SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________ to

Commission File Number 001-12002

ACADIA REALTY TRUST

(Exact name of registrant in its charter)

MARYLAND **(State or other jurisdiction of incorporation or organization)**	**23-2715194** **(I.R.S. Employer Identification No.)**
411 THEODORE FREMD AVENUE, SUITE 300, RYE, NY **(Address of principal executive offices)**	**10580** **(Zip Code)**

(914) 288-8100
(Registrant's telephone number, including area code)

Title of class of registered securities	Trading symbol	Name of 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 (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ☒ **NO** ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

YES ☒ **NO** ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐	Emerging Growth Company	☐
Non-accelerated Filer	☐	Smaller Reporting 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. ☐

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) Yes ☐ No ☒

As of April 28, 2023 there were 95,212,325 common shares of beneficial interest, par value $0.001 per share ("Common Shares"), outstanding.

ACADIA REALTY TRUST AND SUBSIDIARIES
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q (this "Report") of Acadia Realty Trust, a Maryland real estate investment trust, (the "Company") may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations are generally identifiable by the use of the words such as "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend" or "project," or the negative thereof, or other variations thereon or comparable terminology. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause our actual results and financial performance to be materially different from future results and financial performance expressed or implied by such forward-looking statements, including, but not limited to: (i) the economic, political and social impact of, and uncertainty surrounding the COVID-19 pandemic (the "COVID-19 Pandemic") or future pandemics, including its impact on our tenants and their ability to make rent and other payments or honor their commitments under existing leases; (ii) macroeconomic conditions, such as a disruption of or lack of access to the capital markets, disruptions and instability in the banking and financial services industries and rising inflation; (iii) our success in implementing our business strategy and our ability to identify, underwrite, finance, consummate and integrate diversifying acquisitions and investments; (iv) changes in general economic conditions or economic conditions in the markets in which we may, from time to time, compete, and their effect on our revenues, earnings and funding sources; (v) increases in our borrowing costs as a result of rising inflation, changes in interest rates and other factors, including the discontinuation of USD LIBOR, which is currently anticipated to occur in 2023; (vi) our ability to pay down, refinance, restructure or extend our indebtedness as it becomes due; (vii) our investments in joint ventures and unconsolidated entities, including our lack of sole decision-making authority and our reliance on our joint venture partners' financial condition; (viii) our ability to obtain the financial results expected from our development and redevelopment projects; (ix) our tenants' ability and willingness to renew their leases with us upon expiration, our ability to re-lease our properties on the same or better terms in the event of nonrenewal or in the event we exercise our right to replace an existing tenant, and obligations we may incur in connection with the replacement of an existing tenant; (x) our potential liability for environmental matters; (xi) damage to our properties from catastrophic weather and other natural events, and the physical effects of climate change; (xii) uninsured losses; (xiii) our ability and willingness to maintain our qualification as a real estate investment trust (REIT) in light of economic, market, legal, tax and other considerations; (xiv) information technology security breaches, including increased cybersecurity risks relating to the use of remote technology; (xv) the loss of key executives; (xvi) the accuracy of our methodologies and estimates regarding environmental, social and governance ("ESG") metrics, goals and targets, tenant willingness and ability to collaborate towards reporting ESG metrics and meeting ESG goals and targets, and the impact of governmental regulation on our ESG efforts; and (xvii) the risk that our restatement of certain of our previously issued consolidated financial statements or material weaknesses in internal controls could negatively affect investor confidence and raise reputational issues.

The factors described above are not exhaustive and additional factors could adversely affect the Company's future results and financial performance, including the risk factors discussed under the section captioned "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 and other periodic or current reports the Company files with the SEC, including those set forth under the headings "Item 1A. Risk Factors" and "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Report. These risks and uncertainties should be considered in evaluating any forward-looking statements contained or incorporated by reference herein. Any forward-looking statements speak only as of the date hereof. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any changes in the Company's expectations with regard thereto or changes in the events, conditions or circumstances on which such forward-looking statements are based.

SPECIAL NOTE REGARDING CERTAIN REFERENCES

All references to "Notes" throughout the document refer to the footnotes to the consolidated financial statements of the registrant referenced in Part I, Item 1. Financial Statements.

PART I – FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS.

ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except per share amounts)	March 31, 2023	December 31, 2022
ASSETS	*(Unaudited)*	
Investments in real estate, at cost		
Operating real estate, net	$ 3,401,368	$ 3,343,265
Real estate under development	117,914	184,602
Net investments in real estate	3,519,282	3,527,867
Notes receivable, net	123,967	123,903
Investments in and advances to unconsolidated affiliates	191,552	291,156
Other assets, net	200,430	229,591
Right-of-use assets - operating leases, net	36,379	37,281
Cash and cash equivalents	17,125	17,158
Restricted cash	14,257	15,063
Marketable securities	34,227	—
Rents receivable, net	45,934	49,506
Assets of properties held for sale	11,057	11,057
Total assets [(a)]	$ 4,194,210	$ 4,302,582
LIABILITIES		
Mortgage and other notes payable, net	$ 926,918	$ 928,639
Unsecured notes payable, net	647,101	696,134
Unsecured line of credit	172,587	168,287
Accounts payable and other liabilities	191,837	196,491
Lease liability - operating leases, net	34,361	35,271
Dividends and distributions payable	18,498	18,395
Distributions in excess of income from, and investments in, unconsolidated affiliates	9,376	10,505
Total liabilities [(a)]	2,000,678	2,053,722
Commitments and contingencies		
Redeemable noncontrolling interests	63,269	67,664
EQUITY		
Acadia Shareholders' Equity		
Common shares, $0.001 par value per share, authorized 200,000,000 shares, issued and outstanding 95,207,514 and 95,120,773 shares, respectively	95	95
Additional paid-in capital	1,945,157	1,945,322
Accumulated other comprehensive income	30,003	46,817
Distributions in excess of accumulated earnings	(304,173)	(300,402)
Total Acadia shareholders' equity	1,671,082	1,691,832
Noncontrolling interests	459,181	489,364
Total equity	2,130,263	2,181,196
Total liabilities, equity and redeemable noncontrolling interests	$ 4,194,210	$ 4,302,582

(a) Represents the consolidated assets and liabilities of Acadia Realty Limited Partnership (the "Operating Partnership"), which is a consolidated variable interest entity ("VIE") (Note 15). The consolidated balance sheets include the following amounts related to our consolidated VIEs that are consolidated by the Operating Partnership: $1,532.5 million and $1,466.4 million of Operating real estate, net; $61.8 million and $129.9 million of Real estate under development; $109.1 million and $210.9 million of Investments in and advances to unconsolidated affiliates; $87.6 million and $98.7 million of Other assets, net; $2.4 million and $2.5 million of Right-of-use assets - operating leases, net; $13.7 million and $13.3 million of Cash and cash equivalents; $14.2 million and $15.0 million of Restricted cash; $16.6 million and $17.9 million of Rents receivable, net; $759.9 million and $761.2 million of Mortgage and other notes payable, net; $1.8 million and $51.2 million of Unsecured notes payable, net; $98.7 million and $95.4 million of Accounts payable and other liabilities; $2.5 million and $2.7 million of Lease liability- operating leases, net as of March 31, 2023 and December 31, 2022, respectively.

The accompanying notes are an integral part of these consolidated financial statements (unaudited).

ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in thousands except per share amounts)	Three Months Ended March 31, 2023	2022
Revenues		
Rental income	$ 80,737	$ 79,467
Other	1,102	2,040
Total revenues	81,839	81,507
Operating expenses		
Depreciation and amortization	33,173	33,713
General and administrative	9,946	11,937
Real estate taxes	11,479	11,280
Property operating	15,133	13,350
Total operating expenses	69,731	70,280
Gain on disposition of properties	—	28,815
Operating income	12,108	40,042
Equity in earnings of unconsolidated affiliates	29	3,130
Interest and other income	4,818	2,935
Realized and unrealized holding gains on investments and other	26,757	15,730
Interest expense	(21,587)	(17,925)
Income from continuing operations before income taxes	22,125	43,912
Income tax (provision) benefit	(123)	185
Net income	22,002	44,097
Net loss attributable to redeemable noncontrolling interests	2,075	—
Net income attributable to noncontrolling interests	(10,717)	(27,259)
Net income attributable to Acadia	$ 13,360	$ 16,838
Basic income per share	$ 0.14	$ 0.18
Diluted income per share	$ 0.14	$ 0.18

The accompanying notes are an integral part of these consolidated financial statements (unaudited).

ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (UNAUDITED)

(in thousands)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Net income	$ 22,002	$ 44,097
Other comprehensive (loss) income:		
Unrealized (loss) gain on valuation of swap agreements	(15,242)	35,734
Reclassification of realized interest on swap agreements	(6,553)	5,049
Other comprehensive (loss) income	(21,795)	40,783
Comprehensive income	207	84,880
Comprehensive loss attributable to redeemable noncontrolling interests	2,075	—
Comprehensive income attributable to noncontrolling interests	(5,736)	(37,552)
Comprehensive (loss) income attributable to Acadia	$ (3,454)	$ 47,328

The accompanying notes are an integral part of these consolidated financial statements (unaudited).

ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
Three Months Ended March 31, 2023 and 2022

	Acadia Shareholders								
(in thousands, except per share amounts)	Common Shares	Share Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Distributions in Excess of Accumulated Earnings	Total Common Shareholders' Equity	Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests
Balance at January 1, 2023	**95,121**	**$ 95**	**$ 1,945,322**	**$ 46,817**	**$ (300,402)**	**$ 1,691,832**	**$ 489,364**	**$ 2,181,196**	**$ 67,664**
Conversion of OP Units to Common Shares by limited partners of the Operating Partnership	37	—	631	—	—	631	(631)	—	—
Dividends/distributions declared ($0.18 per Common Share/OP Unit)	—	—	—	—	(17,131)	(17,131)	(1,343)	(18,474)	—
City Point Loan accrued interest	—	—	—	—	—	—	—	—	(2,320)
Employee and trustee stock compensation, net	50	—	988	—	—	988	3,897	4,885	—
Noncontrolling interest distributions	—	—	—	—	—	—	(70,868)	(70,868)	—
Noncontrolling interest contributions	—	—	—	—	—	—	31,242	31,242	—
Comprehensive income (loss)	—	—	—	(16,814)	13,360	(3,454)	5,736	2,282	(2,075)
Reallocation of noncontrolling interests	—	—	(1,784)	—	—	(1,784)	1,784	—	—
Balance at March 31, 2023	**95,208**	**$ 95**	**$ 1,945,157**	**$ 30,003**	**$ (304,173)**	**$ 1,671,082**	**$ 459,181**	**$ 2,130,263**	**$ 63,269**
Balance at January 1, 2022	**89,304**	**$ 89**	**$ 1,754,383**	**$ (36,214)**	**$ (196,645)**	**$ 1,521,613**	**$ 628,322**	**$ 2,149,935**	**$ —**
Conversion of OP Units to Common Shares by limited partners of the Operating Partnership	36	—	572	—	—	572	(572)	—	—
Issuance of Common Shares, net	5,151	5	111,511	—	—	111,516	—	111,516	—
Dividends/distributions declared ($0.18 per Common Share/OP Unit)		—	—	—	(17,011)	(17,011)	(1,283)	(18,294)	—
Employee and trustee stock compensation, net	17	1	430	—	—	431	3,389	3,820	—
Noncontrolling interest distributions	—	—	—	—	—	—	(22,780)	(22,780)	—
Noncontrolling interest contributions	—	—	—	—	—	—	99,129	99,129	—
Comprehensive income	—	—	—	30,490	16,838	47,328	37,552	84,880	—
Reallocation of noncontrolling interests	—	—	(2,836)	—	—	(2,836)	2,836	—	—
Balance at March 31, 2022	**94,508**	**$ 95**	**$ 1,864,060**	**$ (5,724)**	**$ (196,818)**	**$ 1,661,613**	**$ 746,593**	**$ 2,408,206**	**$ —**

The accompanying notes are an integral part of these consolidated financial statements (unaudited).

ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)	Three Months Ended March 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 22,002	$ 44,097
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	33,173	33,713
Gain on disposition of properties and other investments	—	(30,288)
Net unrealized holding losses (gains) on investments	2,059	(13,763)
Stock compensation expense	4,885	3,820
Straight-line rents	(767)	(3,076)
Equity in earnings of unconsolidated affiliates	(29)	(3,130)
Distributions of operating income from unconsolidated affiliates	1,097	2,655
Adjustments to straight-line rent reserves	473	(1,350)
Amortization of financing costs	1,647	1,386
Non-cash lease expense	901	858
Adjustments to allowance for credit loss	326	(1,134)
Other, net	(1,568)	(1,432)
Changes in assets and liabilities:		
Rents receivable	3,562	3,283
Other liabilities	(1,281)	(1,567)
Accounts payable and accrued expenses	(6,256)	(8,564)
Prepaid expenses and other assets	118	1,858
Lease liability - operating leases	(910)	(823)
Net cash provided by operating activities	**59,432**	**26,543**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of real estate	—	(159,599)
Proceeds from the disposition of properties and other investments, net	—	116,619
Investments in and advances to unconsolidated affiliates and other	(24,911)	(95,898)
Development, construction and property improvement costs	(12,529)	(7,931)
Refund (payment) of deposits for properties under purchase contract	930	(3,650)
Change in control of previously unconsolidated affiliate	—	3,592
Return of capital from unconsolidated affiliates and other	35,406	2,602
Payment of deferred leasing costs	(2,508)	(1,264)
Acquisition of investment interests	—	(4,527)
Net cash used in investing activities	**(3,612)**	**(150,056)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from unsecured debt	43,309	279,139
Principal payments on unsecured debt	(88,395)	(227,140)
Proceeds from the sale of Common Shares	—	111,516
Capital contributions from noncontrolling interests	31,242	99,129
Principal payments on mortgage and other notes	(2,196)	(81,743)
Distributions to noncontrolling interests	(22,999)	(23,819)
Dividends paid to Common Shareholders	(17,122)	(13,396)
Proceeds received from mortgage and other notes	—	307
Deferred financing and other costs	(498)	(13)
Net cash (used in) provided by financing activities	**(56,659)**	**143,980**
(Decrease) increase in cash and restricted cash	(839)	20,467
Cash of $17,158 and $17,746 and restricted cash of $15,063 and $9,813, respectively, beginning of period	32,221	27,559
Cash of $17,125 and $36,151 and restricted cash of $14,257 and $11,875, respectively, end of period	$ 31,382	$ 48,026

ACADIA REALTY TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (Continued)

	Three Months Ended March 31,	
(in thousands)	**2023**	**2022**
Supplemental disclosure of cash flow information		
Cash paid during the period for interest, net of capitalized interest of $1,928 and $623 respectively	$ 23,107	$ 11,882
Cash paid for income taxes, net of (refunds)	$ 123	$ (185)
Supplemental disclosure of non-cash investing and financing activities		
Distribution declared and payable on April 14, 2023 and April 14, 2022, respectively	$ 18,351	$ 18,172
Assumption of accounts payable and accrued expenses through acquisition of real estate	$ —	$ 1,904
Accrued interest on note receivable recorded to redeemable noncontrolling interest	$ 2,307	$ —
Distributions to noncontrolling interests of marketable securities	$ 49,117	$ —
Reclassification of investment in unconsolidated affiliate to marketable securities	$ 32,745	$ —
Change in control of previously unconsolidated investment		
Increase in real estate	$ —	$ (55,791)
Increase in mortgage notes payable	—	35,970
Decrease in investments in and advances to unconsolidated affiliates	—	17,822
Decrease in notes receivable	—	5,306
Decrease in reserve on note receivable	—	(4,582)
Decrease in accrued interest on notes receivable	—	4,691
Change in other assets and liabilities	—	176
Increase in cash and restricted cash upon change of control	$ —	$ 3,592

The accompanying notes are an integral part of these consolidated financial statements (unaudited).

1. Organization, Basis of Presentation and Summary of Significant Accounting Policies

Organization

Acadia Realty Trust, a Maryland real estate investment trust (collectively with its consolidated subsidiaries, the "Company"), is a fully-integrated equity REIT focused on the ownership, acquisition, development, and management of retail properties located primarily in high-barrier-to-entry, supply-constrained, densely populated metropolitan areas in the United States.

All of the Company's assets are held by, and all of its operations are conducted through, Acadia Realty Limited Partnership (the "Operating Partnership") and entities in which the Operating Partnership owns an interest. As of March 31, 2023 and December 31, 2022, the Company controlled approximately 95% of the Operating Partnership as the sole general partner and 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") and employees who have been awarded restricted Common OP Units ("LTIP Units") as long-term incentive compensation (Note 13). Limited partners holding Common OP and LTIP Units are generally entitled to exchange their units on a one-for-one basis for common shares of beneficial interest, par value $0.001 per share, of the Company ("Common Shares"). This structure is referred to as an umbrella partnership REIT or "UPREIT."

As of March 31, 2023, the Company has ownership interests in 149 properties within its core portfolio, which consist 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 its funds ("Core Portfolio"). The Company also has ownership interests in 51 properties within its opportunity funds, Acadia Strategic Opportunity Fund II, LLC ("Fund II"), Acadia Strategic Opportunity Fund III LLC ("Fund III"), Acadia Strategic Opportunity Fund IV LLC ("Fund IV"), and Acadia Strategic Opportunity Fund V LLC ("Fund V" and, collectively with Fund II, Fund III and Fund IV, the "Funds"). The 200 Core Portfolio and Fund properties primarily consist of street and urban retail and suburban shopping centers. In addition, the Company, together with the investors in the Funds, invested in operating companies through Acadia Mervyn Investors I, LLC ("Mervyns I," which was liquidated in 2018) and Acadia Mervyn Investors II, LLC ("Mervyns II"), all on a non-recourse basis.

The Operating Partnership is the sole general partner or managing member of the Funds and Mervyns II and earns fees or priority distributions for asset management, property management, construction, development, leasing, and legal services. Cash flows from the Funds and Mervyns II 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). All transactions between the Funds and the Operating Partnership have been eliminated in consolidation.

The following table summarizes the general terms and Operating Partnership's equity interests in the Funds and Mervyns II (dollars in millions):

Entity	Formation Date	Operating Partnership Share of Capital	Capital Called as of March 31, 2023 [b]	Unfunded Commitment [b, c]	Equity Interest Held By Operating Partnership [a]	Preferred Return	Total Distributions as of March 31, 2023 [b, c]
Fund II and Mervyns II [c,d]	6/2004	61.67 %	$ 557.3	$ 0.0	61.67 %	8 %	$ 172.9
Fund III	5/2007	24.54 %	448.1	1.9	24.54 %	6 %	603.5
Fund IV	5/2012	23.12 %	488.1	41.9	23.12 %	6 %	221.4
Fund V	8/2016	20.10 %	387.0	133.0	20.10 %	6 %	94.4

a) Amount represents the current economic ownership at March 31, 2023, which could differ from the stated legal ownership based upon the cumulative preferred returns of the respective Fund.

b) Represents the total for the Funds, including the Operating Partnership and noncontrolling interests' shares.

c) During the second quarter of 2022, the Company increased its ownership in Fund II and Mervyns II through an acquisition of its partner's interest by 11.67%, from 28.33% to 40.00%, for $18.5 million. Additionally, during the third quarter of 2022, the Company increased its ownership in Fund II through an acquisition of a partner's interest by 21.67%, from 40.00% to 61.67%, for $5.8 million. Each of the remaining partners in Fund II have a right to put their equity interests to the Company beginning in August 2023. As the Company retained its controlling interest, these additional investments were accounted for as equity transactions (Note 10).

d) During August 2020, a recallable distribution of $15.7 million was made by Mervyns II to its investors, of which $4.5 million was the Company's share. During 2021 and 2022, Mervyns II recalled $11.9 million and $3.8 million, respectively, of the $15.7 million, of which the Company's share is $3.4 million and $1.2 million, respectively. In January 2023, following the expiration of the lock-up period, Mervyns II distributed the 2.5 million shares of its investment in Albertsons to its partners; the Company directly owns 1.6 million shares (Note 4, Note 8).

Basis of Presentation

Segments

At March 31, 2023, the Company had three reportable operating segments: Core Portfolio, Funds and Structured Financing. The Company's chief operating decision maker may review operational and financial data on a property-level basis and does not differentiate properties on a geographical basis for purposes of allocating resources or capital.

Principles of Consolidation

The interim consolidated financial statements include the consolidated accounts of the Company and its investments in partnerships and limited liability companies in which the Company has control, including where the Company has been determined to be a primary beneficiary of a variable interest entity ("VIE"), in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810 "Consolidation" ("ASC Topic 810"). The ownership interests of other investors in these entities are recorded as noncontrolling interests. All significant intercompany balances and transactions have been eliminated in consolidation. Investments in entities for which the Company has the ability to exercise significant influence over, but does not have financial or operating control, are accounted for using the equity method of accounting. Accordingly, the Company's share of the earnings (or losses) of these entities are included in consolidated net income or loss.

The interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the full fiscal year. The information furnished in the accompanying consolidated financial statements reflects all adjustments that, in the opinion of management, are necessary for a fair presentation of the aforementioned consolidated financial statements for the interim periods. Such adjustments consisted of normal recurring items.

These interim consolidated financial statements should be read in conjunction with the Company's 2022 consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Use of Estimates

GAAP requires the Company's management to make estimates and assumptions that affect the amounts reported in the interim consolidated financial statements and accompanying notes. The most significant assumptions and estimates relate to the valuation of real estate, depreciable lives, revenue recognition and the collectability of notes receivable and rents receivable. Application of these estimates and assumptions requires the exercise of judgment as to future uncertainties and, as a result, actual results could differ from these estimates.

Recent Accounting Pronouncements

In January 2021, the FASB issued Accounting Standards Update ("ASU") 2021-01 Reference Rate Reform (Topic 848) which modifies ASC 848, which was intended to provide relief related to "contracts and transactions that reference the London Interbank Offered Rate ("LIBOR") or a reference rate that is expected to be discontinued as a result of reference rate reform." ASU 2021-01 expands the scope of ASC 848 to include all affected derivatives and give reporting entities the ability to apply certain aspects of the contract modification and hedge accounting expedients to derivative contracts affected by the discounting transition. ASU 2021-01 also adds implementation guidance to clarify which optional expedients in ASC 848 may be applied to derivative instruments that do not reference LIBOR or a reference rate that is expected to be discontinued, but that are being modified as a result of the discounting transition. The Company has elected the optional practical expedient under ASU 2020-04 and 2021-01, which allows entities to account for the modification as if the modification was not substantial. As a result, the implementation of this guidance did not have an effect on the Company's consolidated financial statements.

In December 2022, the FASB issued ASU 2022-06 Reference Rate Reform (Topic 848). The guidance in this update defers the sunset date of Topic 848 from December 31, 2022, to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. The amendments are effective for all entities in scope upon issuance of the ASU. The Company plans to transition all variable rate loans currently indexed to LIBOR to SOFR or another applicable benchmark index and will apply the relief based Topic 848 in line with the sunset date.

Any other recently issued accounting standards or pronouncements not disclosed above have been excluded as they are not relevant to the Company, or they are not expected to have a material impact on the consolidated financial statements.

Economic and Other Considerations

In response to the rising rate of inflation the United States Federal Reserve Board (the "Federal Reserve") has steadily increased interest rates, and may continue to increase interest rates throughout the year and into 2024, until the rate of inflation begins to decrease. These increases in interest rates could adversely impact the business and financial results of the Company and its tenants. In addition to the rising rate of inflation, slower economic growth and the potential for a recession could have an adverse effect on the Company and its tenants. This could negatively affect the overall demand for retail space, including the demand for leasable space in the Company's properties, real estate asset values and cash flows. Except for increased interest costs, the Company has not experienced any material negative impacts at this time and the Company intends to actively manage its business to respond to the ongoing economic and social impact from such events, and will assess its properties for any impairment indicators.

2. Real Estate

The Company's consolidated real estate is comprised of the following for the periods presented (in thousands):

	March 31, 2023	December 31, 2022
Land	$ 881,717	$ 817,802
Buildings and improvements	2,995,451	2,987,594
Tenant improvements	235,442	216,899
Construction in progress	13,299	21,027
Right-of-use assets - finance leases (Note 11)	25,086	25,086
Total	4,150,995	4,068,408
Less: Accumulated depreciation and amortization	(749,627)	(725,143)
Operating real estate, net	3,401,368	3,343,265
Real estate under development	117,914	184,602
Net investments in real estate	$ 3,519,282	$ 3,527,867

Acquisitions and Foreclosure

During the three months ended March 31, 2023 and the year ended December 31, 2022, the Company acquired (through purchase, investment or foreclosure) the following consolidated retail properties and other real estate investments (dollars in thousands):

Property and Location	Percent Acquired	Date of Acquisition	Purchase Price
2023 Acquisitions			
None			
2022 Acquisitions and Foreclosure			
Core			
121 Spring Street - New York, NY	100%	Jan 12, 2022	$ 39,637
Williamsburg Collection - Brooklyn, NY [(a)]	(a)	Feb 18, 2022	97,750
8833 Beverly Boulevard - West Hollywood, CA	100%	Mar 2, 2022	24,117
Henderson Avenue Portfolio - Dallas, TX [(b)]	100%	Apr 18, 2022	85,192
Subtotal Core			246,696
Fund III			
640 Broadway - New York, NY (Foreclosure) [(c)]	100%	Jan 26, 2022	59,207
Subtotal Fund III			59,207
Total 2022 Acquisitions and Foreclosure			**$ 305,903**

a) The Williamsburg Collection entity is a variable interest entity and the Company consolidates the entity because it is the entity's primary beneficiary (Note 15). The Company invested $2.8 million in its 49.99% equity interest and, through a separate lending subsidiary, provided a $64.1 million first mortgage loan and a $30.9 million mezzanine loan to subsidiaries of the venture (such equity and loans have been eliminated in consolidation). Pursuant to the entity's operating agreement, the venture partner has a one-time right to put its 50.01% interest in the entity (the "Williamsburg NCI", which is further described in Note 10) to the Company for fair value at a future date. Given the preferred rate of return of the Company embedded in its equity interests and the accruing debt senior to the equity, the Company did not attribute any initial redemption value to the Williamsburg NCI and recognized a bargain purchase gain of $1.2 million, which is included in Realized and unrealized holding gains on investments and other in the consolidated statements of income.

b) The Henderson Avenue Portfolio comprises 14 operating retail assets, one residential building and two development and redevelopment sites. One of the development sites was sold in October 2022.

c) The entity was previously accounted for as an equity method investment until an affiliate of Fund III acquired the venture partner's interest in a foreclosure action. Fund III now indirectly owns 100% of the entity and consolidates it (Note 4).

For the year ended December 31, 2022, the Company capitalized $1.2 million of acquisition costs in connection with the 2022 Acquisitions and Foreclosure. In addition, during the year ended December 31, 2022, the Company expensed $2.0 million of acquisition costs related to the Williamsburg Portfolio (including a $1.5 million acquisition fee paid to an affiliate of a joint venture partner), consistent with the application of transaction costs in a business combination (Note 10). Acquisition costs that were expensed are included in General and administrative expenses in the consolidated statements of income. During the year ended December 31, 2022, the Company assumed a $36.0 million mortgage with the consolidation of 640 Broadway (Note 7).

Purchase Price Allocations

The purchase prices for the 2022 Acquisitions and Foreclosure were allocated to the acquired assets and assumed liabilities based on their estimated relative fair values at the dates of acquisition. The following table summarizes the allocation of the purchase price of properties acquired during the periods presented (in thousands):

	Three Months Ended March 31, 2023	Year Ended December 31, 2022
Net Assets Acquired		
Land	$ —	$ 119,898
Buildings and improvements	—	168,862
Acquisition-related intangible assets (Note 6)	—	29,016
Accounts receivable, prepaids and other assets	—	4,077
Accounts payable and other liabilities	—	(661)
Acquisition-related intangible liabilities (Note 6)	—	(14,126)
Net assets acquired	$ —	$ 307,066
Consideration		
Cash	$ —	$ 242,633
Carrying value of note receivable exchanged in foreclosure (Note 3)	—	5,416
Existing interest in previously unconsolidated investment (Note 4)	—	17,822
Debt assumed	—	35,970
Liabilities assumed	—	4,062
Total consideration	—	305,903
Gain on bargain purchase	—	1,163
	$ —	$ 307,066

The Company determines the fair value of the individual components of income producing real estate asset acquisitions primarily through calculating the "as-if vacant" value of a building, using an income approach, which relies significantly upon internally determined assumptions. The Company has determined that these estimates primarily rely on Level 3 inputs, which are unobservable inputs based on our own assumptions. The most significant assumptions used in calculating the "as-if vacant" value for acquisition activity during 2022 is as follows:

	2023		2022	
	Low	High	Low	High
Exit Capitalization Rate	—	—	4.25 %	7.25 %
Annual net rental rate per square foot on acquired buildings	$ —	$ —	$ 20.00	$ 825.00
Annual net rental rate per square foot on acquired ground lease	$ —	$ —	$ —	$ —

The estimate of the portion of the "as-if vacant" value that is allocated to the land underlying the acquired real estate relies on Level 3 inputs and is primarily determined by reference to recent comparable transactions.

Dispositions

During the three months ended March 31, 2023 and the year ended December 31, 2022, the Company disposed of the following consolidated properties and other real estate investments (in thousands):

Property and Location	Owner	Date Sold	Sale Price	Gain (Loss) on Sale
2023 Dispositions				
None				
2022 Dispositions				
NE Grocer Portfolio (Selected Assets) - Pennsylvania	Fund IV	Jan 26, 2022 Mar 4, 2022	$ 45,350	$ 13,784
New Towne (Parcel) - Canton, MI	Fund V	Feb 1, 2022	2,231	1,776
Cortlandt Crossing - Westchester County, NY	Fund III	Feb 9, 2022	65,533	13,255
Lincoln Place - Fairview Heights, IL	Fund IV	May 25, 2022	40,670	12,216
Wake Forest Crossing - Wake Forest, NC	Fund IV	Aug 24, 2022	38,919	8,885
Henderson Avenue (Parcel) - Dallas, TX	Core	Oct 7, 2022	3,050	(194)
330-340 River Street - Cambridge, MA	Core	Dec 13, 2022	26,400	7,439
Total 2022 Dispositions			**$ 222,153**	**$ 57,161**

The aggregate rental revenue, expenses and pre-tax income reported within continuing operations for the aforementioned consolidated properties that were sold as well as the lease that was terminated (Note 11) during the three months ended March 31, 2023 and 2022 were as follows (in thousands):

	Three Months Ended March 31,	
	2023	2022
Revenues	$ —	$ 3,240
Expenses	—	(2,209)
Gain on disposition of properties	—	28,815
Net income attributable to noncontrolling interests	—	(22,724)
Net income attributable to Acadia	$ —	$ 7,122

Properties Held for Sale

At March 31, 2023, the Company had one property under contract for sale with assets totaling $11.1 million, which was probable of disposition. The property was classified as "held for sale" on the Company's consolidated balance sheets at March 31, 2023 and December 31, 2022. The Company has received $2.6 million of non-refundable deposits under the sales contract, which is recorded in Other liabilities on the Company's consolidated balance sheets.

Real Estate Under Development and Construction in Progress

Real estate under development represents the Company's consolidated properties that have not yet been placed into service while undergoing substantial development or construction.

Development activity for the Company's consolidated properties comprised the following during the periods presented (dollars in thousands):

	January 1, 2023		Three Months Ended March 31, 2023			March 31, 2023	
	Number of Properties	Carrying Value	Transfers In	Capitalized Costs	Transfers Out	Number of Properties	Carrying Value
Core	2	$ 54,817	$ —	$ 1,393	$ —	2	$ 56,210
Fund II	—	34,072	—	1,107	—	—	35,179
Fund III	1	25,798	—	727	—	1	26,525
Fund IV [(a)]	1	69,915	—	—	69,915	—	—
Total	4	$ 184,602	$ —	$ 3,227	$ 69,915	3	$ 117,914

a) Transfers out include $69.9 million related to one Fund IV property that was transferred out of development.

	January 1, 2022		Year Ended December 31, 2022			December 31, 2022	
	Number of Properties	Carrying Value	Transfers In	Capitalized Costs	Transfers Out	Number of Properties	Carrying Value
Core	—	$ 42,517	$ 9,610	$ 2,690	$ —	2	$ 54,817
Fund II [(a)]	—	35,125	—	503	1,556	—	34,072
Fund III	1	24,296	—	1,502	—	1	25,798
Fund IV [(b)]	1	101,835	—	215	32,135	1	69,915
Total	2	$ 203,773	$ 9,610	$ 4,910	$ 33,691	4	$ 184,602

a) Transfers out include $1.6 million related to a portion of one Fund II property that was transferred out of development.
b) Transfers out include $13.4 million related to a portion of one Fund IV property that was transferred out of development and an impairment charge totaling $18.7 million on one Fund IV development property (Note 8).

The number of properties in the tables above refers to projects comprising the entire property under development; however, certain projects represent a portion of a property. At March 31, 2023, consolidated development projects included: portions of the Henderson Portfolio for the Core Portfolio and Broad Hollow Commons at Fund III. In addition, at March 31, 2023, the Company had one Core unconsolidated development project, 1238 Wisconsin Avenue.

During the three months ended March 31, 2023, the Company placed the remainder of one Fund IV property, 717 N. Michigan Avenue, into service.

At December 31, 2022, consolidated development projects included: portions of the Henderson Portfolio for the Core Portfolio, Broad Hollow Commons at Fund III, and a portion of 717 N. Michigan Avenue at Fund IV. In addition, at December 31, 2022, the Company had one Core unconsolidated development project, 1238 Wisconsin Avenue. During the year ended December 31, 2022, the Company:

- placed a portion of one Fund IV property, 717 N. Michigan Avenue, into service in the first quarter;
- placed a portion of one Fund II property, City Point, into service in the fourth quarter; and
- placed two Core properties in the Henderson Portfolio into development in the second quarter.

Construction in progress pertains to construction activity at the Company's operating properties that are in service and continue to operate during the construction period.

3. Notes Receivable, Net

The Company's notes receivable, net are generally collateralized either by the underlying properties or the borrowers' ownership interests in the entities that own the properties, and were as follows (dollars in thousands):

			March 31, 2023		
Description	**March 31, 2023**	**December 31, 2022**	**Number**	**Maturity Date**	**Interest Rate**
Core Portfolio [(a)]	$ 124,801	$ 124,801	5	Apr 2020 - Dec 2027	4.65% - 10.00%
Allowance for credit loss	(834)	(898)			
Notes receivable, net	$ 123,967	$ 123,903	5		

a) Includes one note receivable from an OP Unit holder, with a balance of $6.0 million at March 31, 2023 and December 31, 2022.

During the three months ended March 31, 2023, the Company decreased its allowance for credit loss of approximately $0.1 million. The Company also received payment on a bridge loan and funded additional proceeds on a loan to an unconsolidated venture as part of its investments in and advances to unconsolidated affiliates (Note 4).

During the year ended December 31, 2022, the Company:

- through Fund III obtained the remaining venture partner's interest in an entity that held a property, which was collateral for a note with a balance of $5.3 million, accrued interest of $4.7 million, less credit loss reserve of $4.6 million (exclusive of default interest and other amounts due on the loan that have not been recognized), via a foreclosure auction in January 2022. The entity was previously accounted for as an equity method investment until Fund III acquired the venture partner's interest in a foreclosure auction. Fund III now owns 100% of the entity and consolidates it (Note 4);
- originated a new loan to other Fund II investors of $65.9 million in the third quarter, which is presented in redeemable noncontrolling interests on the Company's consolidated balance sheets (Note 10);
- funded $7.5 million of a $12.8 million construction loan commitment to an unconsolidated venture, which is presented in investments in and advances to unconsolidated affiliates, net of an allowance for credit loss (Note 4). The loan has a stated interest rate of Prime + 1.00%, matures on December 28, 2023 and is collateralized by the venture members' interest in an entity that holds the 1238 Wisconsin development property;
- Fund V made a bridge loan to an unconsolidated venture for $52.0 million during the first quarter, which was repaid during the second quarter. Additionally, Fund V made a bridge loan to an unconsolidated venture for $31.7 million during the third quarter, which is presented in investments in and advances to unconsolidated affiliates, net of an allowance for credit loss. The loan has a stated interest rate of 8.0%, matures on February 6, 2023 and is collateralized by the Shoppes at South Hills property. The loan was repaid during the first quarter of 2023 (Note 4);
- received full payment on a $16.0 million Core Portfolio loan during the second quarter, and full payment on a $13.5 million Core Portfolio loan and partial payment of $5.7 million of accrued interest on a Core Portfolio loan during the third quarter;
- extended the maturity date of one Core note receivable of $54.0 million from January 13, 2023 to January 9, 2024; and
- decreased its allowance for credit loss by $4.9 million, of which approximately $4.6 million was attributable to the aforementioned Fund III foreclosure.

Default

One Core Portfolio note aggregating $21.6 million including accrued interest (exclusive of default interest and other amounts due on the loan that have not been recognized) was in default at March 31, 2023 and December 31, 2022. On April 1, 2020, the loan matured and was not repaid. The Company expects to take appropriate actions to recover the amounts due under the loan and has issued a reservation of rights letter to the borrowers and guarantor, reserving all of its rights and remedies under the applicable loan documents and otherwise. The Company has determined that the collateral for this loan is sufficient to cover the loan's carrying value at March 31, 2023 and December 31, 2022.

Allowance for Credit Losses

The Company monitors the credit quality of its notes receivable on an ongoing basis and considers indicators of credit quality such as loan payment activity, the estimated fair value of the underlying collateral, the seniority of the Company’s loan in relation to other debt secured by the collateral and the prospects of the borrower.

Earnings from these notes and mortgages receivable are reported within the Company’s Structured Financing segment (Note 12). Interest receivable is included in Other assets (Note 5).

The Company’s estimated allowance for credit losses related to its Structured Financing segment has been computed for its amortized cost basis in the portfolio, including accrued interest (Note 5), factoring historical loss experience in the United States for similar loans, as adjusted for current conditions, as well as the Company’s expectations related to future economic conditions. Due to the lack of comparability across the Structured Financing portfolio, each loan was evaluated separately. As a result, the Company did not elect the collateral-dependent CECL practical expedient for three of its loans with a total amortized cost of $114.5 million, inclusive of accrued interest of $13.5 million, for which an allowance for credit losses has been recorded aggregating $0.8 million at March 31, 2023. For two loans in this portfolio, aggregating $27.9 million, inclusive of accrued interest of $4.1 million at March 31, 2023, the Company has elected to apply the practical expedient in accordance with ASC 326 and did not establish an allowance for credit losses because (i) these loans are collateral-dependent loans, which due to their settlement terms are not expected to be settled in cash but rather by the Company’s possession of the real estate collateral; and (ii) at March 31, 2023, the Company determined that the estimated fair value of the collateral at the expected realization date for these loans was sufficient to cover the carrying value of its investments in these notes receivable. Impairment charges may be required if and when such amounts are estimated to be nonrecoverable upon a realization event, which is generally at the time a loan is repaid, or in the case of foreclosure, when the underlying asset is sold; however, non-recoverability may also be concluded if it is reasonably certain that all amounts due will not be collected.

4. Investments in and Advances to Unconsolidated Affiliates

The Company accounts for its investments in and advances to unconsolidated affiliates primarily under the equity method of accounting as it has the ability to exercise significant influence, but does not have financial or operating control over the investment, which is maintained by each of the unaffiliated partners who co-invest with the Company. The Company's investments in and advances to unconsolidated affiliates consist of the following (dollars in thousands):

Portfolio	Property	Ownership Interest March 31, 2023	March 31, 2023	December 31, 2022
Core:	Renaissance Portfolio	20%	$ 28,975	$ 28,755
	Gotham Plaza	49%	30,293	30,112
	Georgetown Portfolio [(a)]	50%	4,101	4,048
	1238 Wisconsin Avenue [(a, b)]	80%	16,223	14,502
			79,592	77,417
Mervyns II:	KLA/ABS [(c)]	36.7%	—	85,403
Fund IV:	Fund IV Other Portfolio	98.57%	7,344	7,914
	650 Bald Hill Road	90%	9,721	10,203
	Paramus Plaza	50%	807	936
			17,872	19,053
Fund V:	Family Center at Riverdale [(d)]	89.42%	4,574	4,995
	Tri-City Plaza	90%	7,665	8,422
	Frederick County Acquisitions	90%	11,510	12,240
	Wood Ridge Plaza	90%	12,295	12,751
	La Frontera Village	90%	20,078	20,803
	Shoppes at South Hills [(e)]	90%	13,189	44,677
	Mohawk Commons	90%	20,158	775
			89,469	104,663
Various:	Due from (to) Related Parties		277	305
	Other [(f)]		4,342	4,315
	Investments in and advances to unconsolidated affiliates		**$ 191,552**	**$ 291,156**
Core:	Crossroads [(g)]	49%	$ 8,750	$ 8,832
	840 N. Michigan Avenue [(d, g)]	88.43%	$ 626	$ 1,673
	Distributions in excess of income from, and investments in, unconsolidated affiliates		**$ 9,376**	**$ 10,505**

a) Represents a VIE for which the Company is not the primary beneficiary (Note 15).
b) Includes a $12.8 million construction commitment from the Company to the venture that holds its investment in 1238 Wisconsin. As of March 31, 2023 and December 31, 2022 the note receivable from a related party had a balance of $9.6 million and $7.5 million, net of CECL allowance of $0.1 million, and $0.1 million, respectively. The loan is collateralized by the venture members' equity interest in the entity that holds the 1238 Wisconsin development property, bears interest at Prime + 1.0% subject to a 4.5% floor, and matures on December 28, 2023. Interest is recognized over the life of the loan.
c) At December 31, 2022, Mervyns II had an effective indirect ownership of approximately 4.1 million shares (approximately 1% interest) through its Investment in Albertsons Companies Inc. ("Albertsons"), which is accounted for at fair value (Note 8). Mervyns II distributed the shares to its investors upon expiration of the lock-up agreement in January 2023, as further described below.
d) Represents a tenancy-in-common interest.
e) At December 31, 2022, includes a $31.7 million bridge loan from the Company to the venture that holds the property in its investment in Shoppes at South Hills. During the first quarter of 2023 the bridge loan was repaid, as further described below.
f) Includes cost-method investments in Storage Post, Fifth Wall, and other investments.
g) Distributions have exceeded the Company's investment; however, the Company recognizes a liability balance as it may elect to contribute capital to the entity.

During the three months ended March 31, 2023, the Company:

- funded $2.0 million of a $12.8 million construction loan commitment to the 1238 Wisconsin venture;

- through Fund V, acquired a 90% interest in a venture for $20.2 million, which acquired Mohawk Commons, a shopping center located in Schenectady, New York for $62.1 million. In addition, on January 27, 2023, the Mohawk Commons venture entered into a $39.7 million mortgage loan;

- through Fund V, received payment on a bridge loan from the Shoppes at South Hills venture for $31.7 million which matured in February 2023. Upon maturity of the bridge loan, the venture entered into a $36.0 million mortgage loan, of which $31.8 million was funded at closing.

- received cash dividends from its investment in Albertsons totaling $28.5 million on January 20, 2023, of which the Company's share was $11.3 million. The Company has reflected the dividend income as Realized and unrealized holding gains on investments and other within its consolidated statements of income. Additionally, the lock-up period, which restricted the transfer or sale of shares, expired on January 24, 2023, and 4.1 million shares of Albertsons were distributed to the individual investors as a non-cash distribution. The Company now owns 1.6 million shares of Albertsons directly as a result of the distribution, which are presented as Marketable securities on the Company's consolidated balance sheets and are accounted for at fair value (Note 8).

During the year ended December 31, 2022, the Company:

- through Fund V, acquired a 90% interest in a venture for $15.9 million, which acquired Shoppes at South Hills, a shopping center located in Poughkeepsie, New York for $47.6 million. In addition, Fund V made a bridge loan to the entity for $31.7 million, which was subsequently repaid in the first quarter of 2023 (Note 3);

- recorded an impairment charge of $50.8 million related to its 840 N. Michigan Avenue investment during the third quarter, which is included in Equity in (losses) earnings of unconsolidated affiliates in the consolidated statements of income, reflecting management's estimate of fair value at that date;

- through Fund V, acquired a 90% interest in a venture for $26.5 million, which acquired La Frontera Village, a shopping center located in Round Rock, Texas for $81.4 million. In addition, Fund V made a bridge loan to the entity for $52.0 million during the first quarter, which was repaid during the second quarter. On June 10, 2022, the venture entered into a $57.0 million mortgage loan, of which $55.5 million was funded at closing;

- through Fund V, acquired a 90% interest in a venture for $15.3 million, which acquired Wood Ridge Plaza, a shopping center located in Houston, Texas for $49.3 million during the first quarter. In addition, on March 21, 2022 the Wood Ridge Plaza venture entered into a $36.6 million mortgage loan, of which $32.3 million was funded at closing;

- through an affiliate of Fund III, foreclosed on the remaining 37% interest in 640 Broadway during the first quarter. Accordingly, the Company now consolidates this property (Note 2);

- through Fund III, sold its investment in Self Storage Management for $6.0 million and recognized its proportionate gain of $1.5 million during the first quarter, which is included in Realized and unrealized holding (losses) gains on investments and other in the consolidated statements of income;

- through Fund IV, sold its investment in Promenade at Manassas for $46.0 million and repaid $27.3 million of the related mortgage. Fund IV recognized a gain of $12.8 million, of which the Company's share was $3.0 million during the fourth quarter;

- funded $0.2 million of its capital commitment to its Fifth Wall investment during the second and third quarter. Funded $7.5 million of its construction commitment to the venture that holds 1238 Wisconsin (Note 3); and

- received cash dividends totaling $1.9 million at Mervyns II related to distributions from its Investment in Albertsons and recorded a net unrealized holding loss of $38.9 million reflecting the change in fair value of its Investment in Albertsons (Note 8).

Fees from Unconsolidated Affiliates

The Company earned property management, construction, development, legal and leasing fees from its investments in unconsolidated partnerships totaling $0.1 million for each of the three months ended March 31, 2023 and 2022, respectively, which are included in Other revenues in the consolidated statements of income.

In addition, the Company's joint ventures paid to certain unaffiliated partners of its joint ventures $0.6 million and $0.3 million for the three months ended March 31, 2023 and 2022, respectively, for leasing commissions, development, management, construction and overhead fees.

Summarized Financial Information of Unconsolidated Affiliates

The following combined and condensed Balance Sheets and Statements of Operations, in each period, summarize the financial information of the Company's investments in unconsolidated affiliates that were held as of March 31, 2023, and accordingly exclude the results of any investments disposed of or consolidated prior to that date (in thousands):

	March 31, 2023	December 31, 2022
Combined and Condensed Balance Sheets		
Assets:		
Rental property, net	$ 706,731	$ 650,997
Real estate under development	18,676	17,359
Other assets	140,052	127,070
Total assets	$ 865,459	$ 795,426
Liabilities and partners' equity:		
Mortgage notes payable	$ 683,601	$ 609,923
Other liabilities	100,757	96,532
Partners' equity	81,101	88,971
Total liabilities and partners' equity	$ 865,459	$ 795,426
Company's share of accumulated equity	$ 122,188	$ 131,878
Basis differential	52,566	52,813
Deferred fees, net of portion related to the Company's interest	2,803	5,937
Amounts receivable/payable by the Company	277	305
Investments in and advances to unconsolidated affiliates, net of Company's share of distributions in excess of income from and investments in unconsolidated affiliates	177,834	190,933
Investments carried at fair value or cost	4,342	89,718
Company's share of distributions in excess of income from and investments in unconsolidated affiliates	9,376	10,505
Investments in and advances to unconsolidated affiliates	$ 191,552	$ 291,156

	Three Months Ended March 31,	
	2023	2022
Combined and Condensed Statements of Operations		
Total revenues	$ 28,218	$ 23,118
Operating and other expenses	(8,632)	(7,258)
Interest expense	(9,233)	(4,739)
Depreciation and amortization	(8,901)	(5,911)
Net income attributable to unconsolidated affiliates	$ 1,452	$ 5,210
Company's share of equity in net income of unconsolidated affiliates	$ 276	$ 3,383
Basis differential amortization	(247)	(253)
Company's equity in earnings of unconsolidated affiliates	$ 29	$ 3,130

5. Other Assets, Net and Accounts Payable and Other Liabilities

Other assets, net and accounts payable and other liabilities are comprised of the following for the periods presented:

(in thousands)	March 31, 2023	December 31, 2022
Other Assets, Net:		
Lease intangibles, net (Note 6)	$ 94,600	$ 102,374
Derivative financial instruments (Note 8)	35,867	54,902
Deferred charges, net (a)	29,568	28,478
Accrued interest receivable (Note 3)	19,922	18,082
Prepaid expenses	12,358	15,872
Due from seller	3,036	3,036
Income taxes receivable	1,906	1,876
Deposits	711	1,624
Corporate assets, net	1,200	1,287
Other receivables	1,262	2,060
	$ 200,430	$ 229,591
(a) Deferred Charges, Net:		
Deferred leasing and other costs [(a)]	$ 66,646	$ 63,920
Deferred financing costs related to line of credit	9,494	9,494
	76,140	73,414
Accumulated amortization	(46,572)	(44,936)
Deferred charges, net	$ 29,568	$ 28,478
Accounts Payable and Other Liabilities:		
Lease intangibles, net (Note 6)	$ 76,313	$ 78,416
Accounts payable and accrued expenses	57,216	59,922
Deferred income	33,132	34,503
Tenant security deposits, escrow and other	16,877	16,582
Lease liability - finance leases, net (Note 11)	7,128	7,022
Derivative financial instruments (Note 8)	1,171	46
	$ 191,837	$ 196,491

a) Effective January 1, 2023, the Company implemented compensation plans for its internal leasing representatives to adopt a commission structure paid in connection with new, renewal, and modified leases. At March 31, 2023, deferred leasing and other costs include direct and incremental capitalized internal leasing commissions incurred in connection with executed lease agreements, which are amortized on a straight-line basis over the terms of the related leases.

6. Lease Intangibles

Upon acquisitions of real estate (Note 2), the Company assesses the relative fair value of acquired assets (including land, buildings and improvements, and identified intangibles such as above- and below-market leases, including below-market options and acquired in-place leases) and assumed liabilities. The lease intangibles are amortized over the remaining terms of the respective leases, including option periods where applicable.

Intangible assets and liabilities are included in Other assets, net and Accounts payable and other liabilities (Note 5) on the consolidated balance sheets and summarized as follows (in thousands):

	March 31, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizable Intangible Assets						
In-place lease intangible assets	$ 301,556	$ (213,228)	$ 88,328	$ 301,556	$ (205,951)	$ 95,605
Above-market rent	24,064	(17,792)	6,272	24,064	(17,295)	6,769
	$ 325,620	$ (231,020)	$ 94,600	$ 325,620	$ (223,246)	$ 102,374
Amortizable Intangible Liabilities						
Below-market rent	$ (176,253)	$ 100,271	$ (75,982)	$ (176,253)	$ 98,182	$ (78,071)
Above-market ground lease	(671)	340	(331)	(671)	326	(345)
	$ (176,924)	$ 100,611	$ (76,313)	$ (176,924)	$ 98,508	$ (78,416)

During the three months ended March 31, 2023, the Company did not have any acquisitions of real estate or acquired lease intangibles.

During the year ended December 31, 2022, the Company:

- acquired in-place lease intangible assets of $28.2 million, above-market rents of $0.8 million, and below-market rents of $14.1 million with weighted-average useful lives of 6.4, 6.9, and 11.4 years, respectively (Note 2);
- wrote-off in-place lease intangible assets of $1.5 million and below-market rent of $2.1 million, of which the Company's share was $0.5 million and $0.5 million, respectively, related to disposed properties (Note 2); and
- accelerated amortization related to in-place lease intangible assets of $0.2 million and below-market rents of $5.5 million, of which the Company's share was $0.1 million and $5.4 million, respectively, related to notification of tenant non-renewals and early tenant lease terminations.

Amortization of in-place lease intangible assets is recorded in depreciation and amortization expense and amortization of above-market rent and below-market rent is recorded as a reduction to and increase to rental income, respectively, in the consolidated statements of income. Amortization of above-market ground leases are recorded as a reduction to rent expense in the consolidated statements of income.

The scheduled amortization of acquired lease intangible assets and assumed liabilities as of March 31, 2023 is as follows (in thousands):

Years Ending December 31,	Net Increase in Lease Revenues	Increase to Amortization	Reduction of Rent Expense	Net (Expense) Income
2023 (Remainder)	$ 4,277	$ (17,964)	$ 44	$ (13,643)
2024	5,565	(17,995)	58	(12,372)
2025	5,140	(13,059)	58	(7,861)
2026	4,900	(10,658)	58	(5,700)
2027	4,736	(8,457)	58	(3,663)
Thereafter	45,092	(20,195)	55	24,952
Total	$ 69,710	$ (88,328)	$ 331	$ (18,287)

7. Debt

A summary of the Company's consolidated indebtedness is as follows (dollars in thousands):

	Interest Rate at [a]			Carrying Value at	
	March 31, 2023	December 31, 2022	Maturity Date at March 31, 2023	March 31, 2023	December 31, 2022
Mortgages Payable					
Core Mortgages Payable	3.99%-5.89%	3.88%-5.89%	Feb 2024 - Apr 2035	$193,344	$193,838
Fund II Mortgages Payable	SOFR+2.61%	SOFR+2.61%	Aug 2025	133,655	133,655
Fund III Mortgages Payable	SOFR+3.35%	SOFR+3.35%	Jul 2023	35,970	35,970
Fund IV Mortgages and Other Notes Payable [b]	LIBOR+2.25%-LIBOR+3.65%	LIBOR+2.25%-LIBOR+3.65%	Apr 2023 - Jun 2026	146,091	146,230
Total Fund V Mortgages Payable	SOFR + 1.61% to SOFR + 2.76%	LIBOR + 1.85% - SOFR + 2.76%	May 2023 - Nov 2026	424,662	426,224
Net unamortized debt issuance costs				(7,121)	(7,621)
Unamortized premium				317	343
Total Mortgages Payable				**$926,918**	**$928,639**
Unsecured Notes Payable					
Core Unsecured Term Loans	3.72%-5.24%	3.74%-5.11%	Jun 2026 - Jul 2029	$650,000	$650,000
Fund V Subscription Facility	SOFR+1.86%	SOFR+1.86%	May 2023	1,824	51,210
Net unamortized debt issuance costs				(4,723)	(5,076)
Total Unsecured Notes Payable				**$647,101**	**$696,134**
Unsecured Line of Credit					
Total Unsecured Line of Credit	SOFR+1.50%	SOFR+1.50%	Jun 2025	**$172,587**	**$168,287**
Total Debt [c][d]				$1,758,133	$1,805,414
Net unamortized debt issuance costs				(11,844)	(12,697)
Unamortized premium				317	343
Total Indebtedness				**$1,746,606**	**$1,793,060**

a) At March 31, 2023, the stated rates ranged from 4.53% for Core variable-rate debt; SOFR + 2.61% for Fund II variable-rate debt; SOFR + 3.35% for Fund III variable-rate debt; LIBOR + 2.25% to LIBOR + 3.65% for Fund IV variable-rate debt; SOFR + 1.61% to SOFR + 2.76% for Fund V variable-rate debt; 3.72%-5.24% for Core variable-rate unsecured term loans; and SOFR + 1.50% for Core variable-rate unsecured lines of credit.
b) Includes the outstanding balance on the Fund IV secured bridge facility of $39.2 million at each of March 31, 2023 and December 31, 2022.
c) Includes $1,207.5 million and $1,264.0 million, respectively, of variable-rate debt that has been fixed with interest rate swap agreements as of the periods presented.
d) Includes $144.5 million and $103.8 million, respectively, of variable-rate debt that is subject to interest cap agreements as of the periods presented.

Credit Facilities

The Operating Partnership has a $700.0 million senior unsecured credit facility, as amended (the "Credit Facility"), with Bank of America, N.A. as administrative agent, comprised of a $300.0 million senior unsecured revolving credit facility (the "Revolver") which bears interest at a floating rate based on SOFR with margins based on leverage or credit rating, and a $400.0 million senior unsecured term loan (the "Term Loan") which bears interest at a floating rate based on SOFR with margins based on leverage or credit rating. Currently, the Revolver bears interest at SOFR + 1.50% and the Term Loan bears interest at SOFR + 1.65%. The Revolver matures on June 29, 2025, subject to two six-month extension options, and the Term Loan matures on June 29, 2026. The Credit Facility provides for an accordion feature, which allows for one or more increases in the revolving credit facility or term loan facility, for a maximum aggregate principal amount not to exceed $900.0 million. The Credit Facility is guaranteed by the Company and certain subsidiaries of the Company.

On April 6, 2022, the Operating Partnership entered into a $175.0 million term loan facility (the "$175.0 Million Term Loan"), with Bank of America, N.A. as administrative agent, which bears interest at a floating rate based on SOFR with margins based on leverage or credit rating, and which matures on April 6, 2027. The proceeds of the $175.0 million term loan were used to pay down the Revolver. Currently the $175.0 million term loan bears interest at SOFR + 1.60%. The $175.0 million term loan is guaranteed by the Company and certain subsidiaries of the Company.

On July 29, 2022, the Operating Partnership entered into the $75.0 million term loan (the "$75.0 Million Term Loan"), with TD Bank, N.A. as administrative agent, which bears interest at a floating rate based on SOFR with margins based on leverage or credit rating and which matures on July 29, 2029. Currently the $75.0 million term loan bears interest at SOFR + 2.05%. The proceeds of the $75.0 million term loan were used to pay down the Revolver. The $75.0 million term loan is guaranteed by the Company and certain subsidiaries of the Company.

The Company has entered into various swap agreements to effectively fix its interest costs on a portion of its Revolver and term loans, as described above (Note 8).

Mortgages and Other Notes Payable

During the three months ended March 31, 2023, the Company (amounts represent balances at the time of transactions):

- extended two Fund mortgages totaling $58.0 million (excluding principal reductions of $0.2 million); and
- made scheduled principal payments totaling $2.0 million.

During the year ended December 31, 2022, the Company (amounts represent balances at the time of transactions):

- entered into a new Fund mortgage in the amount of $42.4 million in the second quarter;
- modified and extended ten Fund mortgages, four of which were extended during the first quarter totaling $99.0 million (excluding principal reductions of $1.1 million), two of which were extended during the second quarter totaling $62.2 million, one of which was extended during the third quarter totaling $36.0 million, and three of which were extended during the fourth quarter totaling $83.4 million (excluding principal reductions and interest reserve of $3.5 million and $4.2 million, respectively);
- modified the Fund IV bridge loan with an outstanding balance of $42.2 million (excluding principal reductions of $8.6 million) and changed the rate to SOFR plus 2.56% and extended the term by two-months in the second quarter; During the third quarter, the Company modified the facility and extended the maturity date to December 29, 2023.
- refinanced a Core loan in the third quarter with an outstanding balance of $25.4 million with a new loan of $26.0 million at an interest rate of 4.00% maturing July 10, 2027;
- refinanced Fund II mortgage debt and unsecured note collateralized by the real estate assets of City Point Phase II in the third quarter with an aggregate outstanding balance of $257.9 million and $40.0 million, respectively, ("City Point debt"), with a single $198.0 million mortgage loan, with initial proceeds of approximately $132.3 million and a loan from the Company to other Fund II Investors (Note 10). The mortgage has a three-year initial term and bears interest at SOFR + 2.61%. The mortgage is collateralized by the real estate assets of City Point, of which $50.0 million is guaranteed by the Operating Partnership;
- repaid one Core mortgage of $12.3 million during the first quarter and repaid three Fund mortgages in the aggregate amount of $57.8 million in connection with the sale of properties during the first quarter (Note 2); repaid one Fund mortgage during the second quarter in the amount of $22.7 million; repaid two Fund mortgages during the third quarter in the aggregate amount of $29.5 million in

connection with the sale of a property during the third quarter; repaid one Core mortgage of $10.3 million in connection with the sale of a property in the fourth quarter; and

- made principal payments of $7.5 million and repaid $17.0 million on the Fund IV secured bridge facility.

At March 31, 2023 and December 31, 2022, the Company's mortgages were collateralized by 32 and 31 properties, respectively, and the related tenant leases. Certain loans are cross-collateralized and contain cross-default provisions. The loan agreements contain customary representations, covenants and events of default. Certain loan agreements require the Company to comply with affirmative and negative covenants, including the maintenance of debt service coverage and leverage ratios. The Operating Partnership has guaranteed up to $50.0 million related to the Fund II City Point mortgage loan. The Company is not in default on any of its loan agreements at March 31, 2023. A portion of the Company's variable-rate mortgage debt has been effectively fixed through certain cash flow hedge transactions (Note 8).

Fund IV also has an outstanding balance and total available credit on its secured bridge facility of $39.2 million and $0.0 million, respectively, at March 31, 2023 and December 31, 2022. The Operating Partnership has guaranteed up to $22.5 million of the Fund IV secured bridge facility.

Unsecured Notes Payable

Unsecured notes payable at March 31, 2023 and December 31, 2022 are comprised of the following:

- The outstanding balance of the Term Loan was $400.0 million at each of March 31, 2023 and December 31, 2022.
- The outstanding balance of the $175.0 Million Term Loan was $175.0 million at each of March 31, 2023 and December 31, 2022.
- The outstanding balance of the $75.0 Million Term Loan was $75.0 million at each of March 31, 2023 and December 31, 2022.
- Fund II refinanced its City Point debt in the third quarter of 2022 (Note 10).
- Fund V has a $100.0 million subscription line collateralized by Fund V's unfunded capital commitments, and, to the extent of Acadia's capital commitments, is guaranteed by the Operating Partnership. The outstanding balance and total available credit of the Fund V subscription line was $1.8 million and $91.2 million, respectively at March 31, 2023 reflecting outstanding letters of credit of $7.0 million. The outstanding balance and total available credit were $51.2 million and $41.8 million at December 31, 2022, respectively, reflecting outstanding letters of credit of $7.0 million.

Unsecured Revolving Line of Credit

At March 31, 2023 and December 31, 2022, the Company had a total of $127.4 million and $131.7 million available under its Revolver, reflecting borrowings of $172.6 million and $168.3 million, respectively, and no letters of credit outstanding.

Scheduled Debt Principal Payments

The scheduled principal repayments, without regard to available extension options (described further below), of the Company's consolidated indebtedness, as of March 31, 2023 are as follows (in thousands):

Year Ending December 31,		
2023 (Remainder)	$	288,658
2024		251,476
2025		413,292
2026		436,444
2027		202,354
Thereafter		165,909
		1,758,133
Unamortized premium		317
Net unamortized debt issuance costs		(11,844)
Total indebtedness	$	1,746,606

The table above does not reflect available extension options (subject to customary conditions) on consolidated debt with balances as of March 31, 2023 of $1.8 million contractually due in the remainder of 2023 for which the Company has available options to extend by up to 12 months. However, there can be no assurance that the Company will be able to successfully execute any or all of its available extension options.

See Note 4 for information about liabilities of the Company's unconsolidated affiliates.

8. Financial Instruments and Fair Value Measurements

The fair value of an asset is defined as the exit price, which is the amount that would either be received when an asset is sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance establishes a three-tier fair value hierarchy based on the inputs used in measuring fair value. These tiers are: Level 1, for which quoted market prices for identical instruments are available in active markets, such as money market funds, equity securities, and U.S. Treasury securities; Level 2, for which there are inputs other than quoted prices included within Level 1 that are observable for the instrument, such as certain derivative instruments including interest rate caps and interest rate swaps; and Level 3, for financial instruments or other assets/liabilities that do not fall into Level 1 or Level 2 and for which little or no market data exists, therefore requiring the Company to develop its own assumptions.

Items Measured at Fair Value on a Recurring Basis

The methods and assumptions described below were used to estimate the fair value of each class of financial instrument. For significant Level 3 items, the Company has also provided the unobservable inputs.

Money Market Funds — The Company has money market funds, which at times have zero balances and are included in Cash and cash equivalents in the consolidated balance sheets, and are comprised of government securities and/or U.S. Treasury bills. These funds were classified as Level 1 as the Company used quoted prices from active markets to determine their fair values.

Marketable Equity Securities — The Company has an investment in marketable equity securities of Albertsons, which has a readily determinable market value (traded on an exchange) and is being accounted for as a Level 1 investment (Note 4).

Derivative Assets — The Company has derivative assets, which are included in Other assets, net on the consolidated balance sheets, and are comprised of interest rate swaps and caps. The derivative instruments were measured at fair value using readily observable market inputs, such as quotations on interest rates, and were classified as Level 2 as these instruments are custom, over-the-counter contracts with various bank counterparties that are not traded in an active market. See "Derivative Financial Instruments," below.

Derivative Liabilities — The Company has derivative liabilities, which are included in Accounts payable and other liabilities on the consolidated balance sheets, and are comprised of interest rate swaps. These derivative instruments were measured at fair value using readily observable market inputs, such as quotations on interest rates, and were classified as Level 2 because they are custom, over-the-counter contracts with various bank counterparties that are not traded in an active market. See "Derivative Financial Instruments," below.

The Company did not have any transfers into or out of Level 1, Level 2, and Level 3 measurements during the three months ended March 31, 2023 or December 31, 2022.

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis (in thousands):

	March 31, 2023			December 31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Money market funds	$ —	$ —	$ —	$ —	$ —	$ —
Derivative financial instruments	—	35,867	—	—	54,902	—
Marketable equity securities	34,227	—	—	85,403	—	—
Liabilities						
Derivative financial instruments	—	(1,171)	—	—	(46)	—

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Marketable Equity Securities

In January 2023, following the expiration of the lock-up period and distribution of approximately 2.5 million shares by Mervyns II to its partners, the Company directly owns 1.6 million shares of Albertsons at March 31, 2023. The shares are included in marketable securities on the Company's consolidated balance sheets at fair value, with the net unrealized gains or losses reported in net income. Through Mervyns II, the Company recognized mark-to-market loss on its marketable equity securities of $2.5 million and mark-to-market gain on its marketable equity securities of $12.6 million for the three months ended March 31, 2023 and 2022, which is included in Realized and unrealized holding gains on investments and other on the Company's consolidated statements of income.

The Company recognized dividend income from marketable securities of $28.5 million and $0.5 million on a consolidated basis, of which the Company's share was $11.4 million and $0.1 million, for the three months ended March 31, 2023 and 2022, respectively, which is included in Realized and unrealized holding gains on investments and other on the Company's consolidated statements of income.

Items Measured at Fair Value on a Nonrecurring Basis

Impairment Charges

The Company did not recognize any impairments during the three months ended March 31, 2023. During 2022, the Company reduced its holding period and intended use, and projected operating income at certain properties. As a result, several impairments were recorded. Impairment charges for the periods presented are as follows (in thousands):

					Impairment Charge	
Property and Location	**Owner**	**Triggering Event**	**Level 3 Inputs**	**Effective Date**	**Total**	**Acadia's Share**
2023 Impairment Charges						
None						
2022 Impairment Charges						
146 Geary Street, San Francisco, CA	Fund IV	Reduced projected operating income	Projections of: holding period, net operating income, cap rate, incremental costs	Sept 30, 2022	$ 12,435	$ 2,875
717 N. Michigan Avenue, Chicago, IL	Fund IV	Reduced holding period and intended use	Offering price	Sept 30, 2022	20,876	4,827
Total 2022 Impairment Charges					**$ 33,311**	**$ 7,702**

Derivative Financial Instruments

The Company had the following interest rate swaps and caps for the periods presented (dollars in thousands):

Derivative Instrument	Aggregate Notional Amount	Effective Date	Maturity Date	Strike Rate Low		Strike Rate High	Balance Sheet Location	Fair Value March 31, 2023	Fair Value December 31, 2022
Core									
Interest Rate Swaps	$ 50,000	Dec 2022 - Apr 2023	Apr 2028 - Dec 2029	3.35%	—	3.61%	Other Liabilities	$ (1,171)	$ (46)
Interest Rate Swap	756,000	Mar 2015 - Jan 2023	Mar 2023 - Jul 2030	2.10%	—	3.05%	Other Assets	26,009	40,884
	$ 806,000							$ 24,838	$ 40,838
Fund II									
Interest Rate Swap	$ 50,000	Jan 2023	Dec 2029	3.23%	—	3.23%	Other Assets	$ 53	$ 1,108
Fund III									
Interest Rate Cap	$ 35,970	Jul 2022	Jul 2023	3.50%	—	3.50%	Other Assets	$ 137	$ 232
Fund IV									
Interest Rate Caps	$ 76,338	Jul 2021 - Dec 2022	Jul 2023 - Dec 2023	3.00%	—	3.50%	Other Assets	$ 793	$ 1,093
Fund V									
Interest Rate Swaps	$ 301,459	Nov 2019- Jan 2023	Jun 2023- Dec 2027	1.14%	—	3.36%	Other Assets	$ 8,490	$ 11,585
Interest Rate Cap	40,665	Jan 2023	Jan 2024	3.64%	—	3.64%	Other Assets	385	—
	$ 342,124							$ 8,875	$ 11,585
Total asset derivatives								$ 35,867	$ 54,902
Total liability derivatives								$ (1,171)	$ (46)

All of the Company's derivative instruments have been designated as cash flow hedges and hedge the future cash outflows on variable-rate debt (Note 7). It is estimated that approximately $25.0 million included in Accumulated other comprehensive income related to derivatives will be reclassified to interest expense within the next twelve months. As of March 31, 2023 and December 31, 2022, no derivatives were designated as fair value hedges or hedges of net investments in foreign operations. Additionally, the Company does not use derivatives for trading or speculative purposes and currently does not have any derivatives that are not designated hedges.

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company manages economic risks, including interest rate, liquidity and credit risk, primarily by managing the amount, sources and duration of its debt funding and, from time to time, through the use of derivative financial instruments. The Company enters into derivative financial instruments to manage exposures that result in the receipt or payment of future known and uncertain cash amounts, the values of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's investments and borrowings.

The Company is exposed to credit risk in the event of non-performance by the counterparties to the swaps if the derivative position has a positive balance. The Company believes it mitigates its credit risk by entering into swaps with major financial institutions. The Company continually monitors and actively manages interest costs on its variable-rate debt portfolio and may enter into additional interest rate swap positions or other derivative interest rate instruments based on market conditions.

Credit Risk-Related Contingent Features

The Company has agreements with each of its swap counterparties that contain a provision whereby if the Company defaults on certain of its unsecured indebtedness, the Company could also be declared in default on its swaps, resulting in an acceleration of payment under the swaps.

Other Financial Instruments

The Company's other financial instruments had the following carrying values and fair values as of the dates shown (dollars in thousands, inclusive of amounts attributable to noncontrolling interests where applicable):

		March 31, 2023		December 31, 2022	
	Level	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Notes Receivable [a]	3	$ 123,967	$ 122,094	$ 123,903	$ 122,716
City Point Loan [a]	3	65,945	66,398	65,945	65,856
Mortgage and Other Notes Payable [a]	3	933,722	914,099	935,917	906,348
Investment in non-traded equity securities [b]	3	4,187	4,824	4,160	5,593
Unsecured notes payable and Unsecured line of credit [c]	2	824,411	823,167	869,497	868,399

(a) The Company determined the estimated fair value of these financial instruments using a discounted cash flow model with rates that take into account the credit of the borrower or tenant, where applicable, and interest rate risk. The Company also considered the value of the underlying collateral, taking into account the quality of the collateral, the credit quality of the borrower, the time until maturity and the current market interest rate environment. Amounts exclude discounts and loan costs. The estimated market rates are between 5.01% to 13.66% for the Company's notes receivable and City Point Loan, and 6.27% to 10.82% for the Company's mortgage and other notes payable, depending on the attributes of the specific loans.

(b) Represents the Operating Partnership's cost-method investment in Fifth Wall (Note 4).

(c) The Company determined the estimated fair value of the unsecured notes payable and unsecured line of credit using quoted market prices in an open market with limited trading volume where available. In cases where there was no trading volume, the Company determined the estimated fair value using a discounted cash flow model using a rate that reflects the average yield of similar market participants.

The Company's cash and cash equivalents, restricted cash, rents receivable, accounts payable and certain financial instruments included in other assets and other liabilities had fair values that approximated their carrying values due to their short maturity profiles at March 31, 2023.

9. Commitments and Contingencies

The Company is involved in various matters of litigation arising out of, or incidental to, its business. While the Company is unable to predict with certainty the outcome of any particular matter, management does not expect, when such litigation is resolved, that the Company's resulting exposure to loss contingencies, if any, will have a material adverse effect on its consolidated financial position or results of operations.

Commitments and Guaranties

In conjunction with the development and expansion of various properties, the Company has entered into agreements with general contractors for the construction or development of properties aggregating approximately $48.3 million and $39.1 million as of March 31, 2023 and December 31, 2022, respectively.

At March 31, 2023 and December 31, 2022, the Company had Core and Fund letters of credit outstanding of $7.0 million (Note 7). The Company has not recorded any obligation associated with these letters of credit. The majority of the letters of credit are collateral for existing indebtedness and other obligations of the Company.

10. Shareholders' Equity, Noncontrolling Interests and Other Comprehensive Loss

Common Shares and Units

In addition to the ATM Program activity discussed below, the Company completed the following transactions in its Common Shares during the three months ended March 31, 2023:

- The Company withheld 3,251 shares of its restricted Common Shares ("Restricted Shares") to pay the employees' statutory minimum income taxes due on the value of the portion of their Restricted Shares that vested.
- The Company recognized Common Share and Common OP Unit-based compensation expense in connection with Restricted Shares and Units (Note 13) totaling $2.9 million and $1.4 million for the three months ended March 31, 2023 and 2022, respectively.

In addition to the ATM Program activity discussed below, the Company completed the following transactions in its Common Shares during the year ended December 31, 2022:

- The Company withheld 3,235 Restricted Shares to pay the employees' statutory minimum income taxes due on the value of the portion of their Restricted Shares that vested.
- The Company recognized Common Share and Common OP Unit-based compensation expense totaling $7.4 million in connection with Restricted Shares and Units (Note 13).

ATM Program

The Company has an at-the-market equity issuance program ("ATM Program") that provides the Company an efficient vehicle for raising public equity capital to fund its needs. The Company entered into its current $250.0 million ATM Program, which includes an optional "forward purchase" component, in the first quarter of 2022. The Company sold 5,150,832 Common Shares under its ATM Program during the three months ended March 31, 2022 generating $115.6 million of gross proceeds and $111.5 million of net proceeds after related issuance costs at a weighted-average price per share of $22.44 and $21.65, respectively. No such sales were made during the three months ended March 31, 2023. The Company did not sell or issue any Common Shares on a forward basis for the three months ended March 31, 2023 or the year ended December 31, 2022 and at March 31, 2023 had approximately $222.3 million of availability under the ATM program.

Share Repurchase Program

During 2018, the Company's board of trustees (the "Board") approved a new share repurchase program, which authorizes management, at its discretion, to repurchase up to $200.0 million of its outstanding Common Shares. The program does not obligate the Company to repurchase any specific number of Common Shares and may be discontinued or extended at any time. The Company did not repurchase any shares during the three months ended March 31, 2023 or 2022. Under the share repurchase program $122.5 million remains available as of March 31, 2023.

Dividends and Distributions

The following table sets forth the distributions declared and/or paid during the periods presented:

Date Declared	Amount Per Share	Record Date	Payment Date
February 15, 2022	$ 0.18	March 31, 2022	April 14, 2022
May 4, 2022	$ 0.18	June 30, 2022	July 15, 2022
August 10, 2022	$ 0.18	September 30, 2022	October 14, 2022
November 9, 2022	$ 0.18	December 30, 2022	January 13, 2023
January 17, 2023	$ 0.18	March 31, 2023	April 14, 2023

Accumulated Other Comprehensive Income (Loss)

The following tables set forth the activity in accumulated other comprehensive income (loss) for the three months ended March 31, 2023 and 2022 (in thousands):

	Acadia's Share
Balance at January 1, 2023	**$ 46,817**
Other comprehensive loss before reclassifications - swap agreements	(15,242)
Reclassification of realized interest on swap agreements	(6,553)
Net current period other comprehensive loss	(21,795)
Net current period other comprehensive loss attributable to redeemable noncontrolling interests	—
Net current period other comprehensive loss attributable to noncontrolling interests	4,981
Balance at March 31, 2023	**$ 30,003**
Balance at January 1, 2022	**$ (36,214)**
Other comprehensive income before reclassifications - swap agreements	35,734
Reclassification of realized interest on swap agreements	5,049
Net current period other comprehensive income	40,783
Net current period other comprehensive income attributable to noncontrolling interests	(10,293)
Balance at March 31, 2022	**$ (5,724)**

Noncontrolling Interests

The following tables summarize the change in the noncontrolling interests for the three months ended March 31, 2023 and 2022 (dollars in thousands):

	Noncontrolling Interests in Operating Partnership [(a)]	Noncontrolling Interests in Partially-Owned Affiliates [(b)]	Total	Redeemable Noncontrolling Interests [(c)]
Balance at January 1, 2023	**$ 99,554**	**$ 389,810**	**$ 489,364**	**$ 67,664**
Distributions declared of $0.18 per Common OP Unit and distributions on Preferred OP Units	(1,343)	—	(1,343)	
Net income (loss) for the three months ended March 31, 2023	917	9,800	10,717	(2,075)
Conversion of 37,393 Common OP Units to Common Shares by limited partners of the Operating Partnership	(631)	—	(631)	—
Other comprehensive loss - unrealized gain on valuation of swap agreements	(914)	(1,347)	(2,261)	—
Reclassification of realized interest expense on swap agreements	(45)	(2,675)	(2,720)	—
City Point Loan accrued interest	—	—	—	(2,320)
Noncontrolling interest contributions	—	31,242	31,242	—
Noncontrolling interest distributions	—	(70,868)	(70,868)	—
Employee Long-term Incentive Plan Unit Awards	3,897	—	3,897	—
Reallocation of noncontrolling interests [(d)]	1,784	—	1,784	—
Balance at March 31, 2023	**$ 103,219**	**$ 355,962**	**$ 459,181**	**$ 63,269**
Balance at January 1, 2022	**$ 94,120**	**$ 534,202**	**$ 628,322**	**$ —**
Distributions declared of $0.18 per Common OP Unit and distributions on Preferred OP Units	(1,283)	—	(1,283)	—
Net income for the three months ended March 31, 2022	1,121	26,138	27,259	—
Conversion of 35,606 Common OP Units to Common Shares by limited partners of the Operating Partnership	(572)	—	(572)	—
Other comprehensive income - unrealized gain on valuation of swap agreements	1,698	6,929	8,627	—
Reclassification of realized interest expense on swap agreements	46	1,620	1,666	—
Noncontrolling interest contributions	—	99,129	99,129	—
Noncontrolling interest distributions	—	(22,780)	(22,780)	—
Employee Long-term Incentive Plan Unit Awards	3,389	—	3,389	—
Reallocation of noncontrolling interests [(d)]	2,836	—	2,836	—
Balance at March 31, 2022	**$ 101,355**	**$ 645,238**	**$ 746,593**	**$ —**

(a) Noncontrolling interests in the Operating Partnership are comprised of (i) the limited partners' 2,864,074 and 3,076,849 Common OP Units at March 31, 2023 and 2022, respectively; (ii) 188 Series A Preferred OP Units at each of March 31, 2023 and 2022; (iii) 126,384 and 126,593 Series C Preferred OP Units at March 31, 2023 and 2022, respectively; and (iv) 4,313,047 and 3,705,353 LTIP units at March 31, 2023 and 2022, respectively, as discussed in 2020 Plan (Note 13). Distributions declared for Preferred OP Units are reflected in net income (loss) in the table above.

(b) Noncontrolling interests in partially-owned affiliates comprise third-party interests in Funds II, III, IV and V, and Mervyns II, and seven other subsidiaries.

(c) Redeemable noncontrolling interests comprise third-party interest in Fund II as limited partners in this Fund have been granted put rights, as further described below.

(d) Adjustment reflects the difference between the fair value of the consideration received or paid and the book value of the Common Shares, Common OP Units, Preferred OP Units, and LTIP Units involving changes in ownership.

Preferred OP Units

There were no issuances of Preferred OP Units during the three months ended March 31, 2023 or the year ended December 31, 2022.

In 1999, the Operating Partnership issued 1,580 Series A Preferred OP Units in connection with the acquisition of a property, which have a stated value of $1,000 per unit, and are entitled to a preferred quarterly distribution of the greater of (i) $22.50 (9% annually) per Series A Preferred OP Unit or (ii) the quarterly distribution attributable to a Series A Preferred OP Unit if such unit was converted into a Common OP Unit. Through March 31, 2023, 1,392 Series A Preferred OP Units were converted into 185,600 Common OP Units and then into Common Shares. The 188 remaining Series A Preferred OP Units are currently convertible into Common OP Units based on the stated value divided by $7.50. Either the Company or the holders can currently call for the conversion of the Series A Preferred OP Units at the lesser of $7.50 or the market price of the Common Shares as of the conversion date.

During 2016, the Operating Partnership issued 442,478 Common OP Units and 141,593 Series C Preferred OP Units to a third party to acquire Gotham Plaza (Note 4). The Series C Preferred OP Units have a value of $100.00 per unit and are entitled to a preferred quarterly distribution of $0.9375 per unit and are convertible into Common OP Units at a rate based on the share price at the time of conversion. If the share price is below $28.80 on the conversion date, each Series C Preferred OP Unit will be convertible into 3.4722 Common OP Units. If the share price is between $28.80 and $35.20 on the conversion date, each Series C Preferred OP Unit will be convertible into a number of Common OP Units equal to $100.00 divided by the closing share price. If the share price is above $35.20 on the conversion date, each Series C Preferred OP Unit will be convertible into 2.8409 Common OP Units. The Series C Preferred OP Units have a mandatory conversion date of December 31, 2025, at which time all units that have not been converted will automatically be converted into Common OP Units based on the same calculations. Through March 31, 2023, 15,209 Series C Preferred OP Units were converted into 52,613 Common OP Units and then into Common Shares.

Redeemable Noncontrolling Interests

Williamsburg Portfolio

In connection with the Williamsburg Portfolio acquisition in February 2022 (Note 2), the Company evaluated the Williamsburg Noncontrolling Interest ("NCI"), which represents the venture partner's one-time right to put its 50.01% interest in the property to the Company for redemption at fair value at a future date. As it was unlikely as of the acquisition date that the venture partner would receive any consideration on redemption due to the Company's preferential returns, the initial fair value of the Williamsburg NCI was determined to be zero. The Company is required to periodically evaluate the NCI and adjust it to redemption value. At March 31, 2023 and December 31, 2022, the Company determined that the fair value of the Williamsburg NCI was zero.

City Point Loan

In August 2022, the Company provided a loan, through a separate lending subsidiary, to other Fund II investors in City Point, through a separate borrower subsidiary, to fund the investors' pro rata contribution necessary to complete the refinancing of the City Point debt (Note 7), of which $65.9 million was funded at closing ("City Point Loan"). The City Point Loan has a five-year term which matures on August 1, 2027 and is collateralized by the investors' equity in City Point ("City Point NCI"). Because the City Point Loan was granted in return for a capital contribution from the investors, and is collateralized by the City Point NCI, the City Point Loan, net of a $0.5 million allowance for credit loss, and accrued interest are presented as a reduction of the City Point NCI balance. The borrower subsidiary of the City Point Loan was determined to be a variable interest entity ("VIE") for which the Company is not the primary beneficiary. The maximum loss in the VIE is limited to the amount of the City Point Loan and any accrued interest.

In connection with the City Point Loan, each partner has a one-time right to put its City Point NCI to the Company for redemption in exchange for the settlement of its proportion of the City Point Loan amount plus either (i) a fixed cash amount or (ii) a cash amount equal to the value of fixed number of Common Shares of the Company on the trading day prior to the election, at a future point in time beginning in August 2023 ("redemption value"). As a result of granting these redemption rights, the City Point NCI, net of the City Point Loan, has been reclassified and presented as redeemable noncontrolling interests on the Company's consolidated balance sheets. Given the carrying value of the City Point NCI at the time of the transaction exceeded the maximum redemption value, the Company did not recognize any initial adjustment to accrete the City Point NCI to the redemption value. The Company is required to periodically evaluate the maximum redemption amount of the NCI interest and recognize an increase in the carrying value of the City Point NCI if the redemption value exceeds the then current carrying value. At March 31, 2023 and December 31, 2022, the Company determined that the carrying value exceeded the maximum redemption value and no adjustment was required.

11. Leases

As Lessor

The Company is engaged in the operation of shopping centers and other retail properties that are either owned or, with respect to certain shopping centers, operated under long-term ground leases (see below) that expire at various dates through June 20, 2066, with renewal options. Space in the shopping centers is leased to tenants pursuant to agreements that provide for terms ranging generally from one month to sixty years and generally provide for additional rents based on certain operating expenses as well as tenants' sales volumes. During the three months ended March 31, 2023 and 2022, the Company earned $15.9 million and $14.7 million, respectively in variable lease revenues, primarily for real estate taxes and common area maintenance charges, which are included in rental income in the consolidated statements of income.

Reserve Analysis

The activity for the reserves related to billed rents and straight-line rents (including those under specific operating leases where the collection of rents is assessed to be not probable) is as follows:

	Three Months Ended March 31, 2023				
		Specific Allowance			
	Balance at Beginning of Period	Provision (Recovery), Net	Write-Offs	General Allowance	Balance at End of Period
Allowance for credit loss - billed rents	$ 18,828	$ 326	$ (327)	$ —	$ 18,827
Straight-line rent reserves	13,245	1,373	—	(900)	13,718
Total - credit losses and reserves	$ 32,073	$ 1,699	$ (327)	$ (900)	$ 32,545

As Lessee

During the three months ended March 31, 2023 and year ended December 31, 2022, there were no leasing transactions where the Company acted as lessee.

Additional disclosures regarding the Company's leases as lessee are as follows:

	Three Months Ended March 31,	
	2023	2022
Lease Cost		
Finance lease cost:		
Amortization of right-of-use assets	$ 226	$ 226
Interest on lease liabilities	106	100
Subtotal	332	326
Operating lease cost	1,337	1,375
Variable lease cost	20	208
Total lease cost	$ 1,689	$ 1,909
Other Information		
Weighted-average remaining lease term - finance leases (years)	31.8	32.5
Weighted-average remaining lease term - operating leases (years)	13.4	13.9
Weighted-average discount rate - finance leases	6.3 %	6.3 %
Weighted-average discount rate - operating leases	5.1 %	5.1 %

Right-of-use assets – finance leases are included in Operating real estate (Note 2) in the consolidated balance sheets. Lease liabilities – finance leases are included in Accounts payable and other liabilities in the consolidated balance sheets (Note 5). Operating lease cost comprises amortization of right-of-use assets for operating properties (related to ground rents) or amortization of right-of-use assets for office and corporate assets and is included in Property operating expense or General and administrative expense, respectively, in the consolidated statements of income. Finance lease cost comprises amortization of right-of-use assets for certain ground leases, which is included in Property operating expense, as well as interest on lease liabilities, which is included in Interest expense in the consolidated statements of income.

Lease Obligations

The scheduled future minimum (i) rental revenues from rental properties under the terms of non-cancelable tenant leases greater than one year (assuming no new or renegotiated leases or option extensions for such premises) and (ii) rental payments under the terms of all non-cancelable operating and finance leases in which the Company is the lessee, principally for office space, land and equipment, as of March 31, 2023, are summarized as follows (in thousands):

		Minimum Rental Payments	
Year Ending December 31,	**Minimum Rental Revenues** [(a)]	**Operating Leases** [(b)]	**Finance Leases** [(b)]
2023 (Remainder)	$ 172,208	$ 4,043	$ —
2024	232,169	5,414	—
2025	203,078	5,329	—
2026	176,212	5,173	—
2027	152,308	4,373	—
Thereafter	633,427	20,066	12,549
	1,569,402	44,398	12,549
Interest	—	(10,037)	(5,421)
Total	$ 1,569,402	$ 34,361	$ 7,128

a) Amount represents contractual lease maturities at March 31, 2023 including any extension options that management determined were reasonably certain of exercise.
b) Minimum rental payments include $10.0 million of interest related to operating leases and $5.4 million related to finance leases and exclude options or renewals not reasonably certain of exercise.

During the three months ended March 31, 2023 and 2022, no single tenant or property collectively comprised more than 10% of the Company's consolidated total revenues.

12. Segment Reporting

The Company has three reportable segments: Core Portfolio, Funds and Structured Financing. The Company's Core Portfolio consists primarily of high-quality retail properties located primarily in high-barrier-to-entry, densely-populated metropolitan areas with a long-term investment horizon. The Company's Funds hold primarily retail real estate in which the Company co-invests with high-quality institutional investors. The Company's Structured Financing segment consists of earnings and expenses related to notes and mortgages receivable which are held within the Core Portfolio or the Funds (Note 3). Fees earned by the Company as the general partner or managing member of the Funds are eliminated in the Company's consolidated financial statements and are not presented in the Company's segments.

The following tables set forth certain segment information for the Company (in thousands):

	As of or for the Three Months Ended March 31, 2023				
	Core Portfolio	Funds	Structured Financing	Unallocated	Total
Revenues	$ 49,796	$ 32,043	$ —	$ —	$ 81,839
Depreciation and amortization	(18,659)	(14,514)	—	—	(33,173)
Property operating expenses and real estate taxes	(16,109)	(10,503)	—	—	(26,612)
General and administrative expenses	—	—	—	(9,946)	(9,946)
Operating income	15,028	7,026	—	(9,946)	12,108
Interest and other income	—	—	4,818	—	4,818
Realized and unrealized holding gains on investments and other	1,482	24,995	280	—	26,757
Equity in earnings (losses) of unconsolidated affiliates	1,800	(1,771)	—	—	29
Interest expense	(10,670)	(10,917)	—	—	(21,587)
Income tax provision	—	—	—	(123)	(123)
Net income	7,640	19,333	5,098	(10,069)	22,002
Net loss attributable to redeemable noncontrolling interests	—	2,075	—	—	2,075
Net income attributable to noncontrolling interests	(923)	(9,794)	—	—	(10,717)
Net income attributable to Acadia	$ 6,717	$ 11,614	$ 5,098	$ (10,069)	$ 13,360
Real estate at cost [(a)]	$ 2,604,244	$ 1,664,665	$ —	$ —	$ 4,268,909
Total assets [(a)]	$ 2,568,946	$ 1,501,297	$ 123,967	$ —	$ 4,194,210
Cash paid for acquisition of real estate	$ —	$ —	$ —	$ —	$ —
Cash paid for development and property improvement costs	$ 6,686	$ 5,843	$ —	$ —	$ 12,529

	As of or for the Three Months Ended March 31, 2022				
	Core Portfolio	Funds	Structured Financing	Unallocated	Total
Revenues	$ 48,350	$ 33,157	$ —	$ —	$ 81,507
Depreciation and amortization	(17,675)	(16,038)	—	—	(33,713)
Property operating expenses and real estate taxes	(14,639)	(9,991)	—	—	(24,630)
General and administrative expenses	—	—	—	(11,937)	(11,937)
Gain on disposition of properties	—	28,815	—	—	28,815
Operating income	16,036	35,943	—	(11,937)	40,042
Interest and other income	—	—	2,935	—	2,935
Realized and unrealized holding gains on investments and other	1,163	14,567	—	—	15,730
Equity in earnings of unconsolidated affiliates	1,617	1,513	—	—	3,130
Interest expense	(7,597)	(10,328)	—	—	(17,925)
Income tax benefit	—	—	—	185	185
Net income	11,219	41,695	2,935	(11,752)	44,097
Net income attributable to noncontrolling interests	(1,121)	(26,138)	—	—	(27,259)
Net income attributable to Acadia	$ 10,098	$ 15,557	$ 2,935	$ (11,752)	$ 16,838
Real estate at cost [(a)]	$ 2,511,417	$ 1,757,058	$ —	$ —	$ 4,268,475
Total assets [(a)]	$ 2,398,426	$ 1,944,594	$ 153,161	$ —	$ 4,496,181
Cash paid for acquisition of real estate	$ 159,599	$ —	$ —	$ —	$ 159,599
Cash paid for development and property improvement costs	$ 3,752	$ 4,179	$ —	$ —	$ 7,931

a) Real estate at cost and total assets for the Funds segment include $670.8 million and $657.9 million, or $275.1 million and $191.1 million net of noncontrolling interests, related to Fund II's City Point property at March 31, 2023 and 2022, respectively.

13. Share Incentive and Other Compensation

Share Incentive Plan

In March and May of 2020, respectively, the Board and the Company's shareholders, approved the 2020 Share Incentive Plan (the "2020 Plan"), which increased the number of Common Shares authorized for issuance by 2,650,000 shares to an aggregate of 2,829,953 shares. On March 22, 2023 and May 4, 2023, respectively, the Board and the Company's shareholders approved the Amended and Restated 2020 Share Incentive Plan (the "Amended and Restated 2020 Plan") which further increased the number of Common Shares authorized for issuance by 3,100,000 to an aggregate of 3,883,564 shares (Note 16). The 2020 Plan and the Amended and Restated 2020 Plan authorize the Company to issue options, Restricted Shares, LTIP Units and other securities (collectively "Awards") to, among others, the Company's officers, trustees, and employees. At March 31, 2023 a total of 783,564 shares remained available to be issued under the 2020 Plan.

Restricted Shares and LTIP Units - Employees

During the three months ended March 31, 2023, and the year ended December 31, 2022, the Company issued 739,734 and 603,267 LTIP Units and 22,314 and 15,878 restricted share units ("Restricted Share Units"), respectively, to employees of the Company pursuant to the 2020 Plan. These awards were measured at their fair value on the grant date, incorporating the following factors:

- A portion of these annual equity awards is granted in performance-based Restricted Share Units or LTIP Units that may be earned based on the Company's attainment of specified relative total shareholder returns ("Relative TSR") hurdles or specified same-property net operating income growth ("Absolute SSNOI Growth").
- In the event the Relative TSR percentile falls between the 25th percentile and the 50th percentile, the Relative TSR vesting percentage is determined using a straight-line linear interpolation between 50% and 100% and in the event that the Relative TSR percentile falls between the 50th percentile and 75th percentile, the Relative TSR vesting percentage is determined using a straight-line linear interpolation between 100% and 200%.
- Fifty percent (50%) of the performance-based LTIP Units will vest based on the Company's total shareholder return ("TSR") for the three-year forward-looking performance period relative to the constituents of the National Association of Real Estate Investment Trusts

(“NAREIT”) Shopping Center Property Subsector and twenty five percent (25%) on the Company’s TSR for the three-year forward-looking performance period as compared to the constituents of the NAREIT Retail Property Sector (both on a non-weighted basis).

- Twenty five percent (25%) of the performance-based LTIP Units will vest based on the Company's same-property net operating income ("SSNOI") growth for the three-year forward-looking performance period. If the Company achieves annualized SSNOI growth between 2% and 3%, the Absolute SSNOI Growth vesting percentage is determined using a straight-line linear interpolation between 50% and 100% and in the event that the Company achieves annualized SSNOI growth between 3% and 4%, the Absolute SSNOI Growth vesting percentage is determined using a straight-line linear interpolation between 100% and 200%.
- If the Company’s performance fails to achieve the aforementioned hurdles at the culmination of the three-year performance period, all performance-based shares will be forfeited. Any earned performance-based shares vest 60% at the end of the performance period, with the remaining 40% of shares vesting ratably over the next two years.

For valuation of the 2023 and 2022 Performance Shares, a Monte Carlo simulation was used to estimate the fair values of the Relative TSR portion based on probability of satisfying the market conditions and the projected share prices at the time of payments, discounted to the valuation dates over the three-year performance periods. The assumptions include volatility (48.0% and 49.0%) and risk-free interest rates of (4.3% and 1.7%) for 2023 and 2022, respectively. The total fair value of the 2023 and 2022 Performance Shares will be expensed over the vesting period.

The total fair value of the above Restricted Share Units and LTIP Units as of the grant date was $11.5 million for the three months ended March 31, 2023 and $13.1 million for the year ended December 31, 2022. Total long-term incentive compensation expense, including the expense related to the 2020 Plan, was $2.9 million and $1.4 million for the three months ended March 31, 2023 and 2022, respectively, and is recorded in General and administrative in the consolidated statements of income.

Restricted Shares and LTIP Units - Board of Trustees

In addition, members of the Board have been issued shares and units under the 2020 Plan. During the three months ended March 31, 2023, the Company issued 2,433 Restricted Shares as compensation to a new Trustee of the Company. These Restricted Shares vest over three years with 33% vesting May 9, 2023 and the remaining amount vesting ratably on May 9, 2024 and May 9, 2025. The Restricted Shares do not carry voting rights or other rights of Common Shares until vesting and may not be transferred, assigned or pledged until the recipients have a vested non-forfeitable right to such shares. Dividends are not paid currently on unvested Restricted Shares, but are paid cumulatively from the issuance date through the applicable vesting date of such Restricted Shares. Total trustee fee expense, including the expense related to the 2020 Plan, was $0.6 million for the three months ended March 31, 2023 and $0.4 million for the three months ended March 31, 2022, and is recorded in General and administrative in the consolidated statements of income.

Long-Term Investment Alignment Program

In 2009, the Company adopted the Long-Term Investment Alignment Program (the “Program”) pursuant to which the Company may grant awards to employees, entitling them to receive up to 25% of any potential future payments of Promote to the Operating Partnership from Funds III, IV and V. The Company has granted such awards to employees representing 25% of the potential Promote payments from Fund III to the Operating Partnership, 23.1% of the potential Promote payments from Fund IV to the Operating Partnership and 18.0% of the potential Promote payments from Fund V to the Operating Partnership. Payments to senior executives under the Program require further Board approval at the time any potential payments are due pursuant to these grants. Compensation relating to these awards will be recognized in each reporting period in which Board approval is granted.

As payments to other employees are not subject to further Board approval, compensation relating to these awards will be recorded based on the estimated fair value at each reporting period in accordance with ASC Topic 718, *Compensation– Stock Compensation.* The awards in connection with Fund IV were determined to have no intrinsic value as of March 31, 2023 or December 31, 2022.

The Company did not recognize any compensation expense related to the Program for the three months ended March 31, 2023. During the year ended December 31, 2022, the Company recognized compensation expense related to the Program of $0.4 million and $0.1 million for Funds III and V, respectively.

A summary of the status of the Company's unvested Restricted Shares and LTIP Units is presented below:

Unvested Restricted Shares and LTIP Units	Common Restricted Shares	Weighted Grant-Date Fair Value	LTIP Units	Weighted Grant-Date Fair Value
Unvested at December 31, 2021	**89,746**	**$ 16.87**	**1,415,195**	**$ 20.85**
Granted	45,813	20.98	637,818	21.04
Vested	(40,894)	19.75	(309,283)	22.86
Forfeited	(1,930)	31.82	(278,332)	31.16
Unvested at December 31, 2022	**92,735**	**17.31**	**1,465,398**	**18.59**
Granted	22,314	15.38	739,734	15.08
Vested	(11,036)	21.41	(313,720)	20.53
Forfeited	(2,050)	33.24	(91,604)	30.96
Unvested at March 31, 2023	**101,963**	**$ 16.13**	**1,799,808**	**$ 16.15**

The weighted-average grant date fair value for Restricted Shares and LTIP Units granted for the three months ended March 31, 2023 and the year ended December 31, 2022 were $15.09 and $21.04, respectively. As of March 31, 2023, there was $23.2 million of total unrecognized compensation cost related to unvested share-based compensation arrangements granted under the 2020 Plan. That cost is expected to be recognized over a weighted-average period of 1.7 years. The total fair value of Restricted Shares that vested during the three months ended March 31, 2023 and the year ended December 31, 2022, was $0.2 million and $0.8 million, respectively. The total fair value of LTIP Units that vested (LTIP units vest primarily during the first quarter) during the three months ended March 31, 2023 and the year ended December 31, 2022, was $6.4 million and $7.1 million, respectively.

Other Plans

On a combined basis, the Company incurred a total of $0.2 million and $0.1 million of compensation expense related to the following employee benefit plans for the three months ended March 31, 2023 and 2022, respectively.

Employee Share Purchase Plan

The Acadia Realty Trust Employee Share Purchase Plan (the "Purchase Plan"), allows eligible employees of the Company to purchase Common Shares through payroll deductions for a maximum aggregate issuance of 200,000 Common Shares. The Purchase Plan provides for employees to purchase Common Shares on a quarterly basis at a 15% discount to the closing price of the Company's Common Shares on either the first day or the last day of the quarter, whichever is lower. A participant may not purchase more than $25,000 in Common Shares per year. Compensation expense will be recognized by the Company to the extent of the above discount to the closing price of the Common Shares with respect to the applicable quarter. A total of 2,837 and 1,460 Common Shares were purchased by employees under the Purchase Plan for the three months ended March 31, 2023 and 2022, respectively, and 185,806 shares remained available to be issued under the Purchase Plan.

Deferred Share Plan

The Company maintains a Trustee Deferral and Distribution Election program, under which the participating Trustees earn deferred compensation.

Employee 401(k) Plan

The Company maintains a 401(k) plan for employees under which the Company currently matches 50% of a plan participant's contribution up to 6% of the employee's annual salary. A plan participant may contribute up to a maximum of 15% of their compensation, up to $22,500, for the year ending December 31, 2023.

14. Earnings Per Common Share

Basic earnings per Common Share is computed by dividing net income attributable to Common Shareholders by the weighted-average Common Shares outstanding (Note 10). During the periods presented, the Company had unvested LTIP Units which provide for non-forfeitable rights to dividend equivalent payments. Accordingly, these unvested LTIP Units are considered participating securities and are included in the computation of basic earnings per Common Share pursuant to the two-class method.

Diluted earnings per Common Share reflects the potential dilution of the conversion of obligations and the assumed exercises of securities including the effects of Restricted Share Units issued under the Company's 2020 Plan (Note 13). The effect of such shares is excluded from the calculation of earnings per share when anti-dilutive as indicated in the table below.

The effect of the conversion of Common OP Units is not reflected in the computation of basic and diluted earnings per share, as they are exchangeable for Common Shares on a one-for-one basis. The income allocable to such units is allocated on this same basis and reflected as noncontrolling interests in the accompanying consolidated financial statements. As such, the assumed conversion of these units would have no net impact on the determination of diluted earnings per share.

	Three Months Ended March 31,	
(dollars in thousands)	**2023**	**2022**
Numerator:		
Net income attributable to Acadia	$ 13,360	$ 16,838
Less: earnings attributable to unvested participating securities	(243)	(204)
Income from continuing operations net of income attributable to participating securities for basic earnings per share	$ 13,117	$ 16,634
Denominator:		
Weighted average shares for basic earnings per share	95,189,490	93,285,565
Effect of dilutive securities:		
Series A Preferred OP Units	—	25,067
Employee unvested restricted shares	—	24,468
Denominator for diluted earnings per share	95,189,490	93,335,100
Basic earnings per Common Share from continuing operations attributable to Acadia	$ 0.14	$ 0.18
Diluted earnings per Common Share from continuing operations attributable to Acadia	$ 0.14	$ 0.18
Anti-Dilutive Shares Excluded from Denominator:		
Series A Preferred OP Units	188	—
Series A Preferred OP Units - Common share equivalent	25,067	—
Series C Preferred OP Units	126,384	126,593
Series C Preferred OP Units - Common share equivalent	438,831	439,556
Restricted shares	78,060	—

15. Variable Interest Entities

Pursuant to GAAP consolidation guidance, the Company consolidates certain VIEs for which the Company is the primary beneficiary. The Operating Partnership is considered a VIE in which the Company is the primary beneficiary because the limited partners do not have substantive kick-out or participating rights. As of March 31, 2023 and December 31, 2022, the Operating Partnership held interests in the Funds and two consolidated entities owning properties that were determined to be VIEs in which the Company is the primary beneficiary as it has (i) the power to direct the activities of the entity that most significantly impact the entity's economic performance, and (ii) the obligation to absorb the entity's losses or receive benefits from the entity that could potentially be significant to the entity.

The majority of the operations of these VIEs are funded with fees earned from investment opportunities or cash flows generated from the properties. The Company has not provided financial support to any of these VIEs that it was not previously contractually required to provide, which consists primarily of funding any capital commitments and capital expenditures, which are deemed necessary to continue to operate the entity and any operating cash shortfalls the entity may experience.

Since the Company conducts its business through and substantially all of its interests are held by the Operating Partnership, the assets and liabilities on the consolidated balance sheets represent the assets and liabilities of the Operating Partnership. As of March 31, 2023 and December 31, 2022, the consolidated balance sheets include the following assets and liabilities of the consolidated VIEs of the Operating Partnership:

(dollars in thousands)	March 31, 2023	December 31, 2022
VIE ASSETS		
Operating real estate, net	$ 1,532,531	$ 1,466,381
Real estate under development	61,811	129,888
Investments in and advances to unconsolidated affiliates	109,106	210,922
Other assets, net	87,587	98,675
Right-of-use assets - operating leases, net	2,431	2,535
Cash and cash equivalents	13,745	13,330
Restricted cash	14,183	14,995
Rents receivable, net	16,552	17,915
Total VIE assets [(a)]	$ 1,837,946	$ 1,954,641
VIE LIABILITIES		
Mortgage and other notes payable, net	$ 759,926	$ 761,166
Unsecured notes payable, net	1,839	51,202
Accounts payable and other liabilities	98,716	95,385
Lease liability - operating leases, net	2,548	2,657
Total VIE liabilities [(a)]	$ 863,029	$ 910,410

(a) At March 31, 2023 and December 31, 2022, includes total VIE assets of $678.9 million and $678.1 million, respectively, and total VIE liabilities of $206.6 million and $200.4 million, respectively, related to third-party mortgages that are collateralized by the real estate assets of City Point, a Fund II property, and 27 East 61st Street, 801 Madison Avenue, and 1035 Third Avenue, all Fund IV properties, of which $72.5 million is guaranteed by the Operating Partnership (Note 7). The remaining VIE assets are generally encumbered by third-party non-recourse mortgage debt and are collateral under the respective mortgages and are therefore restricted and can only be used to settle the corresponding liabilities of the VIE. The remaining VIE assets may only be used to settle obligations of these consolidated VIEs and the remaining VIE liabilities are only the obligations of these consolidated VIEs and they do not have recourse to the Operating Partnership or the Company.

The Company also holds variable interest in certain VIEs which are not consolidated as it is determined that the Company is not the primary beneficiary (Note 4). The Company's involvement with such entities is in the form of direct and indirect equity interests and fee arrangements. The maximum exposure to loss is limited to the amount of the Company's equity investment in these VIEs, except with regard to the Company's remaining $3.2 million construction commitment related to its investment in 1238 Wisconsin. The Company's aggregate investment in the unconsolidated VIEs assets was $43.0 million and $41.5 million at March 31, 2023 and December 31, 2022, respectively. The Company's aggregate investment in unconsolidated VIE liabilities was $50.4 million and $49.2 million at March 31, 2023 and December 31, 2022, respectively.

16. Subsequent Events

Financing Activities

On April 28, 2023, Fund IV refinanced a property mortgage with an outstanding balance of $14.6 million with a new mortgage of $16.5 million and extended the maturity date.

On May 1, 2023, Fund V modified its subscription line and extended the maturity date to November 1, 2023.

On May 1, 2023, Fund IV repaid a property mortgage with an outstanding balance of $31.9 million using proceeds from the Fund V subscription line.

On May 4, 2023, the Amended and Restated 2020 Plan was approved by the Company's shareholders, which increased the number of Common Shares authorized for issuance by 3,100,000 shares to an aggregate of 3,883,564 shares.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

OVERVIEW

As of March 31, 2023, we own or have an ownership interest in 200 properties held through our Core Portfolio and 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 properties primarily consist of street and urban retail, and suburban shopping centers. Our Funds are investment vehicles through which our Operating Partnership and outside institutional investors invest in primarily opportunistic and value-add retail real estate. Currently, we have active investments in four Funds. A summary of our wholly-owned and partially-owned retail properties and their physical occupancies at March 31, 2023 is as follows:

	Number of Properties		Operating Properties	
	Development or Redevelopment	Operating	GLA	Occupancy
Core Portfolio:				
Chicago Metro	3	36	590,347	85.0 %
New York Metro	—	29	394,371	92.4 %
Los Angeles Metro	—	2	23,757	100.0 %
San Francisco Metro	2	—	—	0.0 %
Dallas Metro	2	14	121,203	84.5 %
Washington DC Metro	1	31	344,469	83.6 %
Boston Metro	—	1	1,050	100.0 %
Suburban	2	26	4,005,860	94.1 %
Total Core Portfolio	10	139	5,481,057	92.2 %
Acadia Share of Total Core Portfolio	10	139	5,120,168	92.8 %
Fund Portfolio:				
Fund II	—	1	536,329	66.3 %
Fund III	1	1	4,637	91.6 %
Fund IV	1	26	696,627	88.6 %
Fund V	—	21	7,120,324	92.3 %
Total Fund Portfolio	2	49	8,357,917	90.3 %
Acadia Share of Total Fund Portfolio	2	49	1,824,599	87.6 %
Total Core and Funds	12	188	13,838,974	91.0 %
Acadia Share of Total Core and Funds	12	188	6,944,767	91.4 %

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.

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. Generally, 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 development 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.
- 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.

SIGNIFICANT DEVELOPMENTS DURING THE THREE MONTHS ENDED MARCH 31, 2023

Investments

During the three months ended March 31, 2023, Fund V acquired one unconsolidated property, Mohawk Commons, located in Schenectady, New York, for $62.1 million, inclusive of transaction costs (Note 4).

On January 20, 2023, through Mervyns II we received a special cash dividend of $28.2 million from our investment in Albertsons, of which our share was $11.3 million. Additionally, following the expiration of the lock-up period and distribution of 2.5 million shares of Albertsons to our partners, we directly own 1.6 million shares of Albertsons (Note 4, Note 8).

Financing Activity

During the three months ended March 31, 2023, we (Note 7):

- extended two Fund mortgages totaling $58.0 million (excluding principal reductions of $0.2 million);
- through Fund V, entered into one new mortgage at an unconsolidated property for $39.7 million, and refinanced a $36.0 million mortgage loan at an unconsolidated property; and
- made scheduled principal payments of $2.0 million.

We also repaid one Fund mortgage at a property for $31.9 million using proceeds from the Fund V subscription line, which was extended for six months, and refinanced one Fund mortgage at a property for $14.6 million with a new mortgage of $16.5 million (Note 16);

Structured Financing Investments

During the three months ended March 31, 2023, we funded $2.0 million of a $12.8 million construction loan commitment to an unconsolidated venture (Note 4). Through Fund V, we refinanced a $31.7 million bridge loan at an unconsolidated property that was originated by Fund V at acquisition with the aforementioned $36.0 million mortgage loan at an unconsolidated property.

Economic and Other Considerations

The year ended December 31, 2022 and quarter ended March 31, 2023 were impacted by significant volatility in global markets, largely driven by rising inflation, rising interest rates, slowing economic growth, geopolitical uncertainty and instability in the banking sector following multiple bank failures. The rate hikes enacted by the Federal Reserve have had a significant impact on interest rate indexes such as LIBOR, SOFR and the Prime Rate and cost of borrowing. We manage our exposure to fluctuations in interest rates primarily through the use of fixed-rate debt and interest rate swap and cap agreements. We believe we manage our properties in a cost-conscious manner to minimize recurring operational expenses and utilize multi-year contracts to alleviate the impact of inflation on our business and our tenants. We also continue to see consumer confidence and we expect to continue to add value to our portfolio by executing on our current leasing momentum, our active development and redevelopment projects, and leasing pipeline. Except for increased interest costs, we have not experienced any material negative impacts at this time and we intend to actively manage our business to respond to the ongoing economic and social impact from such events.

On April 23, 2023, Bed Bath and Beyond, Inc. (”Bed Bath and Beyond”) filed Chapter 11 bankruptcy protection causing them to reject their leases at several of our properties. Bed Bath and Beyond’s leases represent two locations within our Core Portfolio and three locations in our Fund Portfolio, with aggregate GLA of 124,432 square feet and 59,391 square feet, representing 2.1% and 0.7% of Core and Fund GLA, respectively. During the quarter ended March 31, 2023, we signed a new 15-year lease for the entirety of Bed Bath and Beyond store at one of the locations in the Core Portfolio. While our exposure in the Fund portfolio is limited, and we have not experienced any material negative impacts at this time, the bankruptcy of any of our tenants, which may cause them to reject their leases, or not to renew their leases as they expire, could have an adverse effect on our cash flows or property values.

RESULTS OF OPERATIONS

See Note 12 in the Notes to Consolidated Financial Statements for an overview of our three reportable segments.

Comparison of Results for the Three Months Ended March 31, 2023 to the Three Months Ended March 31, 2022

The results of operations by reportable segment for the three months ended March 31, 2023 compared to the three months ended March 31, 2022 are summarized in the table below (in millions, totals may not add due to rounding):

	Three Months Ended March 31, 2023				Three Months Ended March 31, 2022				Increase (Decrease)			
	Core	**Funds**	**SF**	**Total**	**Core**	**Funds**	**SF**	**Total**	**Core**	**Funds**	**SF**	**Total**
Revenues	$ 49.8	$ 32.0	$ —	$ 81.8	$ 48.4	$ 33.2	$ —	$ 81.5	$ 1.4	$ (1.2)	$ —	$ 0.3
Depreciation and amortization	(18.7)	(14.5)	—	(33.2)	(17.7)	(16.0)	—	(33.7)	1.0	(1.5)	—	(0.5)
Property operating expenses and real estate taxes	(16.1)	(10.5)	—	(26.6)	(14.6)	(10.0)	—	(24.6)	1.5	0.5	—	2.0
General and administrative expenses	—	—	—	(9.9)	—	—	—	(11.9)	—	—	—	(2.0)
Gain on disposition of properties	—	—	—	—	—	28.8	—	28.8	—	(28.8)	—	(28.8)
Operating income	15.0	7.0	—	12.1	16.0	35.9	—	40.0	(1.0)	(28.9)	—	(27.9)
Interest and other income	—	—	4.8	4.8	—	—	2.9	2.9	—	—	1.9	1.9
Realized and unrealized holding gains on investments and other	1.5	25.0	0.3	26.8	1.2	14.6	—	15.7	0.3	10.4	0.3	11.1
Equity in (losses) earnings of unconsolidated affiliates	1.8	(1.8)	—	—	1.6	1.5	—	3.1	0.2	(3.3)	—	(3.1)
Interest expense	(10.7)	(10.9)	—	(21.6)	(7.6)	(10.3)	—	(17.9)	3.1	0.6	—	3.7
Income tax (provision) benefit	—	—	—	(0.1)	—	—	—	0.2	—	—	—	(0.3)
Net income	7.6	19.3	5.1	22.0	11.2	41.7	2.9	44.1	(3.6)	(22.4)	2.2	(22.1)
Net loss attributable to redeemable noncontrolling interests	—	2.1	—	2.1	—	—	—	—	—	2.1	—	2.1
Net income attributable to noncontrolling interests	(0.9)	(9.8)	—	(10.7)	(1.1)	(26.1)	—	(27.3)	0.2	16.3	—	16.6
Net income attributable to Acadia	$ 6.7	$ 11.6	$ 5.1	$ 13.4	$ 10.1	$ 15.6	$ 2.9	$ 16.8	$ (3.4)	$ (4.0)	$ 2.2	$ (3.4)

Core Portfolio

The results of operations for our Core Portfolio segment are depicted in the table above under the headings labeled "Core." Segment net income attributable to Acadia for our Core Portfolio decreased $3.4 million for the three months ended March 31, 2023 compared to the prior year period as a result of the changes further described below.

Revenues for our Core Portfolio increased $1.4 million for the three months ended March 31, 2023 compared to the prior year period primarily due to (i) a $2.5 million increase from Core Portfolio property acquisitions in 2022 (Note 2), and (ii) $1.1 million from lease up within the Core Portfolio. These increases were offset by (i) a $1.2 million credit loss benefit in 2022 related to the conversion of tenants from cash to accrual basis, and (ii) a $0.7 million increase in tenant credit loss in 2023.

Depreciation and amortization for our Core Portfolio increased $1.0 million for the three months ended March 31, 2023 compared to the prior year period primarily due to Core Portfolio property acquisitions in 2022 (Note 2).

Property operating expenses and real estate taxes for our Core Portfolio increased $1.5 million for the three months ended March 31, 2023 compared to the prior year period primarily due to an increase in non-recurring repair and maintenance in 2023.

Interest expense for our Core Portfolio increased $3.1 million for the three months ended March 31, 2023 compared to the prior year period primarily due to higher average interest rates in 2023 (Note 7).

Funds (all amounts below are consolidated amounts and are not representative of our proportionate share)

The results of operations for our Funds segment are depicted in the table above under the headings labeled "Funds." Segment net income attributable to Acadia for the Funds decreased $4.0 million for the three months ended March 31, 2023 compared to the prior year period as a result of the changes described below.

Revenues for the Funds decreased $1.2 million for the three months ended March 31, 2023 compared to the prior year period primarily due to (i) a $2.4 million decrease from Fund property dispositions in 2022 (Note 2), and (ii) a $0.5 million credit loss benefit related to the conversion of tenants from cash to accrual basis in 2022. These decreases were partially offset by an increase of a $1.8 million related to tenant lease up within the Funds in 2023.

Depreciation and amortization for the Funds decreased $1.5 million for the three months ended March 31, 2023 compared to the prior year period primarily due to Fund property dispositions in 2022.

Gain on disposition of properties for the Funds decreased $28.8 million for the three months ended March 31, 2023 compared to the prior year period due to the sale of Cortlandt Crossing at Fund III, Mayfair and Dauphin Plaza at Fund IV and New Towne parcel at Fund V in 2022 (Note 2).

Realized and unrealized holding gains on investments and other for the Funds increased $10.4 million for the three months ended March 31, 2023 compared to the prior year period primarily due to a $28.2 million increase in dividend income from Albertsons in 2023. This increase was offset by (i) a $12.6 million increase in the mark-to-market adjustment on the Investment in Albertsons in 2022, (ii) a $2.0 million decrease in the mark-to-market adjustment on the Investment in Albertsons in 2023, and (iii) a $1.4 million distribution from the Storage Post Management Company in 2022.

Equity in (losses) earnings of unconsolidated affiliates for the Funds decreased $3.3 million for the three months ended March 31, 2023 compared to the prior year period primarily due to new unconsolidated Fund acquisitions in 2022 and 2023 (Note 4).

Net loss attributable to redeemable noncontrolling interests for the Funds increased $2.1 million for the three months ended March 31, 2023 compared to the prior year period due to the City Point Loan in August 2022 (Note 10).

Net income attributable to noncontrolling interests for the Funds increased $16.3 million for the three months ended March 31, 2023 compared to the prior year period based on the noncontrolling interests' share of the variances discussed above. Net income attributable to noncontrolling interests in the Funds includes asset management fees earned by the Company of $2.5 million and $2.4 million for the three months ended March 31, 2023 and 2022, respectively.

Structured Financing

Interest and other income for the Structured Financing portfolio increased $1.9 million for the three months ended March 31, 2023 compared to the prior year period primarily due to new loans issued during 2022 (Note 3).

Unallocated

The Company does not allocate general and administrative expenses and income taxes to its reportable segments. These unallocated amounts are depicted in the table above under the headings labeled "Total." Unallocated general and administrative expense decreased $2.0 million for the three months ended March 31, 2023 compared to the prior year period primarily due to $2.0 million related to acquisition costs incurred in the prior year but not in the current period (Note 2).

NON-GAAP FINANCIAL MEASURES

Net Property Operating Income

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 development. 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.

A reconciliation of consolidated operating income to net operating income - Core Portfolio follows (in thousands):

	Three Months Ended March 31,	
	2023	2022
Consolidated operating income	$ 12,108	$ 40,042
Add back:		
General and administrative	9,946	11,937
Depreciation and amortization	33,173	33,713
Less:		
Above/below-market rent, straight-line rent and other adjustments [(a)]	(2,242)	(6,757)
Gain on disposition of properties	—	(28,815)
Consolidated NOI	52,985	50,120
Redeemable noncontrolling interest in consolidated NOI	(1,217)	—
Noncontrolling interest in consolidated NOI	(14,475)	(15,877)
Less: Operating Partnership's interest in Fund NOI included above	(5,037)	(3,844)
Add: Operating Partnership's share of unconsolidated joint ventures NOI [(b)]	3,959	3,641
NOI - Core Portfolio	$ 36,215	$ 34,040

a) Includes straight-line rent reserves. See Note 11 for additional information about straight-line rent reserves and adjustments for the periods presented.
b) 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 that we acquired, sold or expected to sell, redeveloped and developed during these periods. The following table summarizes Same-Property NOI for our Core Portfolio (in thousands):

	Three Months Ended March 31,	
	2023	2022
Core Portfolio NOI	$ 36,215	$ 34,040
Less properties excluded from Same-Property NOI	(8,031)	(7,688)
Same-Property NOI	$ 28,184	$ 26,352
Percent change from prior year period	7.0 %	
Components of Same-Property NOI:		
Same-Property Revenues	$ 40,808	$ 38,467
Same-Property Operating Expenses	(12,624)	(12,115)
Same-Property NOI	$ 28,184	$ 26,352

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 periods presented. 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. The table below includes embedded option renewals for which the renewed rent was equal to or approximated existing base rent.

	Three Months Ended March 31, 2023	
Core Portfolio New and Renewal Leases	**Cash Basis**	**Straight-Line Basis**
Number of new and renewal leases executed	17	17
GLA commencing	54,551	54,551
New base rent	$ 31.44	$ 32.88
Expiring base rent	$ 28.61	$ 26.89
Percent growth in base rent	9.9%	22.3%
Average cost per square foot [(a)]	$ 2.54	$ 2.54
Weighted average lease term (years)	4.8	4.8

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

Funds from Operations

We consider funds from operations ("FFO") as defined by the National Association of Real Estate Investment Trusts ("NAREIT") to be an appropriate supplemental disclosure of operating performance due to its widespread acceptance and use within the REIT investor and analyst communities. FFO is presented to assist investors in analyzing our performance. It is helpful as it excludes 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 real estate. Our method of calculating FFO 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 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 our performance or to cash flows as a measure of liquidity. Consistent with the NAREIT definition, we define 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. Also consistent with NAREIT's definition of FFO, the Company has elected to include gains and losses incidental to its main business (including those related to its RCP investments, such as Albertsons) in FFO. A reconciliation of net (loss) income attributable to Acadia to FFO follows (dollars in thousands, except per share amounts):

	Three Months Ended March 31,	
	2023	**2022**
Net income attributable to Acadia	$ 13,360	$ 16,838
Depreciation of real estate and amortization of leasing costs (net of noncontrolling interests' share)	26,444	24,313
Gain on disposition of properties (net of noncontrolling interests' share)	—	(6,876)
Income attributable to Common OP Unit holders	794	998
Distributions - Preferred OP Units	123	123
Funds from operations attributable to Common Shareholders and Common OP Unit holders - Basic	$ 40,721	$ 35,396
Funds From Operations per Share - Diluted		
Basic weighted-average shares outstanding, GAAP earnings	95,189,490	93,285,565
Weighted-average OP Units outstanding	6,885,106	5,314,108
Basic weighted-average shares and OP Units outstanding, FFO	102,074,596	98,599,673
Assumed conversion of Preferred OP Units to Common Shares	463,898	464,623
Assumed conversion of LTIP units and Restricted Share Units to Common Shares	858	311,878
Diluted weighted-average number of Common Shares and Common OP Units outstanding, FFO	102,539,352	99,376,174
Diluted Funds from operations, per Common Share and Common OP Unit	$ 0.40	$ 0.36

LIQUIDITY AND CAPITAL RESOURCES

Uses of Liquidity and Cash Requirements

Generally, our principal uses of liquidity are (i) distributions to our shareholders and OP unit holders, (ii) investments, which include the funding of our capital committed to the Funds and property acquisitions and development/re-tenanting activities within our Core Portfolio, (iii) distributions to our Fund investors, (iv) debt service and loan repayments and (v) share repurchases.

Distributions

In order to qualify as a REIT for federal income tax purposes, we must distribute at least 90% of our taxable income to our shareholders. During the three months ended March 31, 2023, we paid dividends and distributions on our Common Shares and Preferred OP Units totaling $17.1 million.

Investments

During the three months ended March 31, 2023, Fund V acquired one unconsolidated property, Mohawk Commons, located in Schenectady, New York, for $62.1 million, inclusive of transaction costs (Note 4).

Structured Financing Investments

During the three months ended March 31, 2023, we funded $2.0 million of a $12.8 million construction loan commitment to an unconsolidated venture (Note 4).

Capital Commitments

During the three months ended March 31, 2023, we made capital contributions aggregating $7.9 million to our Funds. At March 31, 2023, our share of the remaining capital commitments to our Funds aggregated $36.9 million as follows:

- $0 to Fund II – During August 2020, a recallable distribution of $15.7 million was made by Mervyns II to its investors, of which our share was $4.5 million. During 2021 and 2022, Mervyns II recalled $11.9 million and $3.8 million, respectively, of the $15.7 million, of which our share is $3.4 million and $1.2 million, respectively.
- $0.5 million to Fund III – Fund III was launched in May 2007 with total committed capital of $450.0 million, of which our original share was $89.6 million. During 2015, we acquired an additional interest, which had an original capital commitment of $20.9 million.
- $9.7 million to Fund IV – Fund IV was launched in May 2012 with total committed capital of $530.0 million, of which our original share was $122.5 million.
- $26.7 million to Fund V – Fund V was launched in August 2016 with total committed capital of $520.0 million, of which our original share was $104.5 million.

Development Activities

During the three months ended March 31, 2023, capitalized costs associated with development activities totaled $3.2 million (Note 2). At March 31, 2023, we had a total of nine consolidated and one unconsolidated project under development or redevelopment, for which the estimated total cost to complete these projects through 2025 was $49.0 million to $66.2 million, and our estimated share was approximately $28.8 million to $38.3 million. Substantially all remaining development and redevelopment costs are discretionary, which could be affected by various risks and uncertainties, including, but not limited to, the effects of the current inflationary environment, rising interest rates, and other risks detailed in Part I, Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2022.

Debt

A summary of our consolidated debt, which includes the full amount of Fund related obligations and excludes our pro rata share of debt at our unconsolidated subsidiaries, is as follows (in thousands):

	March 31, 2023	December 31, 2022
Total Debt - Fixed and Effectively Fixed Rate	$ 1,383,725	$ 1,440,773
Total Debt - Variable Rate	374,408	364,641
	1,758,133	1,805,414
Net unamortized debt issuance costs	(11,844)	(12,697)
Unamortized premium	317	343
Total Indebtedness	$ 1,746,606	$ 1,793,060

As of March 31, 2023, our consolidated indebtedness aggregated $1,758.1 million, excluding unamortized premium of $0.3 million and net unamortized loan costs of $11.8 million, and were collateralized by 32 properties and related tenant leases. Stated interest rates on our outstanding indebtedness ranged from 3.35% to LIBOR + 3.65% with maturities that ranged from April 28, 2023 to April 15, 2035, without regard to available extension options. With respect to the debt maturing in April and May 2023, we have refinanced two Fund mortgages and extended the Fund V subscription line, and we are actively pursuing refinancing the remaining obligations (Note 16), though there can be no assurance that we can refinance on favorable terms or at all. Taking into consideration $1,207.5 million of notional principal under variable to fixed-rate swap agreements currently in effect, $1,383.7 million of the portfolio debt, or 78.7%, was fixed at a 4.42% weighted-average interest rate and $374.4 million, or 21.3% was floating at a 6.64% weighted average interest rate as of March 31, 2023. Our variable-rate debt includes $144.5 million of debt subject to interest rate caps.

Without regard to available extension options, at March 31, 2023 there was $283.6 million of debt maturing in 2023 at a weighted-average interest rate of 6.52%; there was $5.1 million of scheduled principal amortization due in the remainder of 2023; and our share of scheduled remaining 2023 principal payments and maturities on our unconsolidated debt was $46.8 million. In addition, $251.5 million of our total consolidated debt and $45.0 million of our pro-rata share of unconsolidated debt will come due in 2024. With respect to the debt maturing in 2023 and 2024, we have options to extend consolidated debt aggregating $1.8 million and $0.0 million at March 31, 2023, respectively; however, there can be no assurance that the Company will be able to successfully execute any or all of its available extension options. For the remaining indebtedness, we may not have sufficient cash on hand to repay such indebtedness, and, therefore, we expect to refinance at least a portion of this indebtedness or select other alternatives based on market conditions as these loans mature; however, there can be no assurance that we will be able to obtain financing on acceptable terms or at all. Our ability to obtain financing could be affected by various risks and uncertainties, including, but not limited to, the effects of the current inflationary environment, rising interest rates, and other risks detailed in Part I, Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2022.

Share Repurchase Program

We maintain a share repurchase program under which $122.5 million remains available as of March 31, 2023 (Note 10). We did not repurchase any shares under this program during the three months ended March 31, 2023.

Sources of Liquidity

Our primary sources of capital for funding our short-term (less than 12 months) and long-term (12 months and longer) liquidity needs include (i) the issuance of both public equity and OP Units, (ii) the issuance of both secured and unsecured debt, (iii) unfunded capital commitments from noncontrolling interests within our Funds, (iv) future sales of existing properties, (v) repayments of structured financing investments, (vi) liquidation of marketable securities, and (vii) cash on hand and future cash flow from operating activities. Our cash on hand in our consolidated subsidiaries at March 31, 2023 totaled $17.1 million. Our remaining sources of liquidity are described further below.

ATM Program

We have an ATM Program (Note 10) that provides us with an efficient and low-cost vehicle for raising capital through public equity issuances on an as-we-go basis to fund our capital needs. Through this program, we have been able to effectively "match-fund" the required capital for our Core Portfolio and our share of 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 may 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. We did not make any sales under the ATM program during the three months ended March 31, 2023.

Fund Capital

During the three months ended March 31, 2023, Fund V called for capital contributions of $39.1 million, of which our aggregate share was $7.9 million. At March 31, 2023, unfunded capital commitments from noncontrolling interests within Funds II, III, IV and V were zero, $1.4 million, $32.2 million and $106.3 million, respectively.

Other Transactions

During the three months ended March 31, 2023, we recognized cash dividends totaling $28.2 million related to the special dividend received from Mervyns II investment in Albertsons, of which our share was $11.3 million (Note 4). The contractual lock-up restrictions on our investment in Albertsons expired in January 2023, and we now own 1.6 million shares directly, which had a fair value of $34.2 million at March 31, 2023 (Note 4, Note 8).

Structured Financing Repayments

During the three months ended March 31, 2023, Fund V refinanced a $31.7 million bridge loan at an unconsolidated property that was originated by Fund V at acquisition of an unconsolidated property. We also have one Structured Financing investment in the amount of $21.6 million including accrued interest (exclusive of default interest and other amounts due on the loan that have not been recognized) that previously matured and has not been repaid (Note 3).

Financing and Debt

As of March 31, 2023, we had $218.6 million of additional capacity under existing Core Portfolio and Fund revolving debt facilities. In addition, at that date within our Core and Fund portfolios, we had 94 unleveraged consolidated properties with an aggregate carrying value of approximately $1.8 billion, although there can be no assurance that we would be able to obtain financing for these properties at favorable terms, if at all.

Inflation and Economic Condition Considerations

The year ended December 31, 2022 and quarter ended March 31, 2023 were impacted by significant volatility in global markets, largely driven by rising inflation, rising interest rates, slowing economic growth, geopolitical uncertainty and instability in the banking sector following multiple bank failures. Central banks have responded to rapidly rising inflation by tightening monetary policies that are likely to create headwinds to economic growth. The Federal Reserve has raised interest rates nine times since January 2022, and has signaled that further interest rate increases may be forthcoming throughout 2023 and into 2024. The rate hikes enacted by the Federal Reserve have had a significant impact on interest rate indexes such as LIBOR, SOFR and the Prime Rate. As of March 31, 2023, approximately 78.7% of our outstanding debt is fixed or effectively fixed rate with the remaining 21.3% indexed to LIBOR, SOFR or Prime plus an applicable margin per the loan agreement. As of March 31, 2023, we were counterparty to 34 interest rate swap agreements and four interest rate cap agreements, all of which qualify for and are designated as hedging instruments, which helps to alleviate the impact of rising interest rates on our operations.

We believe we manage our properties in a cost-conscious manner to minimize recurring operational expenses and utilize multi-year contracts to alleviate the impact of inflation on our business and our tenants. Most of our leases require tenants to pay their share of operating expenses, including common area maintenance, real estate taxes and insurance, thereby reducing our exposure to increases in costs and operating expenses resulting from inflation. These provisions are designed to partially mitigate the impact of inflation; however, current inflation levels are much greater than the contractual rent increases we obtain from our tenant base. We also continue to see consumer confidence and we expect to continue to add value to our portfolio through executing on our current leasing momentum, our active development and redevelopment projects, and leasing pipeline.

On April 23, 2023, Bed Bath and Beyond filed Chapter 11 bankruptcy protection causing them to reject their leases at several of our properties. Bed Bath and Beyond's leases represents two locations within our Core Portfolio and three locations in our Fund Portfolio. The bankruptcy of any of our tenants, which may cause them to reject their leases, or not to renew their leases as they expire, could have an adverse effect on our cash flows or property values.

While we have not experienced any material negative impacts at this time, we intend to actively manage our business to respond to the ongoing economic and social impact from such events. See Risk Factors in Part I, Item 1A, of our Annual Report on Form 10-K for the year ended December 31, 2022.

HISTORICAL CASH FLOW

The following table compares the historical cash flow for the three months ended March 31, 2023 with the cash flow for the three months ended March 31, 2022 (in millions, totals may not add due to rounding):

	Three Months Ended March 31,		
	2023	2022	Variance
Net cash provided by operating activities	$ 59.4	$ 26.5	$ 32.9
Net cash used in investing activities	(3.6)	(150.1)	146.5
Net cash (used in) provided by financing activities	(56.7)	144.0	(200.7)
(Decrease) increase in cash and restricted cash	$ (0.8)	$ 20.5	$ (21.3)

Operating Activities

Net cash provided by operating activities primarily consists of cash inflows from dividend income and rental revenue, and cash outflows for property operating expenses, general and administrative expenses and interest and debt expense.

Our operating activities provided $32.9 million more cash for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022, primarily due to the $28.2 million dividend received from our investment in Albertsons. The remainder of the increase is attributable to an increase in cash receipts from tenants.

Investing Activities

Net cash used in investing activities is impacted by our investments in and advances to unconsolidated affiliates, the timing and extent of our real estate development, capital improvements, and acquisition and disposition activities during the period.

Our investing activities used $146.5 million less cash for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022, primarily due to (i) $164.2 million less cash used for the acquisition of properties, (ii) $71.0 million less cash used in our investments in and advances to unconsolidated affiliates, and (iii) $32.8 million more cash received from return of capital from unconsolidated affiliates. These sources of cash were primarily offset by (i) $116.6 million less cash received from the disposition of properties, and (ii) $4.6 million more cash used in development, construction, and property improvements.

Financing Activities

Net cash used in financing activities is impacted by the timing and extent of issuances of debt and equity securities, distributions paid to common shareholders and unitholders of the Operating Partnership as well as principal and other payments associated with our outstanding indebtedness.

Our financing activities provided $200.7 million less cash during the three months ended March 31, 2023 as compared to the three months ended March 31, 2022, primarily from (i) $111.5 million less cash provided by the sale of Common Shares, (ii) $67.9 million less cash provided by contributions from noncontrolling interests, (iii) $17.9 million less cash provided by net borrowings, and (iv) $3.7 million more cash used for dividends paid to Common Shareholders.

OFF-BALANCE SHEET ARRANGEMENTS

We have the following investments made through joint ventures (that may include, among others, tenancy-in common and other similar investments) for the purpose of investing in operating properties. We account for these investments using the equity method of accounting. As such, our financial statements reflect our investment and our share of income and loss from, but not the individual assets and liabilities, of these joint ventures.

See Note 4 in the Notes to Consolidated Financial Statements, for a discussion of our unconsolidated investments. The Operating Partnership's pro-rata share of unconsolidated non-recourse debt related to those investments is as follows (dollars in millions):

	Operating Partnership		March 31, 2023	
Investment	**Ownership Percentage**	**Pro-rata Share of Mortgage Debt**	**Effective Interest Rate** [a]	**Maturity Date**
Eden Square	22.8 %	$ 5.0	6.98 %	Jun 2023
Gotham Plaza	49.0 %	8.6	5.09 %	Jun 2023
Renaissance Portfolio	20.0 %	32.0	3.81 %	Aug 2023
3104 M Street	20.0 %	0.8	8.00 %	Jan 2024
Crossroads	49.0 %	29.7	3.94 %	Oct 2024
Tri-City Plaza [c]	18.1 %	7.0	3.01 %	Oct 2024
Frederick Crossing [c]	18.1 %	4.3	3.26 %	Dec 2024
Paramus Plaza [b]	11.6 %	3.3	6.99 %	Dec 2024
Frederick County Square [c]	18.1 %	4.0	4.00 %	Jan 2025
840 N. Michigan Avenue	88.4 %	65.0	4.36 %	Feb 2025
Wood Ridge Plaza [b]	18.1 %	6.0	8.13 %	Mar 2025
650 Bald Hill Road	20.8 %	3.3	3.75 %	Jun 2026
La Frontera	18.1 %	10.0	6.11 %	Jun 2027
Family Center at Riverdale	18.0 %	6.7	6.50 %	Nov 2027
Georgetown Portfolio	50.0 %	7.4	4.72 %	Dec 2027
Mohawk Commons	18.1 %	7.2	5.80 %	Mar 2028
Shoppes at South Hills	18.1 %	5.8	5.95 %	Mar 2028
Total		$ 206.1		

(a) Effective interest rates incorporate the effect of interest rate swaps and caps that were in effect at March 31, 2023, where applicable.
(b) The debt has one available 12-month extension option.
(c) The debt has two available 12-month extension options.

CRITICAL ACCOUNTING POLICIES

Management's discussion and analysis of financial condition and results of operations is based upon our Consolidated Financial Statements, which have been prepared in accordance with U.S. GAAP. The preparation of these Consolidated Financial Statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We base our estimates on historical experience and assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe there have been no material changes to the items that we disclosed as our critical accounting policies under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our 2022 Annual Report on Form 10-K.

Recently Issued and Adopted Accounting Pronouncements

Reference is made to Note 1 for information about recently issued accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Information as of March 31, 2023

Our primary market risk exposure is to changes in interest rates related to our mortgage and other debt. See Note 7 in the Notes to Consolidated Financial Statements, for certain quantitative details related to our mortgage and other debt.

Currently, we manage our exposure to fluctuations in interest rates primarily through the use of fixed-rate debt and interest rate swap and cap agreements. As of March 31, 2023, we had total mortgage and other notes payable of $1,758.1 million, excluding the unamortized premium of $0.3 million and net unamortized debt issuance costs of $11.8 million, of which $1,383.7 million, or 78.7% was fixed-rate, inclusive of debt with rates fixed through the use of derivative financial instruments, and $374.4 million, or 21.3%, was variable-rate based upon LIBOR, SOFR or Prime rates plus certain spreads. As of March 31, 2023, we were party to 34 interest rate swaps and four interest rate cap agreements to hedge our exposure to changes in interest rates with respect to $1,207.5 million and $144.5 million of variable-rate debt, respectively. For a discussion of the risks associated with the discontinuation of LIBOR, see Item 1A. "Risk Factors—Risks Related to Our Liquidity and Indebtedness on our Annual Report on Form 10-K for the year ended December 31, 2022 — If we decided to employ higher leverage levels, we would be subject to increased debt service requirements and a higher risk of default on our debt obligations, which could adversely affect our financial conditions, cash flows and ability to make distributions to our shareholders. In addition, increases or changes in interest rates could cause our borrowing costs to rise and may limit our ability to refinance debt".

The following table sets forth information as of March 31, 2023 concerning our long-term debt obligations, including principal cash flows by scheduled maturity (without regard to available extension options) and weighted average effective interest rates of maturing amounts (dollars in millions):

Core Consolidated Mortgage and Other Debt

Year	Scheduled Amortization	Maturities	Total	Weighted-Average Interest Rate
2023 (Remainder)	$ 1.6	$ —	$ 1.6	—%
2024	1.8	7.3	9.1	4.7%
2025	2.1	232.6	234.7	4.2%
2026	2.4	400.0	402.4	4.3%
2027	2.2	200.1	202.3	4.3%
Thereafter	4.3	161.6	165.9	4.4%
	$ 14.4	$ 1,001.6	$ 1,016.0	

Fund Consolidated Mortgage and Other Debt

Year	Scheduled Amortization	Maturities	Total	Weighted-Average Interest Rate
2023 (Remainder)	$ 3.5	$ 283.6	$ 287.1	6.5%
2024	2.6	239.7	242.3	4.0%
2025	0.2	178.4	178.6	6.4%
2026	0.1	34.0	34.1	7.4%
2027	—	—	—	—%
Thereafter	—	—	—	—%
	$ 6.4	$ 735.7	$ 742.1	

Mortgage Debt in Unconsolidated Partnerships (at our Pro-Rata Share)

Year	Scheduled Amortization	Maturities	Total	Weighted-Average Interest Rate
2023 (Remainder)	$ 1.1	$ 45.7	$ 46.8	4.4%
2024	1.3	43.7	45.0	4.0%
2025	0.6	74.6	75.2	4.6%
2026	0.6	3.0	3.6	3.8%
2027	0.6	22.6	23.2	5.8%
Thereafter	—	12.3	12.3	5.9%
	$ 4.2	$ 201.9	$ 206.1	

Without regard to available extension options, in the remainder of 2023, $288.7 million of our total consolidated debt and $46.8 million of our pro-rata share of unconsolidated outstanding debt will become due. In addition, $251.5 million of our total consolidated debt and $45.0 million of our pro-rata share of unconsolidated debt will become due in 2024. As it relates to the aforementioned maturing debt in 2023 and 2024, we have options to extend consolidated debt aggregating $1.8 million and $0.0 million, respectively; however, there can be no assurance that the Company will be able successfully execute any or all of its available extension options. As we intend on refinancing some or all of such debt at the then-existing market interest rates, which may be greater than the current interest rates, our interest expense would increase by approximately $6.3 million annually if the interest rate on the refinanced debt increased by 100 basis points. After giving effect to noncontrolling interests, our share of this increase would be $1.2 million. Interest expense on our variable-rate debt of $374.4 million, net of variable to fixed-rate swap agreements currently in effect, as of March 31, 2023, would increase $3.7 million if corresponding rate indices increased by 100 basis points. After giving effect to noncontrolling interests, our share of this increase would be $1.3 million. We may seek additional variable-rate financing if and when pricing and other commercial and financial terms warrant. As such, we would consider hedging against the interest rate risk related to such additional variable-rate debt through interest rate swaps and protection agreements, or other means.

Based on our outstanding debt balances as of March 31, 2023, the fair value of our total consolidated outstanding debt would decrease by approximately $5.5 million if interest rates increase by 1%. Conversely, if interest rates decrease by 1%, the fair value of our total outstanding debt would increase by approximately $4.8 million.

As of March 31, 2023, and December 31, 2022, we had consolidated notes receivable of $124.0 million and $123.9 million, respectively. We determined the estimated fair value of our notes receivable by discounting future cash receipts utilizing a discount rate equivalent to the rate at which similar notes receivable would be originated under conditions then existing.

Based on our outstanding notes receivable balances as of March 31, 2023, the fair value of our total outstanding notes receivable would decrease by approximately $2.6 million if interest rates increase by 1%. Conversely, if interest rates decrease by 1%, the fair value of our total outstanding notes receivable would increase by approximately $0.4 million.

Summarized Information as of December 31, 2022

As of December 31, 2022, we had total mortgage and other notes payable of $1,805.4 million, excluding the unamortized premium of $0.3 million and unamortized debt issuance costs of $12.7 million, of which $1,440.8 million, or 79.8% was fixed-rate, inclusive of debt with rates fixed through the use of derivative financial instruments, and $364.6 million, or 20.2%, was variable-rate based upon LIBOR rates plus certain spreads. As of December 31, 2022, we were party to 36 interest rate swap and three interest rate cap agreements to hedge our exposure to changes in interest rates with respect to $1,264.0 million and $103.8 million of LIBOR or SOFR-based variable-rate debt, respectively.

Interest expense on our variable-rate debt of $364.6 million as of December 31, 2022, would have increased $3.6 million if corresponding rate indices increased by 100 basis points. Based on our outstanding debt balances as of December 31, 2022, the fair value of our total outstanding debt would have decreased by approximately $0.4 million if interest rates increased by 1%. Conversely, if interest rates decreased by 1%, the fair value of our total outstanding debt would have increased by approximately $2.6 million.

Changes in Market Risk Exposures from December 31, 2022 to March 31, 2023

Our interest rate risk exposure from December 31, 2022, to March 31, 2023, has increased on an absolute basis, as the $364.4 million of variable-rate debt as of December 31, 2022 has increased to $374.4 million as of March 31, 2023. As a percentage of our overall debt, our interest rate exposure has increased as our variable-rate debt accounted for 20.2% of our unconsolidated debt as of December 31, 2022 compared to 21.3% as of March 31, 2023.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

Our disclosure controls and procedures include internal controls and other procedures designed to provide reasonable assurance that information required to be disclosed in this and other reports filed under the Exchange Act, is recorded, processed, summarized, and reported within the required time periods specified in the SEC's rules and forms; and that such information is accumulated and communicated to management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosures. It should be noted that no system of controls can provide complete assurance of achieving a company's objectives and that future events may impact the effectiveness of a system of controls. Our chief executive officer and chief financial officer, after conducting an evaluation, together with members of our management, of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2023, have concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were effective as of March 31, 2023, at a reasonable level of assurance.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

From time to time, we are a party to various legal proceedings, claims or regulatory inquiries and investigations arising out of, or incident to, our ordinary course of business. While we are unable to predict with certainty the outcome of any particular matter, management does not expect, when such matters are resolved, that our resulting exposure to loss contingencies, if any, will have a material adverse effect on our consolidated financial position.

ITEM 1A. RISK FACTORS.

Except to the extent additional factual information disclosed elsewhere in this Report relates to such risk factors (including, without limitation, the matters discussed in Part I, "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations"), there were no material changes to the risk factors disclosed in Part I, "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2022.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Not applicable.

ITEM 6. EXHIBITS.

The following is an index to all exhibits including (i) those filed with this Quarterly Report on Form 10-Q and (ii) those incorporated by reference herein:

Exhibit No.	Description	Method of Filing
10.1	Third Amended and Restated Credit Agreement dated as of March 22, 2023, by and among Acadia Realty Limited Partnership, as borrower, Acadia Realty Trust and certain subsidiaries of Acadia Realty Limited Partnership from time to time party thereto, as guarantors, Bank of America, N.A., as administrative agent, Wells Fargo Bank, National Association, Truist Bank, and PNC Bank, National Association, as syndication agents, BofA Securities, Inc. and Wells Fargo Securities, LLC, as joint bookrunners, and BofA Securities, Inc., Wells Fargo Securities, LLC, Truist Bank and PNC Capital Markets LLC, as joint lead arrangers and the lenders party thereto	Filed herewith
10.2	Amended and Restated Acadia Realty Trust 2020 Share Incentive Plan	Filed herewith
31.1	Certification of Chief Executive Officer pursuant to rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	Filed herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Document	Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definitions Document	Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Labels Document	Filed herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Document	Filed herewith
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

ACADIA REALTY TRUST
(Registrant)

By: /s/ Kenneth F. Bernstein
Kenneth F. Bernstein
Chief Executive Officer,
President and Trustee

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

By: /s/ Richard Hartmann
Richard Hartmann
Senior Vice President and
Chief Accounting Officer

Dated: May 5, 2023

THIRD AMENDMENT
TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIRD AMENDMENT, dated as of March 22, 2023 (this "Amendment"), to the Second Amended and Restated Credit Agreement, dated as of June 29, 2021, by and among Acadia Realty Limited Partnership, a Delaware limited partnership (the "Borrower"), Acadia Realty Trust, a Maryland real estate investment trust (the "REIT") and certain subsidiaries of the Borrower from time to time party thereto, as guarantors, the Lenders and L/C Issuers from time to time party thereto, and Bank of America, N.A., as Administrative Agent (as heretofore amended, modified, extended, restated, replaced, or supplemented, the "Existing Credit Agreement"). Any term used herein and not otherwise defined herein shall have the meaning assigned to such term in the Existing Credit Agreement, as amended by this Amendment (the "Amended Credit Agreement").

WHEREAS, the Borrower and the Lenders party hereto have agreed to modify the Existing Credit Agreement as herein set forth.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Amendment to Credit Agreement. Subject to the satisfaction of the conditions precedent set forth in Section 2 of this Amendment, the parties hereto hereby agree that the Existing Credit Agreement shall be amended by amending and restating the definition of "Interest Payment Date" appearing in Section 1.01 thereof to read as follows:

> "Interest Payment Date" means, (a) as to any Loan other than a Base Rate Loan or a Daily SOFR Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date of the Facility under which such Loan was made; provided, however, that if any Interest Period for a Term SOFR Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates and (b) as to any Base Rate Loan and any Daily SOFR Loan, the first Business Day of each calendar month and the Maturity Date of the Facility under which such Loan was made.

SECTION 2. Conditions of Effectiveness. This Amendment shall become effective on the date on which the Administrative Agent shall have received counterparts of this Amendment duly executed by the Borrower, the Administrative Agent and Lenders constituting Required Lenders.

SECTION 3. Representations and Warranties of the Borrower. After giving effect to this Amendment, the Borrower reaffirms and restates the representations and warranties set forth in the Amended Credit Agreement or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, and all such representations and warranties shall be true and correct in all material respects on the date hereof with the same force and effect as if made on such date (without duplication of materiality qualifiers set forth in such representations and warranties), except (1) with respect to the representations and warranties set forth in Section 5.19 of the Amended Credit Agreement, in which case they are true and correct in all respects, (2) to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and (3) that for purposes hereof, the representations and warranties contained in subsections (a) and (b) of Section 5.05 of the Amended Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01 of the Amended Credit Agreement. The Borrower further represents and warrants (which representations and warranties shall survive the execution and delivery hereof) to the Administrative Agent and the Lenders that:

(a) it has the requisite power and authority to execute, deliver and perform its obligations under this Amendment and has taken or caused to be taken all necessary company action to authorize the execution, delivery and performance of this Amendment;

(b) no consent of any Person (including, without limitation, any of its equity holders or creditors), and no action of, or filing with, any governmental or public body or authority is necessary or required in connection with, the execution, delivery and performance of this Amendment;

(c) this Amendment has been duly executed and delivered on its behalf by a duly authorized officer, and constitutes its legal, valid and binding obligation enforceable in accordance with its terms, subject to bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting the enforcement of creditors' rights generally and the exercise of judicial discretion in accordance with general principles of equity;

(d) no Default or Event of Default has occurred and is continuing; and

(e) the execution, delivery and performance of this Amendment will not violate any Law, or any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject, or conflict with, or result in the breach of, or constitute a default under, any Contractual Obligation of any Loan Party or any of its Subsidiaries.

SECTION 4. [Reserved].

SECTION 5. Ratification.

(a) Except as herein agreed, the Amended Credit Agreement and the other Loan Documents remain in full force and effect and are hereby ratified and affirmed by the Borrower.

(b) This Amendment shall be limited precisely as written and, except as expressly provided herein, shall not be deemed (i) to be a consent granted pursuant to, or a waiver, modification or forbearance of, any term or condition of the Amended Credit Agreement or any of the instruments or agreements referred to therein or a waiver of any Default or Event of Default under the Amended Credit Agreement, whether or not known to the Administrative Agent, any of the L/C Issuers or any of the Lenders, or (ii) to prejudice any right or remedy which the Administrative Agent, any of the L/C Issuers or any of the Lenders may now have or have in the future against any Person under or in connection with the Amended Credit Agreement, any of the instruments or agreements referred to therein or any of the transactions contemplated thereby.

SECTION 6. Modifications. Neither this Amendment, nor any provision hereof, may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the parties hereto.

SECTION 7. References. The Borrower acknowledges and agrees that this Amendment constitutes a Loan Document. Each reference in the Amended Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of like import, and each reference in each other Loan Document (and the other documents and instruments delivered pursuant to or in connection therewith) to the "Credit Agreement", "thereunder", "thereof" or words of like import, shall mean and be a reference to the Amended Credit Agreement and as the Amended Credit Agreement may in the future be amended, restated, supplemented or modified from time to time.

SECTION 8. Counterparts; Execution. Section 11.17 of the Amended Credit Agreement is incorporated herein, *mutatis mutandis*, as if a part hereof.

SECTION 9. Successors and Assigns. The provisions of this Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 10. Severability. If any provision of this Amendment shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or enforceability without in any manner affecting the validity or enforceability of such provision in any other jurisdiction or the remaining provisions of this Amendment in any jurisdiction.

SECTION 11. Governing Law. THIS AMENDMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AMENDMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 12. Headings. Section headings in this Amendment are included for convenience of reference only and are not to affect the construction of, or to be taken into consideration in interpreting, this Amendment.

SECTION 13. Loan Document. This Amendment is a Loan Document.

SECTION 14. Entire Agreement. This Amendment constitutes the entire contract among the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Without limitation of the foregoing:

THIS AMENDMENT REPRESENTS THE FINAL AGREEMENT AMONG THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

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IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the date hereof.

BORROWER:

ACADIA REALTY LIMITED PARTNERSHIP, a Delaware limited partnership

By: ACADIA REALTY TRUST, its General Partner

By: /s/Jason Blacksberg_________________
Name: Jason Blacksberg
Title: Senior Vice President

LENDERS:

BANK OF AMERICA, N.A., as a Lender

By: /s/Jeffrey L. Phelps
Name: Jeffrey L. Phelps
Title: Senior Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/Craig V. Koshkarian
Name: Craig V. Koshkarian
Title: Director

PNC BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/Brian Kelly_
Name: Brian Kelly
Title: SVP

TRUIST BANK, Successor by Merger to SunTrust Bank, as a Lender

By: /s/Trudy Wilson
Name: Trudy Wilson
Title: Vice President

TD BANK, N.A., as a Lender

By: /s/Gianna Gioia
Name: Gianna Gioia
Title: Vice President

JPMORGAN CHASE BANK, N.A., as a Lender

By: /s/David Glenn
Name: David Glenn
Title: Executive Director

CITIBANK, N.A., as a Lender

By: /s/Christopher J. Albano
Name: Christopher J. Albano
Title: Authorized Signatory

M&T BANK, as a Lender

By: /s/David Moorin
Name: David Moorin
Title: Assistant Vice President

GOLDMAN SACHS BANK USA, as a Lender

By: /s/Keshia Leday

Name: Keshia Leday

Title: Authorized Signatory

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A., as Administrative Agent

By: /s/Carolyn LaBatte-Leavitt
Name: Carolyn LaBatte-Leavitt
Title: Vice President

Exhibit 10.2

AMENDED AND RESTATED

2020 SHARE INCENTIVE PLAN

1. **Purpose**. The purpose of this Plan is to strengthen Acadia Realty Trust (the "**Company**") by providing an incentive to its officers, employees, Consultants and directors and thereby encouraging them to devote their abilities and industry to the success of the Company's business enterprise. It is intended that this purpose be achieved by extending to officers, employees, Consultants and directors of the Company and its subsidiaries (including the Operating Partnership) an added long-term incentive for high levels of performance and unusual efforts through the grant of Incentive Share Options, Nonqualified Share Options, Share Appreciation Rights, Restricted Share Units, Restricted Shares, Dividend Equivalent Rights and Other Share-Based Awards (as each term is hereinafter defined).

2. Definitions. For purposes of the Plan:

"**Agreement**" means the written agreement between the Company and an Optionee or Grantee evidencing the grant of an Option or Award and setting forth the terms and conditions thereof.

"**Affiliate**" means, at the time of determination, any "parent" or "subsidiary" of the Company as such terms are defined in Rule 405 of the Act. The Board will have the authority to determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

"**Award**" means a grant of Restricted Shares, Restricted Share Units, Unrestricted Shares, Share Appreciation Rights, Dividend Equivalent Rights and Other Share-Based Awards or any or all of them.

"**Board**" means the Board of Trustees of the Company.

"**Cause**" means, unless otherwise defined in the Agreement evidencing a particular Award or an employment agreement between the Company and the individual, an individual's (i) intentional failure to perform reasonably assigned duties, (ii) dishonesty or willful misconduct in the performance of duties, (iii) involvement in a transaction in connection with the performance of duties to the Company or any of its Subsidiaries thereof which transaction is adverse to the interests of the Company or any of its Subsidiaries and which is engaged in for personal profit, (iv) willful violation of any law, rule or regulation in connection with the performance of duties (other than traffic violations or similar offenses), or (v) the commission of an act of fraud or intentional misappropriation or conversion of assets or opportunities of the Company or any Subsidiary.

"**Change in Capitalization**" means any increase or reduction in the number of Shares, or any change (including, but not limited to, a change in value) in the Shares or exchange of Shares for a different number or kind of shares or other securities of the Company, by reason of a reclassification, recapitalization, merger, consolidation, reorganization, spin-off, split-up, issuance of warrants or rights or debentures, share dividend, share split or reverse share split, cash dividend, property dividend, combination or exchange of shares, repurchase of shares, change in corporate structure or otherwise.

A "**Change in Control**" shall mean the occurrence during the term of the Plan of any of the following events, subject however to the Committee's determination (to the extent required to conform with Section 409A of the Code) that any occurrence listed below is a permissible distribution event within the meaning of Section 409A of the Code (it being the intention of the Company to set forth, interpret and apply the following provisions in a manner conforming with Section 409A insofar as applicable):

(a)An acquisition (other than directly from the Company) of any voting securities of the Company (the "**Voting Securities**") by any "**Person**" (as the term person is used for purposes of Section 13(d) or 14(d) of the Exchange Act) immediately after which such Person has "**Beneficial Ownership**" (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of fifty percent (50%) or more of the combined voting power of the Company's then outstanding Voting Securities; *provided, however*, in determining whether a Change in Control has occurred, Voting Securities which are acquired in a "Non-Control Acquisition" (as hereinafter defined) shall not constitute an acquisition which would cause a Change in Control. A "**Non-Control Acquisition**" shall mean an acquisition by an employee benefit plan (or a trust forming a part thereof) maintained by the Company or any corporation or other Person of which a majority of its voting power or its voting equity securities or equity interest is owned, directly or indirectly, by the Company (for purposes of this definition, a "**Subsidiary**"), the Company or its Subsidiaries, or any Person in connection with a "Non-Control Transaction" (as hereinafter defined).

(b)The individuals who, as of January 1, 2023, are members of the Board (the "**Incumbent Board**"), cease for any reason to constitute at least one-half of the members of the Board; *provided, however*, that if the election, or nomination for election by the Company's common shareholders, of any new director was approved by a vote of at least one half of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; *provided further, however*, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened "Election Contest" (as described in Rule 14a-l 1 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a "**Proxy Contest**") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; or

(c) Consummation of:

(i) a merger, consolidation or reorganization involving the Company, unless such merger, consolidation or reorganization is a "Non-Control Transaction." A "**Non-Control Transaction**" shall mean a merger, consolidation or reorganization of the Company where:

(A)the shareholders of the Company, immediately before such merger, consolidation or reorganization, own, directly or indirectly immediately following such merger, consolidation or reorganization, at least fifty percent (50%) of the combined voting power of the outstanding voting securities of the corporation resulting from such merger or consolidation or reorganization (the "**Surviving Corporation**") in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation or reorganization;

(B)the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization constitute at least one-half of the members of the board of directors of the Surviving Corporation, or a corporation beneficially directly or indirectly owning a majority of the Voting Securities of the Surviving Corporation; and

(C)no Person other than (1) the Company, (2) any Subsidiary, (3) any employee benefit plan (or any trust forming a part thereof) maintained by the Company, the Surviving Corporation, or any Subsidiary, or (4) any Person who, immediately prior to such merger, consolidation or reorganization had Beneficial Ownership of fifty percent (50%) or more of the then outstanding Voting Securities has Beneficial Ownership of fifty percent (50%) or more of the combined voting power of the Surviving Corporation's then outstanding voting securities; or

(ii) a definitive agreement for the sale or other disposition of all or substantially all of the assets of the Company to any Person (other than a transfer to a Subsidiary).

(d)The completion of a liquidation or dissolution of the Company.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Committee**" means a committee as described in Section 3.1 consisting of at least two (2) Non-management Trustees within the meaning of Rule 16b-3 under the Exchange Act appointed by the Board to administer the Plan and to perform the functions set forth herein.

"**Company**" means Acadia Realty Trust.

"**Consultant**" means a consultant or adviser who provides bona fide services to the Company or an Affiliate as an independent contractor and who qualifies as a consultant or advisor under Instruction A.1.(a)(1) of Form S-8 under the Act.

"**Disability**" means a physical or mental infirmity which impairs the Optionee's ability to perform substantially his or her duties for a period of one hundred eighty (180) consecutive days.

"**Dividend Equivalent Right**" means a right to receive all or some portion of the cash dividends that are or would be payable with respect to Shares.

"**Division**" means any of the operating units or divisions of the Company designated as a Division by the Committee.

"**Effective Date**" means the date upon which this Plan is adopted by the Board.

"**Eligible Individual**" means any officer, employee, Consultant or trustee of the Company or a Subsidiary (including the Operating Partnership) designated by the Committee as eligible to receive Options or Awards subject to the conditions set forth herein; provided that Options or Awards may not be granted to employees, directors or Consultants who are providing services only to any "parent" of the Company, as such term is defined in Rule 405 of the Act, unless (i) the Shares underlying the Awards are treated as "service recipient stock" under Section 409A or (ii) the Company has determined that such Awards are exempt from or otherwise comply with Section 409A.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Fair Market Value**" on any date means the average of the high and low sales prices of the Shares for the twenty (20) preceding business days on the principal national securities exchange on which such Shares are listed or admitted to trading, or, if such Shares are not so listed or admitted to trading, the arithmetic mean of the per Share closing bid price and per Share closing asked price for the twenty (20) preceding days as quoted on the National Association of Securities Dealers Automated Quotation System or such other market in which such prices are regularly quoted, or, if there have been no published bid or asked quotations with respect to Shares on such date, the Fair Market Value shall be the value established by the Board in good faith and, in the case of an Incentive Share Option, in accordance with Section 422 of the Code.

"**Fully Diluted Shares**" means all Shares and any Operating Partnership Units convertible into Shares.

“**Grantee**” means a person to whom an Award has been granted under the Plan.

“**Incentive Share Option**” means an Option satisfying the requirements of Section 422 of the Code and designated by the Committee as an Incentive Share Option.

“**Non-Management Trustee**” means a trustee of the Company who is not an employee of the Company or any Subsidiary.

“**Nonqualified Share Option**” means an Option which is not an Incentive Share Option.

“**Operating Partnership**” means Acadia Realty Limited Partnership, a Delaware limited partnership, and any successor thereto.

“**Operating Partnership Units**” means units of limited partnership interest of the Operating Partnership.

“**Option**” means an Option granted under Section 5.

“**Optionee**” means a person to whom an Option has been granted under the Plan.

“**Other Share-Based Award**” means an Award granted pursuant to Section 8.

“**Parent**” means any corporation which is a parent corporation (within the meaning of Section 424(e) of the Code) with respect to the Company.

“**Plan**” means this Amended and Restated Acadia Realty Trust 2020 Share Incentive Plan.

“**Restricted Share Units**” means Restricted Share Units issued or transferred to an Eligible Individual pursuant to Section 7.

“**Restricted Shares**” means Shares granted to an Eligible Individual under Section 7.

“**Shares**” means the shares of beneficial interest in the Company.

“**Share Appreciation Right**” (SAR) means a right to receive all or some portion of the increase in the value of the Shares as provided in Section 6 hereof.

“**Share Reserve**” shall have the meaning set forth in Section 4.1 of this Plan.

“**Subsidiary**” means any corporation which is a subsidiary corporation (within the meaning of Section 424(f) of the Code) with respect to the Company.

“**Successor Corporation**” means a corporation, or a parent or subsidiary thereof within the meaning of Section 424(a) of the Code, which issues or assumes a share option in a transaction to which Section 424(a) of the Code applies.

“**Ten-Percent Shareholder**” means an Eligible Individual, who, at the time an Incentive Share Option is to be granted to him or her, owns (within the meaning of Section 422(b)(6) of the Code) more than ten percent (10%) of the total combined voting power of all classes of shares of the Company, or of a Parent or a Subsidiary.

“**Unrestricted Share**” means a Share granted pursuant to Section 9.

<u>3. Administration</u>.

<u>3.1 The Plan</u>. The Plan shall be administered by the Committee which shall hold meetings at such times as may be necessary for the proper administration of the Plan; subject to the Board’s authority to act in lieu of the Committee on any matter. The Committee shall keep minutes of its meetings. A quorum shall consist of not less than two members of the Committee and a majority of a quorum may authorize any action. Any decision or determination reduced to writing and signed by a majority of all of the members shall be as fully effective as if made by a majority vote at a meeting duly called and held. Each member of the Committee shall be a Non-employee Trustee within the meaning of Rule 16b-3 promulgated under the Exchange Act. No member of the Committee shall be liable for any action, failure to act, determination or interpretation made in good faith with respect to this Plan or any transaction hereunder, except for liability arising from his or her own willful misfeasance, gross negligence or reckless disregard of his or her duties. The Company hereby agrees to indemnify each member of the Committee for all costs and expenses and, to the extent permitted by applicable law, any liability incurred in connection with defending against, responding to, negotiating for the settlement of or otherwise dealing with any claim, cause of action or dispute of any kind arising in connection with any actions in administering this Plan or in authorizing or denying authorization to any transaction hereunder.

<u>3.2 Eligible Individuals</u>. Subject to the express terms and conditions set forth herein, the Committee shall have the power from time to time to:

(a)determine those Eligible Individuals to whom Options shall be granted under the Plan and the number of Incentive Share Options and/or Nonqualified Share Options to be granted to each Eligible Individual and to prescribe the terms and conditions (which need not be identical) of each Option, including the purchase price per Share subject to each Option, make any amendment or modification to any Agreement consistent with the terms of the Plan and accelerate the vesting or lapse of restrictions with respect to Options and Awards; and

(b)select those Eligible Individuals to whom Awards shall be granted under the Plan and to determine the number of Share Appreciation Rights, Restricted Shares, Restricted Share Units and/or Other Share-Based Awards to be granted pursuant to each Award, the terms and conditions of each Award, including the restrictions or performance criteria relating to such Units, Shares or Awards and make any amendment or modification to any Agreement consistent with the terms of the Plan.

<u>3.3 Plan Interpretation</u>. Subject to the express terms and conditions set forth herein, the Committee shall have the power from time to time:

(a) to construe and interpret the Plan and the Options and Awards granted hereunder and to establish, amend and revoke rules and regulations for the administration of the Plan, including, but not limited to, correcting any defect or supplying any omission, or reconciling any inconsistency in the Plan or in any Agreement, in the manner and to the extent it shall deem necessary or advisable to make the Plan fully effective and comply with applicable law including Rule 16b-3 under the Exchange Act and the Code to the extent applicable. All decisions and determinations by the Committee in the exercise of this power shall be final, binding and conclusive upon the Company, its Subsidiaries, the Optionees and Grantees, and all other persons having any interest therein;

(b) to determine the duration and purposes for leaves of absence which may be granted to an Optionee or Grantee on an individual basis without constituting a termination of employment or service for purposes of the Plan;

(c) to determine on an individual basis whether a change in status from or to employee, director or Consultant constitutes a termination of employment or service for purposes of the Plan;

(d) to exercise its discretion with respect to the powers and rights granted to it as set forth in the Plan;

(e) generally, to exercise such powers and to perform such acts as are deemed necessary or advisable to promote the best interests of the Company with respect to the Plan; and

(f) to provide for the limited transferability of Options to certain family members, family trusts or family partnerships of Optionees.

4. Shares Subject to the Plan.

4.1 Aggregate Limit. Subject to the provisions of Section 11 of the Plan, the maximum number of Shares that may be issued pursuant to Options and Awards granted under the Plan shall be 3,883,564 Shares, inclusive, for the avoidance of doubt, of the Shares previously authorized and available for grant as of the Effective Date under this Plan, all subject to adjustment as provided in this Section 11 (the "**Share Reserve**"). For purposes of this limitation, the Shares underlying any awards under the Plan and under the Company's Second Amended and Restated 2006 Share Incentive Plan that are forfeited, canceled or otherwise terminated (other than by exercise) shall be added back to the Shares available for issuance under the Plan and, to the extent permitted under Section 422 of the Code and the regulations promulgated thereunder, the Shares that may be issued as Incentive Share Options. Notwithstanding the foregoing, the following shares shall not be added to the shares authorized for grant under the Plan: (i) shares tendered or held back upon exercise of an Option or settlement of an Option, Share Appreciation Right or other Award to cover the exercise price or tax withholding, (ii) shares subject to a Share Appreciation Right that are not issued in connection with the Share settlement of the Share Appreciation Right upon exercise thereof, or (iii) shares repurchased by the Company using Option exercise proceeds. In addition to the foregoing, in no event may the total number of Shares covered by outstanding Incentive Share Options granted under the Plan, plus the number of Shares issued pursuant to the exercise of Incentive Share Options whenever granted under the Plan, exceed 7,950,000 Shares.

4.2 Maximum Number of Shares. The Company shall reserve for the purposes of the Plan, out of its authorized but unissued Shares or out of Shares held in the Company's treasury, or partly out of each, such number of Shares as shall be determined by the Board, but no less than the number of Shares subject to outstanding Options or Awards.

4.3 Outstanding Option or Award. Whenever any outstanding Option or Award or portion thereof expires, is canceled or is otherwise terminated for any reason without having been exercised or payment having been made in respect of the entire Option or Award, the Shares allocable to the expired, canceled or otherwise terminated portion of the Option or Award may again be the subject of Options or Awards granted hereunder.

5. Option Grants for Eligible Individuals.

5.1 Authority of Committee. Subject to the provisions of the Plan and to Sections 4.1 and 4.2 above, the Committee shall have full and final authority to select those Eligible Individuals who will receive Options, the terms and conditions of which shall be set forth in an Agreement; *provided, however*, that no person shall receive any Incentive Share Options unless he or she is an employee of the Company, a Parent or a Subsidiary at the time the Incentive Share Option is granted. The aggregate Fair Market Value (determined as of the date of grant of an Incentive Share Option) of the Shares with respect to which

Incentive Share Options granted under this Plan and all other option plans of the Company, any Parent and any Subsidiary become exercisable for the first time by an Optionee during any calendar year shall not exceed $100,000. Any such Options granted in excess of the $100,000 limitation shall be deemed to be Nonqualified Share Options.

5.2 Purchase Price. The purchase price or the manner in which the purchase price is to be determined for Shares under each Option shall be determined by the Committee and set forth in the Agreement; *provided, however*, that the purchase price per Share under each Option shall not be less than 100% of the Fair Market Value of a Share on the date the Option is granted (110% in the case of an Incentive Share Option granted to a Ten-Percent Shareholder). Notwithstanding the foregoing, Options may be granted with an exercise price per share that is less than 100 percent of the Fair Market Value on the date of grant (i) pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code, (ii) to individuals who are not subject to U.S. income tax on the date of grant or (iii) the Option is otherwise compliant with Section 409A.

5.3 Maximum Duration. Options granted hereunder shall be for such term as the Committee shall determine; *provided* that an Option shall not be exercisable after the expiration of ten (10) years from the date it is granted (five (5) years in the case of an Incentive Share Option granted to a Ten-Percent Shareholder). The Committee may, subsequent to the granting of any Option, extend the term thereof but in no event shall the term as so extended exceed the maximum term provided for in the preceding sentence.

5.4 Vesting. Subject to Section 5.5 hereof, each Option shall vest and become exercisable in such installments (which need not be equal) and at such times as may be designated by the Committee and set forth in the Agreement.

5.5 Modification or Substitution. The Committee may in its discretion modify outstanding Options or accept the surrender of outstanding Options (to the extent not exercised) and may grant new Options in substitution for them (*provided* the purchase price for the new grant is not below that of the original grant).

Notwithstanding the foregoing, (i) no modification of an Option shall adversely alter or impair any rights or obligations under the Option without the Optionee's consent, and (ii) except as otherwise permitted by Section 11, without shareholder approval, the terms of any Option may not be amended to reduce the exercise price and Options may not be cancelled in exchange for cash, other Awards or Options with an exercise price that is less than the exercise price of the original Option.

5.6 Non-transferability. No Option granted hereunder shall be transferable by the Optionee to whom granted otherwise than by will or the laws of descent and distribution unless specifically authorized by the Committee with respect to Nonqualified Share Options, and unless transferred in a manner permitted by the Committee an Option may be exercised during the lifetime of such Optionee only by the Optionee or his or her guardian or legal representative. The terms of such Option shall be final, binding and conclusive upon the beneficiaries, executors, administrators, heirs and successors of the Optionee.

5.7 Vesting; Exercisability. To the extent not exercised, vested installments of Options shall accumulate and be exercisable, in whole or in part, at any time after becoming exercisable, but not later than the date the Option expires. The Committee may accelerate the vesting and exercisability of any Option or portion thereof at any time.

(a)Method of Exercise. The exercise of an Option shall be made only by a written notice delivered in person or by mail to the Secretary of the Company at the Company's principal executive office, specifying the number of Shares to be purchased and accompanied by payment therefor and otherwise in accordance with the Agreement pursuant to which the Option was granted. The purchase price for any

Shares purchased pursuant to the exercise of an Option shall be paid in full upon such exercise by any one or a combination of the following: cash or transferring Shares to the Company upon such terms and conditions as determined by the Committee (such as, for example, a requirement that such Shares have been held for six months if necessary to avoid adverse accounting consequences). Notwithstanding the foregoing, the Committee shall have discretion to determine at the time of grant of each Option or at any later date (up to and including the date of exercise) the form of payment acceptable in respect of the exercise of such Option. The written notice pursuant to this Section 5.7 may also provide instructions from the Optionee to the Company that upon receipt of the purchase price in cash from the Optionee's broker or dealer, designated as such on the written notice, in payment for any Shares purchased pursuant to the exercise of an Option, the Company shall issue such Shares directly to the designated broker or dealer. Any Shares transferred to the Company as payment of the purchase price under an Option shall be valued at their Fair Market Value on the day preceding the date of exercise of such Option. If requested by the Committee, the Optionee shall deliver the Agreement evidencing the Option to the Secretary of the Company who shall endorse thereon a notation of such exercise and return such Agreement to the Optionee. No fractional Shares (or cash in lieu thereof) shall be issued upon exercise of an Option and the number of Shares that may be purchased upon exercise shall be rounded to the nearest number of whole Shares.

(b)Rights of Optionees. No Optionee shall be deemed for any purpose to be the owner of any Shares subject to any Option, nor have any right to receive dividends, unless and until the Option shall have been exercised pursuant to the terms thereof, the Company shall have issued and delivered the Shares to the Optionee and the Optionee's name shall have been entered as a shareholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such Shares, subject to such terms and conditions as may be set forth in the applicable Agreement.

5.8 Effect of Change in Control. Notwithstanding anything contained in the Plan or an Agreement to the contrary, in the event of a Change in Control, all Options outstanding on the date of such Change in Control shall become immediately and fully exercisable.

5.9 Dividend Equivalent Rights. Dividend Equivalent Rights may be granted to Eligible Individuals. The terms and conditions applicable to each Dividends Equivalent Right shall be specified in the Agreement under which the Dividend Equivalent Rights may be payable currently or deferred until the lapsing of restrictions on such Dividend Equivalent Rights. In the event that the amount payable in respect of Dividend Equivalent Rights are to be deferred, the Committee shall determine whether such amounts are to be held in cash or reinvested in Shares or deemed (notionally) to be reinvested in Shares. If amounts payable in respect to Dividend Equivalent Rights are to be held in cash, there may be credited at the end of each year (or portion thereof) interest on the amount of the account at the beginning of the year at a rate per annum as the Committee, in its discretion, may determine. Notwithstanding the foregoing, within two and one-half months after the end of the calendar year in which the vesting or lapse of restrictions on the Dividend Equivalent Rights occurs, amounts with respect to Dividend Equivalent Rights shall be settled in cash or Shares or a combination thereof (unless an Agreement provides otherwise).

6. Share Appreciation Rights. The Committee may, in its discretion, either alone or in connection with the grant of an Option, grant Share Appreciation Rights in accordance with the Plan, the terms and conditions of which shall be set forth in an Agreement. If granted in connection with an Option, a Share Appreciation Right shall cover the same Shares covered by the Option (or such lesser number of Shares as the Committee may determine) and shall, except as provided in this Section 6, be subject to the same terms and conditions as the related Option.

6.1 Time of Grant. A Share Appreciation Right may be granted at any time if unrelated to an Option, or if related to an Option, either at the time of grant, or at any time thereafter during the term of the Option.

6.2 Share Appreciation Right Related to an Option.

(a)Exercise. Subject to Section 6.7, a Share Appreciation Right granted in connection with an Option shall be exercisable at such time or times and only to the extent that the related Option is exercisable, and will not be transferable even if the Option to which it relates may be transferable. A Share Appreciation Right granted in connection with an Incentive Share Option shall be exercisable only if the Fair Market Value of a Share on the date of exercise exceeds the purchase price specified in the related Incentive Share Option Agreement. No right to vote or receive dividends will exist with respect to any Share Appreciation Right until such Share Appreciation Right is exercised.

(b)Amount Payable. Upon the exercise of a Share Appreciation Right related to an Option, the Grantee shall be entitled to receive an amount determined by multiplying (i) the excess of the Fair Market Value of a Share on the date preceding the date of exercise of such Share Appreciation Right over the per Share purchase price under the related Option, by (ii) the number of Shares as to which such Share Appreciation Right is being exercised. Notwithstanding the foregoing, the Committee may limit in any manner the amount payable with respect to any Share Appreciation Right by including such a limit in the Agreement evidencing the Share Appreciation Right at the time it is granted.

(c)Treatment of Related Options and Share Appreciation Rights Upon Exercise. Upon the exercise of a Share Appreciation Right granted in connection with an Option, the Option shall be canceled to the extent of the number of Shares as to which the Share Appreciation Right is exercised, and upon the exercise of an Option granted in connection with a Share Appreciation Right or the surrender of such Option, the Share Appreciation Right shall be canceled to the extent of the number of Shares as to which the Option is exercised or surrendered.

6.3 Share Appreciation Right Unrelated to an Option. The Committee may grant to Eligible Individuals Share Appreciation Rights unrelated to Options. Share Appreciation Rights unrelated to Options shall contain such terms and conditions as to exercisability (subject to Section 6.7), vesting and duration as the Committee shall determine, but in no event shall they have a term of greater than ten (10) years. Upon exercise of a Share Appreciation Right unrelated to an Option, the Grantee shall be entitled to receive an amount determined by multiplying (a) the excess of the Fair Market Value of a Share on the date preceding the date of exercise of such Share Appreciation Right over the Fair Market Value of a Share on the date the Share Appreciation Right was granted, by (b) the number of Shares as to which the Share Appreciation Right is being exercised. Notwithstanding the foregoing, a Share Appreciation Right granted unrelated of an Option may limit the amount payable to the Grantee to a percentage, specified in the Agreement but not exceeding one-hundred percent (100%), of the amount determined pursuant to the preceding sentence.

6.4 Method of Exercise. Share Appreciation Rights shall be exercised by a Grantee only by a written notice delivered in person or by mail to the Secretary of the Company at the Company's principal executive office, specifying the number of Shares with respect to which the Share Appreciation Right is being exercised. If requested by the Committee, the Grantee shall deliver the Agreement evidencing the Share Appreciation Right being exercised and the Agreement evidencing any related Option to the Secretary of the Company who shall endorse thereon a notation of such exercise and return such Agreement to the Grantee.

6.5 Form of Payment. Payment of the amount determined under Sections 6.2(b) or 6.3 may be made in the discretion of the Committee, solely in whole Shares in a number determined at their Fair Market Value on the date preceding the date of exercise of the Share Appreciation Right, or solely in cash, or in a combination of cash and Shares. If the Committee decides to make full payment in Shares and the amount payable results in a fractional Share, payment for the fractional Share will be made in cash.

6.6 Modification or Substitution. Subject to the terms of the Plan, the Committee may modify outstanding Awards of Share Appreciation Rights or accept the surrender of outstanding Awards of Share Appreciation Rights (to the extent not exercised) and grant new Awards in substitution for them (provided that such modification shall not result in re-pricing).

Notwithstanding the foregoing, (i) no modification of an Award of Share Appreciation Rights shall adversely alter or impair any rights or obligations under the Award without the Grantee's consent, and (ii) except as otherwise permitted by Section 11, without shareholder approval, the terms of any Award of Share Appreciation Rights may not be amended to reduce the exercise price and may not be cancelled in exchange for cash, other Awards or Share Appreciation Rights with an exercise price that is less than the exercise price of the original Award of Share Appreciation Rights.

6.7 Effect of Change in Control. Notwithstanding anything contained in this Plan to the contrary, in the event of a Change in Control, all Share Appreciation Rights shall become immediately and fully exercisable. In the event a Grantee's employment or service with the Company is terminated by the Company following a Change in Control, each Share Appreciation Right held by the Grantee that was exercisable as of the date of termination of the Grantee's employment or service shall remain exercisable for a period ending not before the earlier of the first anniversary of the termination of the Grantee's employment or service or the expiration of the stated term of the Share Appreciation Right.

7. Restricted Shares/Restricted Share Units.

7.1 Grant. The Committee may grant to Eligible Individuals Awards of Restricted Shares or Restricted Share Units, which shall be evidenced by an Agreement between the Company and the Grantee. Each Agreement shall contain such restrictions, terms and conditions as the Committee may, in its discretion, determine. Awards of Restricted Shares or Restricted Share Units shall be subject to the terms and provisions set forth below in this Section 7.

7.2 Non-transferability. Restricted Shares or Restricted Share Units may not be sold, transferred or otherwise disposed of and shall not be pledged or otherwise hypothecated.

7.3 Lapse of Restrictions.

(a)Generally. Restrictions upon Restricted Shares or Restricted Share Units awarded hereunder shall lapse at such time or times and on such terms and conditions as the Committee may determine, which restrictions shall be set forth in the Agreement evidencing the Award.

(b)Effect of Change in Control. Notwithstanding anything contained in the Plan, unless the Agreement evidencing the Award provides to the contrary, in the event of a Change in Control, all restrictions upon any Restricted Shares or Restricted Share Units shall lapse immediately.

7.4 Modification or Substitution. Subject to the terms of the Plan, the Committee may modify outstanding Awards of Restricted Shares or Restricted Share Units or accept the surrender of outstanding Restricted Shares or Restricted Share Units (to the extent the restrictions on such Shares or Units have not yet lapsed) and grant new Awards in substitution for them.

Notwithstanding the foregoing, no modification of an Award shall adversely alter or impair any rights or obligations under the Agreement without the Grantee's consent.

7.5 Dividend and Dividend Equivalent Rights. During the restriction period, dividends shall accrue on Restricted Shares and Dividend Equivalent Rights shall accrue on Restricted Share Units. Payment of accrued dividends shall be made upon the lapsing of restrictions imposed on the Restricted Shares, and any accrued dividends shall be forfeited upon the forfeiture of such Restricted Shares. Payment of accrued Dividend Equivalent Rights (together with any interest accrued thereon) shall be made upon the lapsing of restrictions imposed on the Restricted Share Units in respect of which the Dividend Equivalent Rights were accrued, and any accrued Dividend Equivalent Rights (together with any interest accrued thereon) in respect of any Restricted Share Units shall be forfeited upon the forfeiture of such Units.

7.6 Delivery of Shares. Upon the lapse of the restrictions on Restricted Share Units, the Committee shall cause a share certificate to be delivered to the Grantee with respect to such vested Units, free of all restrictions hereunder.

8. Other Share-Based Awards.

8.1 Grant. The Committee may grant to Eligible Individuals Other Share-Based Awards, which shall be evidenced by an Agreement between the Company and the Grantee. An Other Share-Based Award includes other Awards of Shares and other Awards that are valued in whole or in part by reference to, or are otherwise based on, Shares, including without limitation, Operating Partnership Units that are settled in Shares, convertible preferred shares of beneficial interest, convertible debentures and exchangeable securities. Each Agreement with respect to a grant of an Other Share-Based Award shall contain such restrictions, terms and conditions as the Committee may, in its discretion, determine and (without limiting the generality of the foregoing) such Agreements may require that an appropriate legend be placed on Share certificates.

8.2 Rights of Grantee. Until such time as an Other Share-Based Award is actually paid out in Shares, a Grantee shall have no rights as a holder of Shares.

8.3 Non-transferability. Other Share-Based Awards may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the Agreement.

8.4 Lapse of Restrictions.

(a)Generally. Restrictions upon Other Share-Based Awards awarded hereunder shall lapse at such time or times and on such terms and conditions as the Committee may determine, which restrictions shall be set forth in the Agreement evidencing the Award.

(b)Effect of Change in Control. Notwithstanding anything contained in the Plan, unless the Agreement evidencing the Award provides to the contrary, in the event of a Change in Control, all restrictions upon any Other Share-Based Awards shall lapse immediately and such Awards shall become fully vested.

8.5 Modification or Substitution. Subject to the terms of the Plan, the Committee may modify outstanding Other Share-Based Awards or accept the surrender of outstanding Other Share-Based Awards (to the extent the restrictions on such Awards have not yet lapsed) and grant new Awards in substitution for them. Notwithstanding the foregoing, no modification of an Award shall adversely alter or impair any rights or obligations under the Agreement without the Grantee's consent.

9. Unrestricted Shares. The Committee may grant Shares to any trustee that are free from any risk of forfeiture.

10. Effect of a Termination of Employment or Service. The Agreement evidencing the grant of each Option and each Award shall set forth the terms and conditions applicable to such Option or Award upon a termination or change in the status of the employment or service of the Optionee or Grantee by the Company, a Subsidiary or a Division (including a termination or change by reason of the sale of a Subsidiary or a Division or a change in status from employee or director to Consultant), as the Committee may, in its discretion, determine at the time an Option or Award is granted or thereafter. Notwithstanding the foregoing and unless specifically set forth in an Agreement to the contrary, in the event an Optionee's or Grantee's employment or service with the Company is terminated for Cause, the Option or Award granted to the Optionee or Grantee hereunder shall immediately terminate in full and in the case of Options, no rights thereunder may be exercised, and in all other cases, no payment will be made with respect thereto.

11. Adjustment Upon Changes in Capitalization.

(a)In the event of a Change in Capitalization, the Committee shall conclusively determine the appropriate adjustments, if any, to the maximum number and class of Shares or other share or securities with respect to which Options or Awards may be granted under the Plan, maximum number of class of Shares or other share or securities with respect to which Options may be granted to any Eligible Individual during the term of the Plan and the number and class of Shares or other share or securities which are subject to outstanding Options or Awards granted under the Plan, and the purchase price therefor, if applicable.

(b)Any such adjustment in the Shares or other share or securities subject to outstanding Incentive Share Options (including any adjustments in the purchase price) shall be made in such manner as not to constitute a modification as defined by Section 424(h)(3) of the Code and only to the extent otherwise permitted by Sections 422 and 424 of the Code.

(c)If, by reason of a Change in Capitalization, a Grantee of an Award shall be entitled to, or an Optionee shall be entitled to exercise an Option with respect to, new, additional or different shares of share or securities, such new, additional or different shares shall thereupon be subject to all of the conditions, restrictions and performance criteria which were applicable to the Shares subject to the Award or Option, as the case may be, prior to such Change in Capitalization.

(i)Effect of Certain Transactions. Subject to Sections 5.8, 6.7, 7.3(b) and 9.4(b), or as otherwise provided in an Agreement, in the event of the liquidation or dissolution of the Company or a merger or consolidation of the Company (a "**Transaction**"), the Plan and the Options and Awards issued hereunder shall continue in effect in accordance with their respective terms except that following a Transaction each Optionee and Grantee shall be entitled to receive in respect of each Share subject to any outstanding Options or Awards, as the case may be, upon exercise of any Option or SAR or payment or transfer in respect of any Award, the same number and kind of share, securities, cash, property, or other consideration that each holder of a Share was entitled to receive in the Transaction in respect of a Share; *provided, however*, that such share, securities, cash, property, or other consideration shall remain subject to all of the conditions, restrictions and performance criteria which were applicable to the Options or Awards prior to such Transaction.

12. Interpretation. Following the required registration of any equity security of the Company pursuant to Section 12 of the Exchange Act:

(a)The Plan is intended to comply with Rule 16b-3 promulgated under the Exchange Act and the Committee shall interpret and administer the provisions of the Plan or any Agreement in a manner consistent therewith. Any provisions inconsistent with such Rule shall be inoperative and shall not affect the validity of the Plan.

<u>13. Termination and Amendment of the Plan</u>. Unless earlier terminated as provided herein, the Plan will automatically terminate ten (10) years after the later of (i) the Effective Date or (ii) the most recent increase in the Share Reserve approved by shareholders. All Awards and any Shares subject thereto will remain subject to the terms of the Plan and the applicable Award Agreement as in effect immediately prior to such termination.

The Board may sooner terminate the Plan and the Board may at any time and from time to time amend, modify or suspend the Plan; *provided, however*, that:

(a)No such amendment, modification, suspension or termination shall impair or adversely alter any Options, SARs or Awards theretofore granted under the Plan, except with the consent of the Optionee or Grantee, nor shall any amendment, modification, suspension or termination deprive any Optionee or Grantee of any Shares which he or she may have acquired through or as a result of the Plan; and

(b)To the extent necessary under Section 422 of the Code and the rules and regulations promulgated thereunder or securities exchange rule, no amendment shall be effective unless approved by the shareholders of the Company in accordance with applicable law and regulations.

<u>14. Non-Exclusivity of the Plan</u>. The adoption of the Plan by the Board shall not be construed as amending, modifying or rescinding any previously approved incentive arrangement or as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of share options otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

<u>15. Limitation of Liability</u>. As illustrative of the limitations of liability of the Company, but not intended to be exhaustive thereof, nothing in the Plan shall be construed to:

(a)give any person any right to be granted an Option or Award other than at the sole discretion of the Committee;

(b)give any person any rights whatsoever with respect to Shares except as specifically provided in the Plan;

(c)limit in any way the right of the Company to terminate the employment of any person at any time; or

(d)be evidence of any agreement or understanding, expressed or implied, that the Company will employ any person at any particular rate of compensation or for any particular period of time.

<u>16. Regulations and Other Approvals; Governing Law</u>.

<u>16.1 Jurisdiction</u>. Except as to matters of federal law, this Plan and the rights of all persons claiming hereunder shall be construed and determined in accordance with the laws of the State of Maryland without giving effect to conflicts of law principles thereof.

16.2 Obligation. The obligation of the Company to sell or deliver Shares with respect to Options and Awards granted under the Plan shall be subject to all applicable laws, rules and regulations, including all applicable federal and state securities laws, and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Committee.

16.3 Compliance. Awards are intended to be exempt from Section 409A to the greatest extent possible and to otherwise comply with Section 409A. The Plan and all Awards shall be interpreted in accordance with such intent. The Board may make such changes as may be necessary or appropriate to comply with the rules and regulations of any government authority, or to obtain for Eligible Individuals granted Incentive Share Options the tax benefits under the applicable provisions of the Code and regulations promulgated thereunder. In addition, the Committee shall have the discretion to require deferral election forms, and to grant or to unilaterally modify any Award in a manner that (a) conforms with the requirements of Section 409A of the Code with respect to compensation that is deferred, (b) voids any Grantee's election to the extent it would violate Section 409A of the Code, and (c) for any distribution election that would violate Section 409A of the Code, to make distributions pursuant to the Award at the earliest to occur of a distribution event mat is allowable under Section 409A of the Code or any distribution event that is both allowable under Section 409A of the Code and is elected by the Grantee, subject to any valid second election to defer; *provided* that the Committee permits second elections to defer in accordance with Section 409A(a)(4)(C). The Committee shall have the sole discretion to interpret the requirements of the Code, including Section 409A, for purposes of the Plan and all Awards.

16.4 Options and Awards. Each Option and Award is subject to the requirement that, if at any time the Committee determines, in its discretion, that the listing, registration or qualification of Shares issuable pursuant to the Plan is required by any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the grant of an Option or Award or the issuance of Shares, no Options or Awards shall be granted or payment made or Shares issued, in whole or in part, unless listing, registration, qualification, consent or approval has been effected or obtained free of any conditions as acceptable to the Committee.

16.5 Restrictions. Notwithstanding anything contained in the Plan or any Agreement to the contrary, in the event that the disposition of Shares acquired pursuant to the Plan is not covered by a then current registration statement under the Securities Act of 1933, as amended, (the "**Securities Act**") and is not otherwise exempt from such registration, such Shares shall be restricted against transfer to the extent required by the Securities Act and Rule 144 or other regulations thereunder. The Committee may require any individual receiving Shares pursuant to an Option or Award granted under the Plan, as a condition precedent to receipt of such Shares or Awards, to represent and warrant to the Company in writing that the Shares acquired by such individual are acquired without a view to any distribution thereof and will not be sold or transferred other than pursuant to an effective registration thereof under said Act or pursuant to an exemption applicable under the Securities Act or the rules and regulations promulgated thereunder. The certificates evidencing any of such Shares or Awards shall be appropriately amended to reflect their status as restricted securities as aforesaid.

17. Miscellaneous.

17.1 Multiple Agreements. The terms of each Option or Award may differ from other Options or Awards granted under the Plan at the same time, or at some other time. The Committee may also grant more than one Option or Award to a given Eligible Individual during the term of the Plan, either in addition to, or in or in substitution for, one or more Options or Awards previously granted to that Eligible Individual.

(a)Withholding of Taxes. The Company may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of any taxes which the Company is required by any law or regulation of any governmental authority, whether federal, state or local, domestic or foreign, to withhold in connection with any Option or the exercise thereof, any Share Appreciation Right or the exercise thereof, or the grant of any other Award, including, but not limited to, the withholding of cash or Shares which would be paid or delivered pursuant to such exercise or Award or another exercise of Award under this Plan until the Grantee reimburses the Company for the amount the Company is required to withhold with respect to such taxes, or canceling any portion of such Award or another Award under this Plan in an amount sufficient to reimburse itself for the amount it is required to so withhold. The Committee may permit a Grantee (or any beneficiary or other person authorized to act) to elect to pay a portion or all of any amounts required to be withheld to satisfy federal, state, local or foreign tax obligations by directing the Company to withhold a number of whole Shares which would otherwise be distributed and which have a Fair Market Value sufficient to cover the amount of such required or permitted withholding taxes.

(b)If an Optionee makes a disposition, within the meaning of Section 424(c) of the Code and regulations promulgated thereunder, of any Share or Shares issued to such Optionee pursuant to the exercise of an Incentive Share Option within the two-year period commencing on the day after the date of the grant or within the one-year period commencing on the day after the date of transfer of such Share or Shares to the Optionee pursuant to such exercise, the Optionee shall, within ten (10) days of such disposition, notify the Company thereof, by delivery of written notice to the Company at its principal executive office.

<u>18. Effective Date</u>. The Plan shall become effective upon the Effective Date, subject only to the approval by the affirmative vote of the holders of a majority of the securities of the Company present, or represented, and entitled to vote at a meeting of shareholders duly held in accordance with the applicable laws of the State of Maryland within twelve (12) months of such adoption.

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a - 14(a)

(SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002)

I, Kenneth F. Bernstein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Acadia Realty Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kenneth F. Bernstein

Kenneth F. Bernstein
President and Chief Executive Officer
May 5, 2023

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULE 13a - 14(a)

(SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002)

I, John Gottfried, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Acadia Realty Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ John Gottfried

John Gottfried
Executive Vice President and
Chief Financial Officer
May 5, 2023

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Quarterly Report on Form 10-Q of Acadia Realty Trust (the "Company") for the quarter ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth F. Bernstein, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Kenneth F. Bernstein

Kenneth F. Bernstein
President and Chief Executive Officer
May 5, 2023

EXHIBIT 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Quarterly Report on Form 10-Q of Acadia Realty Trust (the “Company”) for the quarter ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John Gottfried, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ John Gottfried

John Gottfried
Executive Vice President and
Chief Financial Officer
May 5, 2023