

CHELSEA PROPERTY GROUP INC

Form S-3

November 18, 2003

As filed with the Securities and Exchange Commission on November 18, 2003

**Registration Statement No. 333-
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**FORM S-3
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933**

Chelsea Property Group, Inc.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction
of incorporation or organization)

22-3251332

(I.R.S. employer
identification number)

**103 Eisenhower Parkway
Roseland, New Jersey 07068
(973) 228-6111**

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

**Leslie T. Chao, President
Chelsea Property Group, Inc.
103 Eisenhower Parkway
Roseland, New Jersey 07068
(973) 228-6111**

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copy to:

MARTIN H. NEIDELL, ESQ.
STROOCK & STROOCK & LAVAN LLP
180 Maiden Lane
New York, New York 10038
(212) 806-5836

Approximate date of commencement of proposed sale to public: From time to time after this Registration Statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434 under the Securities Act, please check the following box

CALCULATION OF REGISTRATION FEE

| Title of each Class of Securities to be Registered | Amount to be Registered | Proposed Maximum Offering Price Per Unit | Proposed Maximum Aggregate Offering Price(1) | Amount of Registration Fee |
|--|-------------------------|--|--|----------------------------|
| Common Stock | 1,340,755 Shares | \$54.80 | \$73,473,374 | \$5,944 |

(1) Estimated solely for the purpose of computing the registration fee in accordance with Rule 457 (c) of the Securities Act.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission or any applicable state securities commission becomes effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS

Subject to Completion, Dated November 18, 2003
1,340,755 Shares of Common Stock

CHELSEA PROPERTY GROUP, INC.

This is an offering of shares of common stock of Chelsea Property Group, Inc. by the selling stockholders identified in this prospectus. The selling stockholders are offering all of the shares to be sold in the offering, but they are not required to sell any of these shares. The shares may be sold at market prices, at prices related to market prices or at negotiated prices. Chelsea will not receive any of the proceeds from the offering.

Our shares of common stock are traded on the New York Stock Exchange under the symbol CPG. On November 17, 2003, the last reported sale price of our common stock on the New York Stock Exchange was \$54.80

per share.

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

The date of this Prospectus is November __, 2003

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the SEC's public reference rooms in New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms.

The SEC allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 until all of the securities are sold. Our SEC file number is 001-12328.

Annual Report on Form 10-K for the year ended December 31, 2002;

Quarterly Report on Form 10-Q for the three months ended March 31, 2003;

Quarterly Report on Form 10-Q for the six months ended June 30, 2003;

Quarterly Report on Form 10-Q for the nine months ended September 30, 2003;

Current report on Form 8-K reporting on an event which occurred December 19, 2002;

Current report on Form 8-K reporting on an event which occurred March 3, 2003;

Current report on Form 8-K, as amended, reporting on an event which occurred August 1, 2003; and

The information contained in the section "Policies with Respect to Certain Activities" contained in the Company's Registration Statement on Form S-11 (File No. 33-67870) filed on August 25, 1993, as amended.

You may request a copy of these filings at no cost, by writing or telephoning us at the following address:

Investor Relations
Chelsea Property Group, Inc.
103 Eisenhower Parkway
Roseland, New Jersey 07068

(973) 228-6111

<http://www.cpgi.com>;

You should rely only on the information incorporated by reference or provided in this prospectus. We have not authorized anyone else to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front of this prospectus.

THE COMPANY

Chelsea is a self-administered and self-managed real estate investment trust that specializes in owning, developing, redeveloping, leasing, marketing and managing upscale and fashion-oriented manufacturers' outlet centers. As of December 31, 2002, Chelsea wholly or partially-owned 58 centers in 30 states and Japan containing approximately 14.4 million square feet of gross leasable area, or GLA, represented by more than 750 tenants in approximately 3,400 stores. Our portfolio is comprised of 26 premium outlet centers containing 8.4 million square feet of GLA and 32 other retail centers containing 6.0 million square feet of GLA. Our premium properties generated approximately 86% of Chelsea's retail real estate net operating income for the year ended December 31, 2002. The premium properties generally are located near metropolitan areas including New York City, Los Angeles, Boston, Washington, D.C., San Francisco, Sacramento, Cleveland, Atlanta, Dallas, Portland (Oregon), Tokyo and Osaka, Japan, which have a population of at least one million people within a 30-mile radius, with average annual household income of greater than \$50,000. Some premium properties centers are also located within 20 miles of major tourist destinations including Palm Springs, the Napa Valley, Orlando, and Honolulu. During 2002, our domestic premium properties generated weighted average tenant sales of \$383 per square foot, defined as total sales reported by tenants divided by their gross leasable area weighted by months in operation.

Chelsea's executive offices are located at 103 Eisenhower Parkway, Roseland, New Jersey 07068 (telephone 973-228-6111). Our website can be accessed at www.cpgi.com.

USE OF PROCEEDS

We will not receive any proceeds from the sale of the shares of common stock offered hereby.

SELLING STOCKHOLDERS

The following table shows the names of the selling stockholders, the number of shares owned beneficially by them as of November 17, 2003, the number of shares to be sold and the number of shares to be owned by them after completion of the offering, assuming all of the shares being offered are sold. All of the shares listed in the chart below consist of limited partnership interests ("Units") in CPG Partners, L.P. which are convertible into shares of common stock of Chelsea on a one-for-one basis.

| Selling Stockholders | Shares Beneficially Owned Prior to Offering | | Shares of Common Stock to be Sold | Shares Beneficially Owned After Offering | |
|----------------------------|---|---------|-----------------------------------|--|---------|
| | Number | Percent | | Number | Percent |
| Lee Ann Bullough | 76,917 | * | 76,917 | 0 | |
| Bullough Irrevocable Trust | 26,874 | * | 26,874 | 0 | |
| Shane H. Bullough Trust | 211,103 | * | 100,000 | 111,103 | |

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| | | | | |
|--------------------------------------|---------|------|---------|---------|
| Castruccio Revocable Trust (1) | 43,000 | * | 5,000 | 38,000 |
| Kristi Crowe Trust | 31,678 | * | 31,678 | 0 |
| Martin Crowe Trust | 31,678 | * | 31,678 | 0 |
| Barry M. Ginsburg (2) | 621,316 | 1.5% | 120,000 | 501,316 |
| Barry M. Ginsburg Family Trust | 30,490 | * | 25,000 | 5,490 |
| Merle Z. Gross Ginsburg Family Trust | 30,488 | * | 25,000 | 5,488 |
| Daniel R. Fahratt Trust | 29,798 | * | 29,798 | 0 |
| Patrice M. Fahratt Trust | 31,678 | * | 31,678 | 0 |
| Jewish Communal Fund | 6,000 | * | 6,000 | 0 |
| James A. Morse Revocable Trust | 199,962 | * | 199,962 | 0 |
| James Morse Jr. Trust | 219,616 | * | 219,616 | 0 |
| Leah Rae Morse Revocable Trust | 206,262 | * | 206,262 | 0 |
| Robert J. Morse Trust | 79,960 | * | 79,960 | 0 |
| Elizabeth Rose | 28,950 | * | 15,000 | 13,950 |
| Cheryl M. Smallbone Trust | 41,559 | * | 41,559 | 0 |
| Steven W. Smallbone Trust | 41,273 | * | 41,273 | 0 |
| Andrea Travaglia | 438,000 | 1.0% | 25,000 | 413,000 |
| University of Notre Dame | 2,500 | * | 2,500 | 0 |

* less than 1%

(1) These shares may be transferred prior to sale to the Louis and Jane Castruccio Foundation of which Louis and Jane Castruccio are the sole trustees. Upon such event, such Foundation will become a selling stockholder hereunder.

(2) Includes units beneficially owned by Mr. Ginsburg's wife and trusts for the benefit of Mr. Ginsburg and his wife, including the two trusts which are selling stockholders hereunder. Mr. Ginsburg is a director of Chelsea and was Vice Chairman of Chelsea from 1993 to 1999.

The Company has entered into registration rights agreements with holders of Units to enable them to sell or distribute in a registered offering shares of common stock owned by them or issuable to them upon exchange of Units. The expenses of certain of such registrations will be borne by the Company. This registration statement is being filed pursuant to these registration rights agreements. All expenses of this offering (excluding underwriting discounts and selling commissions), are being borne by the Company.

The selling stockholders may be deemed to be underwriters under the Securities Act of 1933.

DETERMINATION OF OFFERING PRICE AND PLAN OF DISTRIBUTION

The sale of shares by the selling stockholders may be effected from time to time in transactions on The New York Stock Exchange, in the over-the-counter market, in negotiated transactions, or through a combination of such methods of sale, at fixed prices, which may be changed, at market prices prevailing at the time of sale, at prices related

to such prevailing market prices or at negotiated prices. The selling stockholders may effect such transactions by selling the shares to or through broker-dealers, and such broker-dealers may receive compensation in the form of discounts, concessions or commissions from the selling stockholders and/or the purchasers of the shares for which such broker-dealers may act as agent or to whom they sell as principals, or both (which compensation as to a particular broker-dealer may be in excess of customary compensation).

LEGAL MATTERS

Stroock & Stroock & Lavan LLP, New York, New York, will pass on the validity of the shares.

EXPERTS

Ernst & Young LLP, independent auditors, have audited (a) our consolidated financial statements and schedule included in our Annual Report on Form 10-K for the year ended December 31, 2002, as set forth in their report, (b) the combined statement of revenues and certain expenses of Albertville Factory Outlets and Johnson Creek Factory Outlets for the year ended December 31, 2001 included in our Current Report on Form 8-K dated December 19, 2002, as set forth in their report, (c) the combined statement of revenue and certain expenses of the New Plan Acquired Properties for the year ended December 31, 2001 included in our Current Report on Form 8-K dated December 19, 2002, as set forth in their report, (d) the statement of revenues and certain expenses for The Crossings Factory Stores for the year ended December 31, 2002 included in our Current Report on Form 8-K dated August 1, 2003, as amended, as set forth in their report and (e) the combined statement of revenues and certain expenses for Las Vegas Outlet World and Memphis Outlet World for the year ended December 31, 2002 included in our Current Report on Form 8-K dated August 1, 2003, as amended, as set forth in their report, which are all incorporated by reference in this prospectus. Our consolidated financial statements and schedule and the combined statement of revenues and certain expenses of Albertville Factory Outlets and Johnson Creek Factory Outlets, the combined statement of revenue and certain expenses of the New Plan Acquired Properties, the statement of revenues and certain expenses for The Crossings Factory Stores and the combined statement of revenues and certain expenses for Las Vegas Outlet World and Memphis Outlet World are incorporated by reference in reliance on their reports, given on their authority as experts in accounting and auditing.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

The estimated expenses in connection with the distribution of the Shares being registered hereunder are set forth in the following table (all amounts except the SEC registration fee are estimated):

| | |
|--|----------|
| Securities and Exchange Commission Registration Fee..... | \$ 5,944 |
| Accounting Fees and Expenses..... | \$ 7,500 |
| Legal Fees and Expenses..... | \$10,000 |
| Printing Expenses..... | \$ 2,000 |
| Miscellaneous..... | \$ 2,006 |
| Total..... | \$27,500 |

Item 15. Indemnification of Directors and Officers.

The Company is a Maryland corporation. The Company's Articles of Incorporation contain a provision limiting the liability of the directors and officers to the fullest extent permitted by Section 5-349 of the Courts and Judicial Proceedings Code of Maryland. The Company's Articles of Incorporation also contain a provision permitted under Maryland General Corporation Law eliminating (with limited exceptions) each director's personal liability for

monetary damages for breach of any duty as a director. In addition, the Company's Articles of Incorporation and Bylaws provide for the Company's indemnification of its directors and officers from certain liabilities and expenses, as well as advancement of costs, expenses and attorneys' fees, to the fullest extent permitted under Maryland General Corporation Law. Such rights are contract rights fully enforceable by each beneficiary thereof, and are in addition to, and not exclusive of, any other right to indemnification.

Item 16. Exhibits.

- | | | |
|------|----|--|
| 5.1 | -- | Opinion of Stroock & Stroock & Lavan LLP as to the legality of the Shares. |
| 23.1 | -- | Consent of Stroock & Stroock & Lavan LLP (included in Exhibit 5.1). |
| 23.2 | -- | Consent of Ernst & Young LLP. |
| 24 | -- | Power of Attorney (included on signature page of this Registration Statement). |

Item 17. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to the Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement.

Provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the Registration Statement is on Form S-3 or Form S-8 and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration

statement relating to the securities offered therein and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(d) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(e) The undersigned Registrant hereby undertakes (1) to use its best efforts to distribute prior to the opening of bids, to prospective bidders, underwriters, and dealers, a reasonable number of copies of a prospectus which at that time meets the requirements of Section 10(a) of the Securities Act, and relating to the securities offered at competitive bidding, as contained in the Registration Statement, together with any supplements thereto, and (2) to file an amendment to the Registration Statement reflecting the results of bidding, the terms of the reoffering and related matters to the extent required by the applicable form, not later than the first use, authorized by the Registrant after the opening of bids, of a prospectus relating to the securities offered at competitive bidding, unless no further public offering of such securities by the Registrant and no reoffering of such securities by the purchasers is proposed to be made.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Roseland, State of New Jersey, on November 17, 2003.

CHELSEA PROPERTY GROUP, INC.

By: /s/ Leslie T. Chao
Name: Leslie T. Chao
Title: President

POWER OF ATTORNEY

