

ACADIA REALTY TRUST  
Form 8-K  
October 25, 2013

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 8-K  
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): October 22, 2013

ACADIA REALTY TRUST

(Exact name of registrant as specified in its charter)

|  |                          |                                      |
|--|--------------------------|--------------------------------------|
| Maryland                                       | 1-12002                  | 23-2715194                           |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

1311 Mamaroneck Avenue  
Suite 260

White Plains, New York 10605

(Address of principal executive offices) (Zip Code)

(914) 288-8100

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425 )

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01 Other Events

The following information sets forth the consolidated financial results of Acadia Realty Trust and subsidiaries (the “Company”) for the quarter ended September 30, 2013. All per share amounts set forth below are on a fully diluted basis.

Earnings

Funds from operations (“FFO”) (see financial information below for FFO definition and reconciliation to Net Income) of \$0.32 per share

Earnings per share (“EPS”) from continuing operations of \$0.16

Core Portfolio -Strong Internal Growth Accompanied by Asset Recycling

Same store net operating income (“NOI”) for the third quarter up 4.8% compared to 2012 and increased 8.4% on a year-to-date basis

September 30, 2013 94.0% portfolio occupancy; 95.7% including leased space not yet occupied

- Currently under contract to sell an A&P supermarket-anchored shopping center for \$18.4 million

Closed on previously announced \$11.8 million acquisition in Georgetown, D.C.

Fund Platform - Acquisitions, Monetization and Redevelopment Progress

Acadia Strategic Opportunity Fund IV LLC (“Fund IV”) closed on \$18.9 million and is currently under contract for another \$37.3 million of acquisitions

Acadia Strategic Opportunity Fund II, LLC (“Fund II”) currently under contract to sell Fordham Place and Pelham Manor Shopping Plaza for \$192.4 million

Signed Target as a co-anchor at Fund II’s City Point project; now 65% pre-leased

Third Quarter 2013 Operating Results

FFO and Net Income from Continuing Operations for the quarter ended September 30, 2013 were \$17.9 million and \$8.9 million, respectively, compared to \$12.7 million and \$5.8 million, respectively, for the quarter ended September 30, 2012. For the nine months ended September 30, 2013, FFO and Net Income from Continuing Operations were \$52.1 million and \$26.0 million, respectively, compared to \$34.2 million and \$14.8 million, respectively, for the nine months ended September 30, 2012.

Earnings for the three and nine months ended September 30, 2013 and 2012, on a per share basis, were as follows:

|                                  | Quarters ended September 30, |        |          | Nine Months ended September 30, |        |          |
|----------------------------------|------------------------------|--------|----------|---------------------------------|--------|----------|
|                                  | 2013                         | 2012   | Variance | 2013                            | 2012   | Variance |
| FFO per share                    | \$0.32                       | \$0.27 | \$0.05   | \$0.93                          | \$0.75 | \$0.18   |
| EPS from continuing operations   | \$0.16                       | \$0.12 | \$0.04   | \$0.47                          | \$0.33 | \$0.14   |
| EPS from discontinued operations | \$0.01                       | \$0.04 | \$(0.03) | \$0.03                          | \$0.08 | \$(0.05) |
| EPS                              | \$0.17                       | \$0.16 | \$0.01   | \$0.50                          | \$0.41 | \$0.09   |

Core Portfolio - Strong Internal Growth and Strategic Asset Recycling

The Company's core portfolio ("Core Portfolio") is comprised of properties that are owned in whole or in part by the Company outside of its opportunity funds (the "Funds").

#### Same-Store NOI and Occupancy

Core Portfolio same-store NOI increased 4.8% for the third quarter 2013 compared to the third quarter 2012, and 8.4% year-to-date.

At September 30, 2013, the Company's Core Portfolio occupancy was 94.0%, as compared to 93.7% as of June 30, 2013. Including space currently leased but not yet occupied, the Core Portfolio was 95.7% leased.

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#### Rent Spreads on New and Renewal Leases

The Company realized an increase in average rents on a GAAP basis, which includes the effect of the straight-lining of rents, of 14.3% on 155,000 square feet of new and renewal leases executed during the third quarter of 2013 in its Core Portfolio. On a contractual rent basis, which excludes straight-line rent, the Company experienced an increase of 4.6% in average rents for these same leases.

#### Recycling Activity - Acquired in Georgetown and Selling in New Jersey

The Company has closed on \$120.9 million of Core Portfolio acquisitions since the beginning of 2013. As previously announced, the Company closed on 3200-3204 M Street in Georgetown, DC for a purchase price of \$11.8 million. This 7,000 square foot property, tenanted by Banana Republic, is located at the intersection of M Street and Wisconsin Avenue, the two most desirable retail corridors in Georgetown. The location benefits from excellent demographics, including a population of approximately 321,000 and an average income of approximately \$114,000 within a 3-mile radius.

During the third quarter, the Company entered into a contract to sell the A&P Shopping Center located in Boonton, New Jersey for \$18.4 million.

The closing of this transaction and those under contract as discussed hereafter are subject to customary closing conditions, and specific to the sale of the A&P Shopping Center, the assumption of debt. As such, no assurance can be given that the Company will successfully complete these transactions.

#### Core Portfolio Anchor Recycling

As previously announced, the Company initiated three key re-anchoring projects during 2011. Two of the projects, the Bloomfield Town Square, located in Bloomfield Hills, Michigan, and the Branch Plaza located in Smithtown (Long Island), New York were completed prior to 2013. During the third quarter, the Company completed a lease with Designer Shoe Warehouse (“DSW”) at the Crossroads Shopping Center located in White Plains, New York. Together with the recently signed PetSmart, these tenants will replace the former A&P supermarket at approximately double the rent and will raise the center’s leased rate to 96%.

#### Fund Platform - Closed on \$18.9 Million Acquisition; Continued Monetization of Fund II Assets

##### Fund IV New Investments

During the third quarter, Fund IV, in partnership with two unaffiliated entities, completed the acquisition of Paramus Plaza for \$18.9 million. This 152,100 square foot property is anchored by Babies “R” Us and Ashley Furniture. The center is located on Route 17 South in the affluent suburban neighborhood of Paramus, New Jersey with a population of approximately 106,000 within a three mile radius and a median annual household income of approximately \$123,000.

Also during the quarter, Fund IV entered into contracts to purchase \$37.3 million of new acquisitions.

##### Fund II Continued Monetization

During the third quarter, Fund II entered into a contract to sell Fordham Place and the retail portion of the Pelham Manor Shopping Plaza for a combined purchase price of \$192.4 million. Fund II developed these properties in connection with its New York Urban/Infill Redevelopment Initiative. The Company anticipates closing on this

transaction prior to the end of the year.

#### City Point Progress

During the quarter, Fund II entered into a lease with Target to co-anchor City Point, its 1.8 million square foot mixed-use project located in downtown Brooklyn with a vibrant mix of retail, entertainment, food and residential uses. The new CityTarget store, which will occupy 120,000 square feet representing the entire second floor, will join other high-quality anchors Century 21 Department Store, Armani Exchange and Alamo Drafthouse Cinema. Following the signing of this lease, the Company has now completed all pre-leasing of the anchor retail space at City Point and the 675,000 square foot retail component is now 65% pre-leased. With the second through fifth floors now leased, only the first floor and concourse level remain to be leased between now and the expected opening of the center in 2015.

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## ACADIA REALTY TRUST AND SUBSIDIARIES

## Financial Highlights

For the Quarters and Nine Months ended September 30, 2013 and 2012

(dollars and Common Shares in thousands, except per share data)

|  | For the Quarters ended |          | For the Nine Months ended |           |
|--|------------------------|----------|---------------------------|-----------|
|  | September 30,<br>2013  | 2012     | September 30,<br>2013     | 2012      |
| Revenues   |                        |          |                           |           |
| Rental income  | \$29,913               | \$21,708 | \$88,067                  | \$59,208  |
| Interest income  | 2,969                  | 1,921    | 9,265                     | 6,127     |
| Expense reimbursements                                       | 7,279                  | 4,567    | 20,800                    | 13,770    |
| Other property income  | 139                    | 345      | 737                       | 762       |
| Management fee income  | 18                     | 290      | 60                        | 1,166     |
| Other income   | —                      | —        | 2,962                     | —         |
| Total revenues   | 40,318                 | 28,831   | 121,891                   | 81,033    |
| Operating expenses   |                        |          |                           |           |
| Property operating   | 5,937                  | 4,487    | 16,130                    | 13,041    |
| Real estate taxes  | 5,795                  | 4,353    | 15,739                    | 11,973    |
| General and administrative                                   | 5,335                  | 5,517    | 17,261                    | 16,636    |
| Depreciation and amortization                                | 10,450                 | 7,376    | 29,278                    | 20,671    |
| Total operating expenses                                     | 27,517                 | 21,733   | 78,408                    | 62,321    |
| Operating income   | 12,801                 | 7,098    | 43,483                    | 18,712    |
| Equity in earnings (losses) of unconsolidated affiliates     | 4,209                  | (2,538 ) | 7,274                     | 1,997     |
| Impairment of asset  | —                      | —        | (1,500 )                  | —         |
| Interest expense and other finance costs                     | (10,517 )              | (6,085 ) | (29,562 )                 | (16,547 ) |
| Income (loss) from continuing operations before income taxes | 6,493                  | (1,525 ) | 19,695                    | 4,162     |
| Income tax (provision) benefit                               | (186 )                 | 104      | (53 )                     | (1,125 )  |
| Income (loss) from continuing operations                     | 6,307                  | (1,421 ) | 19,642                    | 3,037     |

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## ACADIA REALTY TRUST AND SUBSIDIARIES

## Financial Highlights

For the Quarters and Nine Months ended September 30, 2013 and 2012

(dollars and Common Shares in thousands, except per share data)

|  | For the Quarters ended<br>September 30, |         | For the Nine Months ended<br>September 30, |          |
|--|---|---------|--|----------|
|  | 2013                                    | 2012    | 2013                                       | 2012     |
| Operating income from discontinued operations  | 2,835                                   | 2,159   | 6,100                                      | 9,030    |
| Gain on sale of properties   | —                                       | 5,917   | 4,191                                      | 8,585    |
| Income from discontinued operations  | 2,835                                   | 8,076   | 10,291                                     | 17,615   |
| Net income   | 9,142                                   | 6,655   | 29,933                                     | 20,652   |
| Loss (income) attributable to noncontrolling interests:                                |   |         |  |          |
| Continuing operations  | 2,551                                   | 7,223   | 6,391                                      | 11,775   |
| Discontinued operations  | (2,208)                                 | (6,297) | (8,459)                                    | (13,998) |
| Net loss (income) attributable to noncontrolling interests                             | 343                                     | 926     | (2,068)                                    | (2,223)  |
| Net income attributable to Common Shareholders   | \$9,485                                 | \$7,581 | \$27,865                                   | \$18,429 |
| Supplemental Information   |   |         |  |          |
| Income from continuing operations attributable to                                      |   |         |  |          |
| Common Shareholders  | \$8,858                                 | \$5,802 | \$26,033                                   | \$14,812 |
| Income from discontinued operations attributable to                                    |   |         |  |          |
| Common Shareholders  | 627                                     | 1,779   | 1,832                                      | 3,617    |
| Net income attributable to Common Shareholders   | \$9,485                                 | \$7,581 | \$27,865                                   | \$18,429 |
| Net income attributable to Common Shareholders per Common Share - Basic                |   |         |  |          |
| Net income per Common Share - Continuing operations                                    | \$0.16                                  | \$0.12  | \$0.48                                     | \$0.33   |
| Net income per Common Share - Discontinued operations                                  | 0.01                                    | 0.04    | 0.03                                       | 0.08     |
| Net income per Common Share  | \$0.17                                  | \$0.16  | \$0.51                                     | \$0.41   |
| Weighted average Common Shares   | 55,460                                  | 46,338  | 54,686                                     | 44,447   |
| Net income attributable to Common Shareholders per Common Share - Diluted <sup>1</sup> |   |         |  |          |
| Net income per Common Share - Continuing Operations                                    | \$0.16                                  | \$0.12  | \$0.47                                     | \$0.33   |

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Net income per Common Share -  
Discontinued

|                                |        |        |        |        |
|--------------------------------|--------|--------|--------|--------|
| Operations                     | 0.01   | 0.04   | 0.03   | 0.08   |
| Net income per Common Share    | \$0.17 | \$0.16 | \$0.50 | \$0.41 |
| Weighted average Common Shares | 55,818 | 46,812 | 55,092 | 44,884 |

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## ACADIA REALTY TRUST AND SUBSIDIARIES

## Financial Highlights

For the Quarters and Nine Months ended September 30, 2013 and 2012

(dollars and Common Shares in thousands, except per share data)

RECONCILIATION OF NET INCOME TO FUNDS FROM OPERATIONS <sup>2</sup>

|  | For the Quarters ended<br>September 30, |          | For the Nine Months ended<br>September 30, |          |
|--|---|----------|--|----------|
|  | 2013                                    | 2012     | 2013                                       | 2012     |
| Net income attributable to Common Shareholders   | \$9,485                                 | \$7,581  | \$27,865                                   | \$18,429 |
| Depreciation of real estate and amortization of leasing costs<br>(net of noncontrolling interests' share): |   |          |  |          |
| Consolidated affiliates  | 7,558                                   | 5,827    | 21,145                                     | 16,308   |
| Unconsolidated affiliates  | 777                                     | 374      | 1,978                                      | 1,155    |
| Impairment of asset  | —                                       | —        | 1,500                                      | —        |
| Gain on sale (net of noncontrolling interests' share):   |   |          |  |          |
| Consolidated affiliates  | —                                       | (1,178 ) | (776 )                                     | (1,391 ) |
| Unconsolidated affiliates  | —                                       | —        | —  | (609 )   |
| Income attributable to noncontrolling interests' in Operating Partnership                                  | 104                                     | 105      | 329  | 269      |
| Distributions - Preferred OP Units   | 5                                       | 4        | 16   | 14       |
| Funds from operations  | \$17,929                                | \$12,713 | \$52,057                                   | \$34,175 |
| Funds from operations per share - Diluted Weighted average Common Shares and OP Units <sup>3</sup>         | 56,436                                  | 47,410   | 55,735                                     | 45,513   |
| Funds from operations, per share   | \$0.32                                  | \$0.27   | \$0.93                                     | \$0.75   |

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## ACADIA REALTY TRUST AND SUBSIDIARIES

## Financial Highlights

For the Quarters and Nine Months ended September 30, 2013 and 2012

(dollars in thousands)

## RECONCILIATION OF OPERATING INCOME TO NET PROPERTY

## OPERATING INCOME ("NOI")

|   | For the Quarters ended |          | For the Nine Months ended |           |
|---|------------------------|----------|---------------------------|-----------|
|   | September 30,<br>2013  | 2012     | September 30,<br>2013     | 2012      |
| Operating income  | \$12,801               | \$7,098  | \$43,483                  | \$18,712  |
| Add back:   |                        |          |                           |           |
| General and administrative  | 5,335                  | 5,517    | 17,261                    | 16,636    |
| Depreciation and amortization   | 10,450                 | 7,376    | 29,278                    | 20,671    |
| Less:   |                        |          |                           |           |
| Management fee income   | (18 )                  | (290 )   | (60 )                     | (1,166 )  |
| Interest income   | (2,969 )               | (1,921 ) | (9,265 )                  | (6,127 )  |
| Straight line rent and other adjustments                                    | (1,724 )               | (262 )   | (4,271 )                  | (1,322 )  |
| Consolidated NOI  | 23,875                 | 17,518   | 76,426                    | 47,404    |
| Noncontrolling interest in NOI  | (6,695 )               | (4,638 ) | (24,709 )                 | (10,906 ) |
| Pro-rata share of NOI   | 17,180                 | 12,880   | 51,717                    | 36,498    |
| Operating Partnerships' interest in Opportunity Funds                       | (930 )                 | (1,064 ) | (3,683 )                  | (2,427 )  |
| Operating Partnerships' share of unconsolidated joint ventures <sup>4</sup> | 662                    | 1,521    | 2,017                     | 4,900     |
| NOI - Core Portfolio  | \$16,912               | \$13,337 | \$50,051                  | \$38,971  |

## SELECTED BALANCE SHEET INFORMATION

|                           | As of                  |                      |
|---------------------------|------------------------|----------------------|
|                           | September 30,<br>2013  | December 31,<br>2012 |
|                           | (dollars in thousands) |                      |
| Cash and cash equivalents | \$88,421               | \$91,813             |
| Rental property, at cost  | 1,348,979              | 1,051,531            |
| Total assets              | 2,349,368              | 1,908,440            |
| Notes payable             | 1,004,555              | 603,973              |
| Total liabilities         | 1,236,212              | 838,184              |



Notes:

<sup>1</sup> Reflects the potential dilution that could occur if securities or other contracts to issue Common Shares were exercised or converted into Common Shares. The effect of the conversion of Common OP Units is not reflected in the above table as they are exchangeable for Common Shares on a one-for-one basis. The income allocable to such units is allocated on the same basis and reflected as noncontrolling interests in the consolidated financial statements. As such, the assumed conversion of these units would have no net impact on the determination of diluted earnings per share.

<sup>2</sup> The Company considers funds from operations (“FFO”) as defined by the National Association of Real Estate Investment Trusts (“NAREIT”) and net property operating income (“NOI”) to be appropriate supplemental disclosures of operating performance for an equity REIT due to their widespread acceptance and use within the REIT and analyst communities. FFO and NOI are presented to assist investors in analyzing the performance of the Company. They are helpful as they exclude various items included in net income that are not indicative of the operating performance, such as gains (losses) from sales of depreciated property, depreciation and amortization, and impairment of depreciable real estate. In addition, NOI excludes interest expense. The Company’s method of calculating FFO and NOI 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 generally accepted accounting principles (“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. Consistent with the NAREIT definition, the Company defines FFO as net income (computed in accordance with GAAP), excluding gains (losses) from sales of depreciated property, plus depreciation and amortization, impairment of depreciable real estate, and after adjustments for unconsolidated partnerships and joint ventures.

<sup>3</sup> In addition to the weighted average Common Shares outstanding, basic and diluted FFO also assume full conversion of a weighted average 592 and 612 OP Units into Common Shares for the quarters ended September 30, 2013 and 2012, respectively and 618 and 617 OP Units into Common Shares for the nine months ended September 30, 2013 and 2012, respectively. Diluted FFO also includes the assumed conversion of Preferred OP Units into 25 Common Shares for each of the quarters and nine months ended September 30, 2013 and 2012. In addition, diluted FFO also includes the effect of 358 and 435 employee share options, restricted share units and LTIP units for the quarters ended September 30, 2013 and 2012, respectively and 406 and 424 employee share options, restricted share units and LTIP units for the nine months ended September 30, 2013 and 2012, respectively.

<sup>4</sup> Does not include share of unconsolidated joint ventures within Opportunity Funds.

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**SIGNATURES**

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

ACADIA REALTY TRUST  
(Registrant)

Date: October 25, 2013 By: /s/ Jonathan Grisham

Name: Jonathan Grisham  
Title: Sr. Vice President  
and Chief Financial Officer