

ACADIA REALTY TRUST
Form 10-Q
October 28, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2016

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 (I.R.S. Employer
incorporation or organization) Identification No.)

411 THEODORE FREMD
AVENUE, SUITE 300, RYE, 10580
NY (Zip Code)
(Address of principal executive
offices)
(914) 288-8100

(Registrant's telephone number, including area code)

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 NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer

Non-accelerated Filer Smaller Reporting Company

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) Yes No

As of October 28, 2016 there were 80,863,404 common shares of beneficial interest, par value \$.001 per share, outstanding.

ACADIA REALTY TRUST AND SUBSIDIARIES

FORM 10-Q

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Part I. Financial Information

Item 1. Financial Statements.

ACADIA REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(dollars in thousands)	September 30, 2016	December 31, 2015
(unaudited)		
ASSETS		
Operating real estate		
Land	\$ 533,521	\$ 514,120
Buildings and improvements	1,786,608	1,593,350
Construction in progress	23,068	19,239
	2,343,197	2,126,709
Less: accumulated depreciation	276,383	298,703
Net operating real estate	2,066,814	1,828,006
Real estate under development	676,592	609,574
Notes receivable and preferred equity investments	266,816	147,188
Investments in and advances to unconsolidated affiliates	273,576	173,277
Cash and cash equivalents	49,242	72,776
Cash in escrow	22,115	26,444
Restricted cash	2,378	10,840
Rents receivable, net	42,171	40,425
Deferred charges, net	24,786	22,568
Acquired lease intangibles, net	93,819	52,593
Prepaid expenses and other assets	60,210	48,628
Total assets	\$ 3,578,519	\$ 3,032,319
LIABILITIES		
Mortgage and other notes payable, net of unamortized loan costs of \$11,111 and \$10,567, respectively, and unamortized premiums of \$1,524 and \$1,364, respectively	\$ 887,956	\$ 1,050,051
Unsecured notes payable, net of unamortized loan costs of \$1,673 and \$1,155, respectively	407,563	308,555
Distributions in excess of income from, and investments in, unconsolidated affiliates	24,249	13,244
Accounts payable and accrued expenses	40,721	38,754
Dividends and distributions payable	21,675	37,552
Acquired lease intangibles, net	78,474	31,809
Other liabilities	108,828	31,000
Total liabilities	1,569,466	1,510,965
EQUITY		
Shareholders' Equity		
Common shares, \$.001 par value, authorized 100,000,000 shares; issued and outstanding 80,863,404 and 70,258,415 shares, respectively	81	70
Additional paid-in capital	1,500,864	1,092,239
Accumulated other comprehensive loss	(12,844) (4,463
Retained earnings	8,815	12,642
Total shareholders' equity	1,496,916	1,100,488
Noncontrolling interests	512,137	420,866
Total equity	2,009,053	1,521,354

Total liabilities and equity	\$ 3,578,519	\$ 3,032,319
See accompanying notes		

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ACADIA REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

(dollars in thousands, except per share amounts)	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Revenues				
Rental income	\$35,710	\$40,722	\$109,486	\$118,693
Interest income	7,245	5,728	19,298	13,121
Expense reimbursements	7,192	8,020	22,920	25,911
Other	953	2,382	3,412	4,769
Total revenues	51,100	56,852	155,116	162,494
Operating Expenses				
Property operating	5,055	6,304	15,697	20,231
Other operating	3,265	396	4,094	3,115
Real estate taxes	6,195	6,153	18,000	18,864
General and administrative	12,869	7,603	30,742	23,140
Depreciation and amortization	15,217	17,461	46,744	45,022
Impairment of asset	—	—	—	5,000
Total operating expenses	42,601	37,917	115,277	115,372
Operating income	8,499	18,935	39,839	47,122
Equity in (losses) earnings of unconsolidated affiliates	(102)	2,195	3,592	12,194
Gain on disposition of property of unconsolidated affiliates	—	6,938	—	24,043
Loss on debt extinguishment	—	—	(15)	(134)
Gain on disposition of properties	—	79	81,965	89,063
Interest and other finance expense	(7,982)	(9,345)	(24,902)	(28,130)
Income before income tax provision	415	18,802	100,479	144,158
Income tax provision	(89)	(698)	(123)	(2,059)
Net income	326	18,104	100,356	142,099
Noncontrolling interests				
Net loss (income) attributable to noncontrolling interests	5,786	(4,328)	(47,401)	(85,281)
Net income attributable to Common Shareholders	\$6,112	\$13,776	\$52,955	\$56,818
Basic and diluted earnings per share	\$0.08	\$0.20	\$0.71	\$0.82
See accompanying notes				

ACADIA REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
(dollars in thousands)				
Net income	\$326	\$18,104	\$100,356	\$142,099
Other comprehensive income (loss)				
Unrealized income (loss) on valuation of swap agreements	1,474	(5,671)	(12,624)	(7,328)
Reclassification of realized interest on swap agreements	1,210	1,026	3,396	4,478
Other comprehensive income (loss)	2,684	(4,645)	(9,228)	(2,850)
Comprehensive income	3,010	13,459	91,128	139,249
Comprehensive loss (income) attributable to noncontrolling interests	5,478	(3,743)	(46,554)	(85,772)
Comprehensive income attributable to Common Shareholders	\$8,488	\$9,716	\$44,574	\$53,477
See accompanying notes				

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ACADIA REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

(unaudited)

(amounts in thousands, except per share amounts)	Common Shares		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Amount						
Balance at December 31, 2015	70,258	\$ 70	\$1,092,239	\$ (4,463)	\$ 12,642	\$ 1,100,488	\$ 420,866	\$ 1,521,354
Conversion of OP Units to Common Shares by limited partners of the Operating Partnership	350	1	7,874	—	—	7,875	(7,875)	—
Issuance of Common Shares, net of issuance costs	10,228	10	357,252	—	—	357,262	—	357,262
Issuance of OP Units to acquire real estate	—	—	—	—	—	—	29,336	29,336
Dividends and dividend equivalents declared (\$0.75 per Common Share)	—	—	—	—	—	—	—	—