ACADIA REALTY TRUST
Form 10-K
February 20, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014

o 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 as specified in its charter)

Maryland	23-2715194
(State of incorporation)	(I.R.S. employer identification no.)

1311 Mamaroneck Avenue, Suite 260 White Plains, NY 10605
(Address of principal executive offices)
(914) 288-8100
(Registrant’s telephone number)
Securities registered pursuant to Section 12(b) of the Act:
Common Shares of Beneficial Interest, $.001 par value
(Title of Class)
New York Stock Exchange
(Name of Exchange on which registered)
Securities registered pursuant to Section 12(g) of the Act:
None
Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
YES x NO o
Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Securities Act.
YES o NO x
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 x NO o
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 x NO o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Act).
Large Accelerated Filer x Accelerated Filer o Non-accelerated Filer o Smaller Reporting Company o
Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act)

YES o NO x

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was approximately $1,672.8 million, based on a price of $28.28 per share, the average sales price for the registrant's common shares of beneficial interest on the New York Stock Exchange on that date.

The number of shares of the registrant's common shares of beneficial interest outstanding on February 20, 2015 was 68,147,658.

DOCUMENTS INCORPORATED BY REFERENCE

Part III – Portions of the registrant's definitive proxy statement relating to its 2015 Annual Meeting of Shareholders presently scheduled to be held May 27, 2015 to be filed pursuant to Regulation 14A.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on Form 10-K may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934 and as such may involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such 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" or "project" or the negative thereof or other variations thereon or comparable terminology. Factors which could have a material adverse effect on our operations and future prospects include, but are not limited to those set forth under the headings "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-K. These risks and uncertainties should be considered in evaluating any forward-looking statements contained or incorporated by reference herein.

PART I
ITEM 1. BUSINESS.

GENERAL

Acadia Realty Trust (the "Trust") was formed on March 4, 1993 as a Maryland real estate investment trust ("REIT"). All references to "Acadia," "we," "us," "our" and "Company" refer to the Trust and its consolidated subsidiaries. We are a fully integrated REIT focused on the ownership, acquisition, redevelopment and management of high-quality retail properties located primarily in high-barrier-to-entry, supply-constrained, densely-populated metropolitan areas in the United States. We currently own, or have an ownership interest in these properties through our Core Portfolio (as defined below) and our Funds (as defined in Item 1. of this Form 10-K).

All of our assets 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 December 31, 2014, the Trust controlled 95% of the Operating Partnership as the sole general partner. As the general partner, the Trust is entitled to share, in proportion to its percentage interest, in the cash distributions and profits and losses of the Operating Partnership. The limited partners primarily represent 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 ("Common OP Units" or "Preferred OP Units", respectively, and collectively, "OP Units") and employees who have been awarded restricted Common OP Units as long-term incentive compensation ("LTIP Units"). Limited partners holding Common OP and LTIP Units are generally entitled to exchange their units on a one-for-one basis for our common shares of beneficial interest of the Trust ("Common Shares"). This structure is referred to as an umbrella partnership REIT, or "UPREIT".

BUSINESS OBJECTIVES AND STRATEGIES

Our primary business objective is to acquire and manage commercial retail properties that will provide cash for distributions to shareholders while also creating the potential for capital appreciation to enhance investor returns. We focus on the following fundamentals to achieve this objective:

- Own and operate a Core Portfolio of high-quality retail properties located primarily in high-barrier-to-entry, densely-populated metropolitan areas. Our goal is to create value through accretive redevelopment and re-tenanting activities within our existing portfolio and grow this platform through the acquisition of high-quality assets that have the long-term potential to outperform the asset class.

- Generate additional growth through our Funds in which we co-invest with high-quality institutional investors. Our Fund strategy focuses on opportunistic yet disciplined acquisitions with high inherent opportunity for the creation of additional value, execution on this opportunity and the realization of value through the sale of these assets. In connection with this strategy, we focus on:

value-add investments in street retail properties, located in established and "next generation" submarkets, with re-tenanting or repositioning opportunities,
opportunistic acquisitions of well-located real estate anchored by distressed retailers, and
other opportunistic acquisitions, which vary based on market conditions and may include high-yield acquisitions and purchases of distressed debt.

Some of these investments historically have also included, and may in the future include, joint ventures with private equity investors for the purpose of making investments in operating retailers with significant embedded value in their real estate assets.

- Maintain a strong and flexible balance sheet through conservative financial practices while ensuring access to sufficient capital to fund future growth.

Investment Strategy — Generate External Growth through our Dual Platforms; Core Portfolio and Funds

The requirements that acquisitions be accretive on a long-term basis based on our cost of capital, as well as increase the overall Core Portfolio quality and value, are key strategic considerations to the growth of our Core Portfolio. As such, we constantly evaluate the blended cost of equity and debt and adjust the amount of acquisition activity to align the level of investment activity with capital flows.

Given the growing importance of technology and e-commerce, many of our retail tenants are appropriately focused on omni-channel sales and how to best utilize e-commerce initiatives to drive sales at their stores. In light of these initiatives, we have found retailers are becoming more selective as to the location, size and format of their next-generation stores and are focused on dense, high-traffic retail corridors, where they can utilize smaller and more productive formats closer to their shopping population. Accordingly, our focus for Core Portfolio and Fund acquisitions is on those properties which we believe will not only remain relevant to our tenants, but become even more so in the future.

In addition to our Core Portfolio investments in real estate assets, we have also capitalized on our expertise in the acquisition, redevelopment, leasing and management of retail real estate by establishing discretionary opportunity funds. Our Fund platform is an investment vehicle where the Operating Partnership invests, along with outside institutional investors, including, but not limited to, endowments, foundations, pension funds and investment management companies, in primarily opportunistic and value-add retail real estate. To date, we have launched four funds ("Funds"); Acadia Strategic Opportunity Fund, LP ("Fund I"), Acadia Strategic Opportunity Fund II, LLC ("Fund II"), Acadia Strategic Opportunity Fund III LLC ("Fund III") and Acadia Strategic Opportunity Fund IV LLC ("Fund IV"). Due to our level of control, we consolidate these Funds for financial reporting purposes. Fund I and Fund II also include investments in operating companies through Acadia Mervyn Investors I, LLC ("Mervyns I"), Acadia Mervyn Investors II, LLC ("Mervyns II") and, in certain instances, directly through Fund II, all on a non-recourse basis. These investments comprise and are referred to as the Company's Retailer Controlled Property Venture ("RCP Venture").

The Operating Partnership is the sole general partner or managing member of the Funds and Mervyns I and II and earns priority distributions or fees for asset management, property management, construction, redevelopment, leasing and legal services. Cash flows from the Funds and the RCP Venture are distributed pro-rata to their respective partners and members (including the Operating Partnership) until each receives a certain cumulative return ("Preferred Return"), and the return of all capital contributions. Thereafter, remaining cash flow is distributed 20% to the Operating Partnership ("Promote") and 80% to the partners or members (including the Operating Partnership).

See Note 1 in the Notes to Consolidated Financial Statements, which begin on page F-1 of this Form 10-K ("Notes to Consolidated Financial Statements"), for a detailed discussion of the Funds and RCP Venture.

Capital Strategy — Balance Sheet Focus and Access to Capital

Our primary capital objective is to maintain a strong and flexible balance sheet through conservative financial practices, including a moderate use of leverage, while ensuring access to sufficient capital to fund future growth. We intend to continue financing acquisitions and property redevelopment with sources of capital determined by management to be the most appropriate based on, among other factors, availability in the current capital markets, pricing and other commercial and financial terms. The sources of capital may include the issuance of public equity, unsecured debt, mortgage and construction loans, and other capital alternatives including the issuance of OP Units. We manage our interest rate risk primarily through the use of fixed rate debt and, where we use variable rate debt, through the use of certain derivative instruments, including London Interbank Offered Rate ("LIBOR") swap agreements and interest rate caps as discussed further in Item 7A. of this Form 10-K.

During January 2012, we launched an at-the-market ("ATM") equity issuance program which provides us an efficient and low-cost vehicle for raising public equity to fund our capital needs. Through this program, we have been able to effectively "match-fund" the required equity for our Core Portfolio and Fund acquisitions through the issuance of Common Shares over extended periods employing a price averaging strategy. In addition, from time to time, we have issued and intend to continue to issue, equity in follow-on offerings separate from our ATM program. Net proceeds

raised through our ATM program and follow-on offerings are primarily used for acquisitions, both for our Core Portfolio and our pro-rata share of Fund acquisitions and for general corporate purposes.

Equity issuances for each of the years ended December 31, 2014, 2013 and 2012 are summarized as follows:

(shares and dollars in millions)	2014	2013	2012
ATM Shares Issued (1)	4.7	3.0	6.1
ATM Gross Proceeds (1)	$128.9	$82.2	$143.8
ATM Net Proceeds (1)	$127.1	$80.7	$140.8
Follow-on Offering Shares Issued	7.6	—	3.5
Follow-on Offering Gross Proceeds	$237.4	$—	$86.9
Follow-on Offering Net Proceeds	$230.7	$—	$85.9

Note:

(1) Included 0.5 million shares issued during for the fourth quarter of 2014, which generated gross proceeds of $16.9 million and net proceeds of $16.7 million.

During 2013 and 2014, we also issued 1.2 million and 1.6 million OP Units, respectively, in connection with the acquisition of properties. See Note 2 in the Notes to Consolidated Financial Statements, for a detailed discussion of these acquisitions.

During January 2013, we closed on a new unsecured revolving credit facility providing for up to $150.0 million of borrowings. As of February 20, 2015, no proceeds have been drawn on this facility although there are outstanding letters of credit for an aggregate $12.5 million issued against this facility. During November 2013, we modified this credit facility by funding an additional $50.0 million term loan, which has the same terms as the aforementioned revolving credit facility. During September 2014, the line of credit was extended to January 2018, with a one-year extension option, and the term loan was extended to November 2019.

Operating Strategy — Experienced Management Team with Proven Track Record

Our senior management team has decades of experience in the real estate industry. We have capitalized on our expertise in the acquisition, redevelopment, leasing and management of retail real estate by creating value through property redevelopment, re-tenanting and establishing joint ventures, such as the Funds, in which we earn, in addition to a return on our equity interest, Promotes, priority distributions and fees.

Operating functions such as leasing, property management, construction, finance and legal (collectively, the "Operating Departments") are generally provided by our personnel, providing for a vertically integrated operating platform. By incorporating the Operating Departments in the acquisition process, acquisitions are appropriately priced giving effect to each asset's specific risks and returns and transition time is minimized allowing management to immediately execute on its strategic plan for each asset.

INVESTING ACTIVITIES

Core Portfolio

Our Core Portfolio consists primarily of high-quality street retail and urban assets, as well as suburban properties located in high-barrier-to-entry, densely-populated trade areas.

For the year ended December 31, 2014, we continued to execute on our strategy of owning a superior Core Portfolio by acquiring, through our Operating Partnership, properties consistent with our existing portfolio for an aggregate purchase price of $473.2 million, of which the Operating Partnership's pro-rata share was $450.4 million. See Note 2

in the Notes to Consolidated Financial Statements, for a detailed discussion of these acquisitions. During December 2014, we entered into a contract to acquire a retail property located in the densely-populated San Francisco Bay area for $155.0 million which will expand our platform to the West Coast of the United States. This contract is subject to certain closing conditions and as such, no assurance can be given that the closing will be successfully completed. See Item 2. Properties for a description of the other properties in our Core Portfolio.

As we typically hold our Core Portfolio properties for long-term investment, we periodically review the portfolio and implement programs to renovate and re-tenant targeted properties to enhance their market position. This in turn is expected to strengthen the competitive position of the leasing program to attract and retain quality tenants, increasing cash flow, and consequently, property values. From time to time, we also identify certain properties for disposition and redeploy the capital for acquisitions and for the

repositioning of existing properties with greater potential for capital appreciation. During 2014, the Walnut Hill Plaza, located in Woonsocket, Rhode Island, was foreclosed upon by the lender. See Note 2 in the Notes to Consolidated Financial Statements, for a detailed discussion of this disposition.

We also make investments in first mortgages, preferred equity and other notes receivable collateralized by real estate, ("Structured Finance Program") either directly or through entities having an ownership interest therein. During 2014, we made investments totaling $31.2 million in this program and as of December 31, 2014 had $102.3 million invested in this program. See Note 5 in the Notes to Consolidated Financial Statements, for a detailed discussion of our Structured Finance Program.

Funds

Acquisitions

Fund III

During 2014, Fund III, through an already existing unconsolidated joint venture, acquired a parcel adjacent to one of its existing investments for $3.1 million. See Note 2 in the Notes to Consolidated Financial Statements, for a detailed discussion of this acquisition. The acquisition period for Fund III has now expired and any remaining uncalled investor capital may only be used to complete the plans for existing investments.

Fund IV

During 2014, Fund IV acquired four properties for an aggregate purchase price of $106.6 million. See Note 2 in the Notes to Consolidated Financial Statements, for a detailed discussion of these acquisitions.

Dispositions

Fund II

During 2014, Fund II sold a portion of the residential air rights at its City Point project located in Brooklyn, NY for a sales price of $26.3 million. See Note 2 in the Notes to Consolidated Financial Statements, for a detailed discussion of this disposition.

Fund III

During 2014, Fund III sold one property located in Brooklyn, NY and a portfolio of three buildings in Miami, FL for an aggregate sales price of $162.0 million. See Note 2 in the Notes to Consolidated Financial Statements, for a detailed discussion of these dispositions. During January 2015, Fund III sold the Lincoln Park Centre in Chicago, IL for a sales price of $64.0 million.

Fund IV

During 2014, Fund IV sold a portfolio of three buildings in Miami, FL for a sales price of $200.2 million. See Note 2 in the Notes to Consolidated Financial Statements, for a detailed discussion of this disposition.

Redevelopment Activities

As part of our Fund strategy, we invest in real estate assets that may require significant redevelopment. As of December 31, 2014, the Funds had eight redevelopment projects, consisting of 31 individual properties, two of which are under construction and six are in various stages of the redevelopment process as follows:

(dollars in millions)

Property	Owner	Costs to date	Anticipated additional costs (1)	Status	Square feet upon completion	Anticipated completion date
City Point (2)	Fund II	$339.5	($19.5) - $10.5 (3)	Construction commenced	675,000	2016
Sherman Plaza (2)	Fund II	35.3	TBD	Pre-construction	TBD	TBD
Cortlandt Crossing	Fund III	12.9	34.1 - 43.1	Pre-construction	150,000 - 170,000	2017
3104 M Street NW (2)	Fund III	3.9	4.1 - 5.1	Pre-construction	10,000	2016
Broad Hollow Commons	Fund III	14.0	36.0 - 46.0	Pre-construction	180,000 - 200,000	2016
210 Bowery	Fund IV	8.2	10.3 - 14.3	Pre-construction	16,000	2016
Broughton Street Portfolio (2)	Fund IV	41.2	20.8 - 26.8	Pre-construction	200,000	2016
27 E. 61st Street	Fund IV	19.9	2.9 - 6.9	Construction commenced	9,500	2016
Total		$474.9				

Notes:

TBD – To be determined

(1) Anticipated additional costs are estimated ranges for completing the projects and include costs for tenant improvements and leasing commissions.

(2) These projects are being redeveloped in joint ventures with unaffiliated entities.

(3) Net of actual and anticipated contributions from retail tenants and proceeds from residential tower sales.

RCP Venture

Through Mervyns I and II, and in certain instances, Fund II, we have opportunistically made investments through our RCP Venture in surplus or underutilized properties owned by retailers. While we are primarily a passive partner in the investments made through the RCP Venture, historically we have provided our services in reviewing potential acquisitions and operating and redevelopment assistance in areas where we have both a presence and expertise. To date, we have invested an aggregate $63.2 million in our RCP Venture on a non-recourse basis. See Note 4 in the Notes to Consolidated Financial Statements, for a detailed discussion of the RCP Venture.

ENVIRONMENTAL LAWS

For information relating to environmental laws that may have an impact on our business, please see "Item 1A. Risk Factors - Possible liability relating to environmental matters."

COMPETITION

There are numerous entities that compete with us in seeking properties for acquisition and tenants that will lease space in our properties. Our competitors include other REITs, financial institutions, insurance companies, pension funds, private companies and individuals. Our properties compete for tenants with similar properties primarily on the basis of

location, total occupancy costs (including base rent and operating expenses) and the design and condition of the improvements.

FINANCIAL INFORMATION ABOUT MARKET SEGMENTS

We have three reportable segments: Core Portfolio, Funds and Structured Financing. Structured Financing consists of our notes receivable and related interest income. The accounting policies of the segments are the same as those described in the summary of significant accounting policies set forth in Note 1 in the Notes to Consolidated Financial Statements. We evaluate property performance primarily based on net operating income before depreciation, amortization and certain nonrecurring items. Investments in our Core Portfolio are typically held long-term. Given the contemplated finite life of our Funds, these investments are typically held for shorter terms. Priority distributions and fees earned by us as general partner or managing member of the Funds are

eliminated in our Consolidated Financial Statements. See Note 3 in the Notes to Consolidated Financial Statements, for information regarding, among other things, revenues from external customers, a measure of profit and loss and total assets with respect to each of our segments. Our profits and losses for both our business and each of our segments are not seasonal.

CORPORATE HEADQUARTERS AND EMPLOYEES

Our executive office is located at 1311 Mamaroneck Avenue, Suite 260, White Plains, New York 10605, and our telephone number is (914) 288-8100. As of December 31, 2014, we had 114 employees, of which 94 were located at our executive office and 20 were located at regional property management offices. None of our employees are covered by collective bargaining agreements. Management believes that its relationship with employees is good.

COMPANY WEBSITE

All of our filings with the Securities and Exchange Commission, including our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, are available at no cost at our website at www.acadiarealty.com, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. These filings can also be accessed through the Securities and Exchange Commission’s website at www.sec.gov. Alternatively, we will provide paper copies of our filings at no cost upon request. If you wish to receive a copy of the Form 10-K, you may contact Robert Masters, Corporate Secretary, at Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, NY 10605. You may also call (914) 288-8100 to request a copy of the Form 10-K. Information included or referred to on our website is not incorporated by reference in or otherwise a part of this Form 10-K.

CODE OF ETHICS AND WHISTLEBLOWER POLICIES

The Board of Trustees adopted a Code of Business Conduct and Ethics applicable to all employees, as well as a "Whistleblower Policy." Copies of these documents are available in the Investor Information section of our website. We intend to disclose future amendments to, or waivers from (with respect to our senior executive financial officers), our Code of Ethics in the Investor Information section of our website within four business days following the date of such amendment or waiver.

ITEM 1A. RISK FACTORS.

If any of the following risks actually occur, our business, results of operations and financial condition would likely suffer. This section includes or refers to certain forward-looking statements. Refer to the explanation of the qualifications and limitations on such forward-looking statements discussed in the beginning of this Form 10-K.

We rely on revenues derived from key tenants.

We derive significant revenues from certain key tenants that occupy space at more than one property. We could be adversely affected in the event of the bankruptcy or insolvency of, or a downturn in the business of, any of our key tenants, or in the event that any such tenant does not renew its leases as they expire or renews such leases at lower rental rates. See "Item 2. Properties-Major Tenants" in this Annual Report on Form 10-K for quantified information with respect to the percentage of our minimum rents received from major tenants.

Anchor tenants are crucial to the success of shopping centers.

Vacated anchor space not only reduces rental revenues, but if not re-tenanted with a similar tenant, or one with equal consumer attraction, at the same rental rates, the vacancy could adversely affect the entire shopping center. Loss of customer drawing power also can occur through the exercise of the right, that most anchors have, to vacate and prevent re-tenanting by paying rent for the balance of the lease term ("going dark") as would the departure of a "shadow" anchor tenant that owns its own property. In addition, in the event that certain anchor tenants cease to occupy a property, such an action may result in a significant number of other tenants having the right to terminate their leases, or pay a reduced rent based on a percentage of the tenant's sales, at the affected property, which could adversely affect the future income from such property ("co-tenancy"). See "Item 2. Properties-Major Tenants" in this Annual Report on Form 10-K for quantified information with respect to the percentage of our minimum rents received from major tenants.

The bankruptcy of, or a downturn in the business of, any of our major tenants or a significant number of our smaller tenants may adversely affect our cash flows and property values.

The bankruptcy of, or a downturn in the business of, any of our major tenants causing them to reject their leases, or not renew their leases as they expire, or renew at lower rental rates, may adversely affect our cash flows and property values. Furthermore, the impact of vacated anchor space and the potential reduction in customer traffic may adversely impact the balance of tenants at a shopping center.

Historically and from time to time, certain of our tenants experienced financial difficulties and filed for bankruptcy protection, typically under Chapter 11 of the United States Bankruptcy Code ("Chapter 11 Bankruptcy"). Pursuant to bankruptcy law, tenants have the right to reject some or all of their leases. In the event a tenant exercises this right, the landlord generally has the right to file a claim for lost rent equal to the greater of either one year's rent (including tenant expense reimbursements) for remaining terms greater than one year, or 15% of the rent remaining under the balance of the lease term, but not to exceed three years rent. Actual amounts to be received in satisfaction of those claims will be subject to the tenant's final bankruptcy plan and the availability of funds to pay its creditors.

Although currently none of our major tenants are in bankruptcy, experience shows that there can be no assurance that one or more of our major tenants will be immune from bankruptcy.

We may not be able to renew current leases or the terms of re-letting (including the cost of concessions to tenants) may be less favorable to us than current lease terms.

Upon the expiration of current leases for space located in our properties, we may not be able to re-let all or a portion of that space, or the terms of re-letting (including the cost of concessions to tenants) may be less favorable to us than current lease terms. If we are unable to re-let promptly all or a substantial portion of the space located in our properties or if the rental rates we receive upon re-letting are significantly lower than current rates, our net income and ability to make expected distributions to our shareholders will be adversely affected due to the resulting reduction in revenues. There can be no assurance that we will be able to retain tenants in any of our properties upon the expiration of their leases. See "Item 2. Properties - Lease Expirations" in this Annual Report on Form 10-K for additional information as to the scheduled lease expirations in our portfolio.

E-commerce can have an impact on our business.

The use of the internet by consumers continues to gain in popularity. The migration toward e-commerce is expected to continue. This increase in internet sales could result in a downturn in the business of our current tenants in their "brick and mortar" locations and could affect the way future tenants lease space.

While we devote considerable effort and resources to analyze and respond to tenant trends, preferences and consumer spending patterns, we cannot predict with certainty what future tenants will want, what future retail spaces will look like and how much revenue will be generated at traditional "bricks and mortar" locations. If we are unable to anticipate and respond promptly to trends in the market due to the illiquid nature of real estate (See the Risk Factor entitled, "Our ability to change our portfolio is limited because real estate investments are illiquid" below), our occupancy levels and financial results could suffer.

The economic environment may cause us to lose tenants and may impair our ability to borrow money to purchase properties, refinance existing debt or finance our current redevelopment projects.

Our operations and performance depend on general economic conditions, including the health of the consumer. The U.S. economy has historically experienced financial downturns from time to time, including a decline in consumer

spending, credit tightening and high unemployment.

While we currently believe we have adequate sources of liquidity, there can be no assurance that we will be able to obtain mortgage loans to purchase additional properties, obtain financing to complete current redevelopment projects, or successfully refinance our properties as loans become due. To the extent that the availability of credit is limited, it would also adversely impact our notes receivable as counterparties may not be able to obtain the financing required to repay the loans upon maturity.

Political and economic uncertainty could have an adverse effect on us.

We cannot predict how current political and economic uncertainty, including uncertainty related to taxation, will affect our critical tenants, joint venture partners, lenders, financial institutions and general economic conditions, including the health and confidence of the consumer and the volatility of the stock market.

Political and economic uncertainty poses a risk to us in that it may cause consumers to postpone discretionary spending in response to tighter credit, reduced consumer confidence and other macroeconomic factors affecting consumer spending behavior, resulting in a downturn in the business of our tenants. In the event current political and economic uncertainty results in financial turmoil affecting the banking system and financial markets or significant financial service institution failures, there could be a new or incremental tightening in the credit markets, low liquidity, and extreme volatility in fixed income, credit, currency and equity markets. Each of these could have an adverse effect on our business, financial condition and operating results.

There are risks relating to investments in real estate.

Real property investments are subject to multiple risks. Real estate values are affected by a number of factors, including: changes in the general economic climate, local conditions (such as an oversupply of space or a reduction in demand for real estate in an area), the quality and philosophy of management, competition from other available space, the ability of the owner to provide adequate maintenance and insurance and to control variable operating costs. Retail properties, in particular, may be affected by changing perceptions of retailers or shoppers regarding the safety, convenience and attractiveness of the property and by the overall climate for the retail industry. Real estate values are also affected by such factors as government regulations, interest rate levels, the availability of financing and potential liability under, and changes in, environmental, zoning, tax and other laws. A significant portion of our income is derived from rental income from real property. Our income and cash flow would be adversely affected if we were unable to rent our vacant space to viable tenants on economically favorable terms. In the event of default by a tenant, we may experience delays in enforcing, as well as incur substantial costs to enforce, our rights as a landlord. In addition, certain significant expenditures associated with each equity investment (such as mortgage payments, real estate taxes and maintenance costs) are generally not reduced even though there may be a reduction in income from the investment.

Our ability to change our portfolio is limited because real estate investments are illiquid.

Equity investments in real estate are relatively illiquid and, therefore, our ability to change our portfolio promptly in response to changed conditions is limited, which could adversely affect our financial condition and results of operations and our ability to make distributions. Our Board of Trustees may establish investment criteria or limitations as it deems appropriate, but currently does not limit the number of properties in which we may seek to invest or on the concentration of investments in any one geographic region. As discussed under the heading "Our Board of Trustees may change our investment policy without shareholder approval " below, we could change our investment, disposition and financing policies and objectives without a vote of our shareholders, but such change may be delayed or more difficult to implement due to the illiquidity of real estate.

We could become highly leveraged, resulting in increased risk of default on our obligations and in an increase in debt service requirements, which could adversely affect our financial condition and results of operations and our ability to pay distributions. In addition, the viability of the interest rate hedges we use is subject to the strength of the counterparties.

We have incurred, and expect to continue to incur, indebtedness to support our activities. Neither our Declaration of Trust nor any policy statement formally adopted by our Board of Trustees limits either the total amount of indebtedness or the specified percentage of indebtedness that we may incur. Accordingly, we could become more highly leveraged, resulting in increased risk of default on our obligations and in an increase in debt service requirements, which could adversely affect our financial condition and results of operations and our ability to make distributions.

Interest expense on our variable rate debt as of December 31, 2014 would increase by $3.3 million annually for a 100 basis point increase in interest rates. We may seek additional variable rate financing if and when pricing and other commercial and financial terms warrant. As such, we often hedge against the interest rate risk related to such additional variable rate debt, primarily through interest rate swaps but can use other means.

We enter into interest rate hedging transactions, including interest rate swaps and cap agreements, with counterparties, generally, the same lenders who made the loan in question. There can be no guarantee that the future financial condition of these counterparties will enable them to fulfill their obligations under these agreements.

Competition may adversely affect our ability to purchase properties and to attract and retain tenants.

There are numerous commercial developers, real estate companies, financial institutions and other investors with greater financial resources than we have that compete with us in seeking properties for acquisition and tenants who will lease space in our properties. Our competitors include other REITs, financial institutions, private funds, insurance companies, pension funds, private companies, family offices, sovereign wealth funds and individuals. This competition may result in a higher cost for properties than we wish to pay. In addition, retailers at our properties (both in our Core Portfolio and in the portfolios of the Funds) face increasing

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competition from outlet malls, discount shopping clubs, e-commerce, direct mail and telemarketing, which could (i) reduce rents payable to us and (ii) reduce our ability to attract and retain tenants at our properties leading to increased vacancy rates at our properties.

We could be adversely affected by poor market conditions where our properties are geographically concentrated.

Our performance depends on the economic conditions in markets in which our properties are concentrated. We have significant exposure to the greater New York and Chicago metropolitan regions, from which we derive 44% and 24% of the annual base rents within our Core Portfolio, respectively and 47% and 15% of annual base rents within our Funds, respectively. Our operating results could be adversely affected if market conditions, such as an oversupply of space or a reduction in demand for real estate, in these areas occur.

We have pursued, and may in the future continue to pursue extensive growth opportunities, including investing in new markets, which may result in significant demands on our operational, administrative and financial resources.

We are pursuing extensive growth opportunities, some of which have been, and in the future may be, in locations in which we have not historically invested. This expansion places significant demands on our operational, administrative and financial resources. The continued growth of our real estate portfolio can be expected to continue to place a significant strain on our resources. Our future performance will depend in part on our ability to successfully attract and retain qualified management personnel to manage the growth and operations of our business. In addition, the acquired properties may fail to operate at expected levels due to the numerous factors that may affect the value of real estate. There can be no assurance that we will have sufficient resources to identify and manage the properties.

Our inability to carry out our growth strategy could adversely affect our financial condition and results of operations.

Our earnings growth strategy is based on the acquisition and redevelopment of additional properties, including acquisitions of core properties through our Operating Partnership and our high return investment programs through Fund IV. The consummation of any future acquisitions will be subject to satisfactory completion of our extensive valuation analysis and due diligence review and to the negotiation of definitive documentation. We cannot be sure that we will be able to implement our strategy because we may have difficulty finding new properties, obtaining necessary entitlements, negotiating with new or existing tenants or securing acceptable financing.

Acquisitions of additional properties entail the risk that investments will fail to perform in accordance with expectations, including operating and leasing expectations. In the context of our business plan, "redevelopment" generally means an expansion or renovation of an existing property. Redevelopment is subject to numerous risks, including risks of construction delays, cost overruns or uncontrollable events that may increase project costs, new project commencement risks such as the receipt of zoning, occupancy and other required governmental approvals and permits, and incurring redevelopment costs in connection with projects that are not pursued to completion.

A component of our growth strategy is through private-equity type investments made through our RCP Venture. These include investments in operating retailers. The inability of the retailers to operate profitably would have an adverse impact on income realized from these investments. Through our investments in joint ventures we have also invested in operating businesses that have operational risk in addition to the risks associated with real estate investments, including among other risks, human capital issues, adequate supply of product and material, and merchandising issues.

Our redevelopment and construction activities could affect our operating results.

We intend to continue the selective redevelopment and construction of retail properties, with our project at City Point currently being our largest redevelopment project (see "Item 1. BUSINESS - INVESTING ACTIVITIES - Funds - Redevelopment Activities" for a description of the CityPoint project).

As opportunities arise, we expect to delay construction until sufficient pre-leasing is reached and financing is in place. Our redevelopment and construction activities include risks that:

- We may abandon redevelopment opportunities after expending resources to determine feasibility;
- Construction costs of a project may exceed our original estimates;
- Occupancy rates and rents at a newly completed property may not be sufficient to make the property profitable;
- Financing for redevelopment of a property may not be available to us on favorable terms;

- We may not complete construction and lease-up on schedule, resulting in increased debt service expense and construction costs; and
- We may not be able to obtain, or may experience delays in obtaining necessary zoning, land use, building, occupancy and other required governmental permits and authorizations.

Additionally, the time frame required for redevelopment, construction and lease-up of these properties means that we may not realize a significant cash return for several years. If any of the above events occur, the redevelopment of properties may hinder our growth and have an adverse effect on our results of operations and cash flows. In addition, new redevelopment activities, regardless of whether or not they are ultimately successful, typically require substantial time and attention from management.

Redevelopments and acquisitions may fail to perform as expected.

Our investment strategy includes the redevelopment and acquisition of retail properties in supply constrained markets in densely populated areas with high average household incomes and significant barriers to entry. The redevelopment and acquisition of properties entails risks that include the following, any of which could adversely affect our results of operations and our ability to meet our obligations:

- The property may fail to achieve the returns we have projected, either temporarily or for extended periods;
- We may not be able to identify suitable properties to acquire or may be unable to complete the acquisition of the properties we identify;
- We may not be able to integrate an acquisition into our existing operations successfully;
- Properties we redevelop or acquire may fail to achieve the occupancy or rental rates we project, within the time frames we project, at the time we make the decision to invest, which may result in the properties' failure to achieve the returns we projected;
- Our pre-acquisition evaluation of the physical condition of each new investment may not detect certain defects or identify necessary repairs until after the property is acquired, which could significantly increase our total acquisition costs or decrease cash flow from the property; and
- Our investigation of a property or building prior to our acquisition, and any representations we may receive from the seller of such building or property, may fail to reveal various liabilities, which could reduce the cash flow from the property or increase our acquisition cost.

We operate through a partnership structure, which could have an adverse effect on our ability to manage our assets.

Our primary property-owning vehicle is the Operating Partnership, of which we are the general partner. Our acquisition of properties through the Operating Partnership in exchange for interests in the Operating Partnership may permit certain tax deferral advantages to limited partners who contribute properties to the Operating Partnership. Since properties contributed to the Operating Partnership may have unrealized gains attributable to the differences between the fair market value and adjusted tax basis in such properties prior to contribution, the sale of such properties could cause adverse tax consequences to the limited partners who contributed such properties. Although we, as the general partner of the Operating Partnership, generally have no obligation to consider the tax consequences of our actions to any limited partner, we own several properties subject to material contractual restrictions for varying periods of time designed to minimize the adverse tax consequences to the limited partners who contributed such properties. Such restrictions may result in significantly reduced flexibility to manage some of our assets.

Exclusivity obligation to our Funds.

Under the terms of Fund IV, our primary goal is to seek investments for Fund IV, subject to certain exceptions. We may only pursue opportunities to acquire retail properties directly through the Operating Partnership if (i) the

ownership of the acquisition opportunity by Fund IV would create a material conflict of interest for us; (ii) we require the acquisition opportunity for a "like-kind" exchange; (iii) the consideration payable for the acquisition opportunity is our Common Shares, OP Units or other securities or (iv) the investment is outside the parameters of our investment goals for Fund IV (which, in general, seeks more opportunistic level returns). As a result, we may not be able to make attractive acquisitions directly and instead may only receive a minority interest in such acquisitions through Fund IV.

Risks of joint ventures.

Partnership or joint venture investments may involve risks not otherwise present for investments made solely by us, including the possibility that our partner or co-venturer might become bankrupt, and that our partner or co-venturer may take action contrary to our instructions, requests, policies or objectives, including our policy with respect to maintaining our qualification as a REIT. Other risks of joint venture investments include impasse on decisions, such as a sale, because neither we nor a joint venture partner

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would have full control over the joint venture. Also, there is no limitation under our organizational documents as to the amount of our funds that may be invested in joint ventures.

Additionally, our partners or co-venturers may engage in malfeasance in spite of our efforts to perform a high level of due diligence on them. Such acts may or may not be covered by insurance. Finally, partners and co-venturers may engage in illegal activities which may jeopardize an investment and/or subject us to reputational risk.

Any disputes that may arise between joint venture partners and us may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and effort on our business. Consequently, actions by or disputes with joint venture partners might result in subjecting properties owned by the joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our third-party joint venture partners.

Historically our Fund I and Mervyns I joint ventures provided Promote income. There can be no assurance that the joint ventures will continue to operate profitably and thus provide additional Promote income in the future. These factors could limit the return that we receive from such investments or cause our cash flows to be lower than our estimates. In addition, a partner or co-venturer may not have access to sufficient capital to satisfy its funding obligations to the joint venture.

Our structured financing portfolio is subject to specific risks relating to the structure and terms of the instruments and the underlying collateral.

We invest in notes receivables and preferred equity investments that are collateralized by the underlying real estate, a direct interest or the borrower’s ownership interest in the entities that own the properties and/or by the borrower’s personal guarantee. The underlying assets are sometimes subordinate in payment and collateral to more senior loans. The ability of a borrower or entity to make payments on these investments may be subject to the senior lender and/or the performance of the underlying real estate. In the event of a default by the borrower or entity on its senior loan, our investment will only be satisfied after the senior loan and we may not be able to recover the full value of the investment. In the event of a bankruptcy of an entity in which we have a preferred equity interest, or in which the borrower has pledged its interest, the assets of the entity may not be sufficient to satisfy our investment.

Market factors could have an adverse effect on our share price and our ability to access the public equity markets.

One of the factors that may influence the trading price of our Common Shares is the annual dividend rate on our Common Shares as a percentage of its market price. An increase in market interest rates may lead purchasers of our Common Shares to seek a higher annual dividend rate, which could adversely affect the market price of our Common Shares. A decline in our share price, as a result of this or other market factors, could unfavorably impact our ability to raise additional equity in the public markets.

The loss of a key executive officer could have an adverse effect on us.

Our success depends on the contribution of key management members. The loss of the services of Kenneth F. Bernstein, President and Chief Executive Officer, or other key executive-level employees could have a material adverse effect on our results of operations. Management continues to strengthen our team and provide for succession planning, but there can be no assurance that such planning will be capable of implementation or of the success of such efforts. We have obtained key-man life insurance for Mr. Bernstein. In addition, we have entered into an employment agreement with Mr. Bernstein; however, it can be terminated by Mr. Bernstein in his discretion. We have not entered into employment agreements with other key executive-level employees.

Our Board of Trustees may change our investment policy or objectives without shareholder approval.

Our Board of Trustees may determine to change our investment and financing policies or objectives, our growth strategy and our debt, capitalization, distribution, acquisition, disposition and operating policies. Our Board of Trustees may establish investment criteria or limitations as it deems appropriate, but currently does not limit the number of properties in which we may seek to invest or on the concentration of investments in any one geographic region. Although our Board of Trustees has no present intention to revise or amend our strategies and policies, it may do so at any time without a vote by our shareholders. Accordingly, the results of decisions made by our Board of Trustees as implemented by management may or may not serve the interests of all of our shareholders and could adversely affect our financial condition or results of operations, including our ability to distribute cash to shareholders or qualify as a REIT.

Distribution requirements imposed by law limit our operating flexibility.

To maintain our status as a REIT for federal income tax purposes, we are generally required to distribute to our shareholders at least 90% of our taxable income for each calendar year. Our taxable income is determined without regard to any deduction for dividends paid and by excluding net capital gains. To the extent that we satisfy the distribution requirement, but distribute less than 100% of our taxable income, we will be subject to federal corporate income tax on our undistributed income. In addition, we will incur a 4% nondeductible excise tax on the amount, if any, by which our distributions in any year are less than the sum of (i) 85% of our ordinary income for that year; (ii) 95% of our capital gain net income for that year; and (iii) 100% of our undistributed taxable income from prior years. We intend to continue to make distributions to our shareholders to comply with the distribution requirements of the Internal Revenue Code and to minimize exposure to federal income and excise taxes. Differences in timing between the receipt of income and the payment of expenses in determining our income as well as required debt amortization payments and the capitalization of certain expenses could require us to borrow funds on a short-term basis to meet the distribution requirements that are necessary to achieve the tax benefits associated with qualifying as a REIT. The distribution requirements also severely limit our ability to retain earnings to acquire and improve properties or retire outstanding debt.

There can be no assurance we have qualified or will remain qualified as a REIT for federal income tax purposes.

We believe that we have consistently met the requirements for qualification as a REIT for federal income tax purposes beginning with our taxable year ended December 31, 1993, and we intend to continue to meet these requirements in the future. However, qualification as a REIT involves the application of highly technical and complex provisions of the Internal Revenue Code, for which there may be only limited judicial or administrative interpretations. No assurance can be given that we have qualified or will remain qualified as a REIT. The Internal Revenue Code provisions and income tax regulations applicable to REITs differ significantly from those applicable to other corporations. The determination of various factual matters and circumstances not entirely within our control can potentially affect our ability to continue to qualify as a REIT. In addition, no assurance can be given that future legislation, regulations, administrative interpretations or court decisions will not significantly change the requirements for qualification as a REIT or adversely affect the federal income tax consequences of such qualification. Under current law, if we fail to qualify as a REIT, we would not be allowed a deduction for dividends paid to shareholders in computing our net taxable income. In addition, our income would be subject to tax at the regular corporate rates. Also, we could be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost. Cash available for distribution to our shareholders would be significantly reduced for each year in which we do not qualify as a REIT. In that event, we would not be required to continue to make distributions. Although we currently intend to continue to qualify as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause us, without the consent of our shareholders, to revoke the REIT election or to otherwise take action that would result in disqualification.

Legislative or regulatory tax changes could have an adverse effect on us.

There are a number of issues associated with an investment in a REIT that are related to the federal income tax laws, including, but not limited to, the consequences of our failing to continue to qualify as a REIT. At any time, the federal income tax laws governing REITs or the administrative interpretations of those laws may be amended or modified. Any new laws or interpretations may take effect retroactively and could adversely affect us or our shareholders. Reduced tax rates applicable to certain corporate dividends paid to most domestic noncorporate shareholders are not generally available to REIT shareholders since a REITs income generally is not subject to corporate level tax. As a result, investment in non-REIT corporations may be viewed as relatively more attractive than investment in REITs by domestic noncorporate investors. This could adversely affect the market price of our shares.

Changes in accounting standards may adversely impact our financial results.

The Financial Accounting Standards Board ("FASB"), in conjunction with the Securities and Exchange Commission, has several key projects on their agenda that could impact how we currently account for our material transactions, including, but not limited to, lease accounting and other convergence projects with the International Accounting Standards Board. In addition, the FASB has the ability to introduce new projects to its agenda which may also impact how we account for our material transactions. At this time, we are unable to predict with certainty which, if any, proposals may be passed, what new legislation may be implemented or what level of impact any such proposal could have on the presentation of our consolidated financial statements, our results of operations and our financial ratios required by our debt covenants.

Limits on ownership of our capital shares.

For us to qualify as a REIT for federal income tax purposes, among other requirements, not more than 50% of the value of our capital shares may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) at any time during the last half of each taxable year, and such capital shares must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year (in each case, other than the first such year). Our Declaration of Trust includes certain restrictions regarding transfers of our capital

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shares and ownership limits that are intended to assist us in satisfying these limitations, among other purposes. These restrictions and limits may not be adequate in all cases, however, to prevent the transfer of our capital shares in violation of the ownership limitations. The ownership limit discussed above may have the effect of delaying, deferring or preventing someone from taking control of us.

Actual or constructive ownership of our capital shares in excess of the share ownership limits contained in our Declaration of Trust would cause the violative transfer or ownership to be null and void from the beginning and subject to purchase by us at a price equal to the fair market value of such shares (determined in accordance with the rules set forth in our Declaration of Trust). As a result, if a violative transfer were made, the recipient of the shares would not acquire any economic or voting rights attributable to the transferred shares. Additionally, the constructive ownership rules for these limits are complex and groups of related individuals or entities may be deemed a single owner and consequently in violation of the share ownership limits.

Concentration of ownership by certain investors.

As of December 31, 2014, four institutional shareholders own 5% or more individually, and 39.8% in the aggregate, of our Common Shares. A significant concentration of ownership may allow an investor or a group of investors to exert a greater influence over our management and affairs and may have the effect of delaying, deferring or preventing a change in control of us.

Restrictions on a potential change of control.

Our Board of Trustees is authorized by our Declaration of Trust to establish and issue one or more series of preferred shares without shareholder approval. We have not established any series of preferred shares. However, the establishment and issuance of a series of preferred shares could make more difficult a change of control of us that could be in the best interests of the shareholders. In addition, we have entered into an employment agreement with our Chief Executive Officer and severance agreements are in place with our executives which provide that, upon the occurrence of a change in control of us and either the termination of their employment without cause (as defined) or their resignation for good reason (as defined), those executive officers would be entitled to certain termination or severance payments made by us (which may include a lump sum payment equal to defined percentages of annual salary and prior years' average bonuses, paid in accordance with the terms and conditions of the respective agreement), which could deter a change of control of us that could be in the best interests of the shareholders.

Certain provisions of Maryland law may limit the ability of a third party to acquire control of our Company.

Under the Maryland General Corporation Law, as amended, which we refer to as the "MGCL," as applicable to REITs, certain "business combinations," including certain mergers, consolidations, share exchanges and asset transfers and certain issuances and reclassifications of equity securities, between a Maryland REIT and any person who beneficially owns 10% or more of the voting power of the trust's outstanding voting shares or an affiliate or an associate, as defined in the MGCL, of the trust who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then-outstanding shares of beneficial interest of the trust, which we refer to as an "interested shareholder," or an affiliate of the interested shareholder, are prohibited for five years after the most recent date on which the interested shareholder becomes an interested shareholder. After that five-year period, any such business combination must be recommended by the board of trustees of the trust and approved by the affirmative vote of at least (1) 80% of the votes entitled to be cast by holders of outstanding voting shares of beneficial interest of the trust and (2) two-thirds of the votes entitled to be cast by holders of voting shares of the trust other than shares held by the interested shareholder with whom, or with whose affiliate, the business combination is to be effected or held by an affiliate or associate of the interested shareholder, unless, among other conditions, the trust's common shareholders receive a minimum price, as defined in the MGCL,

for their shares and the consideration is received in cash or in the same form as previously paid by the interested shareholder for its Common Shares.

These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by the board of trustees of the trust before the interested shareholder becomes an interested shareholder, and a person is not an interested shareholder if the board of trustees approved in advance the transaction by which the person otherwise would have become an interested shareholder. In approving a transaction, our Board of Trustees may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the Board.

The MGCL also provides that holders of "control shares" of a Maryland REIT (defined as voting shares that, when aggregated with all other shares owned by the acquirer or in respect of which the acquirer is entitled to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise one of three increasing ranges of voting power in electing trustees) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of "control shares") have no voting rights except to the extent approved by the affirmative vote of holders of at least two-thirds of all the votes entitled to be cast on the matter, excluding shares owned by the acquirer, by officers or by employees who

are also trustees of the trust. Our Bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of our shares of beneficial interest. Our Bylaws can be amended by our Board of Trustees by majority vote, and there can be no assurance that this provision will not be amended or eliminated at any time in the future.

Additionally, Title 3, Subtitle 8 of the MGCL permits our Board of Trustees, without shareholder approval and regardless of what is currently provided in our Declaration of Trust or Bylaws, to elect to be subject to certain provisions relating to corporate governance that may have the effect of delaying, deferring or preventing a transaction or a change of control of our Company that might involve a premium to the market price of our Common Shares or otherwise be in the best interests of our shareholders. We are subject to some of these provisions (for example, a two-thirds vote requirement for removing a trustee) by provisions of our Declaration of Trust and Bylaws unrelated to Subtitle 8.

Becoming subject to, or the potential to become subject to, these provisions of the MGCL could inhibit, delay or prevent a transaction or a change of control of our Company that might involve a premium price for our shareholders or otherwise be in our or their best interests. In addition, the provisions of our Declaration of Trust on removal of trustees and the provisions of our Bylaws regarding advance notice of shareholder nominations of trustees and other business proposals and restricting shareholder action outside of a shareholders meeting unless such action is taken by unanimous written consent could have a similar effect.

Our rights and shareholders' rights to take action against trustees and officers are limited, which could limit recourse in the event of actions not in the best interests of shareholders.

As permitted by Maryland law, our Declaration of Trust eliminates the liability of our trustees and officers to the Company and its shareholders for money damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- a final judgment based upon a finding of active and deliberate dishonesty by the trustee or officer that was material to the cause of action adjudicated.

In addition, our Declaration of Trust authorizes, and our Bylaws obligate, us to indemnify each present or former trustee or officer, to the maximum extent permitted by Maryland law, who is made a party to any proceeding because of his or her service to our Company. As part of these indemnification obligations, we may be obligated to fund the defense costs incurred by our trustees and officers.

Outages, computer viruses and similar events could disrupt our operations.

We rely on information technology networks and systems, some of which are owned and operated by third parties, to process, transmit and store electronic information. Any of these systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, terrorist attacks and similar events. Despite the implementation of network security measures, our systems and those of third parties on which we rely may also be vulnerable to computer viruses and similar disruptions. If we and the third parties on whom we rely are unable to prevent such outages and breaches, our operations could be disrupted.

Increased Information Technology ("IT") security threats and more sophisticated computer crime could pose a risk to our systems, networks and services.

Cyber incidents can result from deliberate attacks or unintentional events. There have been an increased number of significant cyber attacks targeted at the retail, insurance, financial and banking industries that include, but are not

limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as by causing denial-of-service attacks on websites. Cyber attacks by third parties or insiders utilizes techniques that range from highly sophisticated efforts to electronically circumvent network security or overwhelm website to more traditional intelligence gathering and social engineering aimed at obtaining information necessary to gain access.

Increased global IT security threats are more sophisticated and targeted computer crimes pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. The open nature of interconnected technologies may allow for a network or Web outage or a privacy breach that reveals sensitive data or transmission of harmful/malicious code to business partners and clients. The techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time, we may be unable to anticipate these techniques or implement adequate preventive measures.

Cyber attacks may cause substantial cost and other negative consequences, which may include, but are not limited to:

- Compromising of confidential information;
- Manipulation and destruction of data;
- Loss of trade secrets;
- System downtimes and operational disruptions;
- Remediation cost that may include liability for stolen assets or information and repairing system damage that may have been caused. Remediation may include incentives offered to customers, tenants or other business partners in an effort to maintain the business relationships or due to legal requirements imposed by the Gramm-Leach-Bliley Act of 1999 or the Privacy of Consumer Financial Information Rule;
- Loss of revenues resulting from unauthorized use of proprietary information;
- Cost to deploy additional protection strategies, training employees and engaging third party experts and consultants;
- Reputational damage adversely affecting investor confidence; and
- Litigation.

While we attempt to mitigate these risks by employing a number of measures, including a dedicated IT team, employee training and background checks, comprehensive monitoring of our networks and systems, and maintenance of backup systems and redundancy along with purchasing available insurance coverage, our systems, networks and services remain potentially vulnerable to advanced threats.

Third Party Vendor Risk - Network and Data redundancy

We are dependent and rely on third party vendors including Cloud providers for redundancy of our network, system data, security and data integrity. If a vendor fails to provide services as agreed, suffers outages, business interruptions, financial difficulties or bankruptcy we may experience service interruption, delays or loss of information. Cloud computing is dependent upon having access to an internet connection in order to retrieve data. If a natural disaster, blackout or other unforeseen event were to occur that disrupted the ability to obtain an internet connection we may experience a slowdown or delay in our operations. We conduct appropriate due diligence on all services providers and restrict access, use and disclosure of personal information. We engage vendors with formal written agreements clearly defining the roles of the parties specifying privacy and data security responsibilities.

Climate change and catastrophic risk from natural perils.

Some of our current properties could be subject to potential natural or other disasters. We may acquire properties that are located in areas which are subject to natural disasters. Any properties located in coastal regions would therefore be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors.

Climate change is a long-term change in the statistical distribution of weather patterns over periods of time that range from decades to millions of years. It may be a change in the average weather conditions or a change in the distribution of weather events with respect to an average, for example, greater or fewer extreme weather events. Climate change may be limited to a specific region, or may occur across the whole Earth.

There may be significant physical effects of climate change that have the potential to have a material effect on our business and operations. These effects can impact our personnel, physical assets, tenants and overall operations. Physical impacts of climate change may include:

- Increased storm intensity and severity of weather (e.g., floods or hurricanes);
- Sea level rise; and
- Extreme temperatures.

As a result of these physical impacts from climate-related events, we may be vulnerable to the following:

- Risks of property damage to our retail properties;
- Indirect financial and operational impacts from disruptions to the operations of major tenants located in our retail properties from severe weather, such as hurricanes or floods;
- Increased insurance premiums and deductibles, or a decrease in the availability of coverage, for properties in areas subject to severe weather;
- Increased insurance claims and liabilities;
- Increases in energy costs impacting operational returns;
- Changes in the availability or quality of water, or other natural resources on which the tenant's business depends;

- Decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperatures or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable);
- Incorrect long term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and
- Economic disruptions arising from the above.

Possible liability relating to environmental matters.

Under various federal, state and local environmental laws, statutes, ordinances, rules and regulations, as an owner of real property, we may be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, in or under our property, as well as certain other potential costs relating to hazardous or toxic substances (including government fines and penalties and damages for injuries to persons and adjacent property). These laws may impose liability without regard to whether, we knew of or were responsible for, the presence or disposal of those substances. This liability may be imposed on us in connection with the activities of an operator of, or tenant at, the property. The cost of any required remediation, removal, fines or personal or property damages and our liability therefore could exceed the value of the property and/or our aggregate assets. In addition, the presence of those substances, or the failure to properly dispose of or remove those substances, may adversely affect our ability to sell or rent that property or to borrow using that property as collateral, which, in turn, could reduce our revenues and affect our ability to make distributions.

A property can also be adversely affected either through physical contamination or by virtue of an adverse effect upon value attributable to the migration of hazardous or toxic substances, or other contaminants that have or may have emanated from other properties. Although our tenants are primarily responsible for any environmental damages and claims related to the leased premises, in the event of the bankruptcy or inability of any of our tenants to satisfy any obligations with respect to the property leased to that tenant, we may be required to satisfy such obligations. In addition, we may be held directly liable for any such damages or claims irrespective of the provisions of any lease.

From time to time, in connection with the conduct of our business, and prior to the acquisition of any property from a third party or as required by our financing sources, we authorize the preparation of Phase I environmental reports and, when necessary, Phase II environmental reports, with respect to our properties. Based upon these environmental reports and our ongoing review of our properties, we are currently not aware of any environmental condition with respect to any of our properties that we believe would be reasonably likely to have a material adverse effect on us. There can be no assurance, however, that the environmental reports will reveal all environmental conditions at our properties or that the following will not expose us to material liability in the future:

- The discovery of previously unknown environmental conditions;
- Changes in law;
- Activities of tenants; and
- Activities relating to properties in the vicinity of our properties.

Changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions may result in significant unanticipated expenditures or may otherwise adversely affect the operations of our tenants, which could adversely affect our financial condition or results of operations.

Uninsured losses or a loss in excess of insured limits could adversely affect our financial condition.

We carry comprehensive general liability, all-risk property, extended coverage, loss of rent insurance, and environmental liability on our properties, with policy specifications and insured limits customarily carried for similar properties. However, with respect to those properties where the leases do not provide for abatement of rent under any circumstances, we generally do not maintain loss of rent insurance. In addition, there are certain types of losses, such as losses resulting from wars, terrorism or acts of God that generally are not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, we could lose capital invested in a property, as well as the anticipated future revenues from a property, while remaining obligated for any mortgage indebtedness or other financial obligations related to the property. Any loss of these types would adversely affect our financial condition.

Future terrorist attacks or civil unrest could harm the demand for, and the value of, our properties.

Future terrorist attacks, civil unrest and other acts of terrorism or war, could harm the demand for, and the value of, our properties. Terrorist attacks could directly impact the value of our properties through damage, destruction, loss or increased security costs, and the availability of insurance for such acts may be limited or may be subject to substantial cost increases. To the extent that

our tenants are impacted by future attacks, their ability to continue to honor obligations under their existing leases could be adversely affected. A decrease in retail demand could make it difficult for us to renew or re-lease our properties at lease rates equal to or above historical rates. These acts might erode business and consumer confidence and spending, and might result in increased volatility in national and international financial markets and economies. Any one of these events might decrease demand for real estate, decrease or delay the occupancy of our properties, and limit our access to capital or increase our cost of raising capital.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

RETAIL PROPERTIES

The discussion and tables in this Item 2. include properties held through our Core Portfolio and our Funds. We define our Core Portfolio as those properties either 100% owned by, or partially owned through joint venture interests by, the Operating Partnership, or subsidiaries thereof, not including those properties owned through our Funds.

As of December 31, 2014, there are 87 operating properties in our Core Portfolio totaling approximately 5.4 million square feet of gross leasable area ("GLA"). The Core Portfolio properties are located in 12 states and the District of Columbia and primarily consist of street retail and dense suburban shopping centers. These properties are diverse in size, ranging from approximately 2,000 to 900,000 square feet and as of December 31, 2014, were, in total, 96% occupied.

As of December 31, 2014, we owned and operated 25 properties totaling approximately 3.0 million square feet of GLA in our Funds, excluding 31 properties under redevelopment. In addition to shopping centers, the Funds have invested in mixed-use properties, which generally include retail activities. The Fund properties are located in 10 states and the District of Columbia and as of December 31, 2014, were, in total, 85% occupied.

Within our Core Portfolio and Funds, we had approximately 700 leases as of December 31, 2014. A majority of our rental revenues were from national retailers and consist of rents received under long-term leases. These leases generally provide for the monthly payment of fixed minimum rent and the tenants' pro-rata share of the real estate taxes, insurance, utilities and common area maintenance of the shopping centers. Certain of our leases also provide for the payment of rent based on a percentage of a tenant's gross sales in excess of a stipulated annual amount, either in addition to, or in place of, minimum rents. Minimum rents, percentage rents and expense reimbursements accounted for approximately 91% of our total revenues for the year ended December 31, 2014.

Three of our Core Portfolio properties and five of our Fund properties are subject to long-term ground leases in which a third party owns and has leased the underlying land to us. We pay rent for the use of the land and are responsible for all costs and expenses associated with the building and improvements at all eight locations.

No individual property contributed in excess of 10% of our total revenues for the years ended December 31, 2014, 2013 or 2012. See Note 8 in the Notes to Consolidated Financial Statements, for information on the mortgage debt pertaining to our properties. The following sets forth more specific information with respect to each of our shopping centers at December 31, 2014:

Retail Property	Location	Year Constructed (C) Acquired (A)	Ownership Interest	GLA	Occupancy % 12/31/14 (1)		Annual Base Rent (2)	Annual Base Rent PSF	Anchor Tenants Current Lease Expiration/ Lease Option Expiration
Core Portfolio STREET AND URBAN RETAIL									
Chicago Metro									
664 N. Michigan	Chicago	2013 (A)	Fee	18,141	100	%	$4,303,538	$237.23	

840 N. Michigan	Chicago	2014 (A)	Fee/JV	87,135	100	%	7,044,900	80.85	Tommy Bahama 2029/2039 Ann Taylor Loft 2028/2033 H&M 2018/2028 Verizon 2024/2034
Rush and Walton Streets (4)	Chicago	2011/14	Fee	41,432	100	%	6,303,696	152.15	Lululemon 2019/2029 Brioni 2023/2033 BHLDN 2023/2033 Marc Jacobs
613-623 West Diversey	Chicago	2006	Fee	19,265	67	%	708,951	54.53	
651-671 West Diversey	Chicago	2011	Fee	46,259	100	%	1,909,285	41.27	Trader Joe's 2021/2041 Urban Outfitters 2021/2031
Clark Street and W. Diversey (5)	Chicago	2011/12	Fee	23,531	87	%	1,053,247	51.62	Ann Taylor 2021/2031 Akira 2018/2028

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Retail Property	Location	Year Constructed (C) Acquired (A)	Ownership Interest	GLA		Occupancy % 12/31/14 (1)		Annual Base Rent (2)	Annual Base Rent PSF	Anchor Tenants Current Lease Expiration/ Lease Option Expiration
Halsted and Armitage (6)	Chicago	2011/12	Fee	44,658		95	%	1,836,615	43.26	Intermix 2017/2022 BCBG 2018/2028 Club Monaco 2016/2021
North Lincoln Park (7)	Chicago	2011/14	Fee	51,255		87	%	1,698,169	38.29	Aldo 2019/2024 Carhartt 2021/2031
Total Chicago Metro				331,676		94	%	24,858,401	79.37	
New York Metro										
83 Spring Street	Manhattan	2012 (A)	Fee	3,000		100	%	623,884	207.96	Paper Source 2022/2027
152-154 Spring Street	Manhattan	2014 (A)	Fee/JV	2,936		100	%	2,139,360	728.66	Kate Spade Saturday 2015/2025
15 Mercer Street	Manhattan	2011 (A)	Fee	3,375		100	%	406,494	120.44	3 x 1 Denim 2021/—
East 17th Street	Manhattan	2008 (A)	Fee	11,467		—	%	—	—	
West 54th Street	Manhattan	2007 (A)	Fee	5,773		92	%	2,196,061	412.09	Stage Coach Tavern 2033/—
61 Main Street	Westport	2014 (A)	Fee	3,400		100	%	351,560	103.40	
181 Main Street	Westport	2012 (A)	Fee	11,350		100	%	848,683	74.77	TD Bank 2026/2041
4401 White Plains Road	Bronx	2011 (A)	Fee	12,964		100	%	625,000	48.21	Walgreens 2060/—
Bartow Avenue	Bronx	2005 (C)	Fee	14,676		100	%	467,987	31.89	Sleepy's 2019/—
239 Greenwich Avenue	Greenwich	1998 (A)	Fee/JV	16,553	(8)	27	%	388,573	85.58	
252-256 Greenwich Avenue	Greenwich	2014 (A)	Fee	9,172		100	%	1,210,630	131.99	Calypso 2016/2026 Jack Wills 2020/2025 Madewell 2020/2025
2914 Third Avenue	Bronx	2006 (A)	Fee	40,320		100	%	887,172	22.00	Planet Fitness 2027/2042
868 Broadway	Manhattan	2013 (A)	Fee	2,031		100	%	682,069	335.83	Dr Martens 2022/2027

313-315 Bowery	Manhattan	2013 (A)	Fee	6,600	100	%	435,600	66.00	
120 West Broadway	Manhattan	2013 (A)	Fee	13,638	82	%	1,613,503	144.86	HSBC Bank 2021/2031 Citibank 2022/2037
131-135 Prince Street	Manhattan	2014 (A)	Fee	3,200	100	%	1,232,352	385.11	Follie Follie 2020/2030 Uno de 50 2017/2022
Shops at Grand	Queens	2014 (A)	Fee	99,975	91	%	2,736,357	29.99	Stop and Shop 2023/2043
2520 Flatbush Avenue	Brooklyn	2014 (A)	Fee	29,114	100	%	1,049,538	36.05	Bob's Discount Furniture 2028/2033 Capital One 2024/2034
Total New York Metro				289,544	88	%	17,894,823	70.35	

Retail Property	Location	Year Constructed (C) Acquired (A)	Ownership Interest	GLA	Occupancy % 12/31/14 (1)		Annual Base Rent (2)	Annual Base Rent PSF	Anchor Tenants Current Lease Expiration/ Lease Option Expiration
District of Columbia Metro									
1739-53 & 1801-03 Connecticut Avenue	Washington D.C.	2012 (A)	Fee	22,907	100	%	1,328,703	58.00	Ruth Chris Steakhouse 2020/— TD Bank 2024/2044
Rhode Island Place Shopping Center	Washington D.C.	2012 (A)	Fee	57,529	100	%	1,647,929	28.65	TJ Maxx 2017/—
M Street and Wisonsin Corridor (9)	Washington D.C.	2011/14 (A)	Fee/JV	31,629	100	%	2,523,512	79.78	Lacoste 2015/2025 Juicy Couture 2018/2028 Coach 2017/—
Total District of Columbia Metro				112,065	100	%	5,500,144	49.08	
Boston Metro									
330-340 River Street	Cambridge	2012 (A)	Fee	54,226	100	%	1,130,470	20.85	Whole Foods 2021/2051
Total Boston Metro				54,226	100	%	1,130,470	20.85	
TOTAL STREET AND URBAN RETAIL				787,511	93	%	49,383,838	67.29	
SUBURBAN PROPERTIES									
New Jersey									
Elmwood Park Shopping Center	Elmwood Park	1998 (A)	Fee	149,070	97	%	3,685,445	25.41	A&P 2017/2052 Walgreen's 2022/2062
Marketplace of Absecon	Absecon	1998 (A)	Fee	104,556	95	%	1,427,696	14.41	Rite Aid 2020/2040 White Horse Liquors 2019/202024
60 Orange Street	Bloomfield	2012 (A)	Fee/JV	101,715	100	%	695,000	6.83	Home Depot 2032/2052
New York									
Village Commons Shopping Center	Smithtown	1998 (A)	Fee	87,330	98	%	2,689,355	31.40	

Branch Shopping Center	Smithtown	1998 (A)	LI (3)	127,241	76	%	2,411,650	25.07	CVS 2020/— LA Fitness 2027/2042
Amboy Road	Staten Island	2005 (A)	LI (3)	63,290	100	%	1,957,236	30.92	Stop & Shop 2028/2043
Pacesetter Park Shopping Center	Ramapo	1999 (A)	Fee	97,604	88	%	1,074,806	12.58	Stop & Shop 2020/2040
West Shore Expressway	Staten Island	2007 (A)	Fee	55,000	100	%	1,391,500	25.30	LA Fitness 2022/2037
Crossroads Shopping Center	White Plains	1998 (A)	Fee/JV (10)	310,652	94	%	6,717,288	23.00	Kmart 2017/2032 Home Goods 2018/2033 PetSmart 2024/2039
New Loudon Center	Latham	1993 (A)	Fee	255,673	100	%	1,989,333	7.78	Price Chopper 2015/2035 AC Moore 2016/— Hobby Lobby 2021/2031
28 Jericho Turnpike	Westbury	2012 (A)	Fee	96,363	100	%	1,650,000	17.12	Kohl's 2020/2050
Bedford Green	Bedford Hills	2014 (A)	Fee	90,472	91	%	2,450,543	29.70	Shop Rite 2016/2031

Retail Property	Location	Year Constructed (C) Acquired (A)	Ownership Interest	GLA	Occupancy % 12/31/14 (1)		Annual Base Rent (2)	Annual Base Rent PSF	Anchor Tenants Current Lease Expiration/ Lease Option Expiration
Connecticut									
Town Line Plaza	Rocky Hill	1998 (A)	Fee	206,346	99	%	1,716,160	16.14	Stop & Shop 2024/2064 Wal-Mart(11)
Massachusetts									
Methuen Shopping Center	Methuen	1998 (A)	Fee	130,021	100	%	1,027,936	7.91	Market Basket 2015/— Wal-Mart 2016/2051
Crescent Plaza	Brockton	1993 (A)	Fee	218,148	94	%	1,765,676	8.60	Supervalu 2017/2047 Home Depot 2021/2056
201 Needham Street	Newton	2014 (A)	Fee	20,409	100	%	591,861	29.00	Michael's 2023/2033
Vermont									
Gateway Shopping Center	South Burlington	1999 (A)	Fee	101,655	100	%	2,033,128	20.00	Supervalu 2024/2053
Illinois									
Hobson West Plaza	Naperville	1998 (A)	Fee	99,137	94	%	1,121,625	11.99	Garden Fresh Markets 2017/2022
Indiana									
Merrillville Plaza	Hobart	1998 (A)	Fee	236,087	100	%	3,347,323	14.25	TJ Maxx 2019/2034 Art Van 2023/2038
Michigan									
Bloomfield Town Square	Bloomfield Hills	1998 (A)	Fee	235,786	100	%	3,570,885	15.14	TJ Maxx 2019/2034 Home Goods 2016/2026 Best Buy 2021/2041 Dick's Sporting Goods 2023/2043
Ohio									
Mad River Station (12)	Dayton	1999 (A)	Fee	123,335	83	%	1,332,503	13.06	Babies ‘R’ Us 2015/2020
Delaware									
	Wilmington	2003 (A)		900,869	94	%	13,929,238	16.39	

Brandywine Town Center			Fee/JV (13)						Bed, Bath & Beyond 2019/2029 Dick's Sporting Goods 2018/2033 Lowe's Home Centers 2018/2048 Target 2018/2058 HH Gregg 2020/2035
Market Square Shopping Center	Wilmington	2003 (A)	Fee/JV (13)	102,047	95	%	2,475,028	25.49	TJ Maxx 2016/2021 Trader Joe's 2019/2034
Route 202 Shopping Center	Wilmington	2006 (C)	LI/JV (3) (13)	19,984	100	%	867,517	43.41	
Pennsylvania									
Mark Plaza	Edwardsville	1993 (C)	LI/Fee (3)	106,856	100	%	240,664	2.25	Kmart 2019/2049
Plaza 422	Lebanon	1993 (C)	Fee	156,279	100	%	835,956	5.35	Home Depot 2028/2058

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Retail Property	Location	Year Constructed (C) Acquired (A)	Ownership Interest	GLA	Occupancy % 12/31/14 (1)		Annual Base Rent (2)	Annual Base Rent PSF	Anchor Tenants Current Lease Expiration/ Lease Option Expiration
Route 6 Plaza	Honesdale	1994 (C)	Fee	175,589	99	%	1,271,587	7.30	Kmart 2020/2070 Dollar Tree 2018/2033 Peebles 2024/2034
Chestnut Hill (14)	Philadelphia	2006 (A)	Fee	37,646	100	%	904,845	24.04	
Abington Towne Center	Abington	1998 (A)	Fee	216,278	96	%	1,016,040	20.61	TJ Maxx 2016/2021 Target (15)
TOTAL SUBURBAN PROPERTIES				4,625,438	96	%	66,187,824	15.84	
Total Core Portfolio				5,412,949	96	%	115,571,662	23.52	
Fund Portfolio Fund I Properties									
VARIOUS REGIONS Kroger/Safeway Portfolio	3 locations (16)	2003 (A)	LI/JV (3)	97,500	35	%	103,074	3.03	Kroger 2019/2049
Total Fund I Properties				97,500	35	%	103,074	3.03	
Fund II Properties New York									
Liberty Avenue	Queens	2005 (A)	LI (3)	26,125	100	%	937,724	35.89	CVS 2032/2052
216th Street (17)	Manhattan	2005 (A)	Fee/JV	60,000	100	%	2,574,000	42.90	City of New York 2027/2032
161st Street	Manhattan	2005 (A)	Fee/JV	232,252	47	%	3,166,025	28.85	
Total Fund II Properties				318,377	62	%	6,677,749	34.10	
Fund III Properties New York									
		2009 (A)	Fee	639,353	92	%	9,868,707	16.77	

Cortlandt Towne Center	Mohegan Lake								Walmart 2018/2048 A&P 2022/2047 Best Buy 2017/2032 Petsmart 2019/2034
654 Broadway	Manhattan	2011 (A)	Fee	2,896	100	%	566,500	195.61	Penguin 2023/2033
640 Broadway	Manhattan	2012 (A)	Fee/JV	4,145	61	%	600,884	236.49	Swatch 2023/2028
New Hyde Park Shopping Center	New Hyde Park	2011 (A)	Fee	32,602	89	%	1,254,488	43.47	Petsmart 2024/2039
3780-3858 Nostrand Avenue	Brooklyn	2013 (A)	Fee	40,315	76	%	1,419,696	46.39	
Massachusetts									
White City Shopping Center	Shrewsbury	2010 (A)	Fee/JV (18)	256,661	92	%	6,149,628	25.98	Shaw's 2018/2033
Maryland									
Parkway Crossing	Baltimore	2011 (A)	Fee/JV (19)	260,241	95	%	1,722,440	6.94	Home Depot 2032/— Big Lots 2016/— Shop Rite 2032/—

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Retail Property	Location	Year Constructed (C) Acquired (A)	Ownership Interest	GLA	Occupancy % 12/31/14 (1)		Annual Base Rent (2)	Annual Base Rent PSF	Anchor Tenants Current Lease Expiration/ Lease Option Expiration
Arundel Plaza	Glen Burnie	2012 (A)	Fee/JV (19)	265,116	95	%	1,318,478	5.24	Giant Food 2015/2025 Lowes 2019/2059
Illinois									
Heritage Shops	Chicago	2011 (A)	Fee	81,730	96	%	3,149,752	40.15	LA Fitness 2025/2040 Ann Taylor 2015/2025
Lincoln Park Centre	Chicago	2012 (A)	Fee (20)	61,761	100	%	2,917,267	47.23	Design Within Reach 2029/2044
Total Fund III Properties				1,644,820	93	%	28,967,840	18.93	
Fund IV Properties									
New York									
1151 Third Avenue	Manhattan	2013 (A)	Fee/JV	13,158	100	%	545,000	66.07	Vineyard Vines 2025/2035
17 East 71st Street	Manhattan	2014 (A)	Fee	9,230	64	%	610,894	103.54	
New Jersey									
2819 Kennedy Boulevard	North Bergen	2013 (A)	Fee/JV (21)	41,477	4	%	100,000	65.10	Aldi 2030/2050
Paramus Plaza	Paramus	2013 (A)	Fee/JV (22)	154,409	63	%	1,847,945	18.89	Babies R Us 2019/2044 Ashley Furniture 2024/2034
Virginia									
Promenade at Manassas	Manassas	2013 (A)	Fee/JV (21)	265,442	98	%	3,402,218	13.02	Home Depot 2031/2071 HH Gregg 2020/2030
Lake Montclair Center	Dumfries	2013 (A)	Fee	105,850	93	%	1,843,740	18.68	Food Lion 2023/2043
Maryland									
1701 Belmont Avenue	Catonsville	2012 (A)	Fee/JV (21)	58,674	100	%	936,166	15.96	Best Buy 2017/2032

Delaware									
Eden Square	Bear	2014 (A)	Fee/JV (21)	235,508	94	%	2,526,376	11.42	Giant, 2024/2059 Lowe's 2017/2032
Illinois									
938 W. North Avenue	Chicago	2013 (A)	Fee/JV (23)	33,228	63	%	988,726	47.56	Restoration Hardware 2020/2030 Sephora 2024/2029
Total Fund IV Properties				916,976	84	%	12,801,065	16.54	
Total Fund Operating Properties (24)				2,977,673	85	%	$48,549,728	$19.18	

Notes:

(1) Does not include space for which lease term had not yet commenced as of December 31, 2014.

(2) These amounts include, where material, the effective rent, net of concessions, including free rent.

(3) We are a ground lessee under a long-term ground lease.

(4) Includes 5 properties (56 E. Walton, 8-12 E. Walton, 930 Rush Street, 50-54 E. Walton, 11 E. Walton and 21 E. Chestnut).

(5) Includes 3 properties (639 W. Diversey, 2731 N. Clark and 662 W. Diversey).

(6) Includes 9 properties (841 W. Armitage, 853 W. Armitage, 843-45 W. Armitage, 2206-08 N. Halsted, 2633 N. Halsted, 837 W. Armitage, 823 W. Armitage, 851 W. Armitage and 819 W. Armitage).

Retail Property	Location	Year Constructed (C) Acquired (A)	Ownership Interest	GLA	Occupancy % 12/31/14 (1)	Annual Base Rent (2)	Annual Base Rent PSF	Anchor Tenants Current Lease Expiration/ Lease Option Expiration

(7)	Includes 6 properties (2140 N. Clybourn, 2299 N. Clybourn,1520 Milwaukee Avenue,1521 W Belmont, 865 W North Avenue and 1240 W. Belmont).
(8)	In addition to the 16,834 square feet of retail GLA, this property also has 21 apartments comprising 14,434 square feet.
(9)	Includes seven properties (1533 Wisconsin Ave., 3025 M St., 3034 M St., 3146 M St, 3259-61 M St. and 2809 M St., in which we have a 50% investment, and 3200 M Street in which we have a 100% investment).
(10)	We have a 49% investment in this property.
(11)	Includes a 97,300 square foot Wal-Mart which is not owned by us.
(12)	The GLA for this property excludes 29,857 square feet of office space.
(13)	We have a 22% investment in this property.
(14)	Property consists of two buildings.
(15)	Includes a 157,616 square foot Target Store that is not owned by us.
(16)	Three remaining assets including locations in Benton, AR, Tulsa, OK and Indianapolis, IN.
(17)	This property is under contract for sale as of December 31, 2014.
(18)	The Fund has an 84% investment in this property.
(19)	The Fund has a 90% investment in this property.
(20)	Subsequent to December 31, 2014, this property was sold.
(21)	The Fund has a 98% investment in this property.
(22)	The Fund has a 50% investment in this property.
(23)	The Fund has a 80% investment in this property.
(24)	In addition to the Fund operating properties, there are 31 properties under redevelopment; Sherman Plaza (Fund II), CityPoint (Fund II) , Broad Hollow Commons (Fund III), Cortlandt Crossing (Fund III), 3104 M Street (Fund III), Broughton Street Portfolio (Fund IV, includes 24 properties), 27 E. 61st (Fund IV) and 210 Bowery (Fund IV).

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MAJOR TENANTS

No individual retail tenant accounted for more than 3.4% of base rents for the year ended December 31, 2014 or occupied more than 7.2% of total leased GLA as of December 31, 2014. The following table sets forth certain information for the 20 largest retail tenants by base rent for leases in place as of December 31, 2014. The amounts below include our pro-rata share of GLA and annualized base rent for the Operating Partnership's partial ownership interest in properties, including the Funds (GLA and Annualized Base Rent in thousands):

Retail Tenant	Number of Stores in Portfolio (1)	Total GLA	Annualized Base Rent (2)	Percentage of Total Represented by Retail Tenant: Total Portfolio GLA		Percentage of Total Represented by Retail Tenant: Annualized Base Rent	
Ahold (Stop and Shop)	5	217	$3,552	4.4	%	3.4	%
Home Depot	5	358	2,763	7.2	%	2.6	%
LA Fitness	3	110	2,551	2.2	%	2.4	%
TJX Companies	10	225	2,375	4.5	%	2.3	%
Verizon Wireless	2	31	2,267	0.6	%	2.2	%
Supervalu (Shaw's)	3	134	2,061	2.7	%	2.0	%
Walgreens	4	40	1,552	0.8	%	1.5	%
A&P	2	61	1,367	1.2	%	1.3	%
Citibank	6	18	1,251	0.4	%	1.2	%
Ann Taylor Loft	3	15	1,238	0.3	%	1.2	%
Sleepy's	9	43	1,224	0.9	%	1.2	%
Sears	3	274	1,170	5.5	%	1.1	%
JP Morgan Chase	7	19	1,106	0.4	%	1.1	%
Bob's Discount Furniture	2	35	1,064	0.7	%	1.0	%
TD Bank	2	16	1,061	0.3	%	1.0	%
Trader Joe's	2	19	967	0.4	%	0.9	%
Gap (Banana Republic and Old Navy)	4	17	928	0.3	%	0.9	%
Shop Rite	2	48	926	1.0	%	0.9	%
Walmart	2	115	887	2.3	%	0.8	%
Dicks Sporting Goods	2	60	860	1.2	%	0.8	%
Total	78	1,855	$31,170	37.3	%	29.8	%

Notes:

(1) Does not include the following tenants that only operate at one location within the Company's portfolio; Tommy Bahama, H&M, Kohl's and Lululemon.

(2) Base rents do not include percentage rents, additional rents for property expense reimbursements and contractual rent escalations.

LEASE EXPIRATIONS

The following table shows scheduled lease expirations for retail tenants in place as of December 31, 2014, assuming that none of the tenants exercise renewal options. (GLA and Annualized Base Rent in thousands):

Core Portfolio:

		Annualized Base Rent (1)		GLA	
Leases maturing in	Number of Leases	Current Annual Rent	Percentage of Total	Square Feet	Percentage of Total
Month to Month	7	$535	— %	21	— %
2015 (2)	41	7,609	7 %	384	8 %
2016	65	10,260	9 %	574	12 %
2017	60	12,870	11 %	578	12 %
2018	66	16,142	14 %	654	13 %
2019	43	8,387	7 %	445	9 %
2020	31	8,920	8 %	423	9 %
2021	28	7,399	6 %	389	8 %
2022	28	6,978	6 %	173	4 %
2023	21	7,409	7 %	291	6 %
2024	37	12,303	11 %	376	8 %
Thereafter	28	16,051	14 %	588	11 %
Total	455	$114,863	100 %	4,896	100 %

Fund Portfolio:

		Annualized Base Rent (1)		GLA	
Leases maturing in	Number of Leases	Current Annual Rent	Percentage of Total	Square Feet	Percentage of Total
Month to Month	4	$279	1 %	18	1 %
2015 (2)	20	2,593	5 %	133	5 %
2016	33	2,870	6 %	114	4 %
2017	30	5,187	11 %	300	12 %
2018	40	6,757	14 %	404	16 %
2019	26	4,663	10 %	403	16 %
2020	11	1,141	2 %	65	3 %
2021	10	1,845	4 %	99	4 %
2022	13	2,660	5 %	132	5 %
2023	17	3,685	8 %	127	5 %
2024	17	4,843	10 %	172	7 %
Thereafter	21	12,026	24 %	567	22 %
Total	242	$48,549	100 %	2,534	100 %

Notes:

(1) Base rents do not include percentage rents, additional rents for property expense reimbursements, nor contractual rent escalations.

(2) The 61 leases scheduled to expire during 2015 are for tenants at 32 properties located in 25 markets. No single market represents a material amount of exposure to the Company as it relates to the rents from these leases. Given the diversity of these markets, properties and characteristics of the individual spaces, the Company cannot make any general representations as it relates to the expiring rents and the rates for which these spaces may be re-leased.

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GEOGRAPHIC CONCENTRATIONS

The following table summarizes our retail properties by region as of December 31, 2014. The amounts below include our pro-rata share of GLA and annualized base rent for the Operating Partnership's partial ownership interest in properties, including the Funds (GLA and Annualized Base Rent in thousands):

					Percentage of Total Represented by Region	
Region	GLA (1) (3)	Occupied % (2)	Annualized Base Rent (2) (3)	Annualized Base Rent per Occupied Square Foot (3)	GLA	Annualized Base Rent
Core Portfolio:						
Operating Properties:						
New York Metro	1,664	94 %	$42,498	$27.27	37 %	44 %
New England	731	98 %	8,265	11.56	17 %	9 %
Chicago Metro	302	96 %	23,332	80.33	7 %	24 %
Midwest	694	96 %	9,372	14.06	16 %	10 %
Washington D.C Metro	100	100 %	4,565	45.77	2 %	5 %
Mid-Atlantic	920	96 %	8,107	9.17	21 %	8 %
Total Core Operating Properties	4,411	96 %	$96,139	$22.81	100 %	100 %
Fund Portfolio:						
Operating Properties:						
New York Metro	199	83 %	$4,337	$26.10	36 %	47 %
New England	43	92 %	1,028	25.98	8 %	11 %
Chicago Metro	35	91 %	1,391	43.97	6 %	15 %
Mid-Atlantic	245	96 %	2,517	10.74	45 %	27 %
Other	28	35 %	29	3.03	5 %	— %
Total Fund Operating Properties	550	88 %	$9,302	$19.17	100 %	100 %
Redevelopment Properties:						
New York Metro	56	41 %	$676	$29.42	79 %	85 %
Mid-Atlantic	1	— %	—	—	1 %	— %
Southeast	14	29 %	121	30.92	20 %	15 %
Total Fund Redevelopment Properties	71	37 %	$797	$30.60	100 %	100 %

Notes:

(1) Property GLA includes a total of 255,000 square feet, which is not owned by us. This square footage has been excluded for calculating annualized base rent per square foot.

(2) The above occupancy and rent amounts do not include space that is currently leased, but for which payment of rent had not commenced as of December 31, 2014.

(3) The amounts presented reflect the Operating Partnership's pro-rata shares of properties included within each region.

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ITEM 3. LEGAL PROCEEDINGS.

We are involved in various matters of litigation arising in the normal course of business. While we are unable to predict with certainty the outcome of any particular matter, Management is of the opinion that, when such litigation is resolved, our resulting exposure to loss contingencies, if any, will not have a significant effect on our consolidated financial position, results of operations, or liquidity.

In addition to the foregoing, we recently settled or are currently involved in the following litigation matters:

During August 2009, we terminated the employment of a former Senior Vice President (the "Former Employee") for engaging in conduct that materially violated the Company's employee handbook. The Company determined that the behavior fell within the definition of "cause" in his severance agreement with us and therefore did not pay him anything thereunder. The Former Employee brought a lawsuit against us in New York State Supreme Court (the "Court"), in the amount of $0.9 million alleging breach of the severance agreement. On August 7, 2014, the Court granted summary judgment in favor of the Company, as defendant, and against plaintiff, the Former Employee, finding that his conduct in fact and law, constituted "cause" under his severance agreement. Plaintiff has filed a notice of appeal but has not yet perfected his appeal. The Company continues to believe that termination was justified for “cause” and that it will be successful on appeal.

During July 2013, a lawsuit was brought against us relating to the 2011 flood at Mark Plaza by Kmart Corporation in the Luzerne County Court of Common Pleas, State of Pennsylvania. The lawsuit alleges a breach of contract and negligence relating to landlord responsibility for damages incurred by the tenant as a result of the flood. The tenant is seeking damages in excess of $9.0 million. We believe that this lawsuit is without merit.

During December 2013, in connection with Phase 2 of Fund II's City Point Project, Albee Development LLC ("Albee"), and a non-affiliated construction manager were served with a Summons With Notice as well as a Demand for Arbitration by Casino Development Group, Inc. ("Casino"), the former contractor responsible for the excavation and concrete work at the City Point Project. Albee terminated the contract with Casino for cause prior to completion of the contract. Casino is seeking approximately $7.4 million, which has now been bonded. Albee believes that it has meritorious defenses to, and is prepared to vigorously defend itself against the claims. Presently, the parties are before the New York State Supreme Court in Kings County on various procedural matters.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II
ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES AND PERFORMANCE GRAPH.

(a) Market Information, dividends and record holders of our Common Shares

The following table shows, for the period indicated, the high and low sales price for our Common Shares as reported on the New York Stock Exchange, and cash dividends declared during the two years ended December 31, 2014 and 2013:

Quarter Ended				Dividend
2014		High	Low	Per Share
March 31, 2014		$27.06	$24.47	$0.23
June 30, 2014		28.60	25.98	0.23
September 30, 2014		29.36	27.00	0.23
December 31, 2014	(1)	33.18	27.52	0.54
2013				
March 31, 2013		$28.11	$25.04	$0.21
June 30, 2013		29.32	23.34	0.21
September 30, 2013		26.78	22.89	0.21
December 31, 2013		27.59	24.10	0.23

Note:

(1) Includes a special dividend of $0.30 for the quarter ended December 31, 2014

At February 20, 2015, there were 538 holders of record of our Common Shares.

We have determined for income tax purposes that 69% of the total dividends distributed to shareholders during 2014 represented ordinary income and 31% represented capital gains. The dividend for the quarter ended December 31, 2014 was paid on January 15, 2015 and is taxable in 2014. Our cash flow is affected by a number of factors, including the revenues received from rental properties, our operating expenses, the interest expense on our borrowings, the ability of lessees to meet their obligations to us and unanticipated capital expenditures. Future dividends paid by us will be at the discretion of the Trustees and will depend on our actual cash flows, our financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Code and such other factors as the Trustees deem relevant. In addition, we have the ability to pay dividends in cash, Common Shares or a combination thereof, subject to a minimum of 10% in cash.

(b) Issuer purchases of equity securities

We have an existing share repurchase program that authorizes management, at its discretion, to repurchase up to $20.0 million of our outstanding Common Shares. The program may be discontinued or extended at any time and there is no assurance that we will purchase the full amount authorized. There were no Common Shares repurchased by us during the year ended December 31, 2014. Under this program we have repurchased 2.1 million Common Shares, none of which were repurchased after December 2001. As of December 31, 2014, management may repurchase up to approximately $7.5 million of our outstanding Common Shares under this program.

(c) Securities authorized for issuance under equity compensation plans

During 2012, the Company terminated the 1999 and 2003 Share Incentive Plans (the "1999 and 2003 Plans") and adopted the Amended and Restated 2006 Share Incentive Plan (the "Amended 2006 Plan"). The Amended 2006 Plan amended and restated our 2006 Share Incentive Plan and increased the authorization to issue options, Restricted Shares and LTIP Units (collectively "Awards") available to officers and employees by 1.9 million shares. See Note 15 in the Notes to Consolidated Financial Statements, for a summary of our Share Incentive Plans. The following table provides information related to the Amended 2006 Plan as of December 31, 2014:

	Equity Compensation Plan Information		
	(a)	(b)	(c)
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted - average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	55,347	$20.93	1,118,288
Equity compensation plans not approved by security holders	—	—	—
Total	55,347	$20.93	1,118,288

Remaining Common Shares available under the Amended 2006 Plan are as follows:

Outstanding Common Shares as of December 31, 2014	68,109,287
Outstanding OP Units as of December 31, 2014	3,663,644
Total Outstanding Common Shares and OP Units	71,772,931
Common Shares and OP Units pursuant to the 1999 and 2003 Plans	5,193,681
Common Shares pursuant to the Amended 2006 Plan	2,100,000
Total Common Shares available under equity compensation plans	7,293,681
Less: Issuance of Restricted Shares and LTIP Units Granted	(3,400,620)
Issuance of Options Granted	(2,774,773)
Number of Common Shares remaining available	1,118,288

(d) Share Price Performance Graph

The following graph compares the cumulative total shareholder return for our Common Shares for the period commencing December 31, 2009 through December 31, 2014 with the cumulative total return on the Russell 2000 Index ("Russell 2000"), the NAREIT All Equity REIT Index (the "NAREIT") and the SNL Shopping Center REITs (the "SNL") over the same period. Total return values for the Russell 2000, the NAREIT, the SNL and the Common Shares were calculated based upon cumulative total return assuming the investment of $100.00 in each of the Russell 2000, the NAREIT, the SNL and our Common Shares on December 31, 2009, and assuming reinvestment of dividends. The shareholder return as set forth in the table below is not necessarily indicative of future performance. The information in this section is not "soliciting material," is not deemed "filed" with the SEC, and is not to be incorporated by reference into any of our filings under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing.

Comparison of five Year Cumulative Total Return among Acadia Realty Trust, the Russell 2000, the NAREIT and the SNL:

	Period Ended					
Index	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14
Acadia Realty Trust	$100.00	$112.51	$128.92	$165.47	$169.43	$227.86
Russell 2000	100.00	126.86	121.56	141.43	196.34	205.95
NAREIT All Equity REIT Index	100.00	127.95	138.55	165.84	170.58	218.38
SNL REIT Retail Shopping Ctr Index	100.00	129.81	126.10	159.21	170.11	220.42

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth, on a historical basis, our selected financial data. This information should be read in conjunction with our audited Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing elsewhere in this Form 10-K. Funds from operations ("FFO") amounts for the year ended December 31, 2014 have been adjusted as set forth in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of Net Income to Funds from Operations."

	Years ended December 31,				
(dollars in thousands, except per share amounts)	2014	2013	2012	2011	2010
OPERATING DATA:					
Revenues	$195,012	$168,286	$114,987	$97,857	$100,108
Operating expenses, excluding depreciation and reserves	79,104	72,108	58,939	51,024	47,265
Interest expense	39,091	39,474	22,811	23,343	26,146
Gain on disposition of properties	13,138	—	—	—	—
Depreciation and amortization	49,645	40,299	27,888	20,975	20,093
Equity in earnings of unconsolidated affiliates	8,723	12,382	550	1,555	12,450
Gain (loss) on sale of properties of unconsolidated affiliates	102,855	—	3,061	—	(1,479)
Impairment of investment in unconsolidated affiliates	—	—	(2,032)	—	—
Impairment of asset	—	(1,500)	—	—	—
Reserve for notes receivable	—	—	(405)	—	—
Gain from bargain purchase	—	—	—	—	33,805
Gain on involuntary conversion of asset	—	—	2,368	—	—
(Loss) gain on debt extinguishment	(335)	(765)	(198)	1,268	—
Income tax (provision) benefit	(629)	(19)	574	(461)	(2,869)
Income from continuing operations	150,924	26,503	9,267	4,877	48,511
Income from discontinued operations	1,222	18,137	80,669	48,838	2,156
Net income	152,146	44,640	89,936	53,715	50,667
(Income) loss attributable to noncontrolling interests:					
Continuing operations	(80,059)	7,523	14,352	13,734	(20,138)
Discontinued operations	(1,023)	(12,048)	(64,582)	(15,894)	(472)
Net income attributable to noncontrolling interests	(81,082)	(4,525)	(50,230)	(2,160)	(20,610)
Net income attributable to Common Shareholders	$71,064	$40,115	$39,706	$51,555	$30,057
Supplemental Information:					
Income from continuing operations attributable to Common Shareholders	$70,865	$34,026	$23,619	$18,611	$28,373
Income from discontinued operations attributable to Common Shareholders	199	6,089	16,087	32,944	1,684
Net income attributable to Common Shareholders	$71,064	$40,115	$39,706	$51,555	$30,057
Basic earnings per share:					
Income from continuing operations	$1.18	$0.61	$0.51	$0.45	$0.69
Income from discontinued operations	—	0.11	0.34	0.80	0.04
Basic earnings per share	$1.18	$0.72	$0.85	$1.25	$0.73
Diluted earnings per share:					
Income from continuing operations	$1.18	$0.61	$0.51	$0.45	$0.69
Income from discontinued operations	—	0.11	0.34	0.80	0.04
Diluted earnings per share	$1.18	$0.72	$0.85	$1.25	$0.73
Weighted average number of Common Shares outstanding					
basic	59,402	54,919	45,854	40,697	40,136
diluted	59,426	54,982	46,335	40,986	40,406
Cash dividends declared per Common Share	$1.23	$0.86	$0.72	$0.72	$0.72

(dollars in thousands, except per share amounts)	Years ended December 31, 2014	2013	2012	2011	2010
BALANCE SHEET DATA:					
Real estate before accumulated depreciation	$2,208,595	$1,819,053	$1,287,198	$897,370	$753,989
Total assets	2,732,600	2,264,957	1,908,440	1,653,319	1,524,806
Total mortgage indebtedness	1,130,481	1,039,997	613,181	531,881	627,649
Total common shareholders' equity	1,055,541	704,236	622,797	384,114	318,212
Noncontrolling interests	380,416	417,352	447,459	385,195	269,310
Total equity	1,435,957	1,121,588	1,070,256	769,309	587,522
OTHER:					
Funds from Operations (1)	78,882	67,139	48,827	42,913	50,440
Cash flows provided by (used in):					
Operating activities	82,519	65,233	59,001	65,715	44,377
Investing activities	(268,516)	(87,879)	(136,745)	(153,157)	(60,745)
Financing activities	324,388	10,022	79,745	56,662	43,152

Note:

(1) The Company considers funds from operations ("FFO") as defined by the National Association of Real Estate Investment Trusts ("NAREIT") and net property operating income ("NOI") to be appropriate supplemental disclosures of operating performance for an equity REIT due to their widespread acceptance and use within the REIT and analyst communities. FFO and NOI are presented to assist investors in analyzing the performance of the Company. They are helpful as they exclude various items included in net income that are not indicative of the operating performance, such as gains (losses) from sales of depreciated property, depreciation and amortization, and impairment of depreciable real estate. In addition, NOI excludes interest expense. The Company's method of calculating FFO and NOI may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs. FFO does not represent cash generated from operations as defined by generally accepted accounting principles ("GAAP") and is not indicative of cash available to fund all cash needs, including distributions. It should not be considered as an alternative to net income for the purpose of evaluating the Company's performance or to cash flows as a measure of liquidity. Consistent with the NAREIT definition, the Company defines FFO as net income (computed in accordance with GAAP), excluding gains (losses) from sales of depreciated property and impairment of depreciable real estate, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

OVERVIEW

As of December 31, 2014, we operated 143 properties, which we own or have an ownership interest in, within our Core Portfolio or Funds. Our Core Portfolio consists of those properties either 100% owned, or partially owned through joint venture interests by the Operating Partnership, or subsidiaries thereof, not including those properties owned through our Funds. These 143 properties primarily consist of street and urban retail, and dense suburban shopping centers. The properties we operate are located primarily in markets within the United States' top ten metropolitan areas. There are 87 properties in our Core Portfolio totaling approximately 5.4 million square feet. Fund I has three remaining properties comprising approximately 0.1 million square feet. Fund II has five properties, three of which (representing 0.3 million square feet) are currently operating, one is under construction, and one is in the design phase. Fund III has 13 properties, 10 of which (representing 1.6 million square feet) are currently operating and three of which are in the design phase. Fund IV has 35 properties, nine of which (representing 0.9 million square feet) are operating and 26 are under development. The majority of our operating income is derived from rental revenues from

operating properties, including expense recoveries from tenants, offset by operating and overhead expenses. As our RCP Venture invests in operating companies, we consider these investments to be private-equity style, as opposed to real estate, investments. Since these are not traditional investments in operating rental real estate but investments in operating businesses, the Operating Partnership typically invests in these through a taxable REIT subsidiary ("TRS").

Our primary business objective is to acquire and manage commercial retail properties that will provide cash for distributions to shareholders while also creating the potential for capital appreciation to enhance investor returns. We focus on the following fundamentals to achieve this objective:

- Own and operate a Core Portfolio of high-quality retail properties located primarily in high-barrier-to-entry, densely-populated metropolitan areas and create value through accretive redevelopment and re-tenanting activities coupled with the acquisition of high-quality assets that have the long-term potential to outperform the asset class as part of our Core asset recycling and acquisition initiative.

- Generate additional external growth through an opportunistic yet disciplined acquisition program within our Funds. We target transactions with high inherent opportunity for the creation of additional value through:

value-add investments in street retail properties, located in established and "next generation" submarkets, with re-tenanting or repositioning opportunities,
opportunistic acquisitions of well-located real-estate anchored by distressed retailers, and
other opportunistic acquisitions which may include high-yield acquisitions and purchases of distressed debt.

These may also include joint ventures with private equity investors for the purpose of making investments in operating retailers with significant embedded value in their real estate assets.

- Maintain a strong and flexible balance sheet through conservative financial practices while ensuring access to sufficient capital to fund future growth.

RESULTS OF OPERATIONS

See Note 3 in the Notes to Consolidated Financial Statements for an overview of our three reportable segments.

A discussion of the significant variances and primary factors contributing thereto within the results of operations for the years ended December 31, 2014, 2013 and 2012 are addressed below:

Comparison of the year ended December 31, 2014 ("2014") to the year ended December 31, 2013 ("2013")

Revenues	2014			2013		
(dollars in millions)	Core Portfolio	Funds	Structured Financings	Core Portfolio	Funds	Structured Financings
Rental income	$102.1	$43.0	$—	$90.2	$32.5	$—
Interest income	—	—	12.6	—	—	11.8
Expense reimbursements	22.1	10.6	—	19.1	9.3	—
Other	0.8	1.1	2.7	1.1	4.3	—
Total revenues	$125.0	$54.7	$15.3	$110.4	$46.1	$11.8

Rental income in the Core Portfolio increased $11.9 million primarily as a result of additional rents of (i) $9.0 million related to 2014 Core Portfolio property acquisitions as detailed in Note 2 in the Notes to Consolidated Financial Statements ("2014 Core Acquisitions") and (ii) $4.8 million following the acquisitions of 664 N. Michigan Avenue, 8-12 East Walton, 3200-3204 M Street, 868 Broadway, 313-315 Bowery and 120 West Broadway ("2013 Core Acquisitions"). These increases were partially offset by a $1.7 million reduction in rental income following the disposition of Walnut Hill Plaza. Rental income in the Funds increased $10.5 million primarily as a result of additional rents of (i) $6.0 million related to 2014 Fund Portfolio property acquisitions as detailed in Note 2 in the Notes to Consolidated Financial Statements ("2014 Fund Acquisitions") and (ii) $4.3 million as a result of re-anchoring and leasing activities within the Fund Portfolio ("Fund Re-tenanting").

Expense reimbursements in the Core Portfolio increased $3.0 million primarily as a result of (i) $1.4 million related to 2014 Core Acquisitions, (ii) $0.7 million related to reimbursement of higher winter related operating costs in 2014 and (iii) $0.6 million related to 2013 Core Acquisitions. Expense reimbursements in the Funds increased $1.3 million

primarily as a result of the 2014 Fund Acquisitions and reimbursement of higher winter related operating costs in 2014.

Other income in the Funds decreased $3.2 million primarily due to the recognition of income upon the collection of a note receivable during 2013, which had been previously written off. Other income in Structured Financing increased $2.7 million as a result of the collection of two notes that had been reserved prior to 2014.

Operating Expenses	2014			2013		
(dollars in millions)	Core Portfolio	Funds	Structured Financings	Core Portfolio	Funds	Structured Financings
Property operating	$15.1	$9.7	$—	$13.5	$7.5	$—
Other operating	3.6	0.2	—	2.7	1.9	—
Real estate taxes	14.4	8.7	—	12.8	8.1	—
General and administrative	24.8	1.7	0.9	24.4	1.2	—
Depreciation and amortization	35.9	13.8	—	29.0	11.3	—
Total operating expenses	$93.8	$34.1	$0.9	$82.4	$30.0	$—

Property operating expenses in the Core Portfolio increased $1.6 million primarily as a result of the 2014 and 2013 Core Acquisitions. Property operating expenses in the Funds increased $2.2 million primarily as a result of (i) $1.5 million attributable to the 2014 Fund Acquisitions and (ii) $0.5 million related to Fund Re-tenanting.

Real estate taxes in the Core Portfolio increased $1.6 million primarily as a result of the 2014 and 2013 Core Acquisitions.

General and administrative expenses increased $0.9 million in Structured Financing primarily as a result of legal fees incurred during 2014 associated with collection efforts on non-performing notes receivable.

Depreciation and amortization expenses in the Core Portfolio increased $6.9 million primarily as a result of the 2014 and 2013 Core Acquisitions. Depreciation and amortization expenses in the Funds increased $2.5 million primarily as a result of the 2014 Fund Acquisitions.

Other	2014			2013		
(dollars in millions)	Core Portfolio	Funds	Structured Financings	Core Portfolio	Funds	Structured Financings
Equity in (losses) earnings of unconsolidated affiliates	$(0.1)	$111.7	$—	$(0.1)	$12.5	$—
Impairment of asset	—	—	—	(1.5)	—	—
Loss on debt extinguishment	—	(0.3)	—	(0.3)	(0.5)	—
Interest and other finance expense	(27.0)	(12.1)	—	(26.2)	(13.3)	—
Gain on disposition of properties	12.6	0.5	—	—	—	—
Income tax (provision) benefit	(0.2)	(0.4)	—	0.1	(0.1)	—
Income from discontinued operations	—	1.2	—	6.9	11.2	—
(Loss) income attributable to noncontrolling interests:						
- Continuing operations	(3.2)	(76.9)	—	(1.0)	8.5	—
- Discontinued operations	—	(1.0)	—	(2.4)	(9.6)	—

Equity in (losses) earnings of unconsolidated affiliates in the Funds increased $99.2 million primarily as a result of the gain on sale of our investments in the Fund III and Fund IV Lincoln Road Portfolios during 2014.

Impairment of asset in the Core Portfolio represents a charge related to Walnut Hill Plaza during 2013.

Interest expense in the Funds decreased $1.2 million primarily as a result of a (i) $3.4 million increase in capitalized interest related to our City Point redevelopment project during 2014 and (ii) a $1.7 million decrease related to lower average interest rates during 2014. These decreases were partially offset by a (i) $2.8 million increase related to higher average outstanding borrowings during 2014 and (ii) $0.8 million related to an increase in market rate adjustments of assumed debt interest expense during 2014.

Gain on disposition of properties in the Core Portfolio during 2014 represents the gain on the foreclosure of the Walnut Hill Plaza (See Note 2 in the Notes to Consolidated Financial Statements).

Income from discontinued operations primarily represents activity related to properties sold during 2013.

(Loss) income attributable to noncontrolling interests - Continuing operations and Discontinued operations primarily represents the noncontrolling interests' share of all the Funds variances discussed above.

Comparison of the year ended December 31, 2013 ("2013") to the year ended December 31, 2012 ("2012")

Revenues	2013			2012		
(dollars in millions)	Core Portfolio	Funds	Structured Financings	Core Portfolio	Funds	Structured Financings
Rental income	$90.2	$32.5	$—	$56.0	$28.0	$—
Interest income	—	—	11.8	—	—	8.0
Expense reimbursements	19.1	9.3	—	12.8	7.6	—
Other	1.1	4.3	—	1.6	1.0	—
Total revenues	$110.4	$46.1	$11.8	$70.4	$36.6	$8.0

Rental income in the Core Portfolio increased $34.2 million primarily as a result of additional rents of (i) $16.5 million following the consolidation of our Brandywine investment formerly presented under the equity method ("Consolidation of Brandywine"), (ii) $11.4 million related to the acquisitions of 1520 Milwaukee Avenue, 330-340 River Street, our Chicago Street Retail Portfolio, 930 Rush Street, 28 Jericho Turnpike, Rhode Island Shopping Center, 83 Spring Street, 60 Orange Street, 181 Main Street, Connecticut Avenue and 639 West Diversey ("2012 Core Acquisitions"), (iii) $5.1 million related to 2013 Core Acquisitions and (iv) $1.1 million as a result of re-anchoring and leasing activities at Bloomfield Town Square and Branch Plaza ("Core Re-tenanting"). Rental income in the Funds increased $4.5 million primarily as a result of additional rents of (i) $2.9 million related to 3780-3858 Nostrand Avenue, Paramus Plaza, 1151 Third Avenue, Lake Montclair Center, and 938 W. North Avenue ("2013 Fund Acquisitions"), and (ii) $0.7 million related to the acquisitions of 640 Broadway, Lincoln Park Centre and 3104 M Street ("2012 Fund Acquisitions").

Interest income increased $3.8 million as a result of the origination of two notes during December 2012. This was partially offset by the repayment of four notes during 2012 and 2013.

Expense reimbursements in the Core Portfolio increased $6.3 million primarily as a result of (i) $2.9 million from the Consolidation of Brandywine, (ii) $1.5 million from 2012 Core Acquisitions and (iii) $0.6 million from 2013 Core Acquisitions. Expense reimbursements in the Funds increased $1.7 million as a result of 2013 and 2012 Fund Acquisitions.

Other income in the Funds increased $3.3 million primarily as a result of the 2013 collection of a note receivable originated in 2010, which had been written off prior to 2013.

Operating Expenses	2013			2012		
(dollars in millions)	Core Portfolio	Funds	Structured Financings	Core Portfolio	Funds	Structured Financings
Property operating	$13.5	$7.5	$—	$10.3	$7.1	$—
Other operating	2.7	1.9	—	1.8	2.1	—
Real estate taxes	12.8	8.1	—	9.7	6.7	—
General and administrative	24.4	1.2	—	19.6	1.6	—
Reserve for notes receivable	—	—	—	0.4	—	—
Depreciation and amortization	29.0	11.3	—	17.1	10.8	—

Total operating expenses	$82.4	$30.0	$—	$58.9	$28.3	$—

Property operating expenses for the Core Portfolio increased $3.2 million as a result of $2.0 million from (i) the Consolidation of Brandywine and (ii) $1.2 million from 2013 and 2012 Core Acquisitions.

Real estate tax expense in the Core Portfolio increased $3.1 million as a result of (i) $1.4 million from the Consolidation of Brandywine and (ii) $1.7 million from 2013 and 2012 Core Acquisitions. Real estate tax expense in the Funds increased $1.4 million as a result of 2013 and 2012 Fund Acquisitions.

General and administrative expense in the Core Portfolio increased $4.8 million primarily due to non-cash executive retirement expenses as well as additional hiring during 2013.

Depreciation and amortization for the Core Portfolio increased $11.9 million primarily as a result of (i) $4.8 million from 2012 Core Acquisitions, (ii) $3.6 million from the Consolidation of Brandywine and (iii) $2.0 million from 2013 Core Acquisitions.

Other	2013			2012		
(dollars in millions)	Core Portfolio	Funds	Structured Financings	Core Portfolio	Funds	Structured Financings
Equity in (losses) earnings of unconsolidated affiliates	$(0.1)	$12.5	$—	$0.2	$0.3	$—
Gain on disposition of properties of unconsolidated affiliates	—	—	—	—	3.1	—
Impairment of unconsolidated affiliates	—	—	—	—	(2.0)	—
Impairment of asset	(1.5)	—	—	—	—	—
Loss on debt extinguishment	(0.3)	(0.5)	—	—	(0.2)	—
Gain on involuntary conversion of asset	—	—	—	2.4	—	—
Interest and other finance expense	(26.2)	(13.3)	—	(15.4)	(7.4)	—
Income tax (provision) benefit	0.1	(0.1)	—	(0.2)	0.8	—
Income from discontinued operations	6.9	11.2	—	0.3	80.4	—
(Loss) income attributable to noncontrolling interests:						
- Continuing operations	(1.0)	8.5	—	0.1	14.3	—
- Discontinued operations	(2.4)	(9.6)	—	(0.1)	(64.5)	—

Equity in (losses) earnings of unconsolidated affiliates in the Funds increased $12.2 million primarily as a result of (i) $8.2 million from the acquisitions of Arundel Plaza, Lincoln Road Portfolio, 1701 Belmont Avenue, 2819 Kennedy Boulevard and Promenade at Manassas ("2012 and 2013 Fund Unconsolidated Acquisitions") and (ii) $4.0 million from our share of earnings from our investment in the Self-Storage Management company during 2013 ("Self-Storage Management").

Gain on disposition of properties of unconsolidated affiliates represents our share of a $3.4 million gain on sale of an unconsolidated Fund investment during 2012.

Impairment of unconsolidated affiliate represents the settlement of legal proceedings from our Mervyns investment during 2012.

Impairment of asset in the Core Portfolio represents an impairment charge on Walnut Hill Plaza during 2013.

Gain on involuntary conversion of asset of $2.4 million related to insurance proceeds received in excess of net basis for flood damage at Mark Plaza during 2012.

Interest expense in the Core Portfolio increased $10.8 million primarily as a result of the Consolidation of Brandywine. Interest expense in the Funds increased $5.9 million primarily due to an increase of $9.4 million related to higher average outstanding borrowings offset by an increase in capitalized interest related to redevelopment activities during 2013.

Income from discontinued operations primarily represents activity related to properties sold during 2013 and 2012. (Loss) income attributable to noncontrolling interests - Continuing operations and Discontinued operations primarily represents the noncontrolling interests' share of all the Funds variances discussed above.

CORE PORTFOLIO

The following discussion of net property operating income ("NOI") and rent spreads on new and renewal leases includes the activity from both our consolidated and our pro-rata share of unconsolidated properties within our Core Portfolio. Our Funds invest primarily in properties that typically require significant leasing and redevelopment. Given that the Funds are finite-life investment vehicles, these properties are sold following stabilization. For these reasons, we believe NOI and rent spreads are not meaningful measures for our Fund investments.

NOI represents property revenues less property expenses. We consider NOI and rent spreads on new and renewal leases for our Core Portfolio to be appropriate supplemental disclosures of portfolio operating performance due to their widespread acceptance and use within the REIT investor and analyst communities. NOI and rent spreads on new and renewal leases are presented to assist investors in analyzing our property performance, however, our method of calculating these may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

Net Property Operating Income

NOI is determined as follows:

RECONCILIATION OF CONSOLIDATED OPERATING INCOME TO NET OPERATING INCOME - CORE PORTFOLIO

(dollars in millions)	Year Ended December 31,	
	2014	2013
Consolidated Operating Income	$66.3	$55.9
Add back:		
General and administrative	27.4	25.5
Depreciation and amortization	49.6	40.3
Less:		
Management fee income	—	(0.1)
Interest income	(12.6)	(11.8)
Straight-line rent and other adjustments	(8.6)	(5.8)
Consolidated NOI	122.1	104.0
Noncontrolling interest in consolidated NOI	(38.9)	(33.9)
Less: Operating Partnership's interest in Fund NOI included above	(6.3)	(5.3)
Add: Operating Partnership's share of unconsolidated joint ventures NOI [1]	4.4	2.8
NOI - Core Portfolio	$81.3	$67.6

Note:

(1) Does not include the Operating Partnership's share of NOI from unconsolidated joint ventures within the Funds

Same-Property NOI includes Core Portfolio properties that we owned for both the current and prior periods presented, but excludes those properties which we acquired, sold or expected to be sold, and redeveloped during these periods. The following table summarizes Same-Property NOI for our Core Portfolio for the years ended December 31, 2014 and 2013:

SAME-PROPERTY NET OPERATING INCOME - CORE PORTFOLIO

	Year Ended December 31,	
(dollars in millions)	2014	2013
Core Portfolio NOI - Continuing Operations	$81.3	$67.6
Less properties excluded from Same-Property NOI	(19.0)	(8.4)
Same-Property NOI	$62.3	$59.2
Percent change from 2013	5.2%	
Components of Same-Property NOI		
Same-Property Revenues	$85.1	$81.0
Same-Property Operating Expenses	22.8	21.8
Same-Property NOI	$62.3	$59.2

The 5.2% increase in Same-Property NOI was primarily attributable to increased rents and occupancy gains during 2014.

Rent Spreads on Core Portfolio New and Renewal Leases

The following table summarizes rent spreads on both a cash basis and straight-line basis for new and renewal leases based on leases executed within our Core Portfolio for the year ended December 31, 2014. Cash basis represents a comparison of rent most recently paid on the previous lease as compared to the initial rent paid on the new lease. Straight-line basis represents a comparison of rents as adjusted for contractual escalations, abated rent and lease incentives for the same comparable leases.

	Year Ended December 31, 2014	
Core Portfolio New and Renewal Leases	Cash Basis	Straight-Line Basis
Number of new and renewal leases executed	45	45
Gross leasable area	324,132	324,132
New base rent	$26.03	$28.22
Previous base rent	$22.76	$21.93
Percent growth in base rent	14.4%	28.7%
Average cost per square foot (1)	$27.18	$27.18
Weighted average lease term (years)	6.1	6.1

Note:

(1) The average cost per square foot includes tenant improvement costs, leasing commissions and tenant allowances.

RECONCILIATION OF NET INCOME TO FUNDS FROM OPERATIONS

	For the Years Ended December 31,				
(dollars in thousands)	2014	2013	2012	2011	2010
Net income attributable to Common Shareholders	$71,064	$40,115	$39,706	$51,555	$30,057
Depreciation of real estate and amortization of leasing costs:					
(net of noncontrolling interests' share)	38,020	31,432	24,671	19,823	20,006
Gain on disposition of properties					
(net of noncontrolling interests' share)	(33,438)	(6,378)	(16,060)	(31,716)	—
Income attributable to noncontrolling interests in operating partnership (1)	3,203	470	510	635	377
Impairment of asset	—	1,500	—	2,616	—
Distributions - Preferred OP Units	33	22	18	18	18
Funds from operations (2)	$78,882	$67,161	$48,845	$42,931	$50,458
Funds From Operations per Share - Diluted					
Weighted average number of Common Shares and OP Units	62,420	55,954	46,940	41,467	40,876
Diluted Funds from operations, per share	$1.26	$1.20	$1.04	$1.04	$1.23

Notes:

(1) Represents income attributable to Common OP Units

(2) We consider funds from operations ("FFO") as defined by the National Association of Real Estate Investment Trusts ("NAREIT") and net property operating income ("NOI") to be an appropriate supplemental disclosure of operating performance for an equity REIT due to its widespread acceptance and use within the REIT and analyst communities. FFO and NOI are presented to assist investors in analyzing our performance. They are helpful as they exclude various items included in net income that are not indicative of the operating performance, such as gains (losses) from sales of depreciated property, depreciation and amortization, and impairment of depreciable real estate. In addition, NOI excludes interest expense. Our method of calculating FFO and NOI may be different from methods used by other REITs and, accordingly, may not be comparab