debt rating. At December 31, 2002, $98.0 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.

Unsecured Notes

A summary of the terms of the unsecured notes outstanding at December 31, 2002 and 2001, is as follows (in thousands):

	December 31, 2002	December 31, 2001	Effective Yield(1)
8.375% Unsecured Notes due August 2005	$49,922	$49,892	8.44%
7.25% Unsecured Notes due October 2007	124,841	124,809	7.39
8.625% Unsecured Notes due August 2009	49,933	49,923	8.76
8.25% Unsecured Notes due February 2011	148,817	148,670	8.40
6.875% Unsecured Notes due June 2012	99,825	-	6.90
6.00% Unsecured Notes due January 2013	147,992	-	6.28
Total unsecured notes	$621,330	$373,294	

(1) Including discount on the notes

10. Debt (continued)

Unsecured Notes

On June 18, 2002, the OP completed a debt offering consisting of $100.0 million of 6.875% unsecured term notes due June 2012 that were priced to yield 6.90% to investors. Proceeds were used to repay borrowings under the Allen Premium Outlets and Orlando Premium Outlets construction loans that were to mature in February 2003 and August 2002, respectively, and for general corporate purposes.

On December 11, 2002, the OP completed a debt offering consisting of $150.0 million of 6.00% unsecured term notes due January 2013 that were priced to yield 6.18% to investors. Proceeds were used to repay borrowings under the Senior Credit Facility, fund the NPXL acquisition assets and for general corporate purposes.

Mortgage Debt

A summary of the terms of the mortgage debt outstanding at December 31, 2002 and 2001, and the related Net Book Value of the associated collateral ("NBV") (in thousands) and interest rate at December 31, 2002, are as follows:

	December 31, 2002	December 31, 2001		Interest	NBV
Construction Loan (1)........	-	$29,531	-	-	-
F/C Mortgage Loan(2).........	$167,723	-	July 2008	6.99%	$258,168
Bank Mortgage Loan (3).......	67,250	68,250	April 2010	7.26%	72,207
Mortgage Loan (4)............	71,482	72,428	December 2012	7.67%	75,376
Total mortgage debt	$306,455	$170,209			$405,751

(1) On June 18, 2002, the OP repaid and extinguished the loan.

(2) 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. From August 20, 2002, to December 31, 2002, the OP recognized $40,000 in debt discount amortization that is included in interest expense in the accompanying financial statements.

(3) In April 2000, Chelsea Financing entered into a $70.0 million Bank Mortgage Loan secured by its four properties. The Bank Mortgage Loan bears interest equal to LIBOR plus 1.50% (2.88% at December 31, 2002) or prime rate plus 1.0% and calls for quarterly principal amortization of $0.3 million through April 2005 and thereafter $0.5 million per quarter until maturity. In December 2000, the OP entered into an interest rate swap agreement effective January 2, 2001, 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, 2002 and 2001, the OP recognized interest expense of $2.7 million and $1.2 million, respectively on the hedge 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 and 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, 2002 and 2001, the OP recognized $0.4 million and $0.1 million, respectively, in debt premium amortization that is included in interest expense in the accompanying financial statements.

10. Debt (continued)

Following is a schedule of the estimated fair value of the OP's debt using current broker quotations at December 31, 2002, (in thousands):

Description	Carrying Value	Principal Balance	Estimated Fair Value
Fixed Rate Debt...........	$860,535	$858,772	$966,224
Variable Rate Debt........	$170,285	$170,285	$170,285

Interest paid, excluding amounts capitalized, was $47.5 million, $34.5 million and $21.7 million for the years ended December 31, 2002, 2001 and 2000, respectively.

Following is a schedule of the OP's debt maturities, including debt premium amortization, at December 31, 2002, (in thousands):

2003...........	$5,153
2004...........	5,414
2005...........	159,502
2006...........	7,155
2007...........	132,382
Thereafter......	721,214

$1,030,820
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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. The resulting cost of funds is usually lower than that which would have been available if debt with matching characteristics was issued directly.

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. 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.

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, 2002. It does not represent exposure to credit, interest rate or market risks. At December 31, 2002 and 2001, the swap was reported at its fair value and classified as other liabilities in the accompanying financial statements of $6.7 million and $3.1 million, respectively. As of December 31 ,2002 and 2001, there were $6.7 million and $3.1 million in deferred losses, respectively, and recorded in other comprehensive loss, a partners' capital account. Within the next twelve months, the OP expects to reclassify to earnings approximately $2.9 million of the current balance held in accumulated other comprehensive loss related to the interest rate swap.

	As of December 31, 2002			
Hedge Type	Notional Value	Rate	Maturity	Fair Value
Swap, Cash Flow	$67.3 mil	5.7625%	1/1/06	($6.7 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 $0.04 million 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

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.

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 OP. The Preferred Stock is redeemable on or after October 15, 2027, at the OP's option.

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

14. Common Stock

At a special meeting of shareholders held on January 16, 2003, the Company obtained shareholder approval to amend its articles of incorporation to increase the authorized shares of the Company's common stock to 100 million shares.

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 shareholders of record on May 14, 2002.

In October 2001, the Company sold 4.0 million shares of common stock at a price of $22.50 per share, yielding net proceeds of $85.2 million, which were used to repay borrowings under the Company's Senior Credit Facility and for general corporate purposes.

In July 2001, the Company completed the sale of 1.1 million shares of common stock to an institutional investor at a net price of $23 per share, yielding net proceeds of $24.8 million that were used to partially fund the acquisition of the Konover assets and for general corporate purposes.

15. Lease Agreements

The OP is the lessor and sub-lessor of retail stores under operating leases with term expiration dates ranging from 2002 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, 2002, exclusive of renewal option periods, were as follows (in thousands):

2003...........	$212,146
2004...........	202,089
2005...........	168,837
2006...........	134,775
2007...........	103,513
Thereafter.....	271,409
	$1,092,769

15. Lease Agreements (continued)

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 is classified as an operating lease. The portion attributed to building is 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 provides for additional rent based on specific levels of income generated by the property. No additional rental payments were incurred during 2002, 2001 or 2000. The OP has the option to cancel the lease upon six months written notice and six months advance payment of the then fixed monthly rent. If the lease is canceled, the building and leasehold improvements revert to the lessor. In August 1999, the OP amended its capital lease to reduce rent payments through December 2004 resulting in a writedown of the asset and obligation of $2.7 million and $6.0 million, respectively. The difference of $3.3 million is being recognized on a straight-line basis over the remaining term of the amended lease that ends December 2004.

Operating Leases

Future minimum rental payments under operating leases for land and administrative offices at December 31, 2002, are as follows (in thousands):

2003...........	$1,473
2004...........	1,480
2005...........	916
2006...........	52
	$3,921

Rental expense amounted to $1.4 million, $0.8 million and $0.6 million for the years ended December 31, 2002, 2001 and 2000, respectively.

Capital Lease

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

	2002	2001
Building	$6,796	$6,796
Less accumulated amortization	(5,865)	(5,520)
Leased property, net	$931	$1,276

Amortization expense on capital lease of $0.3 million for the years ended December 31, 2002, 2001 and 2000, is included in depreciation and amortization expense in the financial statements.

Future minimum payments under the capitalized building lease, including the present value of net minimum lease payments at December 31, 2002, are as follows (in thousands):

2003	$ 819
2004	819
Total minimum lease payments	1,638
Amount representing interest	(131)
Present value of net minimum capital lease payments	$1,507

15. Lease Agreements (continued)

Ground Lease

In connection with the 2002 and 2001 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, 2002, exclusive of renewal option periods were as follows (in thousands):

2003	$812
2004	819
2005	819
2006	822
2007	811
Thereafter	18,915
	$22,998

16. Commitments and Contingencies

In May 2002, the OP entered into a 50/50 strategic alliance with Sordo Madaleno y Asociados and Mr. Carlos Peralta of Mexico City to jointly develop premium outlet centers in Mexico. Subject to leasing and entitlements, construction on the 200,000 square-foot first phase of the outlet project is expected to commence later in 2003 and open in late 2004. The site can support a second phase containing approximately 165,000 square feet of GLA. Once phase one of the project has been approved, the OP will be committed to fund approximately $12 million which is 50% of the development costs.

In connection with the Simon-Ventures, the OP has committed to provide 50% of the development costs of two centers, which are expected to be approximately $48.0 million to Simon-Las Vegas and $46.0 million to Simon-Chicago. As of December 31, 2002, the OP had contributed $22.8 million to Simon-Las Vegas and $8.4 million to Simon-Chicago.

Borrowings related to Chelsea Japan for which the Company and OP have provided guarantees for repayment of debt as of December 31, 2002, are as follows (in thousands):

Total Facility		Outstanding				
Yen	US $ Equivalent	Yen	US $ Equivalent	US $ Guarantee	Due Date	Interest Rate
4.0 billion (1)	$33.7 million	1.0 billion	$8.3 million	$8.3 million	2003	1.45%
0.6 billion (2)	5.0 million	0.6 billion	4.8 million	1.9 million	2012	1.50%

3.8 billion (2)	32.0 million	3.5 billion	29.5 million	11.8 million	2015	2.20%

(1) Facility entered into by an equity investee of the OP and has a one-year extension option; amended in November 2002 to allow for one additional year extension.

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

16. Commitments and Contingencies (continued)

The OP agreed under a standby facility to provide up to $22.0 million in limited debt service guarantees for loans provided to Value Retail and affiliates to construct outlet centers in Europe. The term of the standby facility expired in November 2001 and guarantees shall not be outstanding for longer than five years after project completion. As of December 31, 2002, the OP had provided limited debt service guarantees of approximately $22.0 million to Value Retail.

At December 31, 2002, other assets includes $6.4 million and accrued expenses and other liabilities include $8.0 million related to the 2002 deferred unit incentive program with certain key officers which may be paid 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 will expire in June 2004 for the benefit of certain unitholders. Each unit holder borrower issues 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, 2001, loans made to unitholders or affiliates of management of the OP, totaled $3.2 million. During 2001, the OP received a $1.2 million repayment of one loan and $0.5 million pay down on the other loan outstanding at December 31, 2000. In September 2001, the OP advanced $2.7 million to another unitholder to acquire approximately a 10% non-voting equity interest in Chelsea Interactive from a non-affiliated joint venture partner. During the year ended December 31, 2002, the OP received a $0.5 million payoff of one loan and a $0.6 million pay down on the other loan outstanding. During March and May of 2002, the OP advanced a total of $1.0 million to another unitholder, $0.5 million of which was used to exercise Company stock options and is reflected as a reduction to partners' capital in the accompanying financial statements. The carrying value of such loans approximated fair value at December 31, 2002. Effective June 1, 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 years ended December 31, 2001 and 2000. Rental income from those tenants, including reimbursement for taxes, common area maintenance and advertising, totaled $2.1 million and $1.9 million during the years ended December 31, 2001 and 2000, respectively.

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 of the agreement, the director will be entitled to a fee 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. Fees paid under this agreement totaled $0.5 million for the year ended December 31, 2001. These fees are included in the investment in affiliates in the accompanying financial statements.

Certain Directors and unitholders guarantee OP obligations, which existed prior to the formation of the OP, under leases for one of the properties. The OP has indemnified these parties from and against any liability that they may incur pursuant to these guarantees.

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, 2002, 86 employees were enrolled in the Purchase Plan and $5,000 in expenses has been incurred and is included in the OP's general and administrative expense. The Purchase Plan will terminate after five years 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 $96,000 in 2002, $128,000 in 2001 and $141,000 in 2000 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 2002 and 2001:

	March 31	June 30	September 30	December 31
2002				
Base rental revenue	$38,509	$43,299	$46,968	$52,896
Total revenues	56,681	65,030	71,489	90,014
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)
2001				
Base rental revenue	$28,751	$28,651	$30,528	$39,299
Total revenues	44,824	46,297	49,065	66,669
Net income available to common unitholders	10,231	11,321	14,093	20,839
Net income per weighted average common unit	$0.27	$0.29	$0.36	$0.48

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 retail real estate segments: premium domestic, other domestic and international in 2002 and 2001. The OP evaluates real estate performance and allocates resources based on Net Operating Income ("NOI") defined as total revenue less operating and maintenance expense. 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 retail real estate business segments meet the quantitative threshold for determining reportable segments:

For the years ended: (in thousands)	Premium Domestic	Other Domestic (1)	International (2)	Other (3)	Total
Total revenues					
December 31, 2002	$227,876	$49,856	-	$5,482	$283,214
December 31, 2001	187,588	12,196	-	7,071	206,855
Interest income					
December 31, 2002	1,169	124	-	358	1,651
December 31, 2001	848	45	-	1,913	2,806
Income (loss) from unconsolidated investments					
December 31, 2002	5,641	-	15,072	(47,756)	(27,043)
December 31, 2001	12,014	-	3,628	(5,337)	10,305
NOI					
December 31, 2002	176,001	30,664	7,891	(12,216)	202,340
December 31, 2001	148,570	5,021	6,562	1,849	162,002
Fixed asset additions					
December 31, 2002	398,933	309,540	-	795	709,268
December 31, 2001	36,674	181,729	-	1,159	219,562
Total assets					
December 31, 2002	1,262,190	394,984	16,077	29,779	1,703,030
December 31, 2001	831,882	194,406	15,092	57,928	1,099,308

(1) Approximately 23% of the GLA is occupied by and approximately 12% of annual revenue is derived from one tenant.

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

(3) 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, 2002 and 2001, (in thousands):

	2002	2001
Segment NOI..	$202,340	$162,002
Interest expense - consolidated..............................	(48,693)	(36,865)
Interest expense - unconsolidated investments................	(556)	(597)
Depreciation expense - consolidated..........................	(58,275)	(48,554)
Depreciation expense - unconsolidated investments	(4,166)	(5,964)
Depreciation expense - Chelsea Interactive...................	(8,271)	(2,888)
Impairment loss- Chelsea Interactive.........................	(34,370)	-
Income tax - unconsolidated investments......................	(1,378)	(947)
Gain/(loss) on sale of centers -.............................	312	(284)
Gain on sale, net of writedown - International...............	10,911	617
Net income...	$57,854	$66,520

22. Non-Cash Investing and Financing Activities

In December 2002, 2001 and 2000, the OP declared quarterly distributions per share of $0.485, $0.39 and $0.375, respectively (assumes May 2002 2-for-1 stock split occurred on January 1, 2000). The limited partners' distributions were paid in January of each subsequent year.

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, $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.

CPG Partners, L.P.
Schedule III-Consolidated Real Estate and Accumulated Depreciation
for the year ended December 31, 2002 (in thousands)

		Initial Cost to Company		Cost Capitalized (Disposed of) Subsequent to Acquisition (Improvements)		Step-Up Related to Acquisition of Partnership Interest (1)		Gross Amount Carried at Close of Period December 31, 2001					
Description Outlet Center Name	Encum-brances	Land	Buildings, Fixtures and Equipment	Land	Buildings, Fixtures and Equipment	Land	Buildings, Fixtures and Equipment	Land	Buildings, Fixtures and Equipment	Total	Accumu-lated Depre-ciation	Date of Const-ruction	Life Used to Compute Depre-ciation in Latest Income State-ment
Woodbury Common, NY	-	$4,448	$16,073	$4,967	$127,653	$ -	$ -	$9,415	$143,726	$153,141	$51,691	'85,'93, 95,'98	40
Orlando, FL (6)	-	9,946	65,711	300	1,249	7,957	31,829	18,203	98,789	116,992	9,845	'00	40
Gilroy, CA (6)	(4)	17,053	84,641	2	231	1,812	8,840	18,867	93,712	112,579	4,632	'90,'91, '92,'94, '95	40
Wrentham, MA	-	157	2,817	3,974	80,118	-	-	4,131	82,935	87,066	20,087	'95,'00	40
Waikele, HI	-	22,800	54,357	-	2,084	-	-	22,800	56,441	79,241	11,049	'98	40
Leesburg, VA	-	6,296	-	(811)	71,486	-	-	5,485	71,486	76,971	15,159	'96-'00	40
Desert Hills, CA	-	975	-	2,376	65,901	830	4,936	4,181	70,837	75,018	27,908	'90,'94 -'95, '97,-'98	40
Michigan City, IN (6)	(4)	7,264	60,107	-	578	772	6,243	8,036	66,928	74,964	3,293	'87,'88, '89, '91,'94, '95'97	40
Camarillo, CA	-	4,000	-	12,431	55,250	-	-	16,431	55,250	71,681	16,178	'94-'99	40
Osage Beach, MO (6)	-	10,395	58,701	-	-	-	-	10,395	58,701	69,096	-	'87-90	40
Jackson, NJ (6)	-	10,302	58,178	-	-	-	-	10,302	58,178	68,480	-	'97,'98	40
Albertville, MN (6)	-	15,794	45,977	-	77	-	-	15,794	46,054	61,848	116	'00,'01	40
North Georgia, GA	-	2,960	34,726	(223)	21,518	-	-	2,737	56,244	58,981	17,376	'95-'99	40
Waterloo, NY (6)	(4)	5,258	42,942	-	172	559	4,519	5,817	47,633	53,450	2,365	'95,'96, '97	40
Clinton, CT	-	4,124	43,656	-	1,748	-	-	4,124	45,404	49,528	16,496	'95-'96	40
Allen, TX	-	8,938	2,068	(836)	38,883	-	-	8,102	40,951	49,053	4,252	99-'01	40
Vacaville, CA	-	9,683	38,850	18	249	-	-	9,701	39,099	48,800	1,226	'88,'91, '92	40
Folsom, CA	(2)	4,169	10,465	2,692	26,410	-	-	6,861	36,875	43,736	11,968	'90,'92, '93,'96- '97'00	40
Carolina Outlet (I), NC	-	6,220	24,860	-	347	-	-	6,220	25,207	31,427	813	'87,'95, '96,'99	40
Carolina Outlet (II), NC	(5)	-	7,862	-	105	-	-	-	7,967	7,967	257	'87,'95, '96,'99	40
Petaluma Village, CA	-	3,735	-	2,959	31,929	-	-	6,694	31,929	38,623	10,678	'93,'95 -'96	40
St. Augustine, FL (6)	-	5,783	32,658	-	-	-	-	5,783	32,658	38,441	-	'90-'92	40
Liberty Village, NJ	-	345	405	1,499	22,629	11,015	2,195	12,859	25,229	38,088	8,466	'81,'97	

												-'98	30
Napa, CA	(2)	3,456	2,113	7,908	19,744	-	-	11,364	21,857	33,221	7,502	'62,'93, '95	40
Kittery (I), ME (6)	(4)(5)	2,143	23,985	6	143	228	2,354	2,377	26,482	28,859	1,394	'86	40
Kittery (II), ME	-	567	2,265	-	81	-	-	567	2,346	2,913	74	'10,'84, '89,'95	40
Johnson Creek, WI (6)	-	4,648	26,341	-	-	-	-	4,648	26,341	30,989	67	'98,'99, '01	40
Aurora, OH	-	637	6,884	1,055	20,661	-	-	1,692	27,545	29,237	9,419	'90,'93, '94,'95	40
Edinburgh, IN (6)	-	5,415	21,659	-	333	-	-	5,415	21,992	27,407	416	'89,'95	40
North Bend, WA	-	4,735	18,925	(83)	(383)	-	-	4,652	18,542	23,194	603	'90,'95	40
Branson, MO (6)	-	2,892	16,332	-	-	-	-	2,892	16,332	19,224	-	'88,'94	40
Columbia Gorge, OR	(2)	934	-	428	13,622	497	2,647	1,859	16,269	18,128	5,848	'91,'94	40
Santa Fe, NM	-	74	-	1,300	12,176	491	1,772	1,865	13,948	15,813	4,351	'93,'98	40
American Tin Cannery, CA	$1,507	-	8,621	-	5,458	-	-	-	14,079	14,079	11,461	'87,'98	5
Patriot Plaza, VA	-	789	1,854	976	4,081	-	-	1,765	5,935	7,700	2,499	'86,'93', '95	40
Corporate Offices, NJ, CA	-	-	60	-	6,478	-	-	-	6,538	6,538	4,141	-	5
St. Helena, CA	(2)	1,029	1,522	(25)	588	38	78	1,042	2,188	3,230	790	'83	40
Chicago, IL	-	465	-	(465)	-	-	-	-	-	-	-	-	40
Las Vegas, NV	-	405	-	(405)	-	-	-	-	-	-	-	-	40
Other retail	(3)(5)	14,994	62,512	(1,609)	(4,426)	-	-	13,385	58,086	71,471	1,819	various	40
	(2)(3)(4)$307,962	$203,828	$878,127	$38,434	$627,173	$24,199	$65,413	$266,461	1,570,713	$1,837,174	$284,239		

The aggregate cost of the land, buildings, fixtures and equipment for federal tax purposes was approximately $1,596.8 million at December 31, 2002.

(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 $67.3 million at December 31, 2002.
(3) Projects encumbered by mortgage totaling $71.5 million at December 31, 2002.
(4) Projects encumbered by mortgage totaling $167.7 million at December 31, 2002.
(5) Projects held under long term land lease.
(6) Purchase price has been tentatively allocated.

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, 2002	2001
Balance, beginning of period	$1,127,906	$908,344
Additions	719,857	229,339
Dispositions and other	(10,589)	(9,777)
Balance, end of period	$1,837,174	$1,127,906

The changes in accumulated depreciation:

	Year ended December 31, 2002	2001
Balance, beginning of period	$217,462	$175,692
Additions	53,065	44,071
Consolidation of properties previously held as investments in unconsolidated affiliates	15,977	-
Dispositions and other	(2,265)	(2,301)
Balance, end of period	$284,239	$217,462

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 19th of March, 2003.

CPG Partners, L.P.

By: David C.Bloom

David C. Bloom
Chief Executive Officer

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

Signature	Title	Date
/s/ David C. Bloom David C. Bloom	Chairman of the Board and Chief Executive Officer	March 19, 2003
/s/ William D. Bloom William D. Bloom	Vice Chairman	March 19, 2003
/s/ Leslie T. Chao Leslie T. Chao	President	March 19, 2003
/s/ Michael J. Clarke Michael J. Clarke	Chief Financial Officer	March 19, 2003
/s/ Brendan T. Byrne Brendan T. Byrne	Director	March 19, 2003
/s/ Robert Frommer Robert Frommer	Director	March 19, 2003
/s/ Barry M. Ginsburg Barry M. Ginsburg	Director	March 19, 2003
______________________ Philip D. Kaltenbacher	Director	March __, 2003
/s/ Reuben S. Leibowitz Reuben S. Leibowitz	Director	March 19, 2003

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 annual 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 annual report;

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

4. The OP's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the OP and we have:

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

   (b) evaluated the effectiveness of the OP's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   (c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The OP's other certifying officers and I have disclosed, based on our most recent evaluation, to the OP's auditors and the audit committee of the OP's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the OP's ability to record, process, summarize and report financial data and have identified for the OP's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the OP's internal controls; and

6. The OP's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 19, 2003

/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 annual 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 annual report;

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

4. The OP's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the OP and we have:

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

(b) evaluated the effectiveness of the OP's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

(c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The OP's other certifying officers and I have disclosed, based on our most recent evaluation, to the OP's auditors and the audit committee of the OP's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the OP's ability to record, process, summarize and report financial data and have identified for the OP's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the OP's internal controls; and

6. The OP's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 19, 2003

/s/ Michael J. Clarke
Michael J. Clarke
Chief Executive 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 period ended December 31, 2002 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 19th day of March, 2003.

/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"), 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 period ended December 31, 2002 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 19th day of March, 2003.

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

Subsidiary Name	State of Organization	Doing Business as Name
Chelsea Allen Development, LP	Texas	Allen Premium Outlets
S/C Allen Development LLC	Delaware	none
Chelsea Texas LLC	Delaware	none
Cannery Row Associates	California	American Tin Cannery Premium Outlets
Chelsea GCA Realty, LLC	Delaware	none
Chelsea Financing Partnership, L.P.	Delaware	Folsom Premium Outlets, St. Helena Premium Outlets, Columbia Gorge Premium Outlets, Napa Premium Outlets
Chelsea Delaware LLC	Delaware	none
CPG Finance Holdings I LLC	Delaware	none
CPG Finance I LLC	Delaware	Factory Stores of America
CPG Finance Holdings II LLC	Delaware	none
CPG Finance II LLC	Delaware	Factory Stores of America
CPG Texas LLC	Delaware	none
CPG Texas Finance I LLC	Delaware	none
CPG Texas Finance II LLC	Delaware	none
CPG Texas LP	Texas	Factory Stores of America
CPG Texas I LP	Texas	Factory Stores of America
CPG Delaware LLC	Delaware	Carolina Outlet Center
Chelsea Pacific LLC	Delaware	none
CPG Operating Corp	Delaware	none
Chelsea International Operating Corp	Delaware	none
Chelsea Interactive, Inc.	Delaware	none
CI Better Brands LLC	Delaware	none
Chelsea Orlando Development, L P	Florida	Orlando Premium Outlets
S/C Orlando Development LLC	Delaware	none
F/C Acquisition Holdings LLC	Delaware	none
F/C Kittery Development LLC	Delaware	Kittery Premium Outlets
F/C Waterloo Development LLC	Delaware	Waterloo Premium Outlets
F/C Michigan City Development LLC	Delaware	Lighthouse Place Premium Outlets
F/C Gilroy Development LLC	California	Gilroy Premium Outlets
F/C PRT Holdings, LLC	Delaware	none
F/C Gilroy Holdings, LLC	Delaware	none
Simon/Chelsea Las Vegas Development LLC	Delaware	Las Vegas Premium Outlets
Simon/Chelsea Chicago Development LLC	Delaware	Chicago Premium Outlets
Chelsea Mexico, Inc.	Delaware	none

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Forms S-3 (Nos. 333-36487, 333-39324 and 333-100142) of Chelsea Property Group, Inc. (formerly Chelsea GCA Realty, Inc.) and CPG Partners, L.P. (formerly Chelsea GCA Realty Partnership, L.P.) and in the related Prospectus of our report dated February 21, 2003, with respect to the consolidated financial statements and schedule of CPG Partners LP included in the Annual Report (Form-10-K) of CPG Partners LP for the year ended December 31, 2002.

/s/ Ernst & Young LLP

New York, New York
March 18, 2003