ACADIA REALTY TRUST
Form 424B5
October 31, 2014

CALCULATION OF REGISTRATION FEE

Title of Securities Being Registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common shares of beneficial interest, par value $0.001 per share	$ 116,322,500	$ 13,516.67 (1)

(1) Calculated in accordance with Rule 457(o) under the Securities Act of 1933, as amended, based on the proposed maximum aggregate offering price. Pursuant to Rule 457(p) under the Securities Act of 1933, the $7,143 remaining of the filing fee previously paid with respect to unsold securities registered pursuant to a Registration Statement on Form S-3 (No. 333-180607) filed by Acadia Realty Trust on April 6, 2012 is being carried forward, and offset against the $13,516.67 due upon the filing of this prospectus supplement. Accordingly, the net registration fee due with respect to the securities offered pursuant to this prospectus supplement is $6,373.67.

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-195665

PROSPECTUS SUPPLEMENT
(To prospectus dated May 2, 2014)

3,400,000 Shares

Acadia Realty Trust

Common Shares of Beneficial Interest

We are selling 3,400,000 of our common shares of beneficial interest, par value $0.001 per share, or common shares, in this offering.

Our common shares are listed on the New York Stock Exchange (the NYSE) under the symbol AKR. The last reported sale price of our common shares on the NYSE on October 29, 2014 was $30.35 per share.

In order to assist us in maintaining our qualification as a real estate investment trust (REIT), for federal income tax purposes, among other purposes, our declaration of trust imposes certain restrictions on the ownership and transfer of our common shares. See Restrictions on Ownership Transfers and Takeover Defense Provisions in the accompanying prospectus.

Merrill Lynch, Pierce, Fenner & Smith Incorporated and Barclays Capital Inc. (the Underwriters) have agreed to purchase the common shares from us at a price of $29.40 per share, which will result in approximately $99.8 million of net proceeds to us after deducting estimated offering expenses payable by us. The Underwriters may offer the common shares from time to time for sale in one or more transactions on the NYSE, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices.

We have granted the Underwriters an option to purchase up to an additional 510,000 common shares within 30 days from the date of this prospectus supplement.

Investing in our common shares involves risks. Please refer to Risk Factors on page S-12 of this prospectus supplement and the Risk Factors section of our most recent Annual Report on Form 10-K and our other periodic reports filed with the Securities and Exchange Commission and incorporated by reference herein.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the common shares or determined that this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The Underwriters expect to deliver the common shares against payment therefor on November 4, 2014.

BofA Merrill Lynch **Barclays**

The date of this prospectus supplement is October 29, 2014.

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In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, nor has any Underwriter, authorized anyone to provide you with different or additional information.

We and the Underwriters are offering to sell and seeking offers to buy the common shares only in places where such offers and sales are permitted.

You should not assume that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date of the document containing such information or such other dates as may be specified therein. Our business, financial condition, liquidity, results of operations and prospects may have changed since these dates.

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CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING INFORMATION

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements involve known and unknown risks, uncertainties and other factors, and our actual results, performance or achievements may be materially different from future results, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words may, will, should, expect, anticipate, estimate, believe, intend, project, or the negative of these wor words or terms. Factors which could have a material adverse effect on our operations and future prospects include, but are not limited to:

- general economic, business and political conditions, including the global financial crisis that began in 2007;
- general market factors, including an increase in market interest rates;
- our ability to maintain rental rates;
- the financial health of our major tenants;
- the availability and creditworthiness of prospective tenants;
- demand for rental space;
- consumer migration towards e-commerce sales;
- the impact of tenant bankruptcies and any leases rejected during a tenant s bankruptcy proceedings;
- our access to capital markets and the cost of capital and the application of any proceeds from any such capital raising activities;
- our access to financing;
- our ability to meet our debt service requirements and the continuing viability of our counterparties in interest rate swap transactions;
- adverse changes in our real estate markets;
- competition with other companies;
- risks of real estate development and acquisition, and the risks of holding interests in real property;
- our ability to carry out our growth strategy without compromising our overall performance;
- the performance of our opportunity funds and the ability of our fund partners to contribute capital as needed;
- the performance of our joint venture investments and the financial health of our joint venture partners;
- the loss of a key executive officer;
- the risk that our partnership structure adversely affects our ability to manage assets;
- our board of trustees deciding to change our investment policy without shareholder approval;
- the concentration of ownership of our common shares by certain investors;
- certain provisions of Maryland law that may limit the ability of a third party to acquire control of us;
- environmental/safety requirements and possible liability;

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changes in laws and regulations (including tax laws and regulations) and agency or court interpretations of such laws and regulations and the related costs of compliance;

the limited recourse shareholders have against our trustees and officers;

governmental actions and initiatives;

requirements that we distribute a certain percentage of our taxable income in order to maintain our qualification as a REIT for federal income tax purposes;

our ability to maintain our status as a REIT;

local or national political and economic impacts of terrorist attacks, such as those that occurred on September 11, 2001, and civil unrest;

climate change and risk from natural perils, including severe storms, flooding, and other natural disasters;

uninsured losses or losses in excess of insured limits;

our structured financing and the terms of the instruments and other underlying collateral;

security breaches or cyber-attacks of our computer systems or those of our third-party representatives, vendors, and service providers;

disruptions to our information technology systems and services; and

the other risk factors set forth in our most recent Annual Report on Form 10-K and the other documents incorporated by reference into this prospectus supplement and the accompanying prospectus.

These risks and uncertainties should be considered in evaluating any forward-looking statements contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We caution you that any forward-looking statement reflects only our belief at the time the statement is made. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee our future results, levels of activity, performance or achievements. Except as required by law, we undertake no obligation to update any of the forward-looking statements to reflect subsequent events or developments.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which adds to, updates and supersedes, to the extent there are any inconsistencies, the information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information, some of which does not apply to this offering of common shares. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or any document incorporated by reference, the information in this prospectus supplement shall control. The Securities and Exchange Commission (the SEC) allows us to incorporate by reference certain information we file with the SEC, which means that we can disclose important information to you by referring to the other information we have filed with the SEC. The information that we incorporate by reference is considered a part of this prospectus supplement and the accompanying prospectus and information that we file later with the SEC prior to the termination of the offering of the common shares will automatically update and supersede the information contained in this prospectus supplement and the accompanying prospectus and in previously incorporated filings. It is important for you to read and consider all information contained and incorporated by reference in this prospectus supplement and the accompanying prospectus in making your investment decision. See Where You Can Find More Information in this prospectus supplement.

In this prospectus supplement, unless otherwise stated or the context otherwise requires, the terms the Company, we, us, our and other similar terms refer to the consolidated business of Acadia Realty Trust and all of its subsidiaries. The term you refers to a prospective investor.

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PROSPECTUS SUPPLEMENT SUMMARY

The following summary is qualified in its entirety by the more detailed information included elsewhere or incorporated by reference into this prospectus supplement and the accompanying prospectus. Because this is a summary, it may not contain all of the information that is important to you. You should read the entire prospectus supplement and the accompanying prospectus, including the section entitled Risk Factors and the documents incorporated by reference herein, including our financial statements and the notes to those financial statements contained in such documents, before making an investment decision.

Our Company

We are a fully integrated equity REIT focused primarily on the acquisition, ownership, management and redevelopment of high-quality retail properties located in key street and urban retail corridors as well as suburban locations within high-barrier-to-entry, densely-populated metropolitan areas in the United States along the east coast and in Chicago. We also have private equity investments in other retail real estate related opportunities in which we have a minority equity interest. Our primary business objective is to invest in the above assets to provide cash for distributions to shareholders while also creating the potential for capital appreciation to enhance investor returns.

All of our investments are held by, and all of our operations are conducted through, Acadia Realty Limited Partnership (the Operating Partnership) and entities in which the Operating Partnership owns an interest. As of September 30, 2014, we controlled approximately 94% of the Operating Partnership as its sole general partner. As the general partner, we are entitled to share, in proportion to our percentage interest, in the cash distributions and profits and losses of the Operating Partnership. The limited partners primarily are entities or individuals that contributed their interests in certain properties or entities to the Operating Partnership in exchange for common or preferred units of limited partnership interest (OP Units), and employees who have been awarded restricted OP Units as long-term incentive compensation. Limited partners holding OP Units are generally entitled to exchange their units on a one-for-one basis for our common shares. This structure is referred to as an umbrella partnership real estate investment trust (UPREIT).

Our executive offices are located at 1311 Mamaroneck Avenue, Suite 260, White Plains, New York 10605 and our telephone number is (914) 288-8100.

Recent Developments

Acquisitions. We currently are party to an agreement to acquire an interest in a high street retail property located in Chicago, Illinois for approximately $144.3 million. The property is located in one of Chicago s premier shopping districts and is consistent with the Company s other investments in this market. This acquisition is subject to customary closing conditions, including lender approval of the assumption of existing mortgage debt, and, as such, no assurance can be given that we will successfully consummate this acquisition on the terms described above or at all. In the ordinary course of our business, we continually evaluate properties for acquisition. At any given time, we may be a party to letters of intent or conditional purchase agreements with respect to possible acquisitions and may be in various stages of due diligence and underwriting as part of our evaluations. Consummation of any potential acquisition is often subject to outstanding conditions beyond our control. We can give no assurance that we will complete the acquisition of any particular property or, if we do, the terms or timing of any such acquisition.

Results of Operations. Set forth below is our consolidated financial results for the three months ended September 30, 2014. All per share amounts are presented on a fully diluted basis.

Earnings

Third quarter funds from operations (FFO) of $0.30 per share included $0.03 of acquisition related costs

Earnings per share (EPS) of $0.47 included $0.36 of gain on the disposition of assets

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Core Portfolio

Same property net operating income (NOI) for the third quarter up 7.7% compared to 2013
97.0% leased occupancy at September 30, 2014
Closed on $295.9 million of acquisitions year-to-date
Additional acquisition pipeline of $144.3 million under contract

Fund Platform Active Capital Recycling Continues

Fund III and IV s Miami Beach properties (Lincoln Road Portfolios) were sold for a total of $342.0 million versus aggregate cost basis of $195.5 million
During and subsequent to the quarter, closed on or had under contract $123.7 million of properties for sale

Third Quarter 2014 Operating Results

FFO for the three and nine months ended September 30, 2014 was $18.7 million and $58.7 million, respectively, up from $17.9 million and $52.1 million for the three and nine months ended September 30, 2013, respectively. On a per share basis, FFO for the third quarter 2014 was $0.30 which compares to $0.32 for third quarter 2013. Excluding acquisition costs, FFO for each of these periods was $0.33. For the nine month period ended September 30, 2014, FFO per share was $0.97, as compared to $0.93 for the same period of 2013. FFO for these periods was $1.03 and $0.97, respectively, excluding acquisition costs. While generating significant profits, the successful monetization of the Lincoln Road Portfolios as discussed further below, represented approximately $0.01 of FFO dilution for the third quarter of 2014 prior to the future redeployment of capital.

Net income for the three and nine months ended September 30, 2014 was $28.6 million and $61.6 million, as compared to $9.5 million and $27.9 million for the three and nine months ended September 30, 2013, respectively. EPS for the three and nine months ended September 30, 2014 was $0.47 and $1.04, respectively, as compared to $0.17 and $0.50 for the same periods for 2013. Net income for the three and nine months ended September 30, 2014 includes $21.4 million and $34.0 million, respectively, or $0.36 and $0.59 per share, of gain realized on the disposition of properties, including the Lincoln Road Portfolios.

Refer to the Financial Highlights below for further detail on operating results and additional disclosures related to FFO and a reconciliation of net income to FFO and operating income to NOI.

Core Portfolio

Portfolio Performance

Same-property NOI in the Core Portfolio increased 7.7% for the third quarter of 2014 as compared to the third quarter of 2013. Of this NOI increase, approximately 5.2% was driven by increased rents and approximately 2.0% was from comparatively lower operating costs, net of reimbursements during the quarter. For the nine months ended September 30, 2014, same-property NOI increased 5.6% over 2013.

At September 30, 2014, Acadia s Core Portfolio was 96.0% occupied, and was 97.0% leased, which includes space leased but not yet occupied. This compares to 96.6% occupied and 97.0% leased as of June 30, 2014.

During the quarter ended September 30, 2014, the Company generated an increase in average rents on a GAAP basis, which includes the effect of the straight-lining of rents, of 17.2% on 71,000 square feet of new and renewal leases executed during the quarter. On a contractual rent, or cash basis, which compares the initial rent of the new and renewal leases against the ending rent of the former leases, the Company experienced an increase of 8.7% in average rents for these same leases.

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Core Acquisitions High-Quality New York Metro Street Retail, Urban and Dense Suburban Retail

Year-to-date, the Company has closed on $295.9 million of acquisitions, including three properties during and subsequent to the third quarter for an aggregate purchase price of $154.1 million as follows:

131-135 Prince Street Manhattan As previously announced, the Company acquired this 3,200 square foot street retail co-op unit for $51.4 million during the third quarter. Home to a high concentration of national and luxury retailers, Prince Street has seen continued high demand for retail selling space. This location, tenanted by Folli Follie and Uno de 50 expands Acadia s existing SoHo portfolio of properties on Spring and Mercer Streets. The Company acquired this asset in a private negotiation and funded its investment primarily with operating partnership units.

Bedford Green Bedford Hills, NY Also, as previously announced, during the third quarter, Acadia acquired this ShopRite anchored 90,000 square foot shopping center along Route 117 in the Bedford Hills neighborhood in Westchester for $46.8 million. The property draws shoppers from a large, affluent suburban trade area with household incomes of $100,000 and $140,000 within three and five-mile rings, respectively. Other tenants at this 92% occupied center include CVS, Panera Bread and Chase Bank. In connection with this acquisition, Acadia assumed $29.8 million of debt collateralized by the property.

Shops at Grand Avenue Queens Subsequent to the third quarter, Acadia closed on the acquisition of this 99,975 square foot property anchored by Stop & Shop for $56.0 million. Located less than five miles east of Manhattan on Grand Avenue in Queens, this 91% leased property offers rooftop parking and benefits from a population of 529,000 within a 2-mile radius. Stop & Shop is the dominant grocer in the area, with competing grocers being smaller in size and with limited or no parking.

Including the Company s additional acquisition pipeline of $144.3 million of Chicago street retail currently under contract and described above, Acadia now expects a total of $400 to $500 million of Core Portfolio acquisitions for the year. No assurance can be given that the Company will successfully close on this acquisition pipeline, which is subject to lender approval on the assumption of existing mortgage debt and other customary closing conditions.

Fund Platform Profitable Sale of Lincoln Road Portfolios; $123.7 Million of Fund IV Acquisitions Closed or Under Contract

Funds III and IV Complete Sale of Lincoln Road Portfolio

During the third quarter, as previously announced, Funds III and IV, through their joint ventures with affiliates of Terranova Corporation (Terranova), completed the sale of a six-property portfolio located in Miami Beach, Florida for an aggregate $342.0 million. The joint ventures had a total combined invested amount of $195.5 million.

Fund IV Acquisitions

During and subsequent to the third quarter, Fund IV closed on $72.7 million of acquisitions and had an additional $51.0 million under contract for a total of $123.7 million. As properties currently under contract are subject to customary closing conditions, no assurance can be given that the Company will successfully close on this pipeline. Details of the acquisitions closed on during and subsequent to the third quarter are as follows.

Eden Square Bear, DE As previously announced, during the third quarter, Fund IV, through its joint venture with MCB Real Estate LLC, acquired Eden Square, a 236,000 square foot shopping center located less than 15 miles south of Wilmington in Bear, Delaware, for a purchase price of $25.4 million.

Off Madison Collection, Manhattan Subsequent to the third quarter, Fund IV completed the acquisition of two properties, located on the Upper East Side of Manhattan, for $47.3 million through separate transactions. The properties, both of which are six stories and approximately 10,000 sf, are located at 27 E. 61st Street and 17 E. 71st Street, just steps off of Madison Avenue. As such, these properties present a unique value proposition to luxury retailers by providing high visibility from Madison Avenue and solid co-tenancy at a discounted cost. Neighboring retailers include Barneys New York, Hermes, Ralph Lauren and Prada. The property located on 61st Street is currently under construction.

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Acadia Realty Trust and Subsidiaries
Financial Highlights
For the Quarters and Nine Months ended September 30, 2014 and 2013
(dollars and common shares in thousands, except per share data)

	For the Quarters ended September 30,		For the Nine Months ended September 30,	
	2014	2013	2014	2013
Revenues				
Rental income	$36,587	$30,604	$106,517	$90,097
Interest income	3,006	2,969	9,219	9,265
Expense reimbursements	7,386	7,333	24,008	20,979
Other property income	602	162	1,236	820
Other income	79	18	2,876	3,022
Total revenues	47,660	41,086	143,856	124,183
Operating expenses				
Property operating	6,758	6,310	21,214	17,256
Real estate taxes	5,666	5,866	16,905	15,949
General and administrative	7,123	5,335	20,898	17,263
Depreciation and amortization	12,884	10,450	36,055	29,278
Total operating expenses	32,431	27,961	95,072	79,746
Operating income	15,229	13,125	48,784	44,437
Equity in earnings of unconsolidated affiliates	105,778	4,209	110,237	7,274
Impairment of asset				(1,500)
Loss on extinguishment of debt			(269)	
Gain on disposition of property	190		13,138	
Interest expense and other finance costs	(10,142)	(10,595)	(30,327)	(29,806)
Income from continuing operations before income taxes	111,055	6,739	141,563	20,405
Income tax benefit (provision)	17	(186)	(68)	(57)
Income from continuing operations	111,072	6,553	141,495	20,348

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Acadia Realty Trust and Subsidiaries
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For the Quarters and Nine Months ended September 30, 2014 and 2013
(dollars and common shares in thousands, except per share data)

	For the Quarters ended September 30,		For the Nine Months ended September 30,	
	2014	2013	2014	2013
Operating income from discontinued operations[4]		2,589		5,394
Gain on disposition of property			560	4,191
Income from discontinued operations		2,589	560	9,585
Net income	111,072	9,142	142,055	29,933
Loss (income) attributable to noncontrolling interests:				
Continuing operations	(82,508)	2,342	(79,971)	6,103
Discontinued operations		(1,999)	(461)	(8,171)
Net (income) loss attributable to noncontrolling interests	(82,508)	343	(80,432)	(2,068)
Net income attributable to Common Shareholders	$28,564	$9,485	$61,623	$27,865
Income from continuing operations attributable to Common Shareholders	$28,564	$8,895	$61,524	$26,451
Income from discontinued operations attributable to Common Shareholders		590	99	1,414
Net income attributable to Common Shareholders	28,564	9,485	61,623	27,865
Less: Net Income attributable to participating securities	(490)	(167)	(1,083)	(493)
Net Income attributable to Common Shareholders basic	$28,074	$9,318	$60,540	$27,372
Weighted average shares for basic earnings per share	59,686	55,460	57,898	54,697
Net Earnings per share basic and diluted	$0.47	$0.17	$1.04	$0.50
Basic and diluted earnings per share Continuing Operations[1]	$0.47	$0.16	$1.04	$0.47
Basic and diluted earnings per share Discontinued Operations[1]		$0.01		$0.03

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Acadia Realty Trust and Subsidiaries
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(dollars and common shares in thousands, except per share data)

RECONCILIATION OF NET INCOME TO FUNDS FROM OPERATIONS[2]

	For the Quarters ended September 30,		For the Nine Months ended September 30,	
	2014	2013	2014	2013
Net income attributable to Common Shareholders	$28,564	$9,485	$61,623	$27,865
Depreciation of real estate and amortization of leasing costs (net of noncontrolling interests share):	9,766	8,335	27,607	23,123
Impairment of asset				1,500
Gain on disposition (net of noncontrolling interests share):	(20,953)		(33,180)	(776)
Income attributable to noncontrolling interests in Operating Partnership	1,344	104	2,653	329
Distributions Preferred OP Units	6	5	19	16
Funds from operations	$18,727	$17,929	$58,722	$52,057
Funds from operations per share Diluted				
Weighted average common shares and OP Units[3]	62,797	56,436	60,595	55,735
Funds from operations, per share	$0.30	$0.32	$0.97	$0.93

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Acadia Realty Trust and Subsidiaries
Financial Highlights
For the Quarters and Nine Months ended September 30, 2014 and 2013
(dollars in thousands)

RECONCILIATION OF OPERATING INCOME TO NET PROPERTY OPERATING INCOME (NOI[2])

	For the Quarters ended September 30,		For the Nine Months ended September 30,	
	2014	2013	2014	2013
Operating income	$ 15,229	$ 13,125	$ 48,784	$ 44,437
Add back:				
General and administrative	7,123	5,335	20,898	17,263
Depreciation and amortization	12,884	10,450	36,055	29,278
Less:				
Interest income	(3,006)	(2,969)	(9,219)	(9,265)
Straight line rent and other adjustments	(651)	(1,163)	(6,090)	(4,224)
Consolidated NOI	31,579	24,778		