

ACADIA REALTY TRUST  
Form 10-Q  
August 07, 2013

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 June 30, 2013

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

(State or other jurisdiction of  
incorporation or organization)

23-2715194

(I.R.S. Employer  
Identification No.)

1311 MAMARONECK AVENUE, SUITE 260, WHITE  
PLAINS, NY

(Address of principal executive offices)

(914) 288-8100

(Registrant's telephone number, including area code)

10605

(Zip 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

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

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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 August 7, 2013 there were 55,448,856 common shares of beneficial interest, par value \$.001 per share, outstanding.

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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)	June 30, 2013 (unaudited)	December 31, 2012
<b>ASSETS</b>		
Operating real estate		
Land	\$329,674	\$293,691
Buildings and improvements	1,173,679	953,020
Construction in progress	4,269	2,429
	1,507,622	1,249,140
Less: accumulated depreciation	232,591	187,029
Net operating real estate	1,275,031	1,062,111
Real estate under development	308,802	246,602
Notes receivable, net	105,484	129,278
Investments in and advances to unconsolidated affiliates	188,299	221,904
Cash and cash equivalents	100,022	91,813
Cash in escrow	21,810	18,934
Restricted cash	153,022	—
Rents receivable, net	33,035	27,744
Deferred charges, net	39,277	26,777
Acquired lease intangibles, net	31,742	31,975
Prepaid expenses and other assets	40,714	29,241
Assets of discontinued operations	13,306	22,061
Total assets	\$2,310,544	\$1,908,440
<b>LIABILITIES</b>		
Mortgage and other notes payable	\$1,092,266	\$727,048
Convertible notes payable	930	930
Distributions in excess of income from, and investments in, unconsolidated affiliates	12,319	22,707
Accounts payable and accrued expenses	30,851	29,309
Dividends and distributions payable	11,983	9,674
Acquired lease and other intangibles, net	17,502	14,115
Other liabilities	19,266	21,303
Liabilities of discontinued operations	11,540	13,098
Total liabilities	1,196,657	838,184
<b>EQUITY</b>		
Shareholders' Equity		
Common shares, \$.001 par value, authorized 100,000,000 shares; issued and outstanding 55,444,779 and 52,482,598 shares, respectively	55	52
Additional paid-in capital	659,994	581,925
Accumulated other comprehensive loss	(755	) (4,307
Retained earnings	40,454	45,127
Total shareholders' equity	699,748	622,797
Noncontrolling interests	414,139	447,459
Total equity	1,113,887	1,070,256

Total liabilities and equity	\$2,310,544	\$1,908,440
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		Six Months Ended	
	June 30, 2013	2012	June 30, 2013	2012
Revenues				
Rental income	\$34,852	\$24,099	\$67,907	\$46,050
Interest income	3,399	2,097	6,297	4,206
Expense reimbursements	7,307	5,760	15,278	11,162
Other	378	789	3,754	1,294
Total revenues	45,936	32,745	93,236	62,712
Operating Expenses				
Property operating	5,781	4,620	11,418	9,042
Other operating	421	1,281	1,933	2,316
Real estate taxes	5,695	4,744	10,891	8,883
General and administrative	6,301	5,205	11,927	11,130
Depreciation and amortization	10,976	8,201	21,604	15,351
Total operating expenses	29,174	24,051	57,773	46,722
Operating income	16,762	8,694	35,463	15,990
Equity in earnings of unconsolidated affiliates	815	4,591	3,065	4,535
Impairment of asset	(1,500)	) —	(1,500)	) —
Interest and other finance expense	(10,913)	) (7,070)	) (21,222)	) (13,626)
Income from continuing operations before income taxes	5,164	6,215	15,806	6,899
Income tax (provision) benefit	(7)	) (1,039)	) 133	) (1,227)
Income from continuing operations	5,157	5,176	15,939	5,672
Discontinued Operations				
Operating income from discontinued operations	266	3,332	663	5,659
Gain on sale of property	4,191	2,668	4,191	2,668
Income from discontinued operations	4,457	6,000	4,854	8,327
Net income	9,614	11,176	20,793	13,999
Noncontrolling interests				
Continuing operations	3,054	669	1,846	3,661
Discontinued operations	(3,911)	) (5,006)	) (4,259)	) (6,811)
Net income attributable to noncontrolling interests	(857)	) (4,337)	) (2,413)	) (3,150)
Net income attributable to Common Shareholders	\$8,757	\$6,839	\$18,380	\$10,849
Basic Earnings per Share				
Income from continuing operations	\$0.15	\$0.13	\$0.33	\$0.21
Income from discontinued operations	0.01	0.02	0.01	0.04
Basic earnings per share	\$0.16	\$0.15	\$0.34	\$0.25
Diluted Earnings per Share				
Income from continuing operations	\$0.15	\$0.13	\$0.33	\$0.21
Income from discontinued operations	0.01	0.02	0.01	0.04
Diluted earnings per share	\$0.16	\$0.15	0.34	0.25
See accompanying notes				





ACADIA REALTY TRUST AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
(dollars in thousands)				
Net income	\$9,614	\$11,176	\$20,793	\$13,999
Other Comprehensive income (loss)				
Unrealized income (loss) on valuation of swap agreements	4,196	(2,612 )	3,104	(2,555 )
Reclassification of realized interest on swap agreements	745	646	1,337	1,283
Other comprehensive income (loss)	4,941	(1,966 )	4,441	(1,272 )
Comprehensive income	14,555	9,210	25,234	12,727
Comprehensive income attributable to noncontrolling interests	(1,621 )	(3,536 )	(3,302 )	(2,449 )
Comprehensive income attributable to Common Shareholders	\$12,934	\$5,674	\$21,932	\$10,278
See accompanying notes				

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ACADIA REALTY TRUST AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
FOR THE SIX MONTHS ENDED JUNE 30, 2013

(unaudited)

(amounts in thousands, except per share amounts)	Common Shares		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Amount						
Balance at December 31, 2012	52,482	\$52	\$581,925	\$(4,307)	\$45,127	\$622,797	\$447,459	\$1,070,256
Conversion of OP Units to Common Shares by limited partners of the Operating Partnership	92	—	1,548	—	—	1,548	(1,548)	—
Issuance of Common Shares, net of issuance costs	2,822	3	75,868	—	—	75,871	—	75,871
Dividends declared (\$0.42 per Common Share)	—	—	—	—	(23,053)	(23,053)	(681)	(23,734)
Vesting of employee Restricted Share and 29 LTIP awards	—	—	120	—	—	120	2,460	2,580
Common Shares issued under Employee Share Purchase Plan	2	—	40	—	—	40	—	40
Issuance of Common Shares to trustees	—	—	206	—	—	206	—	206
Exercise of Share options	21	—	370	—	—	370	—	370
Employee Restricted Shares canceled	(3)	—	(83)	—	—	(83)	—	(83)
Consolidation of previously unconsolidated investment	—	—	—	—	—	—	(33,949)	(33,949)
Noncontrolling interest distributions	—	—	—	—	—	—	(18,471)	(18,471)
Noncontrolling interest contributions	—	—	—	—	—	—	15,567	15,567
	55,445	55	659,994	(4,307)	22,074	677,816	410,837	1,088,653
Comprehensive income:								
Net income	—	—	—	—	18,380	18,380	2,413	20,793

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Unrealized income on valuation of swap agreements	—	—	2,707	—	2,707	397	3,104	
Reclassification of realized interest on swap agreements	—	—	845	—	845	492	1,337	
Total comprehensive income	—	—	3,552	18,380	21,932	3,302	25,234	
Balance at June 30, 2013	55,445	\$55	\$659,994	\$(755)	\$40,454	\$699,748	\$414,139	\$1,113,887

ACADIA REALTY TRUST AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	Six Months Ended	
	June 30,	
(dollars in thousands)	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$20,793	\$13,999
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	21,604	19,288
Amortization of financing costs	1,512	1,502
Gain on sale of property	(4,191	) (2,668
Impairment of asset	1,500	—