UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2001

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 Number 1-12002

ACADIA REALTY TRUST
(Exact name of registrant in its charter)

MARYLAND	23-2715194
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

20 SOUNDVIEW MARKETPLACE, PORT WASHINGTON, NY	11050
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (516) 767-8830

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

As of November 12, 2001, there were 28,402,199 common shares of beneficial interest, par value $.001 per share, outstanding.

FORM 10-Q

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Part I. Financial Information
Item 1. Financial Statements

ACADIA REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	September 30, 2001 (unaudited)	December 31, 2000
ASSETS		
Real estate		
Land	$ 64,845	$ 69,206
Buildings and improvements	430,163	444,933
	495,008	514,139
Less: accumulated depreciation	109,985	102,461
Net real estate	385,023	411,678
Properties held for sale	30,964	49,445
Cash and cash equivalents	24,883	22,167
Cash in escrow	5,124	5,213
Investments in unconsolidated partnerships	4,763	6,784
Rents receivable, net	7,557	9,667
Prepaid expenses	4,256	2,905
Deferred charges, net	13,352	13,026
Other assets	2,389	2,726
	$478,311	$523,611
LIABILITIES AND SHAREHOLDERS' EQUITY		
Mortgage notes payable	$251,897	$277,112
Accounts payable and accrued expenses	6,348	7,495
Due to related parties	479	111
Dividends and distributions payable	4,140	4,241
Other liabilities	5,365	4,179
Total liabilities	268,229	293,138
Minority interest in Operating Partnership	38,733	48,959
Minority interests in majority-owned partnerships	1,441	2,197
Total minority interests	40,174	51,156
Shareholders' equity:		
Common shares, $.001 par value, authorized 100,000,000 shares, issued and outstanding 28,448,699 and 28,150,472 shares, respectively	28	28
Additional paid-in capital	181,362	188,392
Accumulated other comprehensive loss	(2,379)	--
Deficit	(9,103)	(9,103)
Total shareholders' equity	169,908	179,317
	$478,311	$523,611

See accompanying notes

ACADIA REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000
(in thousands, except per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2001	2000	2001	2000
	(unaudited)		(unaudited)	
Revenues				
Minimum rents	$16,391	$18,368	$50,795	$55,472
Percentage rents	290	401	1,381	1,741
Expense reimbursements	3,258	3,498	10,305	10,541
Other	574	1,222	1,639	4,567
Total revenues	20,513	23,489	64,120	72,321
Operating expenses				
Property operating	4,817	5,568	15,772	16,891
Real estate taxes	2,840	2,991	8,458	8,618
General and administrative	1,156	1,168	3,697	3,746
Depreciation and amortization	4,837	5,164	14,737	15,264
Impairment of real estate	14,756	--	14,756	--
Total operating expenses	28,406	14,891	57,420	44,519
Operating income (loss)	(7,893)	8,598	6,700	27,802
Equity in earnings of unconsolidated partnerships	125	102	414	453
Gain (loss) on sale of property	1,245	(839)	8,280	(839)
Interest expense	(4,382)	(6,334)	(14,441)	(18,950)
Income (loss) before minority interest, extraordinary item and cumulative effect of change in accounting principle	(10,905)	1,527	953	8,466
Minority interest	1,636	(422)	(550)	(2,523)
Extraordinary item - loss on early extinguishment of debt	--	--	(140)	--
Cumulative effect of change in accounting principle	--	--	(149)	--
Net income (loss)	$(9,269)	$ 1,105	$ 114	$ 5,943
Net income (loss) per Common Share - basic and diluted:				
Income (loss) before extraordinary item and cumulative effect of change in accounting principle	$ (.33)	$ .04	$ .02	$ .23
Extraordinary item	--	--	(.01)	--
Cumulative effect of change in accounting principle	--	--	(.01)	--
Net income (loss)	$ (.33)	$ .04	$ .00	$ .23

See accompanying notes

ACADIA REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000
(in thousands)

	September 30, 2001 (unaudited)	September 30, 2000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 114	$ 5,943
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	14,737	15,264
Minority interest in Operating Partnership	550	2,523
Equity in income of unconsolidated partnerships	(414)	(453)
Provision for bad debts	807	410
Stock-based compensation	--	197
(Gain) loss on sale of property	(8,280)	839
Extraordinary item	140	--
Cumulative effect of change in accounting principle	149	--
Impairment of real estate	14,756	--
Changes in assets and liabilities:		
Funding of escrows, net	89	(600)
Rents receivable	1,303	22
Prepaid expenses	(1,351)	(1,296)
Due to related parties	368	19
Other assets	72	(267)
Accounts payable and accrued expenses	(1,147)	718
Other liabilities	152	309
Net cash provided by operating activities	22,045	23,628
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for real estate and improvements	(7,187)	(9,974)
Net proceeds from sale of property	32,550	1,882
Distributions from unconsolidated partnerships	1,089	1,325
Payment of deferred leasing costs	(1,701)	(1,522)
Net cash provided by (used in) investing activities	24,751	(8,289)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on mortgage notes	(56,515)	(68,459)
Proceeds received on mortgage notes	31,300	50,200
Payment of deferred financing costs	(178)	(1,192)
Dividends paid	(10,154)	(9,143)
Distributions to minority interest in Operating Partnership	(2,309)	(3,774)
Distributions on Preferred Operating Partnership units	(149)	(123)
Distributions to minority interest in majority-owned partnership	(60)	(22)
Redemption of Operating Partnership Units	(4,814)	--
Repurchase of Common Shares	(1,171)	(4,922)
Purchase of minority interest in majority-owned partnership	(30)	--
Net cash used in financing activities	(44,080)	(37,435)
Increase (decrease) in cash and cash equivalents	2,716	(22,096)
Cash and cash equivalents, beginning of period	22,167	35,340
Cash and cash equivalents, end of period	$24,883	$13,244

Supplemental Disclosures of Cash Flow Information:

Cash paid during the period for interest, net of amounts capitalized of $192 and $338, respectively	$14,764	$18,296

See accompanying notes

1. THE COMPANY

Acadia Realty Trust (the "Company") is a fully integrated and self-managed real estate investment trust ("REIT") focused primarily on the ownership, acquisition, redevelopment and management of neighborhood and community shopping centers.

All of the Company's assets are held by, and all of its operations are conducted through, Acadia Realty Limited Partnership (the "Operating Partnership") and its majority-owned partnerships. As of September 30, 2001, the Company controlled 84% of the Operating Partnership as the sole general partner.

The Company currently operates fifty-four properties, which it owns or has an ownership interest in, consisting of forty-five neighborhood and community shopping centers, four redevelopment properties, one enclosed mall and four multi-family properties located in the Eastern and Midwestern regions of the United States. One multi-family property and two retail properties were held for sale as of September 30, 2001.

2. BASIS OF PRESENTATION

The consolidated financial statements include the consolidated accounts of the Company and its majority-owned partnerships, including the Operating Partnership, and have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. Non-controlling investments in partnerships are accounted for under the equity method of accounting as the Company exercises significant influence. The information furnished in the accompanying consolidated financial statements reflects all adjustments that, in the opinion of management, are necessary for a fair presentation of the aforementioned consolidated financial statements for the interim periods.

The preparation of the consolidated 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 consolidated financial statements and accompanying notes. Actual results could differ from these estimates. Operating results for the nine-month period ended September 30, 2001 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2001. For further information refer to the consolidated financial statements and accompanying footnotes included in the Company's Annual Report on Forms 10-K and 10-K/A for the year ended December 31, 2000.

(in thousands, except per share amounts)

3. PROPERTY DISPOSITION

In connection with its ongoing plan to dispose of certain non-core assets, the Company sold the Wesmark Plaza, a 207,000 square foot shopping center located in Sumter, South Carolina, for $5,750 on August 27, 2001, recognizing a $1,245 gain on disposition.

The Company has recorded a non-cash impairment charge of $14,756 to write-down a retail property that was held for sale as of September 30, 2001 to net realizable value as the anticipated sales proceeds (net of selling costs) are expected to be insufficient to recover the associated carrying value of the property.

4. SHAREHOLDERS' EQUITY AND MINORITY INTERESTS

The following table summarizes the change in the shareholders' equity and minority interests since December 31, 2000:

	Shareholders' equity	Minority interest in Operating Partnership(1)	Minority interest in majority-owned partnerships
Balance at December 31, 2000	$179,317	$ 48,959	$ 2,197
Repurchase of Common Shares	(1,171)	--	--
Conversion of 489,528 Operating Partnership Units into Common Shares by minority interests	3,493	(3,493)	--
Redemption of 688,667 OP Units by minority interests	8	(4,911)	--
Dividends and distributions declared of $0.36 per Common Share and Operating Partnership unit	(10,194)	(2,169)	--
Cash flow distribution	--	--	(60)
Other comprehensive loss - unrealized loss on valuation of swap agreements	(2,379)	--	--
Purchase of minority interest	720	--	(750)
Net income for the period January 1 through September 30, 2001	114	347	54
Balance at September 30, 2001	$169,908	$ 38,733	$ 1,441

(1) Net income attributable to minority interest in Operating Partnership and distributions do not include a distribution on Preferred OP Units of $149.

Minority interests in Operating Partnership represent the limited partners' interest of 5,625,950 and 7,024,444 units in the Operating Partnership ("OP Units") at September 30, 2001 and 2000, respectively, and 2,212 units of preferred Operating Partnership interests, with a nominal value of $1,000 per unit, which are entitled to a preferred quarterly distribution of $22.50 per unit (9% annually). Minority interests in majority-owned partnerships represent interests held by third parties in three partnerships in which the Company has a majority-ownership position.

On July 16, 2001, certain limited partners converted 12,313 OP Units into Common Shares on a one-for-one basis.

On July 27, 2001, the Company purchased the entire minority interest position in a formerly majority-owned partnership for $30.

(in thousands, except per share amounts)

5. INVESTMENT IN UNCONSOLIDATED PARTNERSHIPS

Crossroads

The Company owns a 49% interest in the Crossroads Joint Venture and Crossroads II (collectively "Crossroads") and accounts for this investment using the equity method. Summary financial information of Crossroads and the Company's investment in and share of income from Crossroads follows:

	September, 2001	December 31, 2000
Balance Sheet		
Assets:		
Rental property, net	$ 7,793	$ 8,446
Other assets	3,629	4,655
Total assets	$ 11,422	$ 13,101
Liabilities and partners' equity		
Mortgage note payable	$ 34,265	$ 34,642
Other liabilities	3,791	736
Partners' equity	(26,634)	(22,277)
Total liabilities and partners' equity	$ 11,422	$ 13,101
Company's investment in partnerships	$ 4,763	$ 6,784

	Three months ended September 30,		Nine months ended September 30,	
	2001	2000	2001	2000
Statement of Operations				
Total revenue	$1,793	$1,702	$5,432	$5,339
Operating and other expenses	559	466	1,618	1,392
Interest expense	644	694	1,967	2,024
Depreciation and amortization	135	134	403	399
Net income	$ 455	$ 408	$1,444	$1,524
Company's share of net income	$ 223	$ 200	$ 708	$ 747
Amortization of excess investment (See below)	98	98	294	294
Income from partnerships	$ 125	$ 102	$ 414	$ 453

The unamortized excess of the Company's investment over its share of the net equity in Crossroads at the date of acquisition was $19,580. The portion of this excess attributable to buildings and improvements is being amortized over the life of the related property.

Acadia Strategic Opportunity Fund

On September 28, 2001, the Company entered into a joint venture with four of its current institutional investors. Under the terms of the joint venture agreement, the Company and the investors will contribute $20,000 and $70,000, respectively, and will seek to acquire up to $300,000 of real estate assets, focusing on neighborhood and community shopping centers. The Company will earn a pro-rata return on its invested equity and standard fees for construction, leasing and management. The Company will also earn an asset management fee equal to 1.5% of the total committed capital, as well as the opportunity to earn additional amounts based on certain investment return thresholds. As of September 30, 2001, no significant amounts had yet been funded to the joint venture.

(in thousands, except per share amounts)

6. RECENT ACCOUNTING PRONOUNCEMENTS

On January 1, 2001, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities" (the "Statement"), as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." The Statement, as amended, establishes accounting and reporting standards for derivative instruments. Specifically, the Statement requires an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and to measure those instruments at fair value. Additionally, the fair value of those instruments will affect either shareholders' equity or net income depending on whether the derivative instrument qualifies as a hedge for accounting purposes and, if so, the nature of the hedging activity.

In connection with the adoption of the Statement, the Company recorded a transition adjustment of $149 related to the January 1, 2001 valuation of two LIBOR rate caps that hedge $23,339 of variable-rate mortgage debt. This adjustment is reflected as a cumulative effect of a change in accounting principle in the accompanying financial statements.

The Company is also a party to two swap agreements with a bank through its 49% interest in the Crossroads Joint Venture and Crossroads II (see note 5). These swap agreements effectively fix the interest rate on the Company's pro rata share, or $16,974, of the joint venture mortgage debt.

During the third quarter, the Company completed two interest rate swap transactions to hedge the Company's exposure to changes to interest rates with respect to $50,000 of LIBOR based variable rate debt. The first swap agreement, which extends through April 1, 2005, provides for a fixed all-in rate of 6.55% (includes a credit spread of 1.75%) on $30,000 of notional principal. The second swap agreement, which extends through October 1, 2006, provides for a fixed all-in rate of 6.28% (includes a credit spread of 1.75%) on $20,000 of notional principal.

As of September 30, 2001, unrealized losses of $2,379 representing the fair value of the aforementioned swaps were reflected in accumulated other comprehensive loss.

The following table summarizes the notional values and fair values of the Company's derivative financial instruments. The notional value provides an indication of the extent of the Company's involvement in these instruments on September 30, 2001, but does not represent exposure to credit, interest rate or market risks.

Hedge Type	Notional Value	Rate	Interest Maturity	Fair Value
Swap	$11,974	5.94%	6/16/07	$(852)
Swap	5,000	6.48%	6/16/07	(493)
Swap	30,000	4.80%	4/1/05	(889)
Swap	20,000	4.53%	10/1/06	(145)
Caps	24,000	6.50%	9/1/02	--

On September 30, 2001, the derivative instruments were reported at their fair value as other liabilities ($1,034) and investments in unconsolidated partnerships ($1,345).

6. RECENT ACCOUNTING PRONOUNCEMENTS (continued)

The Company's interest rate hedges are designated as cash flow hedges and hedge the future cash outflows on debt. Interest rate swaps that convert variable payments to fixed payments-such as those held by the Company, as well as interest rate caps, floors, collars, and forwards are cash flow hedges. The unrealized gains/losses in the fair value of these hedges are reported on the balance Sheet with a corresponding adjustment to either accumulated other comprehensive income or earnings depending on the type of hedging relationship. For cash flow hedges, offsetting gains and losses are reported in accumulated other comprehensive income. 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. Within the next twelve months, the Company expects to reclassify to earnings as interest expense approximately $519,000 of the current balance held in accumulated other comprehensive loss.

The Company hedges its exposure to the variability in future cash flows for forecasted transactions over a maximum period of twelve months. During the forecasted 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.

In October, 2001, the Financial Accounting Standards Board issued statement No. 144 "Accounting for the Impairment and Disposal of Long-Lived Assets ("SFAS No. 144") which supercedes SFAS No. 121, "Accounting for the Impairment of Long Lived Assets and for Long-Lived Assets to be Disposed Of". It also supercedes the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions". SFAS No. 144 retains the fundamental provisions of SFAS No. 121 for (a) recognition and measurement of the impairment of long-lived assets to be held and used and (b) measurement of long-lived assets to be disposed of by sale, but broadens the definition of what constitutes a discontinued operation and how the results of a discontinued operation are to be measured and presented. The statement is effective for fiscal years beginning after December 15, 2001. The adoption of the statement is not expected to have a material impact on the financial position or results of operations of the Company.

7. RELATED PARTY TRANSACTIONS

The Company currently manages two properties in which certain shareholders of the Company or their affiliates have ownership interests. Management fees earned by the Company under these contracts are at rates of 3.0% and 3.25% of collections. During 2000, the Company terminated a contract to manage a third property owned by a related party that earned a fee of 3.5% of collections. Fees earned under these contracts aggregated $131 and $345 during the three and nine-month periods ended September 30, 2001, respectively, and $216 and $661 during the three and nine-month periods ended September 30, 2000, respectively.

8. DIVIDENDS AND DISTRIBUTIONS PAYABLE

On September 17, 2001, the Board of Trustees of the Company approved and declared a cash quarterly dividend for the quarter ended September 30, 2001 of $0.12 per Common Share and Common OP Unit. The dividend was paid on October 12, 2001 to the shareholders of record as of September 28, 2001. The Board of Trustees also approved a distribution of $22.50 per Preferred OP Unit that was paid on October 12, 2001.

9. PER SHARE DATA

For the three and nine-month periods ended September 30, 2001 and 2000, basic earnings per share was determined by dividing the net income applicable to common shareholders for each period by the weighted average number of common shares of beneficial interest ("Common Shares") outstanding during each period consistent with SFAS No. 128. The weighted average number of shares outstanding for the three-month periods ended September 30, 2001 and 2000 were 28,488,712 and 26,789,666, respectively. The weighted average number of shares outstanding for the nine-month periods ended September 30, 2001 and 2000 were 28,224,716 and 25,839,334, respectively.

(in thousands, except per share amounts)

9. PER SHARE DATA (continued)

Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue Common Shares were exercised or converted into Common Shares or resulted in the issuance of Common Shares that then shared in the earnings of the Company. The conversion of OP Units into Common Shares would not have a significant effect on per share amounts as the OP Units, which are exchangeable for Common Shares on a one-for-one basis, share proportionately with the Common Shares in the results of the Operating Partnership's operations. For the three and nine-month periods ended September 30, 2001 and 2000, no other additional shares were reflected as the impact would be anti-dilutive in such periods.

10. COMPREHENSIVE LOSS

Comprehensive loss for the three months ended September 30, 2001 totaled $11,380 and was comprised of net loss of $9,269 and other comprehensive loss of $2,111. Comprehensive loss for the nine months ended September 30, 2001 totaled $2,265 and was comprised of net income of $114 and other comprehensive loss of $2,379. The following table sets forth the change in accumulated other comprehensive loss for the period since December 31, 2000:

	Accumulated other comprehensive loss
Balance at December 31, 2000	$ --
Unrealized loss on valuation of swap agreements	2,379
Balance at September 30, 2001	$ 2,379

As of September 30, 2001, the balance in accumulated other comprehensive loss was comprised entirely of unrealized losses on the valuation of swap agreements.

11. SEGMENT REPORTING

The Company has two reportable segments: retail properties and multi-family properties. The Company evaluates property performance primarily based on net operating income before depreciation, amortization and certain non-recurring items. The reportable segments are managed separately due to the differing nature of the leases and property operations associated with the retail versus residential tenants.

(in thousands, except per share amounts)

11. SEGMENT REPORTING (continued)

	Nine months ended September 30, 2001			
	Retail properties	Multi-Family properties	All other	Total
Revenues	$ 52,416	$10,619	$ 1,085	$ 64,120
Property operating expenses and real estate taxes	19,638	4,592	--	24,230
Net property income before depreciation and amortization	32,778	6,027	1,085	39,890
Depreciation and amortization	12,998	1,474	265	14,737
Interest expense	11,480	2,961	--	14,441
Real estate at cost	457,864	37,144	--	495,008
Total assets	412,190	61,358	4,763	478,311
Gross leasable area (multi-family 1,937 units)	8,296	1,765	--	10,061
Expenditures for real estate and improvements	5,969	1,218	--	7,187

Reconciliation to income before minority interest

Net property income before depreciation and amortization	$ 39,890
Depreciation and amortization	(14,737)
General and administrative	(3,697)
Equity in earnings of unconsolidated partnerships	414
Impairment of real estate	(14,756)
Gain on sale of property	8,280
Interest expense	(14,441)
Income before minority interest, extraordinary item and cumulative effect of change in accounting principal	$ 953

	Three months ended September 30, 2001			
	Retail properties	Multi-Family properties	All other	Total
Revenues	$ 16,970	$ 3,131	$ 412	$ 20,513
Property operating expenses and real estate taxes	6,162	1,495	--	7,657
Net property income before depreciation and amortization	10,808	1,636	412	12,856
Depreciation and amortization	4,322	441	74	4,837
Interest expense	3,552	830	--	4,382
Real estate at cost	--	--	--	--
Total assets	--	--	--	--
Gross leasable area	--	--	--	--
Expenditures for real estate and improvements	1,433	383	--	1,816

Reconciliation to income before minority interest

Net property income before depreciation and amortization	$ 12,856
Depreciation and amortization	(4,837)
General and administrative	(1,156)
Equity in earnings of unconsolidated partnerships	125
Impairment of real estate	(14,756)
Gain on sale of property	1,245
Interest expense	(4,382)
Loss before minority interest, extraordinary item and cumulative effect of change in accounting principal	$(10,905)

(in thousands, except per share amounts)

11. SEGMENT REPORTING (continued)

	Nine months ended September 30, 2000			
	Retail properties	Multi-Family properties	All other	Total
Revenues	$ 59,229	$11,487	$ 1,605	$ 72,321
Property operating expenses and real estate taxes	20,981	4,528	--	25,509
Net property income before depreciation and amortization	38,248	6,959	1,605	46,812
Depreciation and amortization	13,498	1,532	234	15,264
Interest expense	15,698	3,252	--	18,950
Real estate at cost	492,886	83,078	--	575,964
Total assets	450,551	87,108	6,591	544,250
Gross leasable area (multi-family 2,273 units)	8,851	2,039	--	10,890
Expenditures for real estate and improvements	9,042	932	--	9,974

Reconciliation to income before minority interest

Net property income before depreciation and amortization	46,812
Depreciation and amortization	(15,264)
General and administrative	(3,746)
Equity in earnings of unconsolidated partnerships	453
Loss on sale of property	(839)
Interest expense	(18,950)
Income before minority interest	$ 8,466

	Three months ended September 30, 2000			
	Retail properties	Multi-Family properties	All other	Total
Revenues	$ 19,094	$ 3,867	$ 528	$ 23,489
Property operating expenses and real estate taxes	7,009	1,550	--	8,559
Net property income before depreciation and amortization	12,085	2,317	528	14,930
Depreciation and amortization	4,559	524	81	5,164
Interest expense	5,232	1,102	--	6,334
Real estate at cost	--	--	--	--
Total assets	--	--	--	--
Gross leasable area	--	--	--	--
Expenditures for real estate and improvements	4,446	289	--	4,735

Reconciliation to income before minority interest

Net property income before depreciation and amortization	14,930
Depreciation and amortization	(5,164)
General and administrative	(1,168)
Equity in earnings of unconsolidated partnerships	102
Loss on sale of property	(839)
Interest expense	(6,334)
Income before minority interest	$ 1,527

12. SUBSEQUENT EVENTS

On October 4, 2001, the Company sold Tioga West, a 122,000 square foot shopping center in Pennsylvania for $3,200.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is based on the consolidated financial statements of the Company as of September 30, 2001 and 2000 and for the three and nine months then ended. This information should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this report constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, which will, among other things, affect demand for rental space, the availability and creditworthiness of prospective tenants, lease rents and the availability of financing; adverse changes in the Company's real estate markets, including, among other things, competition with other companies; risks of real estate development and acquisition; governmental actions and initiatives; and environmental/safety requirements.

RESULTS OF OPERATIONS

Comparison of the three month period ended September 30, 2001 ("2001") to the three month period ended September 30, 2000 ("2000")

Total revenues decreased $3.0 million, or 13%, to $20.5 million for 2001 compared to $23.5 million for 2000.

Minimum rents decreased $2.0 million, or 11%, to $16.4 million for 2001 compared to $18.4 million for 2000. Of this decrease, $2.3 million was due to the loss of rents following the sale of the Northwood Centre in December 2000, the Marley Run Apartments in May 2001 and the Wesmark Plaza in August 2001 ("Property Dispositions"). Partially offsetting these decreases was an increase in rents due to general increases in occupancy and rent step-ups for existing tenants throughout the balance of the portfolio during fiscal 2000 and 2001.

Percentage rents decreased $111,000, from $401,000 for 2000 to $290,000 for 2001. This decrease was primarily attributable to certain tenants paying percentage rent in lieu of minimum rent in 2000 pursuant to anchor co-tenancy lease provisions. These tenants have reverted to paying full minimum rent in 2001.

In total, expense reimbursements decreased $240,000, or 7%, to $3.3 million in 2001 compared to $3.5 million for 2000. Common area maintenance ("CAM") expense reimbursements decreased $200,000, or 15%, from $1.3 million in 2000 to $1.1 million in 2001. This decrease was primarily the result of a decrease in property operating expenses experienced throughout the portfolio. Net real estate tax reimbursements of $2.2 million were essentially unchanged from 2000.

Other income decreased $648,000, or 53%, to $574,000 in 2001 compared to $1.2 million in 2000. This was primarily due to a decrease of $450,000 in lease termination income and a decrease in third-party property management fees earned in 2001 following the cancellation of one management contract in November 2000.

Total operating expenses increased $13.5 million, or 91%, to $28.4 million for 2001, from $14.9 million for 2000. Excluding the impairment of real estate, total operating expenses decreased $1.2 million, or 8% for 2001.

Property operating expenses decreased $751,000, or 13%, to $4.8 million for 2001 compared to $5.6 million for 2000. This decrease resulted primarily from Property Dispositions and a decrease in non-recurring repairs and maintenance expense experienced throughout the portfolio. These decreases were partially offset by higher payroll costs in 2001 and an increase in bad debt expense in 2001.

RESULTS OF OPERATIONS (continued)

Real estate taxes decreased $151,000, or 5%, from $3.0 million for 2000 to $2.8 million for 2001. This net decrease was due to a decrease in taxes following Property Dispositions partially offset by higher real estate taxes experienced generally throughout the portfolio.

Depreciation and amortization decreased $327,000 for 2001. Depreciation expense decreased $308,000. This was a result of a $447,000 decrease related to the Property Dispositions offset against additional depreciation expense related to capitalized tenant installation costs during fiscal 2000 and 2001. Amortization expense decreased $19,000, which was primarily the result of a decrease in amortization of loan costs following certain loan payoffs during fiscal 2000 and 2001.

Impairment of real estate of $14.8 million in 2001 was due to the write-down of a retail property that was held for sale as of September 30, 2001 to net realizable value as the anticipated sales proceeds (net of selling costs) are expected to be insufficient to recover the associated carrying value of the property.

Interest expense of $4.4 million for 2001 decreased $1.9 million, or 31%, from $6.3 million for 2000. Of this decrease, $884,000 was the result of a lower average interest rate on the portfolio mortgage debt and $982,000 was due to lower average outstanding borrowings following certain loan payoffs during fiscal 2000 and 2001.

Comparison of the nine month period ended September 30, 2001 ("2001") to the nine month period ended September 30, 2000 ("2000")

Total revenues decreased $8.2 million, or 11%, to $64.1 million for 2001 compared to $72.3 million for 2000.

Minimum rents decreased $4.7 million, or 8%, to $50.8 million for 2001 compared to $55.5 million for 2000. Of this decrease, $5.7 million was due to the loss of rents related to Property Dispositions. An additional $220,000 decrease in rents resulted from the planned termination of various tenant leases at the Abington Towne Center in June 2000 as part of the redevelopment and partial sale of the center. Partially offsetting these decreases was an increase in rents due to general increases in occupancy and rent step-ups for existing tenants throughout the balance of the portfolio during 2000 and 2001.

Percentage rents decreased $360,000, or 21%, to $1.4 million for 2001 compared to $1.7 million for 2000. This decrease was partially attributable to the factor previously discussed for the three month period ended September 30, 2001 and 2000. Additionally, certain tenant bankruptcies contributed to lower percentage rent income in 2001.

In total, expense reimbursements decreased $236,000, or 2%, to $10.3 million in 2001 compared to $10.5 million for 2000. CAM expense reimbursements decreased $327,000, or 8%, from $4.3 million in 2000 to $4.0 million in 2001. This resulted primarily from a decrease in reimbursements following the planned termination of certain leases at the Abington Towne Center in connection with the commencement of redevelopment of the center in 2000 and from Property Dispositions. Real estate tax reimbursements increased $91,000 which was primarily a result of general increases in real estate taxes experienced throughout the portfolio.

Other income decreased $2.9 million, or 64%, from $4.5 million in 2000 to $1.6 million in 2001, primarily as a result of a decrease of $2.3 million in lease termination income and a $289,000 decrease in third-party property management fees earned in 2001 following the cancellation of one management contract in November 2000.

Total operating expenses increased $12.9 million, or 29%, to $57.4 million for 2001, from $44.5 million for 2000. Excluding the impairment of real estate, total operating expenses decreased %1.9 million, or 4% for 2001.

RESULTS OF OPERATIONS (continued)

Property operating expenses decreased $1.1 million, or 7%, from $16.9 million in 2000 to $15.8 million in 2001. The decrease was attributable to those factors previously discussed for the three month periods ended September 30, 2001 and 2000 as well as a reduction in estimated property liability insurance claims related to prior year policies. These decreases were partially offset by higher payroll costs and an increase in bad debt expense in 2001.

Real estate taxes decreased $160,000, or 2%, from $8.6 million in 2000 to $8.4 million in 2001. This net decrease was the result of a decrease in taxes following Property Dispositions offset by higher real estate taxes experienced generally throughout the portfolio.

Depreciation and amortization decreased $527,000 or 3%, from $15.3 million for 2000 to $14.7 million for 2001. Depreciation expense decreased $468,000 and amortization expense decreased $59,000. The decreases were attributable to those factors previously discussed for the three month periods ended September 30, 2001 and 2000.

Interest expense of $14.4 million for 2001 decreased $4.5 million, or 24%, from $18.9 million for 2000. Of the decrease, $1.9 million was due to a lower average interest rate on the portfolio mortgage debt and $2.7 million was attributable to lower average outstanding borrowings following certain loan payoffs during fiscal 2000 and 2001. These decreases were partially offset by $146,000 less capitalized interest in 2001.

Funds from Operations

The Company considers funds from operations ("FFO") as defined by the National Association of Real Estate Investment Trusts ("NAREIT") to be an appropriate supplemental disclosure of operating performance for an equity REIT due to its widespread acceptance and use within the REIT and analyst communities. FFO is presented to assist investors in analyzing the performance of the Company. However, the Company's method of calculating FFO may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs. FFO does not represent cash generated from operations as defined by accounting principles generally accepted in the United States ("GAAP") and is not indicative of cash available to fund all cash needs, including distributions. It should not be considered as an alternative to net income for the purpose of evaluating the Company's performance or to cash flows as a measure of liquidity.

NAREIT defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Effective January 1, 2000, NAREIT clarified the definition of FFO to include non-recurring events except those that are defined as "extraordinary items" under GAAP. The reconciliation of net income to FFO for the three and nine month periods ended September 30, 2001 and 2000 is as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2001	2000	2001	2000
Net income (loss)	$ (9,269)	$ 1,105	$ 114	$ 5,943
Depreciation of real estate and amortization of leasing costs:				
Wholly owned and consolidated partnerships	4,579	4,888	13,976	14,414
Unconsolidated partnerships	157	153	470	469
Income (loss) attributable to minority interest in Operating Partnership (a)	(1,707)	369	347	2,365
Impairment of real estate	14,756	--	14,756	--
(Gain) loss on sale of property	(1,245)	839	(8,280)	839
Extraordinary item	--	--	140	--
Cumulative effect of change in accounting principal	--	--	149	--
Funds from operations	$ 7,271	$ 7,354	$ 21,672	$ 24,030

(a) Does not include distributions paid to Preferred OP Unit holders for the three and nine months ended September 30, 2001 and 2000.

LIQUIDITY AND CAPITAL RESOURCES
General

The Company's principal uses of its liquidity are expected to be for distributions to its shareholders and OP Unit holders, debt service and loan repayments, and property investment which includes acquisition, redevelopment, expansion and retenanting activities. In order to qualify as a REIT for Federal income tax purposes, the Company must currently distribute at least 90% of its taxable income to its shareholders. On September 17, 2001, the Board of Trustees of the Company approved and declared a cash quarterly dividend for the quarter ended September 30, 2001 of $0.12 per Common Share and Common OP Unit. The dividend was paid on October 12, 2001 to the shareholders of record as of September 28, 2001. The Board of Trustees also approved a distribution of $22.50 per Preferred OP Unit that was paid on October 12, 2001.

Property Redevelopment and Expansion

The Company's redevelopment program focuses on selecting well-located neighborhood and community shopping centers and creating significant value through retenanting and property redevelopment. The Company currently has four properties under redevelopment. Two of these projects are expected to be substantially complete by the end of 2001 as follows:

Abington Towne Center - The Company has completed the first phase of redevelopment of this previously enclosed multi-level mall located in the Philadelphia suburb of Abington, Pennsylvania. In 2000, the Company sold approximately 157,000 square feet representing the top two floors and the rear portion of the ground level and the related parking area to the Target Corp. that completed the build-out of the space and opened the store for business during October 2001. The Company has "de-malled" the balance of the center consisting of approximately 46,000 square feet of the main building and 13,000 square feet of store space in outparcel buildings that it will continue to own and operate. Costs incurred on this redevelopment project (net of reimbursements from Target) through September 30, 2001 totaled $3.0 million with approximately $500,000 of costs remaining to complete the redevelopment of this property.

Methuen Shopping Center - This center, located in Methuen, Massachusetts (part of the Boston metropolitan statistical area) was formerly anchored by a Caldor discount department store. The Company purchased this lease in bankruptcy and has re-anchored the shopping center with Wal*Mart which opened for business in 89,000 square feet during October 2001. Projected costs to complete this project are approximately $400,000.

The remaining two properties under redevelopment are as follows:

Elmwood Park Shopping Center - This center, located in Elmwood Park, New Jersey, is approximately ten miles west of New York City. The redevelopment consists of re-anchoring, renovating and expanding the existing 125,000 square foot shopping center by 30,000 square feet. Demolition of the main parcel and former office tower has been completed. Construction of a new freestanding 48,000 square foot supermarket is planned to replace the former grocery store anchor, a 28,000 square foot, in-line Grand Union supermarket. The project also includes the expansion of an existing Walgreens drug store. As of September 30, 2001, costs incurred on this project totaled $3.1 million. The Company expects remaining redevelopment costs of approximately $8.9 million to complete this project. In conjunction with the supermarket rent commencement, the Operating Partnership is also obligated to issue OP Units equal to $2.8 million to the original owners who contributed the property to the Company in connection with the RDC Transaction in August 1998. As discussed in the Form 10Q filing for the previous quarter, during 2001, the Company completed all required sitework and also complied with all other requirements of the lease in delivering the pad site to A&P. The Company believes A&P wrongfully refused acceptance of the site and is seeking to have the Court declare the lease in default, terminate the lease and accelerate the rent which totals approximately $24.4 million over the 20 year lease term. Although the Company believes its claim has substantial legal merit, it cannot provide any assurances as to the outcome of this legal action due to the early stage of this litigation.

Gateway Shopping Center - The redevelopment of the Gateway Shopping Center, a partially enclosed mall located in South Burlington, Vermont, includes the demolition of 90% of the property and the construction of a new anchor supermarket. Following the bankruptcy of the former anchor Grand Union, the lease was assigned to and assumed by Shaw's supermarket. During October 2001, the Company executed a lease with Shaw's for a new 66,000 square foot store to be constructed. This replaces the 32,000 square foot store formerly occupied by Grand Union. Total costs to date for this project (including the original acquisition of the property in 1999) were $7.8 million. The Company expects remaining redevelopment costs of approximately $8.8 million to complete this project.

Additionally, the Company currently estimates that for the remaining portfolio, capital outlays of approximately $1.0 million will be required for the balance of 2001 for tenant improvements, related renovations and other property improvements related to executed leases.

Share Repurchase Plan

The Company's repurchase of its Common Shares is an additional use of liquidity. In January 2001, the Board of Trustees approved a continuation and expansion of the Company's existing share repurchase program. Management is authorized, at its discretion, to repurchase up to an additional $10.0 million of the Company's outstanding Common Shares. Through November 5, 2001, the Company had repurchased 1,861,442 (net of 86,063 shares reissued) at a total cost of $10.6 million under the expanded share repurchase program that allows for the repurchase of up to $20.0 million of the Company's outstanding Common Shares. The current program may be discontinued or extended at any time and there is no assurance that the Company will purchase the full amount authorized. During the quarter ended September 30, 2001, the Board authorized an additional expansion of the share repurchase program, however specific details of the expanded program have not yet been determined.

Sources of Liquidity

Sources of capital for funding property acquisition, redevelopment, expansion and retenanting, as well as repurchase of Common Shares are expected to be obtained primarily from cash on hand, additional debt financings and sales of existing properties. As of September 30, 2001, the Company has a total of $8.4 million of additional capacity with two lenders. Of this amount, $3.6 million is currently being utilized for a letter of credit that the Company has issued in connection with the construction of the new supermarket at the Elmwood Park Shopping Center. The Company also has 12 properties that are currently unencumbered and therefore available as potential collateral for future borrowings. The Company anticipates that cash flow from operating activities will continue to provide adequate capital for all debt service payments, recurring capital expenditures and REIT distribution requirements.

Asset Sales

As part of its continuing plan to dispose of certain non-core assets, the Company sold the Wesmark Plaza, a 207,000 square foot shopping center located in Sumter, South Carolina, for $5.75 million on August 27, 2001. Net proceeds after the payment of closing costs were $5.5 million.

LIQUIDITY AND CAPITAL RESOURCES (continued)

Financing and Debt

As of September 30, 2001 interest on the Company's mortgage indebtedness ranged from 5.0% to 9.9% with maturities that ranged from March 2002 to November 2021. Of the total outstanding debt, $123.7 million, or 49%, was carried at fixed interest rates with a weighted average of 8.5%, and $128.2 million, or 51%, was carried at variable rates with a weighted average of 5.4%. Of the total outstanding debt, $61.3 million will become due through the end of 2003, with scheduled maturities of $42.1 million at an interest rate of 6.2% in 2002 and $19.2 million at an interest rate of 5.5% in 2003. No outstanding debt matures in the balance of 2001. The Company expects to refinance maturing debt or select other alternatives based on market conditions at that time, although there can be no assurance as to the consummation or terms of such refinancings.

The following summarizes certain significant financing and related transactions completed since June 30, 2001:

During the quarter ended September 30, 2001, the Company completed two interest rate swap transactions to hedge the Company's exposure to changes to interest rates with respect to $50,000 of LIBOR based variable rate debt. The first swap agreement, which extends through April 1, 2005, provides for a fixed all-in rate of 6.55% on $30.0 million of notional principal. The second swap agreement, which extends through October 1, 2006, provides for a fixed all-in rate of 6.28% on $20.0 million of notional principal.

The following table summarizes the Company's mortgage indebtedness as of September 30, 2001:

	September 30, 2001	December 31, 2000	Interest Rate
Mortgage notes payable - variable-rate			
Fleet Bank, N.A.	$ 4,065	$ 4,110	5.32% (LIBOR + 1.75%)
Fleet Bank, N.A.	9,134	9,216	5.35% (LIBOR + 1.78%)
Sun America Life Insurance Company	13,601	13,774	5.73% (LIBOR + 2.05%)
Sun America Life Insurance Company	9,738	9,856	5.84% (LIBOR + 2.05%)
KBC Bank	--	14,238	-- --
Fleet Bank, N.A.	--	3,500	-- (LIBOR + 1.50%)
Fleet Bank, N.A.	8,882	8,965	5.33% (LIBOR + 1.75%)
Metropolitan Life Insurance Company	10,800	10,800	5.67% (LIBOR + 2.00%)
First Union National Bank	13,543	13,636	5.02% (LIBOR + 1.45%)
Dime Savings Bank of NY	58,397	35,814	5.38% (LIBOR + 1.75%)
Total variable-rate debt	128,160	123,909	
Mortgage notes payable - fixed rate			
Huntoon Hastings Capital Corp.	6,205	6,222	9.88%
Anchor National Life Insurance Company	3,702	3,775	7.93%
Lehman Brothers Holdings, Inc.	17,646	17,792	8.32%
Mellon Mortgage Company	7,340	7,442	9.60%
Northern Life Insurance Company	2,690	2,895	7.70%
Reliastar Life Insurance Company	1,854	1,996	7.70%
Metropolitan Life Insurance Company	24,905	25,148	8.13%
Bank of America, N.A.	11,040	11,100	7.55%
Bank of America, N.A.	5,520	5,550	7.55%
Morgan Stanley Mortgage Capital	42,835	43,397	8.84%
Sun America Life Insurance Company	--	17,999	--
North Fork Bank	--	9,887	--
Total fixed-rate debt	123,737	153,203	
	$251,897	$277,112	

	Maturity	Properties Encumbered	Payment Terms
Mortgage notes payable - variable-rate			
Fleet Bank, N.A.	03/15/02	(1)	(2)
Fleet Bank, N.A.	05/31/02	(3)	(2)
Sun America Life Insurance Company	08/01/02	(4)	(2)
Sun America Life Insurance Company	10/01/02	(5)	(2)
KBC Bank	--	--	--
Fleet Bank, N.A.	03/01/03	(6)	(2)
Fleet Bank, N.A.	08/01/03	(7)	(2)
Metropolitan Life Insurance Company	11/01/03	(8)	(21)
First Union National Bank	01/01/05	(9)	(2)
Dime Savings Bank of NY	04/01/05	(10)	(2)
Mortgage notes payable - fixed rate			
Huntoon Hastings Capital Corp.	09/01/02	(11)	(12)
Anchor National Life Insurance Company	01/01/04	(13)	$33(2)
Lehman Brothers Holdings, Inc.	03/01/04	(14)	$139(2)
Mellon Mortgage Company	05/23/05	(15)	$70(2)
Northern Life Insurance Company	12/01/08	(16)	$41(2)
Reliastar Life Insurance Company	12/01/08	(16)	$28(2)
Metropolitan Life Insurance Company	11/01/10	(17)	$197(2)
Bank of America, N.A.	01/01/11	(18)	$78(2)
Bank of America, N.A.	01/01/11	(19)	$39(2)
Morgan Stanley Mortgage Capital	11/01/21	(20)	$380(2)
Sun America Life Insurance Company	--	--	--
North Fork Bank	--	--	--

Notes:

(1) Town Line Plaza

(2) Monthly principal and interest

(3) Smithtown Shopping Center

(4) Merrillville Plaza

(5) Village Apartments

(6) Marketplace of Absecon

(7) Soundview Marketplace

(8) Green Ridge Plaza
Luzerne Street Plaza
Valmont Plaza

(9) 239 Greenwich Avenue

(10) Ledgewood Mall
New Louden Center
Route 6 Plaza
Bradford Towne Centre
Berlin Shopping Center

(11) Gateway Shopping Center

(12) Interest only until 5/01; monthly principal and interest thereafter

(13) Pittston Plaza

(14) Glen Oaks Apartments

(15) Mad River Station Shopping Center

(16) Manahawkin Shopping Center

(17) Crescent Plaza
East End Centre

(18) GHT Apartments

(19) Colony Apartments

(20) Midway Plaza
Kings Fairgrounds
Plaza 15
Ames Plaza
Martintown Plaza
Shillington Plaza
Dunmore Plaza
Kingston Plaza
25th Street Shopping Center
Circle Plaza
Northside Mall
Monroe Plaza
New Smyrna Beach
Mountainville Plaza
Cloud Springs Plaza
Birney Plaza
Troy Plaza

(21) Interest only until 5/02; monthly principal and interest thereafter

HISTORICAL CASH FLOW

The following discussion of historical cash flow compares the Company's cash flow for the nine month period ended September 30, 2001 ("2001") with the Company's cash flow for the nine month period ended September 30, 2000 ("2000").

Net cash provided by operating activities decreased from $23.6 million for 2000 to $22.0 million for 2001. This variance resulted from a decrease of $2.2 million in operating income before non-cash expenses in 2001, primarily due to $1.8 million of lease termination income received in 2000 from tenants at the Abington Towne Center in connection with the commencement of the redevelopment of the center. This decrease was partially offset by a net increase in cash provided by changes in operating assets and liabilities of $581,000.

Investing activities provided $24.7 million during 2001, representing a $33.0 million increase from $8.3 million of cash used during 2000. This was primarily the result of an increase in net sales proceeds of $30.7 million received in 2001 from the sale of the Marley Run Apartments and the Wesmark Plaza. Additionally, there was a decrease of $2.8 million in expenditures for real estate acquisitions, development and tenant installation in 2001.

HISTORICAL CASH FLOW (continued)

Net cash used in financing activities of $44.1 million for 2001 increased $6.7 million compared to $37.4 million used in 2000. The increase in cash used resulted primarily from an $18.9 million decrease in cash provided by additional borrowings and $4.8 million of cash used for the redemption of Operating Partnership Units in 2001. This was partially offset by $11.9 million of additional cash used in 2000 for the repayment of debt and $3.8 million of additional cash used in 2000 for the repurchase of Common Shares.

INFLATION

The Company's long-term leases contain provisions designed to mitigate the adverse impact of inflation on the Company's net income. Such provisions include clauses enabling the Company to receive percentage rents based on tenants' gross sales, which generally increase as prices rise, and/or, in certain cases, escalation clauses, which generally increase rental rates during the terms of the leases. Such escalation clauses are often related to increases in the consumer price index or similar inflation indexes. In addition, many of the Company's leases are for terms of less than ten years, which permits the Company to seek to increase rents upon re-rental at market rates if rents are below the then existing market rates. Most of the Company's leases require the tenants to pay their share of operating expenses, including common area maintenance, real estate taxes, insurance and utilities, thereby reducing the Company's exposure to increases in costs and operating expenses resulting from inflation.

Item 3. Quantitative and qualitative disclosures about market risk

The Company's primary market risk exposure is to changes in interest rates related to the Company's mortgage debt. See the discussion under Item 2 of this report for certain quantitative details related to the Company's mortgage debt. Currently, the Company manages its exposure to fluctuations in interest rates primarily through the use of fixed-rate debt, LIBOR rate caps and interest rate swap agreements. As of September 30, 2001, the Company had total mortgage debt of $251.9 million of which $123.7 million, or 49% is fixed-rate and $128.2 million, or 51%, is variable-rate based upon LIBOR plus certain spreads. $23.3 million of notional variable-rate principal is hedged through the use of LIBOR rate caps as of September 30, 2001, which cap LIBOR at 6.5%. The Company is also a party to two swap agreements with a bank through its 49% interest in the Crossroads Joint Venture and Crossroads II Joint Venture. These swap agreements effectively fix the interest rate on the Company's pro rata share of the joint venture debt, or $16.8 million, at a blended base rate of 6.1% plus the applicable spreads. During the quarter ended September 30, 2001, the Company completed two interest rate swap transactions. The first swap agreement, which extends through April 1, 2005, provides for a fixed all-in rate of 6.55% on $30.0 million of notional principal. The second swap agreement, which extends through October 1, 2006, provides for a fixed all-in rate of 6.28% on $20.0 million of notional principal.

Of the total outstanding debt, $42.1 million will become due by 2002. As the Company intends on refinancing some or all of such debt at the then-existing market interest rates which may be greater than the current interest rate, the Company's interest expense would increase by approximately $421,000 annually if the interest rate on the refinanced debt increased by 100 basis points. Furthermore, interest expense on the Company's variable-rate debt as of September 30, 2001 would increase by $782,000 for a 100 basis point increase in interest rates (net of the effect of $50 million in swap agreements as discussed above). The Company may seek additional variable-rate financing if and when pricing and other commercial and financial terms warrant. As such, the Company would consider hedging against the interest rate risk related to such additional variable-rate debt through interest rate swaps and protection agreements, or other means.

Part II. Other Information

Item 1. Legal Proceedings

There have been no material legal proceedings beyond those previously disclosed in the Registrants filed Annual Report on Forms 10-K and 10-K/A for the year ended December 31, 2000 and Form 10-Q for the quarter ended June 30, 2001

Item 2. Changes in Securities

On July 16, 2001, certain limited partners converted 12,313 OP Units into Common Shares on a one-for-one basis.

Item 3. Defaults Upon Senior Securities

None

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

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(b) Reports on Form 8-K

The following Form 8-K's were filed during the three months ended September 30, 2001

1) Form 8-K filed August 21, 2001 (earliest event August 21, 2001), reporting in Item 9. certain supplemental information concerning the ownership, operations and portfolio of the Company as of June 30, 2001.

2) Form 8-K filed August 24, 2001 (earliest event August 24, 2001), reporting in Item 5. a press release issued by the Registrant discussing the impact of Ames Department Stores, Inc. announcing Chapter 11 bankruptcy.

3) Form 8-K filed September 28, 2001 (earliest event September 28, 2001), reporting in Item 5. that the Registrant entered into a joint venture agreement with four of its current institutional investors for the purposes of acquiring up to $300 million in real estate assets.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has fully caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ACADIA REALTY TRUST

By /s/ Perry Kamerman

Perry Kamerman
Senior Vice President and
Chief Financial Officer
(Principal Financial and
Accounting Officer)

Date: November 12, 2001