ACADIA REALTY TRUST Form 10-Q August 09, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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, 2006

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	(I .
incorporation or organization)	Ide

1311 MAMARONECK AVENUE, SUITE 260, WHITE PLAINS, NY

(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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Exchange Act Rule 12b-2).

Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer		
Indicate by checkmark whether th	e registrant is a shell company (a	s defined in Rule 12b-2 of the Act)	Yes	No

As of August 9, 2006, there were 31,771,544 common shares of beneficial interest, par value \$.001 per share, outstanding.

23-2715194 (I.R.S. Employer dentification No.)

> 10605 (Zip Code)

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ACADIA REALTY TRUST AND SUBSIDIARIES

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Part I. Financial Information

Item 1. Financial Statements

ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(unaudited)

	June 30, 2006	December 31, 2005	
	(dollars in thousands)		
ASSETS Real estate:			
Land	\$135,720	\$146,240	
Buildings and improvements	501,998	584,962	
Construction in progress	12,058	4,016	
	12,000	1,010	
	649,776	735,218	
Less: accumulated depreciation	(139,578)		
Net real estate	510,198	599,327	
Cash and cash equivalents	55,114	91,398	
Cash in escrow	7,500	7,799	
Restricted cash	549	548	
Investments in and advances to unconsolidated affiliates	37,658	10,320	
Investment in management contracts, net of accumulated amortization of \$2,431 and \$1,938, respectively	2,745	3,178	
Preferred equity investment		19,000	
Rents receivable, net	8,069	13,505	
Notes receivable	57,801	15,733	
Prepaid expenses	4,376	5,199	
Deferred charges, net	25,556	24,288	
Acquired lease intangibles	6,785	8,941	
Other assets	18,741	15,786	
Assets of discontinued operations	26,099	26,836	
	\$761,191	\$841,858	
LIABILITIES AND SHAREHOLDERS EQUITY			
Mortgage notes payable	\$361,890	\$411,000	
Accounts payable and accrued expenses	8,901	19,018	
Dividends and distributions payable	6,161	6,088	
Share of distributions in excess of share of income and investment in unconsolidated affiliates	23,131	10,315	
Other liabilities	9,244	14,375	
Liabilities of discontinued operations	13,963	14,221	
Total liabilities	423,290	475,017	
Minority interest in operating partnership	8,357	9,204	
Minority interests in partially-owned affiliates	106,541	137,061	

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Total minority interests	114,898	146,265
Shareholders equity:		
Common shares	31	31
Additional paid-in capital	223,920	223,199
Accumulated other comprehensive income (loss)	1,861	(12)
Deficit	(2,809) (2,642)
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Total shareholders equity	223,003	220,576
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	\$761,191	\$841,858
See accompanying notes		

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Part I. Financial Information

Item 1. Financial Statements

ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2006 AND 2005

(unaudited)

	Three months ended June 30,			Six months ended June 30,				
	2006	_	2005		2006		2005	_
	(dollars in t	hous	ands, excep	ot pe	r share amo	unts)	
Revenues Minimum meter	¢ 17 449		¢ 10 124		¢ 25 026		¢ 27 625	
Minimum rents Percentage rents	\$17,448 126		\$19,134 150		\$35,236 311		\$37,635 351	
Expense reimbursements	3,480		3,555		7,559		7,929	
Other property income	251		3,333 175		462		505	
Management fee income	1,281		982		2,482		1,557	
Interest income	1,281		903		3,653		1,320	
	1,907	_	705	_	5,055		1,520	
Total revenues	24,493	_	24,899	_	49,703		49,297	_
Operating Expenses								
Property operating	3,602		4,639		7,652		9,459	
Real estate taxes	2,460		2,325		5,259		4,887	
General and administrative	4,779		3,820		10.086		6,935	
Depreciation and amortization	6,506		6,234		12,904		12,506	
T	- ,	_	-, -	_	,- ·	_	,	_
Total operating expenses	17,347	_	17,018		35,901		33,787	
Operating income	7,146		7,881		13,802		15,510	
Equity in earnings of unconsolidated affiliates	3,028		126		7,140		387	
Interest expense	(5,654)	(4,352)	(10,839)	(8,285)
Minority interest	327		1,050	_	(754)	1,251	_
Income from continuing operations before income taxes	4,847		4,705		9,349		8,863	
Income taxes	(363)	,	_	(812)	- ,	_
Income from continuing operations	4,484		4,705		8,537		8,863	
Discontinued operations:								
Operating income from discontinued operations	371		400		677		692	
Impairment of real estate			(770)			(770)
Minority interest	(7)	10		(13)	5	

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Income (loss) from discontinued operations	364	(360)	664	(73)
Net income	\$4,848	\$4,345		\$9,201	\$8,790
Basic earnings per share					
Income from continuing operations	\$0.14	\$0.15		\$0.26	\$0.28
Income (loss) from discontinued operations	0.01	(0.01)	0.02	
Basic earnings per share	\$0.15	\$0.14		\$0.28	\$0.28
Diluted earnings per share					
Income from continuing operations	\$0.14	\$0.15		\$0.26	\$0.27
Income (loss) from discontinued operations	0.01	(0.01)	0.02	
Diluted earnings per common share	\$0.15	\$0.14		\$0.28	\$0.27
See accompanying notes					
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ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005

(unaudited)

	June 30, 2006	June 30, 2005		
CASH FLOWS FROM OPERATING ACTIVITIES:	(dollars in thousands)			
Net income	\$9,201 \$8,790			
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	13,465	12,338		
Minority interests	767	(1,256)	
Equity in earnings of unconsolidated affiliates	(7,140) (387)	
Amortization of derivative settlement included in interest expense	218	219		
Distributions of operating income from unconsolidated affiliates	6,079	310		
Restricted share compensation	2,543	542		
Trustee share compensation	75			
Changes in assets and liabilities:				
Cash in escrow	(1,394) 3		
Restricted cash	(1) 102		
Rents receivable	2,887	(4,773)	
Prepaid expenses	30	28		
Other assets	(1,840) (5,764)	
Accounts payable and accrued expenses	(3,694) (208)	
Other liabilities	2,949	889		
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