

ACADIA REALTY TRUST
Form 8-K
April 24, 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): April 23, 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 March 31, 2013 as well as additional recent developments. All per share amounts set forth below are on a fully diluted basis.

Recent Development Highlights

Earnings

Funds from Operations ("FFO") (see financial information below for FFO definition and reconciliation to Net Income) of \$0.31 per share for the first quarter 2013

Earnings per share ("EPS") from continuing operations of \$0.18 for the first quarter 2013

Dividend Increase

The Company increased its quarterly dividend 17%, from \$0.18 to \$0.21 for the first quarter 2013

Core Portfolio - Strong Same Store NOI; Significant progress towards 2013 Acquisitions Goal

Same store net operating income ("NOI") for the first quarter up 10.9% compared to 2012

March 31, 2013 portfolio occupancy of 93.6%

During the first quarter 2013, closed on an \$86.6 million "Magnificent Mile" retail property in Chicago

Balance Sheet - Positioned for Growth with Low Leverage and New \$150 Million Unsecured Line

Closed on a new \$150 million unsecured line of credit during the quarter

Subsequent to quarter end, completed \$125 million at-the-market ("ATM") program and initiated a new ATM program for \$150 million

First Quarter 2013 Operating Results

FFO and Net Income from Continuing Operations for the quarter ended March 31, 2013 were \$16.8 million and \$9.6 million, respectively, compared to \$9.3 million and \$3.5 million, respectively, for the quarter ended March 31, 2012.

Earnings for the quarters ended March 31, 2013 and 2012, on a per share basis, were as follows:

	Quarters ended March 31,		Variance
	2013	2012	
FFO per share	\$0.31	\$0.21	\$0.10
EPS from continuing operations	\$0.18	\$0.08	\$0.10
EPS from discontinued operations	\$—	\$0.01	\$(0.01)
EPS	\$0.18	\$0.09	\$0.09

Strong Core Portfolio Performance; Closed on \$87 Million in Chicago

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 10.9% for the first quarter 2013 compared to the first quarter 2012. Excluding the impact of re-anchoring activities at the Bloomfield Town Square and Branch Plaza that occurred during 2012, same-store NOI increased 5.6%.

At March 31, 2013, the Company's Core Portfolio occupancy was 93.6%, as compared to 94.2% as of December 31, 2012. Including space currently leased but not yet occupied, the Core Portfolio was 94.0% leased.

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 23.3% on 87,000 square feet of new and renewal leases executed during the first quarter of 2013 in its Core Portfolio. On a contractual rent basis, which excludes straight-line rent, the Company experienced an increase of 6.4% in average rents for these same leases.

Acquisition Activity - Continued Investment in Street Retail

During the first quarter 2013, the Company closed on 664 North Michigan Avenue in Chicago, IL for a purchase price of \$86.6 million. The property is located on Michigan Avenue between Erie and Huron Streets, in the middle of Chicago's premier retail corridor. Also called the Magnificent Mile, this is the city's most popular shopping destination with eight blocks of high-quality retail, world-class hotels, museums and noted art galleries and an international tourist draw for Chicago's over 38 million annual tourists.

The property is an 18,141 square foot retail property which is a vertically subdivided commercial parcel that forms the base of the 40-story Ritz-Carlton Residences Chicago, luxury residential condominiums. Tenants at the property include Tommy Bahama and Ann Taylor Loft which are expected to open during the second quarter of 2013. The property is surrounded by both mainstream and high-end retailers including Apple, Burberry, Niketown, Crate & Barrel, Rolex, Cartier, Zara, Saks Fifth Avenue, Cole Haan and Salvatore Ferragamo.

Fund Platform - Continued Progress Following \$569 Million of Transactions during December 2012

During the first quarter 2013, redevelopment activities continued to progress at various projects within the Company's Fund platform, including City Point (Brooklyn), Cortlandt Crossing (Westchester County, NY) and Broad Hollow Commons (Long Island). These projects are anticipated to aggregate approximately \$350 million to \$450 million in total costs when complete. This follows significant transactional activity during December 2012 including acquisitions in the Company's recently formed Acadia Strategic Opportunity Fund IV LLC ("Fund IV") aggregating \$151.2 million and monetization of Acadia Strategic Opportunity Fund II, LLC ("Fund II") and Acadia Strategic Opportunity Fund III LLC ("Fund III") assets totaling \$417.9 million.

Balance Sheet - New Unsecured Line; Maintaining Low Leverage

During the first quarter, the Company closed on a new unsecured line of credit, replacing its existing \$64.5 million secured line. The current availability of up to \$150 million under the facility can be increased to \$300 million based on achieving certain thresholds. Interest is based on levels of leverage starting with a rate of LIBOR plus 155 basis points.

During the first quarter, the Company issued 2.0 million Common Shares under its ATM program for net proceeds of \$52.9 million. Subsequent to March 31, 2013, the Company completed its existing \$125 million ATM program and renewed it for \$150 million.

ACADIA REALTY TRUST AND SUBSIDIARIES

Financial Highlights

For the Quarters ended March 31, 2013 and 2012

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

	For the Quarters ended March 31,			
	2013	2012		
Revenues				
Minimum rents	\$28,762	\$21,708		
Percentage rents	95	243		
Mortgage interest income	2,869	2,055		
Expense reimbursements	7,156	5,402		
Other property income	399	72		
Management fee income	146	433		
Other income	2,962	—		
Total revenues	42,389	29,913		
Operating expenses				
Property operating	6,427	5,457		
Real estate taxes	4,858	4,139		
General and administrative	5,623	5,925		
Depreciation and amortization	9,756	7,146		
Total operating expenses	26,664	22,667		
Operating income	15,725	7,246		
Equity in earnings (losses) of unconsolidated affiliates	2,377	(56)	
Other interest income	29	54		
Interest expense and other finance costs	(7,805)	(6,560)
Income from continuing operations before income taxes	10,326	684		
Income tax benefit (provision)	140	(188)	
Income from continuing operations	10,466	496		

ACADIA REALTY TRUST AND SUBSIDIARIES

Financial Highlights

For the Quarters ended March 31, 2013 and 2012

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

	For the Quarters ended March 31,	
	2013	2012
Operating income from discontinued operations	397	2,327
Net income	10,863	2,823
(Income) loss attributable to noncontrolling interests:		
Continuing operations	(892)	2,992
Discontinued operations	(348)	(1,805)
Net (income) loss attributable to noncontrolling interests	(1,240)	1,187
Net income attributable to Common Shareholders	\$9,623	\$4,010
Supplemental Information		
Income from continuing operations attributable to Common Shareholders	\$9,574	\$3,488
Income from discontinued operations attributable to Common Shareholders	49	522
Net income attributable to Common Shareholders	\$9,623	\$4,010
Net income attributable to Common Shareholders per Common Share - Basic		
Net income per Common Share - Continuing operations	\$0.18	\$0.08
Net income per Common Share - Discontinued operations	—	0.01
Net income per Common Share	\$0.18	\$0.09
Weighted average Common Shares	53,414	42,736
Net income attributable to Common Shareholders per Common Share - Diluted ¹		
Net income per Common Share - Continuing operations	\$0.18	\$0.08
Net income per Common Share - Discontinued operations	—	0.01
Net income per Common Share	\$0.18	\$0.09