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 June 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 August 10, 2001, there were 28,481,786 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)

	June 30, 2001 (unaudited)	December 31, 2000
ASSETS		
Real estate		
Land	$ 69,206	$ 69,206
Buildings and improvements	450,179	444,933
	519,385	514,139
Less: accumulated depreciation	110,585	102,461
Net real estate	408,800	411,678
Properties held for sale	28,709	49,445
Cash and cash equivalents	20,740	22,167
Cash in escrow	5,692	5,213
Investments in unconsolidated partnerships	5,974	6,784
Rents receivable, net	7,207	9,667
Prepaid expenses	1,527	2,905
Deferred charges, net	12,765	13,026
Other assets	2,405	2,726
	$493,819	$523,611
LIABILITIES AND SHAREHOLDERS' EQUITY		
Mortgage notes payable	$252,860	$277,112
Accounts payable and accrued expenses	5,475	7,495
Due to related parties	117	111
Dividends and distributions payable	4,144	4,241
Other liabilities	3,639	4,179
Total liabilities	266,235	293,138
Minority interest in Operating Partnership	41,205	48,959
Minority interests in majority-owned partnerships	2,202	2,197
Total minority interests	43,407	51,156
Shareholders' equity:		
Common shares, $.001 par value, authorized 100,000,000 shares, issued and outstanding 28,481,786 and 28,150,472 shares, respectively	29	28
Additional paid-in capital	189,136	188,392
Accumulated other comprehensive income	(268)	--
Deficit	(4,720)	(9,103)
Total shareholders' equity	184,177	179,317
	$493,819	$523,611

See accompanying notes

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

	Three months ended June 30,		Six months ended June 30,	
	2001	2000	2001	2000
	(unaudited)		(unaudited)	
Revenues				
Minimum rents	$16,958	$18,663	$34,404	$37,104
Percentage rents	359	589	1,091	1,340
Expense reimbursements	3,138	3,199	7,047	7,043
Other	563	2,518	1,065	3,345
Total revenues	21,018	24,969	43,607	48,832
Operating expenses				
Property operating	4,757	5,337	10,955	11,323
Real estate taxes	2,818	2,914	5,618	5,627
General and administrative	1,352	1,285	2,541	2,578
Depreciation and amortization	4,936	5,085	9,900	10,100
Total operating expenses	13,863	14,621	29,014	29,628
Operating income	7,155	10,348	14,593	19,204
Equity in earnings of unconsolidated partnerships	137	151	289	351
Gain on sale of property	7,035	--	7,035	--
Interest expense	(4,781)	(6,261)	(10,059)	(12,616)
Income before minority interest, extraordinary item and cumulative effect of change in accounting principal	9,546	4,238	11,858	6,939
Minority interest	(1,746)	(1,274)	(2,186)	(2,101)
Extraordinary item - loss on early extinguishment of debt	--	--	(140)	--
Cumulative effect of change in accounting principal	--	--	(149)	--
Net income	$ 7,800	$ 2,964	$ 9,383	$ 4,838
Net income per Common Share - basic and diluted:				
Income before extraordinary item and cumulative effect of change in accounting principal	$ .27	$ .12	$ .35	$ .19
Extraordinary item	--	--	(.01)	--
Cumulative effect of change in accounting principal	--	--	(.01)	--
Net income	$ .27	$ .12	$ .33	$ .19

See accompanying notes

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

	June 30, 2001 (unaudited)	June 30, 2000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 9,383	$ 4,838
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,900	10,100
Minority interests	2,186	2,101
Equity in income of unconsolidated partnerships	(289)	(351)
Provision for bad debts	469	314
Stock-based compensation	--	197
Gain on sale of property	(7,035)	--
Extraordinary item	140	--
Cumulative effect of change in accounting principal	149	--
Changes in assets and liabilities:		
Funding of escrows, net	(479)	(1,989)
Rents receivable	1,991	(798)
Prepaid expenses	1,378	1,501
Due to related parties	6	19
Other assets	144	(298)
Accounts payable and accrued expenses	(2,020)	(540)
Other liabilities	(540)	(698)
Net cash provided by operating activities	15,383	14,396
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for real estate and improvements	(5,371)	(5,239)
Net proceeds from sale of property	27,017	--
Distributions from unconsolidated partnerships	830	924
Payment of deferred leasing costs	(793)	(1,095)
Net cash provided by (used in) investing activities	21,683	(5,410)

See accompanying notes

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

	June 30, 2001 (unaudited)	June 30, 2000 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on mortgage notes	$(55,552)	$(60,453)
Proceeds received on mortgage notes	31,300	41,200
Payment of deferred financing costs	(45)	(1,055)
Dividends paid	(6,736)	(6,126)
Distributions to minority interest in Operating Partnership	(1,633)	(2,516)
Distributions on Preferred Operating Partnership units	(99)	(73)
Distributions to minority interest in majority-owned partnership	(27)	(22)
Redemption of Operating Partnership Units	(4,814)	--
Repurchase of Common Shares	(887)	(3,332)
Net cash used in financing activities	(38,493)	(32,377)
Decrease in cash and cash equivalents	(1,427)	(23,391)
Cash and cash equivalents, beginning of period	22,167	35,340
Cash and cash equivalents, end of period	$20,740	$11,949

Supplemental Disclosures of Cash Flow Information:

Cash paid during the period for interest, net of amounts capitalized of $109 and $241, respectively	$10,356	$12,501

See accompanying notes

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except per share amounts)

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 June 30, 2001, the Company controlled 84% of the Operating Partnership as the sole general partner.

The Company currently operates fifty-six properties, which it owns or has an ownership interest in, consisting of forty-seven 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 one retail property were held for sale as of June 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 which, 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 six-month period ended June 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

As part of its continuing plan to dispose of certain non-core assets, the Company sold its interest in the Marley Run Apartments (the "Property") for $27,400 on May 15, 2001, recognizing a $7,035 gain on the disposition. Net proceeds after the repayment of the associated debt and other closing costs were $12,745 of which $4,765 was used to redeem 680,667 OP Units at $7.00 per unit. The redemption price represented a premium of $0.35 over the market price of the Company's Common shares as of the redemption date. The OP Units redeemed were held by the original owners of the Property who contributed the Property to the Company in connection with the RDC Transaction in August 1998, pursuant to which, the Company agreed to indemnify the OP Unit holders for any income taxes recognized with respect to a disposition of the Property within five years following the contribution of the Property. As part of the redemption as discussed above, the OP Unit holders waived their rights to this tax reimbursement which the Company estimated to be in excess of $2.00 per OP Unit.

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	(887)	--	--
Conversion of 477,215 Operating Partnership Units into Common Shares by minority interests	3,403	(3,403)	--
Redemption of 688,667 OP Units by minority interests	8	(4,911)	--
Dividends and distributions declared of $0.24 per Common Share and Operating Partnership unit	(6,779)	(1,494)	--
Cash flow distribution	--	--	(27)
Other comprehensive loss - unrealized loss on valuation of swap agreements from unconsolidated partnerships	(268)	--	--
Net income for the period January 1 through June 30, 2001	9,383	2,054	32
Balance at June 30, 2001	$184,177	$ 41,205	$ 2,202

(1) Net income attributable to minority interest in Operating Partnership and distributions do not include a distribution on Preferred OP Units of $100.

Minority interests in Operating Partnership represent the limited partners' interest of 5,638,263 and 10,484,143 units in the Operating Partnership ("OP Units") at June 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 four partnerships in which the Company has a majority-ownership position.

On April 12, 2001, the Company redeemed 8,000 OP Units held by a limited partner at the market price of the Common Shares at that date of $6.15 per share.

On May 15, 2001, the Company redeemed 680,667 OP Units in connection with the sale of its interest in the Marley Run Apartments (notes 3 and 7).

On June 14, 2001, certain limited partners converted 477,215 OP Units into Common Shares on a one-for-one basis.

(in thousands, except per share amounts)

5. INVESTMENT IN PARTNERSHIPS

The Company owns a 49% interest in the Crossroads Joint Venture and Crossroads II Joint Venture (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:

	June 30, 2001	December 31, 2000
Balance Sheet		
Assets:		
Rental property, net	$ 7,905	$ 8,446
Other assets	3,736	4,655
Total assets	$ 11,641	$ 13,101
Liabilities and partners' equity		
Mortgage note payable	$ 34,393	$ 34,642
Other liabilities	1,679	736
Partners' equity	(24,431)	(22,277)
Total liabilities and partners' equity	$ 11,641	$ 13,101
Company's investment in partnerships	$ 5,974	$ 6,784

	Three months ended June 30, 2001	Three months ended June 30, 2000	Six months ended June 30, 2001	Six months ended June 30, 2000
Statement of Operations				
Total revenue	$1,861	$1,772	$3,639	$3,637
Operating and other expenses	595	468	1,059	926
Interest expense	654	663	1,323	1,330
Depreciation and amortization	134	132	268	265
Net income	$ 478	$ 509	$ 989	$1,116
Company's share of net income	$ 235	$ 249	$ 485	$ 547
Amortization of excess investment (See below)	98	98	196	196
Income from partnerships	$ 137	$ 151	$ 289	$ 351

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.

6. RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board (the "FASB") issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" (the "Statement"). In June 1999, the FASB issued Statement No. 137, which deferred the effective date of Statement No. 133 requiring it to be adopted for all fiscal quarters of all fiscal years beginning after June 15, 2000. The Company adopted the Statement effective January 1, 2001. The Statement requires the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability, or firm commitment through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings.

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 which hedge $23.6 million of variable-rate mortgage debt. This adjustment is reflected as a cumulative effect of a change in accounting principal in the accompanying financial statements. As the LIBOR rate caps had no intrinsic value as of June 30, 2001 due to a decline in market LIBOR rates since their inception, future changes in the fair value of the LIBOR rate caps are expected to be reflected in current earnings. As the remaining time-value portion of the fair value is not significant as of June 30, 2001, any further decreases in the fair value of the LIBOR rate caps are not expected to be material.

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 (see note 5). These swap agreements effectively fix the interest rate on the Company's pro rata share, or $16.9 million, of the joint venture mortgage debt. As of June 30, 2001, the Company has recorded a $268 unrealized loss in accumulated other comprehensive income which reflects its pro rata share of the adjustment of the two swap agreements to fair value. These swap agreements have no hedge ineffectiveness as they meet all the associated criteria under the Statement. Since these instruments have no hedge ineffectiveness, the interest rate differentials that arise under the swap agreements are recognized in earnings as they are periodically settled. Amounts in other comprehensive income are not amortized to earnings unless the swap agreements are terminated. At the maturity of the swaps, their fair value will be zero.

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 $119 and $214 during the three and six-month periods ended June 30, 2001, respectively, and $208 and $445 during the three and six-month periods ended June 30, 2000, respectively.

On May 15, 2001, the Company redeemed certain OP Units in connection with the sale of its interest in the Marley Run Apartments (note 3). Messrs. Dworman and Bernstein, Chairman and Chief Executive Officer, respectively, owned a total of 13,600 of these redeemed OP Units through various affiliated entities.

(in thousands, except per share amounts)

8. DIVIDENDS AND DISTRIBUTIONS PAYABLE

On June 4, 2001, the Board of Trustees of the Company approved and declared a cash quarterly dividend for the quarter ended June 30, 2001 of $0.12 per Common Share and Common OP Unit. The dividend was paid on July 13, 2001 to the shareholders of record as of June 29, 2001. The Board of Trustees also approved a distribution of $22.50 per Preferred OP Unit which was paid on July 13, 2001.

9. PER SHARE DATA

For the three and six-month periods ended June 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 the Financial Accounting Standards Board Statement No. 128. The weighted average number of shares outstanding for the three-month periods ended June 30, 2001 and 2000 were 28,089,593 and 25,241,794, respectively. The weighted average number of shares outstanding for the six-month periods ended June 30, 2001 and 2000 were 28,090,531 and 25,358,946, respectively.

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. For the three and six-month periods ended June 30, 2001 and 2000 no additional shares were reflected as the impact would be anti-dilutive in such periods.

10. COMPREHENSIVE INCOME

Comprehensive income for the three months ended June 30, 2001 totaled $8,128 and was comprised of net income of $7,800 and other comprehensive income of $328. Comprehensive income for the six months ended June 30, 2001 totaled $9,115 and was comprised of net income of $9,383 and other comprehensive loss of $268. 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 from unconsolidated partnerships	268
Balance at June 30, 2001	$ 268

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

(in thousands, except per share amounts)

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.

	Six months ended June 30, 2001			
	Retail properties	Multi-Family properties	All other	Total
Revenues	$ 35,446	$ 7,488	$ 673	$ 43,607
Property operating expenses and real estate taxes	13,476	3,097	--	16,573
Net property income before depreciation and amortization	21,970	4,391	673	27,034
Depreciation and amortization	8,676	1,033	191	9,900
Interest expense	7,928	2,131	--	10,059
Real estate at cost	456,607	62,778	--	519,385
Total assets	426,665	61,180	5,974	493,819
Gross leasable area (multi-family 1,937 units)	8,625	1,765	--	10,390
Expenditures for real estate and improvements	4,536	835	--	5,371

Reconciliation to income before minority interest

Net property income before depreciation and amortization	$ 27,034
Depreciation and amortization	(9,900)
General and administrative	(2,541)
Equity in earnings of unconsolidated partnerships	289
Gain on sale of property	7,035
Interest expense	(10,059)
Income before minority interest, extraordinary item and cumulative effect of change in accounting principal	$ 11,858

	Three months ended June 30, 2001			
	Retail properties	Multi-Family properties	All other	Total
Revenues	$ 17,055	$ 3,562	$ 401	$ 21,018
Property operating expenses and real estate taxes	6,039	1,536	--	7,575
Net property income before depreciation and amortization	11,016	2,026	401	13,443
Depreciation and amortization	4,355	486	95	4,936
Interest expense	3,789	992	--	4,781
Real estate at cost	--	--	--	--
Total assets	--	--	--	--
Gross leasable area	--	--	--	--
Expenditures for real estate and improvements	2,363	555	--	2,918

Reconciliation to income before minority interest

Net property income before depreciation and amortization	$ 13,443
Depreciation and amortization	(4,936)
General and administrative	(1,352)
Equity in earnings of unconsolidated partnerships	137
Gain on sale of property	7,035
Interest expense	(4,781)
Income before minority interest, extraordinary item and cumulative effect of change in accounting principal	$ 9,546

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except per share amounts)

11. SEGMENT REPORTING (continued)

	Six months ended June 30, 2000			
	Retail properties	Multi-Family properties	All other	Total
Revenues	$ 40,135	$ 7,620	$ 1,077	$ 48,832
Property operating expenses and real estate taxes	13,972	2,978	--	16,950
Net property income before depreciation and amortization	26,163	4,642	1,077	31,882
Depreciation and amortization	8,875	1,008	217	10,100
Interest expense	10,416	2,150	50	12,616
Real estate at cost	491,848	82,789	--	574,637
Total assets	452,036	86,453	6,890	545,379
Gross leasable area (multi-family 2,273 units)	8,809	2,039	--	10,848
Expenditures for real estate and improvements	4,595	644	--	5,239
Reconciliation to income before minority interest				
Net property income before depreciation and amortization				31,882
Depreciation and amortization				(10,100)
General and administrative				(2,578)
Equity in earnings of unconsolidated partnerships				351
Interest expense				(12,616)
Income before minority interest				$ 6,939

	Three months ended June 30, 2000			
	Retail properties	Multi-Family properties	All other	Total
Revenues	$ 20,653	$ 3,829	$ 487	$ 24,969
Property operating expenses and real estate taxes	6,698	1,553	--	8,251
Net property income before depreciation and amortization	13,955	2,276	487	16,718
Depreciation and amortization	4,480	510	95	5,085
Interest expense	5,177	1,084	--	6,261
Real estate at cost	--	--	--	--
Total assets	--	--	--	--
Gross leasable area	--	--	--	--
Expenditures for real estate and improvements	2,471	328	--	2,799
Reconciliation to income before minority interest				
Net property income before depreciation and amortization				16,718
Depreciation and amortization				(5,085)
General and administrative				(1,285)
Equity in earnings of unconsolidated partnerships				151
Interest expense				(6,261)
Income before minority interest				$ 4,238

12. MORTGAGE LOANS

On April 10, 2001 the Company repaid $3,500 of outstanding debt under a revolving credit facility with a bank. Following this repayment, the Company had no outstanding balance under this facility, which provides for total borrowings of up to $7,400.

On May 15, 2001 the Company repaid $14,117 of outstanding debt with a bank in connection with the sale of the Marley Run Apartments.

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 Acadia Realty Trust (the "Company") as of June 30, 2001 and 2000 and for the three and six 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 June 30, 2001 ("2001") to the three month period ended June 30, 2000 ("2000")

Total revenues decreased $4.0 million, or 16%, to $21.0 million for 2001 compared to $25.0 million for 2000.

Minimum rents decreased $1.7 million, or 9%, to $17.0 million for 2001 compared to $18.7 million for 2000. Of this decrease, $2.0 million was due to the loss of rents following the sale of the Northwood Centre in December 2000 and Marley Run Apartments in May 2001 ("Property Dispositions"). An additional $180,000 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 throughout the balance of the portfolio during fiscal 2000 and 2001.

Percentage rents decreased $230,000, from $589,000 for 2000 to $359,000 for 2001. This decrease was primarily attributable to certain tenants paying percentage rent in lieu of minimum rent in 2000 according to anchor co-tenancy lease provisions. These tenants have reverted to paying full minimum rent in 2001. Additionally, certain tenant bankruptcies contributed to lower percentage rent income in 2001.

In total, expense reimbursements did not vary significantly between 2001 and 2000. Real estate tax reimbursements of $2.1 million and common area maintenance ("CAM") expense reimbursements of $1.0 million were essentially unchanged from 2000.

Other income decreased $1.9 million, or 78%, to $563,000 in 2001 compared to $2.5 million in 2000. This was primarily due to $1.8 million of lease termination income received from two tenants at the Abington Towne Center in connection with the commencement of redevelopment of the center in 2000.

Total operating expenses decreased $758,000, or 5%, to $13.9 million for 2001, from $14.6 million for 2000.

Property operating expenses decreased $580,000, or 11%, to $4.8 million for 2001 compared to $5.3 million for 2000. This decrease resulted primarily from Property Dispositions. Also contributing to the decrease was a reduction in estimated property liability insurance claims related to prior year policies based on actual claims filed through 2001. These decreases were partially offset by higher payroll costs in 2001.

Real estate taxes decreased $96,000, or 3%, from $2.9 million for 2000 to $2.8 million for 2001. This net decrease was due to a decrease in taxes following Property Dispositions offset by higher real estate taxes experienced generally throughout the portfolio.

Depreciation and amortization decreased $149,000 for 2001. Depreciation expense decreased $110,000. This was a result of a $320,000 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 $39,000, which was primarily the result of a decrease in amortization of loan costs following certain loan payoffs during fiscal 2000 and 2001 and the Disposition Properties.

General and administrative expense increased $67,000, or 5%, from $1.3 million for 2000 to $1.4 million for 2001, which was primarily attributable to the write-off of certain abandoned project costs in 2001.

Interest expense of $4.8 million for 2001 decreased $1.5 million, or 24%, from $6.3 million for 2000. Of this decrease, $652,000 was the result of a lower average interest rate on the portfolio mortgage debt and $843,000 was due to lower average outstanding borrowings following certain loan payoffs during fiscal 2000 and 2001.

Comparison of the six month period ended June 30, 2001 ("2001") to the six month period ended June 30, 2000 ("2000")

Total revenues decreased $5.2 million, or 11%, to $43.6 million for 2001 compared to $48.8 million for 2000.

Minimum rents decreased $2.7 million, or 7%, to $34.4 million for 2001 compared to $37.1 million for 2000. Of this decrease, $3.5 million was due to the loss of rents related to Property Dispositions. An additional $370,000 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 throughout the balance of the portfolio during 2000 and 2001.

Percentage rents decreased $249,000, or 19%, to $1.1 million for 2001 compared to $1.3 million for 2000. This decrease was attributable to those factors previously discussed for the three month periods ended June 30, 2001 and 2000.

In total, expense reimbursements were essentially unchanged from 2000. Real estate tax reimbursements increased $131,000, or 3%, to $4.2 million for 2001 compared to $4.1 million in 2000. This increase was primarily the result of general increases in real estate taxes experienced throughout the portfolio. CAM expense reimbursements decreased $127,000, or 4%, from $3.0 million in 2000 to $2.9 million in 2001. This resulted primarily from a decrease in reimbursements following the planned termination of certain leases at the Abington Towne Center as previously discussed and from Property Dispositions.

Other income decreased $2.2 million, from $3.3 million in 2000 to $1.1 million in 2001, primarily as a result of $1.8 million in lease termination income received in 2000 as previously discussed for the three month periods ended June 30, 2001 and 2000, and a $218,000 decrease in third-party property management fees earned in 2001 following the cancellation of one management contract in November 2000.

Total operating expenses decreased $614,000, or 2%, to $29.0 million for 2001, from $29.6 million for 2000.

RESULTS OF OPERATIONS, continued

Property operating expenses decreased $368,000, or 3%, from $11.3 million in 2000 to $10.9 in 2001. The decrease was attributable to those factors previously discussed for the three month periods ended June 30, 2001 and 2000. The decrease was partially offset by higher payroll costs, an increase in CAM expenses (primarily snow removal costs) throughout the portfolio, and an increase in bad debt expense in 2001.

Real estate taxes were essentially unchanged from 2000. This was the result of higher real estate taxes experienced generally throughout the portfolio partially offset against a decrease from Property Dispositions.

Depreciation and amortization decreased $200,000, or 2%, from $10.1 million for 2000 to $9.9 million for 2001. Depreciation expense decreased $160,000 and amortization expense decreased $40,000. The decreases were attributable to those factors previously discussed for the three month periods ended June 30, 2001 and 2000.

General and administrative expense decreased $37,000. The decrease is attributable to a $65,000 decrease in third-party professional fees in 2001 partially offset against the write-off of certain abandoned project costs in 2001.

Interest expense of $10.1 million for 2001 decreased $2.5 million, or 20%, from $12.6 million for 2000. Of the decrease, $576,000 was due to a lower average interest rate on the portfolio mortgage debt and $2.0 million was attributable to lower average outstanding borrowings following certain loan payoffs during fiscal 2000 and 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 six month periods ended June 30, 2001 and 2000 is as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2001	2000	2001	2000
Net income	$ 7,800	$ 2,964	$ 9,383	$ 4,838
Depreciation of real estate and amortization of leasing costs:				
Wholly owned and consolidated partnerships	4,708	4,789	9,397	9,526
Unconsolidated partnerships	156	160	313	316
Income attributable to minority interest in Operating Partnership (a)	1,675	1,216	2,054	1,996
Gain on sale of property	(7,035)	--	(7,035)	--
Extraordinary item	--	--	140	--
Cumulative effect of change in accounting principal	--	--	149	--
Funds from operations	$ 7,304	$ 9,129	$ 14,401	$ 16,676

(a) Does not include distributions paid to Preferred OP Unit holders for the three and six months ended June 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 June 4, 2001, the Board of Trustees of the Company approved and declared a cash quarterly dividend for the quarter ended June 30, 2001 of $0.12 per Common Share and Common OP Unit. The dividend was paid on July 13, 2001 to the shareholders of record as of June 29, 2001. The Board of Trustees also approved a distribution of $22.50 per Preferred OP Unit which was paid on July 13, 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. which is currently building out the space and is expected to open prior to the end of 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 which it will continue to own and operate. Costs incurred on this project (net of reimbursements from Target) through June 30, 2001 totaled $2.7 million with approximately $800,000 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 executed a lease with Wal*Mart for an 89,000 square foot department store which is projected to open in the fourth quarter of 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 reanchoring, renovating and expanding the existing 125,000 square foot shopping center by 30,000 square feet. The future anchor tenant, a 48,000 square foot freestanding A&P supermarket, will replace an undersized (28,000 square feet) in-line former Grand Union supermarket when completed. The project also includes the expansion of an existing Walgreens drug store. As of June 30, 2001, costs incurred on this project totaled $1.8 million. The Company expects remaining redevelopment costs of approximately $7.4 million to complete this project. In conjunction with the A&P 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. The Company believes A&P has defaulted under its obligation to accept the site as delivered and has commenced litigation against A&P as further discussed in Part II, Item 1.

Gateway Shopping Center - The redevelopment of the Gateway Shopping Center, a partially enclosed mall located in South Burlington, Vermont, originally included the recapture of a 32,000 square foot former Grand Union store, demolition of 90% of the property and the construction of a new anchor tenant. Following the bankruptcy of Grand Union, the lease was assigned to and assumed by Shaw's supermarket. The Company is currently in negotiations with Shaw's to continue with the redevelopment of this center.

Additionally, the Company currently estimates that for the remaining portfolio, capital outlays of approximately $2.0 million will be required during 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 stock 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 August 10, 2001, the Company had repurchased 1,794,642 (net of 86,063 shares reissued) at a total cost of $10.6 million under the expanded share repurchase program which allows for the repurchase of up to $20.0 million of the Company's outstanding Common Shares. The program may be discontinued or extended at any time and there is no assurance that the Company will purchase the full amount authorized.

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 June 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 which the Company has issued in connection with the construction of the A&P supermarket at the Elmwood Park Shopping Center. The Company also has 15 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.

Financing and Debt

As of June 30, 2001 interest on the Company's mortgage indebtedness ranged from 5.2% to 9.9% with maturities that ranged from March 2002 to November 2021. Of the total outstanding debt, $124.3 million, or 49%, was carried at fixed interest rates with a weighted average of 8.5%, and $128.6 million, or 51%, was carried at variable rates with a weighted average of 5.9%. Of the total outstanding debt, $61.4 million will become due through the end of 2003, with scheduled maturities of $42.2 million at an interest rate of 6.7% in 2002 and $19.2 million at an interest rate of 6.1% 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 transactions completed since March 31, 2001:

On April 10, 2001 the Company repaid $3.5 million of outstanding debt under a revolving credit facility with a bank. Following this repayment, the Company had no outstanding balance under this facility, which provides for total borrowings of up to $7.4 million.

On May 15, 2001 the Company repaid $14.1 million of outstanding debt with a bank in connection with the sale of the Marley Run Apartments.

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

	June 30, 2001	December 31, 2000	Interest Rate
Mortgage notes payable - variable-rate			
Fleet Bank, N.A.	4,081	4,110	5.50% (LIBOR + 1.75%)
Fleet Bank, N.A.	9,161	9,216	5.53% (LIBOR + 1.78%)
Sun America Life Insurance Company	13,666	13,774	6.36% (LIBOR + 2.05%)
Sun America Life Insurance Company	9,785	9,856	6.93% (LIBOR + 2.05%)
KBC Bank	--	14,238	-- (LIBOR + 1.25%)
Fleet Bank, N.A.	--	3,500	-- (LIBOR + 1.50%)
Fleet Bank, N.A.	8,910	8,965	5.81% (LIBOR + 1.75%)
Metropolitan Life Insurance Company	10,800	10,800	6.34% (LIBOR + 2.00%)
First Union National Bank	13,574	13,636	5.20% (LIBOR + 1.45%)
Dime Savings Bank of NY	58,601	35,814	5.81% (LIBOR + 1.75%)
Total variable-rate debt	128,578	123,909	
Mortgage notes payable - fixed rate			
Huntoon Hastings Capital Corp.	6,217	6,222	9.88%
Anchor National Life Insurance Company	3,727	3,775	7.93%
Lehman Brothers Holdings, Inc.	17,695	17,792	8.32%
Mellon Mortgage Company	7,375	7,442	9.60%
Northern Life Insurance Company	2,760	2,895	7.70%
Reliastar Life Insurance Company	1,902	1,996	7.70%
Metropolitan Life Insurance Company	24,987	25,148	8.13%
Bank of America, N.A.	11,061	11,100	7.55%
Bank of America, N.A.	5,531	5,550	7.55%
Morgan Stanley Mortgage Capital	43,027	43,397	8.84%
Sun America Life Insurance Company	--	17,999	7.75%
North Fork Bank	--	9,887	7.75%
Total fixed-rate debt	124,282	153,203	
	$252,860	$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

Asset Sales

As part of its continuing plan to dispose of certain non-core assets, the Company sold its interest in the Marley Run Apartments (the "Property") for $27.4 million on May 15, 2001. Net proceeds after the repayment of the associated debt and other closing costs were $12.7 million of which $4.8 million was used to redeem 680,667 OP Units at $7.00 per unit. The redemption price represented a premium of $0.35 over the market price of the Company's Common shares as of the redemption date. The OP Units redeemed were held by the original owners of the Property who contributed the Property to the Company in connection with the RDC Transaction in August 1998, pursuant to which, the Company agreed to indemnify the OP Unit holders for any income taxes recognized with respect to a disposition of the Property within five years following the contribution of the Property. As part of the redemption as discussed above, the OP Unit holders waived their rights to this tax reimbursement which the Company estimated to be in excess of $2.00 per OP Unit.

HISTORICAL CASH FLOW

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

Net cash provided by operating activities increased from $14.4 million for 2000 to $15.4 million for 2001. This variance was attributable to a net increase in cash provided by changes in operating assets and liabilities of $3.3 million. This increase was offset by a decrease of $2.3 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.

Investing activities provided $21.7 million during 2001, representing a $27.1 million increase from $5.4 million of cash used during 2000. This was primarily the result of an increase in net sales proceeds of $27.0 million received in 2001 from the sale of the Marley Run Apartments.

Net cash used in financing activities of $38.5 million for 2001 increased $6.1 million compared to $32.4 million used in 2000. The increase in cash used resulted primarily from a $9.9 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 $4.9 million of additional cash used in 2000 for the repayment of debt and $2.4 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 June 30, 2001, the Company had total mortgage debt of $252.9 million of which $124.3 million, or 49%, is fixed-rate and $128.6 million, or 51%, is variable-rate based upon LIBOR plus certain spreads. $23.5 million of notional variable-rate principal is hedged through the use of LIBOR rate caps as of June 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 $16.9 million, at a blended base rate of 6.1% plus the applicable spreads.

Item 3. Quantitative and qualitative disclosures about market risk, continued

Of the total outstanding debt, $42.2 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 $422,000 annually if the interest rate on the refinanced debt increased by 100 basis points. Furthermore, interest expense on the Company's variable debt as of June 30, 2001 would increase by $1.3 million annually for a 100 basis point increase in interest rates. 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

On July 30, 2001, the Company filed a lawsuit in Superior Court of New Jersey Law Division: Bergen County against The Great Atlantic & Pacific Tea Company ("A&P"). The complaint alleges A&P defaulted under its lease at the Elmwood Park Shopping Center by failing to accept delivery of its site at the center (reference Item 2, Liquidity and Capital Resources, Property Redevelopment and Expansion). 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.

Item 2. Changes in Securities

On April 12, 2001, the Company redeemed 8,000 OP Units held by a limited partner at the market price of the Common Shares at that date of $6.15 per share.

On May 15, 2001, the Company redeemed 680,667 OP Units in connection with the sale of its interest in the Marley Run Apartments at the rate of $7.00 per unit.

On June 14, 2001, certain limited partners converted 477,215 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

On May 31, 2001 the Registrant held its annual meeting of shareholders. The shareholders voted, in person or by proxy for the following proposals. The results of the voting are shown below:

Proposal 1 -

Election of Trustees:

	Votes Cast For	Votes Withheld
Ross Dworman	20,485,275	24,471
Kenneth F. Bernstein	19,951,645	558,100
Martin L. Edelman, Esq.	20,480,894	28,852
Marvin J. Levine, Esq.	20,478,718	31,027
Lawrence J. Longua	20,482,275	27,471
Gregory A. White	20,484,275	25,471
Lee S. Wielansky	20,483,099	26,646

Proposal 2 -

The ratification of the appointment of Ernst & Young, LLP as independent auditors for the Company for the fiscal year ending December 31, 2001:

Votes Cast For	Votes Withheld	Abstain
20,500,267	7,129	2,350

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

Proposal 3 -

Such other business as may properly come before the Annual Meeting Or adjournments thereof:

Votes Cast For	Votes Withheld	Abstain
15,864,223	2,328,159	2,317,364

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

The following exhibits are included herein:

10.54 First Amendment to Employment Agreement between the Company and Kenneth F. Bernstein

10.55 First Amendment to Employment Agreement between the Company and Ross Dworman

(b) Reports on Form 8-K

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

1) Form 8-K filed May 18, 2001 (earliest event May 18, 2001), reporting in Item 7. certain supplemental information concerning the ownership, operations and portfolio of the Company as of March 31, 2001.

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/ Kenneth F. Bernstein

Kenneth F. Bernstein
Chief Executive Officer and
President (Principal Executive
Officer)

/s/ Perry Kamerman

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

Date: August 10, 2001

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This First Amendment to Employment Agreement is made as of January 1, 2001 but executed as of May __, 2001 by and between Acadia Realty Trust, a Maryland real estate investment trust with offices at 20 Soundview Marketplace, Port Washington, New York 11050 (the "Trust") and Kenneth Bernstein (the "Executive").

WHEREAS, the Trust and Executive have heretofore entered into that certain Employment Agreement dated as of October 28, 1998 pursuant to which the Executive is employed as President of the Trust (the "Employment Agreement");

WHEREAS, Executive has been appointed to the additional position of Chief Executive Officer, effective January 1, 2001 (the "Appointment");

WHEREAS, in connection with the Appointment, the Trust and the Executive desire to implement certain amendments to the Employment Agreement as hereinafter set forth;

NOW, THEREFORE, it is hereby agreed that the Employment Agreement be, and hereby is, amended as follows:

1. Paragraph 3(a) of the Employment Agreement is hereby amended and restated to read in its entirety as follows:

"3. Services/Place of Employment.

(a) Services. From January 1, 2001 and thereafter during the Employment Period, Executive shall hold the positions of President and Chief Executive Officer of the Trust and also serve as a member of the Board. Executive shall devote his best efforts and such business time, skill and attention to the business of the Trust (other than absences due to vacation, illness, disability or approved leave of absence) as in the reasonable business judgment of Executive is necessary to perform such duties as are customarily performed by similar executive officers and as may be more specifically enumerated from time to time by the Board or Executive Committee of the Board; provided, however, that the foregoing is not intended to (x) preclude Executive from (i) owning and managing personal investments, including real estate investments, subject to the restrictions set forth in Paragraph 13 hereof or (ii) engaging in charitable activities and community affairs, or (y) restrict or otherwise limit Executive from conducting real estate development, acquisition or management activities with respect to those properties described in Schedule A, attached hereto (the "Excluded Properties"), provided that the performance of the activities referred to in the preceding clauses (x) and (y) does not, in the reasonable business judgment of Executive, prevent Executive from devoting sufficient business time to the Trust to carry out Executive's duties as President, Chief Executive Officer and member of the Board."

2. Paragraph 4(a) of the Employment Agreement is hereby deleted in its entirety and replaced with the following:

"4. Compensation and Benefits.

(a) Salary. From January 1, 2001 and thereafter during the Employment Period, the Trust shall pay Executive a minimum annual base salary in the amount of $300,000 (the "Annual Base Salary") payable in accordance with the Trust's regular payroll practices. Executive's Annual Base Salary shall be reviewed annually in accordance with the policy of the Trust from time to time and may be subject to upward adjustment based upon, among other things, Executive's performance, as determined in the sole discretion of the Compensation Committee of the Board (the "Compensation Committee"). In no event shall Executive's Annual Base Salary in effect at a particular time be reduced without his prior written consent."

3. Subparagraphs 7 (ii) and (iv) of the Employment Agreement are hereby deleted in its entirety and replaced with the following:

"7. Compensation Upon Termination of Employment Upon Death or Disability.

* * *

(ii) an amount computed at an annualized rate equal to the Executive's Annual Base Salary at the rate then in effect pro-rated for the period commencing on the day following the date of termination and ending on the later of (A) 18 months from the date of termination or (B) the final day of the Unexpired Employment Period (the "Severance Salary"); plus

* * *

(iv) a further amount computed at an annualized rate equal to the average of the Cash Incentive Bonuses awarded to the Executive for each of the last two (2) calendar years immediately preceding the year in which the Executive's employment is terminated, pro-rated for the period commencing on the day following the date of termination and ending on the later of (A) eighteen months from the date of termination of (B) the final day of the Unexpired Employment Period ("Severance Bonus"; plus"....

4. Except as amended by this First Amendment to Employment Agreement, the Employment Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Executive has hereunto set his hand and, pursuant to the authorization of its Board of Trustees, the Company has caused this First Amendment to Employment Agreement to be executed in its name on its behalf, all as of the day and year first above written.

EXECUTIVE

/s/ Kenneth Bernstein

Kenneth Bernstein

ACADIA REALTY TRUST

By: /s/ Robert Masters

Robert Masters
Senior Vice President

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This First Amendment to Employment Agreement is made as of January l, 2001 but executed as of May __, 2001 by and between Acadia Realty Trust, a Maryland real estate investment trust with offices at 20 Soundview Marketplace, Port Washington, New York 11050 (the "Trust") and Ross Dworman (the "Executive").

WHEREAS, the Trust and Executive have heretofore entered into that certain Employment Agreement dated as of October 28, 1998 pursuant to which the Executive is employed as Chairman and Chief Executive Officer of the Trust (the "Employment Agreement");

WHEREAS, Executive has resigned from the position of Chief Executive Officer, effective January 1, 2001 (the "Resignation") although he remains as Chairman of the Trust;

WHEREAS, in connection with the Resignation, the Trust and the Executive desire to implement certain amendments to the Employment Agreement as hereinafter set forth;

NOW, THEREFORE, it is hereby agreed that the Employment Agreement be, and hereby is, amended as follows:

1. Paragraph 3(a) of the Employment Agreement is hereby amended and restated to read in its entirety as follows:

"3. Services/Place of Employment.

(a) Services. From January 1, 2001 and thereafter during the Employment Period, Executive shall hold the position of Chairman of the Trust and shall serve as a member of the Board. Executive shall devote his best efforts and such business time, skill and attention to the business of the Trust (other than absences due to vacation, illness, disability or approved leave of absence) as in the reasonable business judgment of Executive is necessary to perform such duties as are customarily performed by similar executive officers and as may be more specifically enumerated from time to time by the Board or Executive Committee of the Board; provided, however, that the foregoing is not intended to (x) preclude Executive from (i) owning and managing personal investments, including real estate investments, subject to the restrictions set forth in Paragraph 13 hereof or (ii) engaging in charitable activities and community affairs, or (y) restrict or otherwise limit Executive from conducting real estate development, acquisition or management activities with respect to those properties described in Schedule A, attached hereto (the "Excluded Properties"), provided that the performance of the activities referred to in the preceding clauses (x) and (y) does not, in the reasonable business judgment of Executive, prevent Executive from devoting sufficient business time to the Trust to carry out Executive's duties as Chairman."

2. Paragraph 4(a) of the Employment Agreement is hereby deleted in its entirety and replaced with the following:

"4. Compensation and Benefits.

(a) Salary. From January 1, 2001 and thereafter during the Employment Period, the Trust shall pay Executive a minimum annual base salary in the amount of $175,000 (the "Annual Base Salary") payable in accordance with the Trust's regular payroll practices. Executive's Annual Base Salary shall be reviewed annually in accordance with the policy of the Trust from time to time and may be subject to upward adjustment based upon, among other things, Executive's performance, as determined in the sole discretion of the Compensation Committee of the Board (the "Compensation Committee"). In no event shall Executive's Annual Base Salary in effect at a particular time be reduced without his prior written consent."

3. Subparagraphs 7 (ii) and (iv) of the Employment Agreement is hereby deleted in its entirety and replaced with the following:

"7. Compensation Upon Termination of Employment Upon Death or Disability.

* * *

(ii) an amount equal to $301,350 (the "Severance Salary"); plus

* * *

(iv) a further amount equal to $243,500 (the "Severance Bonus"; plus"....

4. Except as amended by this First Amendment to Employment Agreement, the Employment Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Executive has hereunto set his hand and, pursuant to the authorization of its Board of Trustees, the Company has caused this First Amendment to Employment Agreement to be executed in its name on its behalf, all as of the day and year first above written.

EXECUTIVE

/s/ Ross Dworman

Ross Dworman

ACADIA REALTY TRUST

By: /s/ Robert Masters

Robert Masters
Senior Vice President