

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 14, 2022

Acadia Realty Trust

(Exact name of Registrant as Specified in Its Charter)

Maryland
(State or Other Jurisdiction
of Incorporation)

001-12002
(Commission File Number)

23-2715194
(IRS Employer
Identification No.)

411 Theodore Fremd Avenue
Suite 300
Rye, New York
(Address of Principal Executive Offices)

10580
(Zip Code)

Registrant's Telephone Number, Including Area Code: 914 2883100

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares of beneficial interest, par value \$0.001 per share	AKR	The New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 4.02 Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.

(a) On February 14, 2022, the management and the audit committee of the board of trustees (the "Audit Committee") of Acadia Realty Trust (the "Company"), in consultation with BDO USA LLP ("BDO"), the Company's independent registered public accounting firm, determined that the Company's previously issued financial statements and the audit reports thereon, as of and for the years ended December 31, 2020 and 2019, and as of and for each of the quarterly periods ended March 31, 2021 and 2020, June 30, 2021 and 2020, September 30, 2021 and 2020, and December 31, 2020 (collectively, the "Prior Period Financial Statements"), should no longer be relied upon due to an error in accounting treatment at the time of formation related to the improper consolidation of two Fund investments that are less-than-wholly-owned through the Company's opportunity funds (the "Fund Investments"). These two Fund Investments, which were formed in 2012 and 2013, will be adjusted from consolidated investments to investments in unconsolidated affiliates. Management and the Audit Committee have determined that these accounting changes will require a restatement of the Prior Period Financial Statements.

As part of the Company's normal annual reporting process prior to releasing its 2021 fourth quarter and year-to-date December 31, 2021 results and prior to completion of the related audit, the Company and BDO identified the restatement items described in more detail below. The Company has since reevaluated its accounting and determined that it needs to correct the previous accounting for such items. The restatement:

- is based on an error in the application of generally accepted accounting principles ("GAAP") as they relate to the consolidation of subsidiaries, which involves significant judgment and is related to the presentation of the Fund Investments within the Company's consolidated balance sheets, statements of operations and statements of cash flows. The consolidation error, excluding the immaterial previously unrecorded adjustments noted below, had no impact on net income, funds from operations ("FFO"), or distributions in excess of earnings. However, substantially all of the changes to the consolidated balance sheets at each of December 31, 2020 and 2019 were due to the consolidation error as follows:
 - o a \$55.8 million and \$57.4 million reduction in total assets, which includes a \$23.0 million and \$14.8 million increase to investments in unconsolidated affiliates; a \$58.0 million and \$59.3 million reduction in total liabilities; and a \$2.3 million and \$2.1 million increase to noncontrolling interests.
- also includes other immaterial previously unrecorded adjustments, which had a minor impact on previously-reported net income (loss) and net earnings (loss) per share, FFO and FFO per share, and FFO before special items:
 - o the impact on net income attributable to Acadia for the nine months ended September 30, 2021, the year ended December 31, 2020 and the year ended December 31, 2019 was a (reduction) increase of (\$0.7) million or (\$0.01) per share, (\$0.2) million or (\$0.01) per share, and \$0.8 million or \$0.01 per share, respectively;
 - o the impact on FFO for the nine months ended September 30, 2021, the year ended December 31, 2020 and the year ended December 31, 2019 was a (reduction) increase of (\$0.7) million or (\$0.01) per share, (\$0.1) million or \$0.00 per share, and \$0.7 million or \$0.01 per share, respectively;
 - o the impact on FFO before special items for the nine months ended September 30, 2021, the year ended December 31, 2020 and the year ended December 31, 2019 was an increase of \$0, \$0, and \$0.7 million or \$0.01 per share, respectively; and
- is described in more detail in tables included in Exhibit 99.1 attached hereto, which illustrate the impact of the adjustments on selected financial statement schedules for the quarters and year-to-date periods ended March 31, 2021, June 30, 2021 and September 30, 2021, and the quarter and year ended December 31, 2020 (exhibit 99.1 is not incorporated by reference in this Item 4.02). A detailed illustration of the restatement impact on other financial statement schedules and other affected periods will be provided in future filings as discussed below.

The Company's internal review is ongoing and the Company may identify further errors. There can be no assurance that the actual effects of the error corrections will be only as described above.

The Company expects that its Annual Report on Form 10-K for the year ended December 31, 2021 will disclose a material weakness in its internal controls over financial reporting due to the restatement items discussed above. As such, BDO's report on the Company's internal control over financial reporting as of December 31, 2020 should no longer be relied upon. The changes that will be recorded did not result from any override of controls or misconduct, and BDO has not informed the Audit Committee of any issues related to an override of controls or misconduct.

The Company expects to restate its financial statements as of and for the years ended December 31, 2020 and 2019 and for each of the

quarterly periods ended March 31, 2021 and 2020, June 30, 2021 and 2020, September 30, 2021 and 2020 and December 31, 2020 (collectively, the "Restated Financial Statements"), in its Annual Report on Form 10-K for the year ended December 31, 2021 (the "2021 10-K"). The Company is working diligently with BDO to finalize the Restated Financial Statements and aims to file its 2021 10-K, including the Restated Financial Statements, within the filing deadline, as extended for the current circumstances under applicable rules of the Securities and Exchange Commission (the "SEC").

Management and the Audit Committee have discussed with BDO the matters disclosed in this Item 4.02(a).

Item 7.01. Regulation FD Disclosure.

Set forth in Exhibit 99.1 is certain unaudited financial information as of and for the quarters and year-to-date periods ended March 31, 2021, June 30, 2021, September 31, 2021 and December 31, 2020, and unaudited restated balance sheet as of December 31, 2020, restated as further described under Item 4.02.

The information included in this Item 7.01, including the information included in Exhibit 99.1 attached hereto, is intended to be "furnished" pursuant to Item 7.01, and is not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act, or otherwise subject to the liabilities of Sections 11 and 12(a)(2) of the Securities Act.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of the federal securities laws. These statements include, but are not limited to, statements regarding the nature and extent of the accounting errors discussed above, and the expected impact of the restatement on the Company's prior and future financial statements, financial position and results of operation. These forward-looking statements are made as of the date hereof and are based on current expectations, estimates, forecasts and projections as well as the beliefs and assumptions of management. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond the Company's control. The Company's actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including, but not limited to, the risks related to additional information that may arise prior to the filing of the Restated Financial Statements; the timing and ultimate conclusions of BDO regarding the audit of the Company's financial statements, and the completion and filing of the 2021 10-K taking longer than expected. These and other potential risks and uncertainties that could cause actual results to differ from the results predicted are more fully detailed in the Company's filings and reports with the SEC, including the Annual Report on Form 10-K for the year ended December 31, 2020, and supplemented by other filings and reports that are filed by the Company from time to time with the SEC. The Company disclaims any obligation to update forward-looking statements.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Unaudited restated results of operations, restated funds from operations, and restated net operating income as of and for the quarters and year to date periods ended March 31, 2021, June 30, 2021, September 31, 2021 and December 31, 2020; and unaudited restated balance sheet as of December 31, 2020
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101.)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Acadia Realty Trust

Date: February 15, 2022

By: /s/ John Gottfried
John Gottfried
Executive Vice President and Chief Financial Officer

The following unaudited tables illustrate the adjustments to the financial tables previously reported in the Company's first quarter 2021, second quarter 2021, third quarter 2021 and fourth quarter 2020 earnings releases, some of from which the restated amounts will be presented in the Company's fourth quarter 2021 earnings release or supplemental report (amounts in thousands, except per share data):

Statements of Operations (\$ in thousands)	Three Months Ended December 31, 2020			Year Ended December 31, 2020		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
Revenues						
Rental income	\$ 67,606	\$ (1,134) (a)	\$ 66,472	\$ 251,002	\$ (4,570) (a)	\$ 246,432
Other	1,404	6 (a)	1,410	4,482	(6) (a)	4,476
Total revenues	<u>69,010</u>	<u>(1,128)</u>	<u>67,882</u>	<u>255,484</u>	<u>(4,576)</u>	<u>250,908</u>
Operating expenses						
Depreciation and amortization	48,166	(722) (a)	47,444	149,793	(2,564) (a,b)	147,229
General and administrative	9,640	30 (a)	9,670	36,055	(257) (a)	35,798
Real estate taxes	11,672	(263) (a)	11,409	43,505	(1,028) (a)	42,477
Property operating	14,910	(306) (a)	14,604	56,595	(1,044) (a)	55,551
Impairment charges	34,049	—	34,049	85,598	—	85,598
Total operating expenses	<u>118,437</u>	<u>(1,261)</u>	<u>117,176</u>	<u>371,546</u>	<u>(4,893)</u>	<u>366,653</u>
Gain on disposition of properties	174	—	174	683	—	683
Operating (loss) income	<u>(49,253)</u>	<u>133</u>	<u>(49,120)</u>	<u>(115,379)</u>	<u>317</u>	<u>(115,062)</u>
Equity in (losses) earnings of unconsolidated affiliates	(1,082)	(421) (a)	(1,503)	(1,237)	(1,820) (a)	(3,057)
Interest and other income	1,823	—	1,823	8,979	—	8,979
Realized and unrealized holding gains on investments and other	34,595	(568) (b)	34,027	113,930	(568) (b)	113,362
Interest expense	(17,687)	569 (a)	(17,118)	(72,060)	2,479 (a)	(69,581)
(Loss) income from continuing operations before income taxes	(31,604)	(287)	(31,891)	(65,767)	408	(65,359)
Income tax (provision) benefit	(1,012)	—	(1,012)	(271)	2 (a)	(269)
Net (loss) income	<u>(32,616)</u>	<u>(287)</u>	<u>(32,903)</u>	<u>(66,038)</u>	<u>410</u>	<u>(65,628)</u>
Net loss attributable to noncontrolling interests	21,891	155 (a,b)	22,046	57,279	(604) (a,b)	56,675
Net (loss) income attributable to Acadia	<u>\$ (10,725)</u>	<u>\$ (132)</u>	<u>\$ (10,857)</u>	<u>\$ (8,759)</u>	<u>\$ (194)</u>	<u>\$ (8,953)</u>
Less: net income attributable to participating securities	—	—	—	(233)	—	(233)
Net (loss) income attributable to Common Shareholders - basic and diluted earnings per share	<u>\$ (10,725)</u>	<u>\$ (132)</u>	<u>\$ (10,857)</u>	<u>\$ (8,992)</u>	<u>\$ (194)</u>	<u>\$ (9,186)</u>
Weighted average shares for basic loss and basic and diluted earnings per share	<u>86,311</u>	<u>—</u>	<u>86,311</u>	<u>86,442</u>	<u>—</u>	<u>86,442</u>
Net loss per share - basic, Net earnings per share - basic and diluted	<u>\$ (0.12)</u>	<u>\$ (0.01)</u>	<u>\$ (0.13)</u>	<u>\$ (0.10)</u>	<u>\$ (0.01)</u>	<u>\$ (0.11)</u>

Statement of Operations (\$ in thousands)	Three Months Ended March 31, 2021		
	As Previously Reported	Adjustments	As Restated
Revenues			
Rental income	\$ 67,205	\$ (1,207) (a)	\$ 65,998
Other	2,189	—	2,189
Total revenues	<u>69,394</u>	<u>(1,207)</u>	<u>68,187</u>
Operating expenses			
Depreciation and amortization	31,390	(750) (a)	30,640
General and administrative	8,996	(4) (a)	8,992
Real estate taxes	11,462	(256) (a)	11,206
Property operating	13,477	(268) (a)	13,209
Total operating expenses	<u>65,325</u>	<u>(1,278)</u>	<u>64,047</u>
Gain on disposition of properties	4,612	—	4,612
Operating income	<u>8,681</u>	<u>71</u>	<u>8,752</u>
Equity in earnings of unconsolidated affiliates	2,263	(381) (a)	1,882
Interest and other income	1,700	—	1,700
Realized and unrealized holding gains on investments and other	6,507	(1,382) (b)	5,125
Interest expense	(17,141)	550 (a)	(16,591)
Income from continuing operations before income taxes	<u>2,010</u>	<u>(1,142)</u>	<u>868</u>
Income tax provision	(150)	2 (a)	(148)
Net income	<u>1,860</u>	<u>(1,140)</u>	<u>720</u>
Net loss attributable to noncontrolling interests	3,302	801 (a,b)	4,103
Net income attributable to Acadia	<u>\$ 5,162</u>	<u>\$ (339)</u>	<u>\$ 4,823</u>
Less: net income attributable to participating securities	(156)	—	(156)
Net income attributable to Common Shareholders - basic and diluted earnings per share	<u>\$ 5,006</u>	<u>\$ (339)</u>	<u>\$ 4,667</u>
Weighted average shares for basic and diluted earnings per share	<u>86,346</u>	<u>—</u>	<u>86,346</u>
Net earnings per share - basic and diluted	<u>\$ 0.06</u>	<u>\$ (0.01)</u>	<u>\$ 0.05</u>

Statements of Operations (\$ in thousands)	Three Months Ended June 30, 2021			Six Months Ended June 30, 2021		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
Revenues						
Rental income	\$ 73,666	\$ (1,597) (a)	\$ 72,069	\$ 140,871	\$ (2,804) (a)	\$ 138,067
Other	994	(6) (a)	988	3,183	(6) (a)	3,177
Total revenues	<u>74,660</u>	<u>(1,603)</u>	<u>73,057</u>	<u>144,054</u>	<u>(2,810)</u>	<u>141,244</u>
Operating expenses						
Depreciation and amortization	31,345	(805) (a)	30,540	62,735	(1,555) (a)	61,180
General and administrative	10,671	(18) (a)	10,653	19,667	(22) (a)	19,645
Real estate taxes	12,504	(290) (a)	12,214	23,966	(546) (a)	23,420
Property operating	12,890	(254) (a)	12,636	26,367	(522) (a)	25,845
Total operating expenses	<u>67,410</u>	<u>(1,367)</u>	<u>66,043</u>	<u>132,735</u>	<u>(2,645)</u>	<u>130,090</u>
Gain on disposition of properties	5,909	—	5,909	10,521	—	10,521
Operating income	<u>13,159</u>	<u>(236)</u>	<u>12,923</u>	<u>21,840</u>	<u>(165)</u>	<u>21,675</u>
Equity in earnings of unconsolidated affiliates	1,106	(207) (a)	899	3,369	(588) (a)	2,781
Interest and other income	2,054	—	2,054	3,754	—	3,754
Realized and unrealized holding gains on investments and other	2,711	(869) (b)	1,842	9,218	(2,251) (b)	6,967
Interest expense	(17,605)	554 (a)	(17,051)	(34,746)	1,104 (a)	(33,642)
Income from continuing operations before income taxes	<u>1,425</u>	<u>(758)</u>	<u>667</u>	<u>3,435</u>	<u>(1,900)</u>	<u>1,535</u>
Income tax provision	(194)	2 (a)	(192)	(344)	4 (a)	(340)

Net income	<u>1,231</u>	<u>(756)</u>	<u>475</u>	<u>3,091</u>	<u>(1,896)</u>	<u>1,195</u>
Net loss attributable to noncontrolling interests	<u>2,687</u>	<u>555</u> (a,b)	<u>3,242</u>	<u>5,989</u>	<u>1,356</u> (a,b)	<u>7,345</u>
Net income attributable to Acadia	<u>\$ 3,918</u>	<u>\$ (201)</u>	<u>\$ 3,717</u>	<u>\$ 9,080</u>	<u>\$ (540)</u>	<u>\$ 8,540</u>
Less: net income attributable to participating securities	<u>(156)</u>	<u>—</u>	<u>(156)</u>	<u>(312)</u>	<u>—</u>	<u>(312)</u>
Net income attributable to Common Shareholders - basic and diluted earnings per share	<u>\$ 3,762</u>	<u>\$ (201)</u>	<u>\$ 3,561</u>	<u>\$ 8,768</u>	<u>\$ (540)</u>	<u>\$ 8,228</u>
Weighted average shares for basic and diluted earnings per share	<u>86,824</u>	<u>—</u>	<u>86,824</u>	<u>86,575</u>	<u>—</u>	<u>86,575</u>
Net earnings per share - basic and diluted	<u>\$ 0.04</u>	<u>\$ —</u>	<u>\$ 0.04</u>	<u>\$ 0.10</u>	<u>\$ —</u>	<u>\$ 0.10</u>

Statements of Operations (\$ in thousands)	Three Months Ended September 30, 2021			Nine Months Ended September 30, 2021		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
Revenues						
Rental income	\$ 71,852	\$ (1,550) (a)	\$ 70,302	\$ 212,723	\$ (4,354) (a)	\$ 208,369
Other	1,594	—	1,594	4,777	(6) (a)	4,771
Total revenues	<u>73,446</u>	<u>(1,550)</u>	<u>71,896</u>	<u>217,500</u>	<u>(4,360)</u>	<u>213,140</u>
Operating expenses						
Depreciation and amortization	30,866	(802) (a)	30,064	93,601	(2,357) (a)	91,244
General and administrative	9,978	(68) (a)	9,910	29,645	(90) (a)	29,555
Real estate taxes	11,320	(292) (a)	11,028	35,286	(838) (a)	34,448
Property operating	12,698	(255) (a)	12,443	39,065	(777) (a)	38,288
Impairment charges	9,925	—	9,925	9,925	—	9,925
Total operating expenses	<u>74,787</u>	<u>(1,417)</u>	<u>73,370</u>	<u>207,522</u>	<u>(4,062)</u>	<u>203,460</u>
Gain on disposition of properties	—	—	—	10,521	—	10,521
Operating (loss) income	<u>(1,341)</u>	<u>(133)</u>	<u>(1,474)</u>	<u>20,499</u>	<u>(298)</u>	<u>20,201</u>
Equity in earnings of unconsolidated affiliates	644	(272) (a)	372	4,013	(860) (a)	3,153
Interest and other income	2,354	—	2,354	6,108	—	6,108
Realized and unrealized holding gains on investments and other	47,293	(800) (b)	46,493	56,511	(3,051) (b)	53,460
Interest expense	(17,334)	559 (a)	(16,775)	(52,080)	1,663 (a)	(50,417)
Income from continuing operations before income taxes	31,616	(646)	30,970	35,051	(2,546)	32,505
Income tax provision	(59)	—	(59)	(403)	4	(399)
Net income	<u>31,557</u>	<u>(646)</u>	<u>30,911</u>	<u>34,648</u>	<u>(2,542)</u>	<u>32,106</u>
Net income attributable to noncontrolling interests	(19,488)	460 (a,b)	(19,028)	(13,499)	1,816 (a,b)	(11,683)
Net income attributable to Acadia	<u>\$ 12,069</u>	<u>\$ (186)</u>	<u>\$ 11,883</u>	<u>\$ 21,149</u>	<u>\$ (726)</u>	<u>\$ 20,423</u>
Less: net income attributable to participating securities	(156)	—	(156)	(468)	—	(468)
Net income attributable to Common Shareholders - basic and diluted earnings per share	<u>\$ 11,913</u>	<u>\$ (186)</u>	<u>\$ 11,727</u>	<u>\$ 20,681</u>	<u>\$ (726)</u>	<u>\$ 19,955</u>
Weighted average shares for basic and diluted earnings per share	<u>88,481</u>	<u>—</u>	<u>88,481</u>	<u>87,217</u>	<u>—</u>	<u>87,217</u>
Net earnings per share - basic and diluted	<u>\$ 0.13</u>	<u>\$ —</u>	<u>\$ 0.13</u>	<u>\$ 0.24</u>	<u>\$ (0.01)</u>	<u>\$ 0.23</u>

- a) Relates to the correction to adjust the earnings (losses) of two consolidated Fund investments that are less-than-wholly-owned investments through the Company's opportunity funds (the "Fund Investments") to "equity in earnings of unconsolidated affiliates", which had no impact on net income (loss) for the periods presented.
- b) Relates to immaterial previously unrecorded adjustments, which, in the aggregate, increased or (decreased) net income attributable to Common Shareholders by: (\$0.1) million or (\$0.01) per share, and (\$0.2) million or (\$0.01) per share, for the three months and year ended December 31, 2020, respectively; (\$0.3) million or (\$0.01) per share, for the three months ended March 31, 2021; (\$0.2) million or \$0.00 per share, and (\$0.5) million or \$0.00 per share, for the three and six months ended June 30, 2021, respectively; and (\$0.2) million or \$0.00 per share, and (\$0.7) million or (\$0.01) per share, for the three and nine months ended September 30, 2021, respectively.

Funds from Operations (\$ in thousands) ^(a)	Three Months Ended December 31, 2020			Year Ended December 31, 2020		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
Net (loss) income attributable to Acadia	\$ (10,725)	\$ (132) (b)	\$ (10,857)	\$ (8,759)	\$ (194) (b)	\$ (8,953)
Depreciation of real estate and amortization of leasing costs (net of noncontrolling interests' share)	32,574	—	32,574	106,158	62 (b)	106,220
Impairment charges (net of noncontrolling interests' share)	4,923	—	4,923	17,323	—	17,323
Gain on disposition of properties (net of noncontrolling interests' share)	(174)	—	(174)	(291)	—	(291)
(Loss) income attributable to Common OP Unit holders	(569)	—	(569)	(370)	—	(370)
Distributions - Preferred OP Units	123	—	123	495	—	495
Funds from operations attributable to Common Shareholders and Common OP Unit holders	\$ 26,152	\$ (132)	\$ 26,020	\$ 114,556	\$ (132)	\$ 114,424
Adjustments for Special Items:						
Less: Unrealized holding gain and other (net of noncontrolling interest share)	(4,468)	132 (b)	(4,336)	(20,625)	132 (b)	(20,493)
Funds from operations before Special Items attributable to Common Shareholders and Common OP Unit holders	\$ 21,684	\$ —	\$ 21,684	\$ 93,931	\$ —	\$ 93,931
Funds From Operations per Share - Diluted						
Basic weighted-average shares outstanding, GAAP earnings	86,311	—	86,311	86,442	—	86,442
Weighted-average OP Units outstanding	4,890	—	4,890	4,992	—	4,992
Assumed conversion of Preferred OP Units to common shares	465	—	465	465	—	465
Weighted average number of Common Shares and Common OP Units	<u>91,666</u>	<u>—</u>	<u>91,666</u>	<u>91,899</u>	<u>—</u>	<u>91,899</u>
Diluted Funds from operations, per Common Share and Common OP Unit	<u>\$ 0.29</u>	<u>\$ (0.01)</u>	<u>\$ 0.28</u>	<u>\$ 1.25</u>	<u>\$ —</u>	<u>\$ 1.25</u>
Diluted Funds from operations before Special Items, per Common Share and Common OP Unit	<u>\$ 0.24</u>	<u>\$ —</u>	<u>\$ 0.24</u>	<u>\$ 1.02</u>	<u>\$ —</u>	<u>\$ 1.02</u>

Funds from Operations (\$ in thousands) ^(a)	Three Months Ended March 31, 2021		
	As Previously Reported	Adjustments	As Restated
Net income attributable to Acadia	\$ 5,162	\$ (339) (b)	\$ 4,823
Depreciation of real estate and amortization of leasing costs (net of noncontrolling interests' share)	23,807	—	23,807
Impairment charges (net of noncontrolling interests' share)	—	—	—
Gain on disposition of properties (net of noncontrolling interests' share)	(5,096)	—	(5,096)
Income attributable to Common OP Unit holders	347	—	347
Distributions - Preferred OP Units	123	—	123
Funds from operations attributable to Common Shareholders and Common OP Unit holders	\$ 24,343	\$ (339)	\$ 24,004
Adjustments for Special Items:			
Less: Unrealized holding gain and other (net of noncontrolling interest share)	(1,738)	339 (b)	(1,399)
Funds from operations before Special Items attributable to Common Shareholders and Common OP Unit holders	\$ 22,605	\$ —	\$ 22,605
Funds From Operations per Share - Diluted			
Basic weighted-average shares outstanding, GAAP earnings	86,323	—	86,323
Weighted-average OP Units outstanding	5,120	—	5,120
Assumed conversion of Preferred OP Units to common shares	465	—	465
Assumed conversion of LTIP units and restricted share units to common shares	23	—	23
Weighted average number of Common Shares and Common OP Units	91,931	—	91,931
Diluted Funds from operations, per Common Share and Common OP Unit	\$ 0.26	\$ —	\$ 0.26
Diluted Funds from operations before Special Items, per Common Share and Common OP Unit	\$ 0.25	\$ —	\$ 0.25

Funds from Operations (\$ in thousands) ^(a)	Three Months Ended June 30, 2021			Six Months Ended June 30, 2021		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
Net income attributable to Acadia	\$ 3,918	\$ (201) (b)	\$ 3,717	\$ 9,080	\$ (540) (b)	\$ 8,540
Depreciation of real estate and amortization of leasing costs (net of noncontrolling interests' share)	23,077	—	23,077	46,884	—	46,884
Impairment charges (net of noncontrolling interests' share)	—	—	—	—	—	—
Gain on disposition of properties (net of noncontrolling interests' share)	933	—	933	(4,163)	—	(4,163)
Income attributable to Common OP Unit holders	275	—	275	622	—	622
Distributions - Preferred OP Units	123	—	123	246	—	246
Funds from operations attributable to Common Shareholders and Common OP Unit holders	\$ 28,326	\$ (201)	\$ 28,125	\$ 52,669	\$ (540)	\$ 52,129
Adjustments for Special Items:						
Less: Unrealized holding gain and other (net of noncontrolling interest share)	(688)	201 (b)	(487)	(2,426)	540 (b)	(1,886)
Funds from operations before Special Items attributable to Common Shareholders and Common OP Unit holders	\$ 27,638	\$ —	\$ 27,638	\$ 50,243	\$ —	\$ 50,243
Funds From Operations per Share - Diluted						
Basic weighted-average shares outstanding, GAAP earnings	86,824	—	86,824	86,575	—	86,575
Weighted-average OP Units outstanding	5,135	—	5,135	5,127	—	5,127
Assumed conversion of Preferred OP Units to common shares	465	—	465	465	—	465
Assumed conversion of LTIP units and restricted share units to common shares	203	—	203	87	—	87
Weighted average number of Common Shares and Common OP Units	<u>92,627</u>	<u>—</u>	<u>92,627</u>	<u>92,254</u>	<u>—</u>	<u>92,254</u>
Diluted Funds from operations, per Common Share and Common OP Unit	<u>\$ 0.31</u>	<u>\$ (0.01)</u>	<u>\$ 0.30</u>	<u>\$ 0.57</u>	<u>\$ —</u>	<u>\$ 0.57</u>
Diluted Funds from operations before Special Items, per Common Share and Common OP Unit	<u>\$ 0.30</u>	<u>\$ —</u>	<u>\$ 0.30</u>	<u>\$ 0.54</u>	<u>\$ —</u>	<u>\$ 0.54</u>

Funds from Operations (\$ in thousands) ^(a)	Three Months September 30, 2021			Nine Months Ended September 30, 2021		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
Net income attributable to Acadia	\$ 12,069	\$ (186) (b)	\$ 11,883	\$ 21,149	\$ (726) (b)	\$ 20,423
Depreciation of real estate and amortization of leasing costs (net of noncontrolling interests' share)	23,111	—	23,111	69,995	—	69,995
Impairment charges (net of noncontrolling interests' share)	2,294	—	2,294	2,294	—	2,294
Gain on disposition of properties (net of noncontrolling interests' share)	—	—	—	(4,163)	—	(4,163)
Income attributable to Common OP Unit holders	749	—	749	1,371	—	1,371
Distributions - Preferred OP Units	123	—	123	369	—	369
Funds from operations attributable to Common Shareholders and Common OP Unit holders	\$ 38,346	\$ (186)	\$ 38,160	\$ 91,015	\$ (726)	\$ 90,289
Adjustments for Special Items:						
Less: Unrealized holding gain and other (net of noncontrolling interest share)	(13,384)	186 (b)	(13,198)	(15,810)	726 (b)	(15,084)
Funds from operations before Special Items attributable to Common Shareholders and Common OP Unit holders	\$ 24,962	\$ —	\$ 24,962	\$ 75,205	\$ —	\$ 75,205
Funds From Operations per Share - Diluted						
Basic weighted-average shares outstanding, GAAP earnings	88,481	—	88,481	87,217	—	87,217
Weighted-average OP Units outstanding	5,121	—	5,121	5,125	—	5,125
Assumed conversion of Preferred OP Units to common shares	465	—	465	465	—	465
Assumed conversion of LTIP units and restricted share units to common shares	16	—	16	—	—	—
Weighted average number of Common Shares and Common OP Units	<u>94,083</u>	<u>—</u>	<u>94,083</u>	<u>92,807</u>	<u>—</u>	<u>92,807</u>
Diluted Funds from operations, per Common Share and Common OP Unit	<u>\$ 0.41</u>	<u>\$ —</u>	<u>\$ 0.41</u>	<u>\$ 0.98</u>	<u>\$ (0.01)</u>	<u>\$ 0.97</u>
Diluted Funds from operations before Special Items, per Common Share and Common OP Unit	<u>\$ 0.27</u>	<u>\$ —</u>	<u>\$ 0.27</u>	<u>\$ 0.81</u>	<u>\$ —</u>	<u>\$ 0.81</u>

- a) Relates to the correction to adjust the assets and liabilities of the Fund Investments to "investments in and advances to unconsolidated affiliates", which had no impact on FFO for the periods presented.
- b) Relates to immaterial previously unrecorded adjustments, which, in the aggregate, increased or (decreased) FFO by: (\$0.1) million or (\$0.01) per share, and (\$0.1) million or \$0.00 per share, for the three months and year ended December 31, 2020, respectively; (\$0.3) million or \$0.00 per share, for the three months ended March 31, 2021; (\$0.2) million or (\$0.01) per share, and (\$0.5) million or \$0.00 per share, for the three and six months ended June 30, 2021, respectively; and (\$0.2) million or \$0.00 per share, and (\$0.7) million or (\$0.01) per share, for the three and nine months ended September 30, 2021, respectively. The timing differences had no impact on FFO before special items for all of the periods presented.

Reconciliation of Consolidated Net Operating Loss to Net Property Operating Income (\$ in thousands)	Three Months Ended December 31, 2020			Year Ended December 31, 2020		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
Consolidated operating (loss) income	\$ (49,253)	\$ 133 (a)	\$ (49,120)	\$ (115,379)	\$ 317 (a)	\$ (115,062)
Add back:						
General and administrative	9,640	30 (a)	9,670	36,055	(257)(a)	35,798
Depreciation and amortization	48,166	(722) (a)	47,444	149,793	(2,564)(a)	147,229
Impairment charges	34,049	—	34,049	85,598	—	85,598
Less:						
Above/below market rent, straight-line rent and other adjustments	166	30 (a)	196	13,624	(43)(a)	13,581
Gain on disposition of properties	(174)	—	(174)	(683)	—	(683)
Consolidated NOI	<u>42,594</u>	<u>(529)</u>	<u>42,065</u>	<u>169,008</u>	<u>(2,547)</u>	<u>166,461</u>
Noncontrolling interest in consolidated NOI	(12,209)	466 (a)	(11,743)	(48,536)	2,220 (a)	(46,316)
Less: Operating Partnership's interest in Fund NOI included above	(3,135)	63 (a)	(3,072)	(11,845)	327 (a)	(11,518)
Add: Operating Partnership's share of unconsolidated joint ventures NOI	3,306	—	3,306	15,659	—	15,659
NOI - Core Portfolio	<u>\$ 30,556</u>	<u>\$ —</u>	<u>\$ 30,556</u>	<u>\$ 124,286</u>	<u>\$ —</u>	<u>\$ 124,286</u>

Reconciliation of Consolidated Net Operating Loss to Net Property Operating Income (\$ in thousands)	Three Months Ended March 31, 2021		
	As Previously Reported	Adjustments	As Restated
Consolidated operating income	\$ 8,681	\$ 71 (a)	\$ 8,752
Add back:			
General and administrative	8,996	(4) (a)	8,992
Depreciation and amortization	31,390	(750) (a)	30,640
Impairment charges	—	—	—
Straight-line rent reserves	817	—	817
Less:			
Above/below market rent, straight-line rent and other adjustments	(5,284)	11 (a)	(5,273)
Gain on disposition of properties	(4,612)	—	(4,612)
Consolidated NOI	<u>39,988</u>	<u>(672)</u>	<u>39,316</u>
Noncontrolling interest in consolidated NOI	(10,861)	589 (a)	(10,272)
Less: Operating Partnership's interest in Fund NOI included above	(2,618)	83 (a)	(2,535)
Add: Operating Partnership's share of unconsolidated joint ventures NOI	3,300	—	3,300
NOI - Core Portfolio	<u>\$ 29,809</u>	<u>\$ —</u>	<u>\$ 29,809</u>

Reconciliation of Consolidated Net Operating Loss to Net Property Operating Income (\$ in thousands)	Three Months Ended June 30, 2021			Six Months Ended June 30, 2021		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
Consolidated operating income	\$ 13,159	\$ (236) (a)	\$ 12,923	\$ 21,840	\$ (165) (a)	\$ 21,675
Add back:						
General and administrative	10,671	(18) (a)	10,653	19,667	(22) (a)	19,645
Depreciation and amortization	31,345	(805) (a)	30,540	62,735	(1,555) (a)	61,180
Impairment charges	—	—	—	—	—	—
Straight-line rent reserves	(232)	—	(232)	585	—	585
Less:						
Above/below market rent, straight-line rent and other adjustments	(4,249)	5 (a)	(4,244)	(9,533)	16 (a)	(9,517)
Gain on disposition of properties	(5,909)	—	(5,909)	(10,521)	—	(10,521)
Consolidated NOI	44,785	(1,054)	43,731	84,773	(1,726)	83,047
Noncontrolling interest in consolidated NOI	(12,373)	922 (a)	(11,451)	(23,234)	1,511 (a)	(21,723)
Less: Operating Partnership's interest in Fund NOI included above	(3,131)	132 (a)	(2,999)	(5,749)	215 (a)	(5,534)
Add: Operating Partnership's share of unconsolidated joint ventures NOI	3,764	—	3,764	7,064	—	7,064
NOI - Core Portfolio	<u>\$ 33,045</u>	<u>\$ —</u>	<u>\$ 33,045</u>	<u>\$ 62,854</u>	<u>\$ —</u>	<u>\$ 62,854</u>

Reconciliation of Consolidated Net Operating Loss to Net Property Operating Income (\$ in thousands)	Three Months Ended September 30, 2021			Nine Months Ended September 30, 2021		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
Consolidated operating (loss) income	\$ (1,341)	\$ (133) (a)	\$ (1,474)	\$ 20,499	\$ (298) (a)	\$ 20,201
Add back:						
General and administrative	9,978	(68) (a)	9,910	29,645	(90) (a)	29,555
Depreciation and amortization	30,866	(802) (a)	30,064	93,601	(2,357) (a)	91,244
Impairment charges	9,925	—	9,925	9,925	—	9,925
Straight-line rent reserves	(258)	—	(258)	327	—	327
Less:						
Above/below market rent, straight-line rent and other adjustments	(4,572)	20 (a)	(4,552)	(14,105)	36 (a)	(14,069)
Gain on disposition of properties	—	—	—	(10,521)	—	(10,521)
Consolidated NOI	<u>44,598</u>	<u>(983)</u>	<u>43,615</u>	<u>129,371</u>	<u>(2,709)</u>	<u>126,662</u>
Noncontrolling interest in consolidated NOI	(12,576)	862 (a)	(11,714)	(35,810)	2,373 (a)	(33,437)
Less: Operating Partnership's interest in Fund NOI included above	(3,104)	121 (a)	(2,983)	(8,853)	336 (a)	(8,517)
Add: Operating Partnership's share of unconsolidated joint ventures NOI	2,961	—	2,961	10,025	—	10,025
NOI - Core Portfolio	<u>\$ 31,879</u>	<u>\$ —</u>	<u>\$ 31,879</u>	<u>\$ 94,733</u>	<u>\$ —</u>	<u>\$ 94,733</u>

- a) Relates to the correction to adjust the earnings of the Fund Investments to "equity in earnings of unconsolidated affiliates", which had no impact on NOI - Core Portfolio for any of the periods presented.

Balance Sheet (\$ in thousands)	December 31, 2020		
	As Previously Reported	Adjustments	As Restated
ASSETS			
Investments in real estate, at cost			
Land	\$ 776,275	\$ (23,554) (a)	\$ 752,721
Buildings and improvements	2,848,781	(46,528) (a)	2,802,253
Tenant improvements	191,046	(12,128) (a)	178,918
Construction in progress	5,751	(604) (a)	5,147
Right-of-use assets - finance leases	25,086	—	25,086
	<u>3,846,939</u>	<u>(82,814)</u>	<u>3,764,125</u>
Less: Accumulated depreciation and amortization	(586,800)	13,436 (a)	(573,364)
Operating real estate, net	3,260,139	(69,378)	3,190,761
Real estate under development	247,349	(148) (a)	247,201
Net investments in real estate	3,507,488	(69,526)	3,437,962
Notes receivable, net	101,450	(568) (b)	100,882
Investments in and advances to unconsolidated affiliates	249,807	23,022 (a,b)	272,829
Other assets, net	173,809	(3,528) (a)	170,281
Right-of-use assets - operating leases, net	76,268	—	76,268
Cash and cash equivalents	19,232	(533) (a)	18,699
Restricted cash	14,692	(3,596) (a)	11,096
Rents receivable	44,136	(1,084) (a)	43,052
Total assets	<u>\$ 4,186,882</u>	<u>\$ (55,813)</u>	<u>\$ 4,131,069</u>
LIABILITIES			
Mortgage and other notes payable, net	\$ 1,125,356	\$ (56,550) (a)	\$ 1,068,806
Unsecured notes payable, net	500,083	—	500,083
Unsecured line of credit	138,400	—	138,400
Accounts payable and other liabilities	269,911	(1,469) (a)	268,442
Lease liability - operating leases, net	88,816	—	88,816
Dividends and distributions payable	147	—	147
Distributions in excess of income from, and investments in, unconsolidated affiliates	15,616	—	15,616
Total liabilities	<u>2,138,329</u>	<u>(58,019)</u>	<u>2,080,310</u>
Commitments and contingencies			
EQUITY			
Acadia Shareholders' Equity			
Common shares, \$0.001 par value, authorized 200,000,000 shares, issued and outstanding 86,268,303 and 87,050,465 shares, respectively	86	—	86
Additional paid-in capital	1,683,165	—	1,683,165
Accumulated other comprehensive loss	(74,891)	—	(74,891)
Distributions in excess of accumulated earnings	(167,046)	(132) (b)	(167,178)
Total Acadia shareholders' equity	1,441,314	(132)	1,441,182
Noncontrolling interests	607,239	2,338 (a,b)	609,577
Total equity	<u>2,048,553</u>	<u>2,206</u>	<u>2,050,759</u>
Total liabilities and equity	<u>\$ 4,186,882</u>	<u>\$ (55,813)</u>	<u>\$ 4,131,069</u>

a) Relates to the correction to adjust the assets and liabilities of two consolidated subsidiaries to "investments in and advances to unconsolidated affiliates", which had no impact on net income (loss) for the year ended December 31, 2020.

b) Relates to immaterial previously unrecorded adjustments, which, in the aggregate increased or (decreased) net income attributable to Common Shareholders by (\$0.1) million through the year ended December 31, 2020.

The Company's internal review is ongoing and the Company may identify further errors. There can be no assurance that the actual effects of the error corrections will be only as described above.

