ACADIA REALTY TRUST
Form 424B5
December 11, 2014

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

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion Preliminary Prospectus Supplement dated December 11, 2014

Prospectus Supplement (To prospectus dated May 2, 2014)

3,400,000 Shares

Acadia Realty Trust

Common Shares of Beneficial Interest

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

Our common shares are listed on the New York Stock Exchange (the NYSE) under the symbol AKR. The last reported sale price of our common shares on the NYSE on December 10, 2014 was $32.15 per share.

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

Citigroup Global Markets Inc. (the Underwriter) has agreed to purchase the common shares from us at a price of $ per share, which will result in approximately $ million of net proceeds to us after deducting estimated offering expenses payable by us. The Underwriter may offer the common shares from time to time for sale in one or more transactions on the NYSE, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices.

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

Investing in our common shares involves risks. Please refer to Risk Factors on page S-7 of this prospectus supplement and the Risk Factors section of our most recent Annual Report on Form 10-K and our other

periodic reports filed with the Securities and Exchange Commission and incorporated by reference herein.

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

The Underwriter expects to deliver the common shares against payment therefor on December , 2014.

Citigroup

The date of this prospectus supplement is December , 2014.

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

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

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

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CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING INFORMATION

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

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

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- changes in laws and regulations (including tax laws and regulations) and agency or court interpretations of such laws and regulations and the related costs of compliance;
- the limited recourse shareholders have against our trustees and officers;
- governmental actions and initiatives;
- requirements that we distribute a certain percentage of our taxable income in order to maintain our qualification as a REIT for federal income tax purposes;
- our ability to maintain our status as a REIT;
- local or national political and economic impacts of terrorist attacks, such as those that occurred on September 11, 2001, and civil unrest;
- climate change and risk from natural perils, including severe storms, flooding, and other natural disasters;
- uninsured losses or losses in excess of insured limits;
- our structured financing and the terms of the instruments and other underlying collateral;
- security breaches or cyber-attacks of our computer systems or those of our third-party representatives, vendors, and service providers;
- disruptions to our information technology systems and services; and
- the other risk factors set forth in our most recent Annual Report on Form 10-K and the other documents incorporated by reference into this prospectus supplement and the accompanying prospectus.

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

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ABOUT THIS PROSPECTUS SUPPLEMENT

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

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

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PROSPECTUS SUPPLEMENT SUMMARY

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

Our Company

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

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

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

Recent Developments

Core Portfolio Developments.

Closing of Acquisition.

On December 4, 2014, we acquired an 88.4% interest in 840 N Michigan Ave, an 87,000 square foot, four-story street-retail property located in Chicago, Illinois, for $144.3 million. The building anchors a prime corner of the Magnificent Mile, a premier tourist and shopping destination in Chicago, and is located directly across the street from Water Tower Place. The property is 100% occupied by H&M and Verizon. We acquired this asset in a private negotiation and funded the investment using a combination of cash, OP Units and the assumption of $48.6 million (our pro-rata share) of the debt secured by the property. 840 N Michigan Ave is the third street-retail property that we have acquired using OP Units over the past 12 months.

Contract for Acquisition.

We are currently under contract to acquire an urban retail property for $155.0 million (the Potential Acquisition). Located in the San Francisco Bay area, this acquisition is consistent with our focus on a trio of complementary core portfolio investment strategies: high street, urban and dense suburban retail. The property has key national tenants in common with our existing core portfolio. The Potential Acquisition is subject to customary closing conditions, and, as such, no assurance can be given that we will successfully consummate this acquisition on the terms described above or at all. In the ordinary course of our business, we continually evaluate properties for acquisition. At any given time, we may be a party to letters of intent or conditional purchase agreements with respect to possible acquisitions and may be in various stages of due diligence and underwriting as part of our evaluations. Consummation of any potential acquisition is often subject to outstanding conditions beyond our control. We can give no assurance that we will complete the Potential Acquisition or any other future acquisition or, if we do, the terms or timing of any such acquisition.

Dividends.

Quarterly Dividend. On November 4, 2014, our board of trustees declared a regular quarterly dividend for the quarter ending December 31, 2014 of $0.24 per share, which represents a 4.3% increase over the regular dividend paid for the quarter ended September 30, 2014. This regular dividend is payable on January 15, 2015 to holders of record as of December 31, 2014.

Special Dividend. On December 4, 2014, our board of trustees declared a special cash dividend of $0.30 per share, which is also payable on January 15, 2015 to holders of record as of December 31, 2014.

Purchasers of common shares in this offering who continue to hold such common shares at the close of business on December 31, 2014 will be entitled to receive these dividends.

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THE OFFERING

The following summary of this offering contains basic information about this offering and the common shares and is not intended to be complete. It does not contain all the information that may be important to you. For a more complete understanding of the common shares, please refer to the section of the accompanying prospectus entitled Description of our Common Shares.

Issuer	Acadia Realty Trust, a Maryland real estate investment trust.
Common Shares Offered	3,400,000 common shares of beneficial interest, $.001 par value (or 3,910,000 common shares if the Underwriter s option to purchase additional common shares is exercised in full).
Common Shares to be Outstanding after this Offering	67,849,637 common shares(1) (or 68,359,637 common shares if the Underwriter s option to purchase additional common shares is exercised in full).
Use of Proceeds	We intend to use the net proceeds of this offering primarily to fund a portion of the purchase price of the Potential Acquisition, as well as for general corporate purposes.
Risk Factors	Before deciding to invest in our common shares, you should read carefully the risks set forth under the caption Risk Factors on page S-7 of this prospectus supplement and page 2 of the accompanying prospectus, and the risks set forth under the caption Item 1A. Risk Factors included in our most recent Annual Report on Form 10-K and the other information that we file with the SEC from time to time and incorporate by reference herein for certain considerations relevant to an investment in our common shares.
Restrictions on Ownership	In order to assist us in maintaining our qualification as a REIT for federal income tax purposes, among other purposes, actual or constructive ownership, by any person of more than 9.8% in value or number (whichever is more restrictive) of common shares is restricted by our declaration of trust. See Restrictions on Ownership Transfers and Takeover Defense Provisions in the accompanying prospectus.
NYSE Symbol	AKR
Transfer Agent and Registrar	American Stock Transfer & Trust Company

(1) Based on the number of common shares outstanding on December 10, 2014. Excludes (i) 510,000 common shares that may be sold by us if the Underwriter exercises its option to purchase additional common shares in full, (ii) 1,118,288 common shares available for future issuance as of December 10, 2014 under our share option, incentive and compensation plans, 55,347 common shares that may be issued upon the exercise of outstanding options with a weighted average exercise price of $20.93 per share and 53,886 unvested restricted common shares and (iii) 4,707,671 common shares issuable upon exchange of vested OP Units and vested and unvested restricted common OP Units (LTIP Units). Assumes that all outstanding convertible notes are settled in cash.

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RISK FACTORS

You should carefully consider the risks described in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, including those described in (i) our most recent Annual Report on Form 10-K and (ii) other documents we file with the SEC after the date of this prospectus supplement and that are deemed to be incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision. These risks are not the only ones facing our Company. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations and future prospects. Our business, financial condition, liquidity, results of operations and prospects could be materially adversely affected by the materialization of any of these risks. The trading price of our common shares could decline due to the materialization of any of these risks, and you may lose all or part of your investment.

USE OF PROCEEDS

We estimate that the net proceeds of this offering, after deducting estimated offering expenses payable by us, will be approximately $ million (or approximately $ million if the Underwriter s option to purchase additional common shares is exercised in full). We intend to use the net proceeds of this offering primarily to fund a portion of the purchase price of the Potential Acquisition, as well as for general corporate purposes. We expect to fund the balance of the purchase price of the Potential Acquisition with borrowings under our unsecured revolving credit facility. If the Potential Acquisition does not occur, we may use the net proceeds to fund other future acquisitions. Pending such usage, we expect to invest proceeds in short-term instruments.

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UNDERWRITING

Citigroup Global Markets Inc. is acting as the Underwriter of this offering. Subject to the terms and conditions contained in an underwriting agreement among us, the Operating Partnership and the Underwriter, we have agreed to sell to the Underwriter, and the Underwriter has agreed to purchase from us, 3,400,000 common shares.

The Underwriter has agreed to purchase all of the common shares sold under the underwriting agreement if any of the common shares are purchased, other than those common shares covered by the option to purchase additional common shares described below.

The Underwriter is purchasing the common shares from us at $ per share (representing approximately $ aggregate proceeds to us, before we deduct our out-of-pocket expenses of approximately $, or approximately $ in aggregate proceeds if the Underwriter s option to purchase additional common shares described below is exercised in full). The Underwriter may offer the common shares from time to time for sale in one or more transactions on the NYSE, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. In connection with the sale of the common shares offered hereby, the Underwriter may be deemed to have received compensation in the form of underwriting discounts. The Underwriter may effect such transactions by selling common shares to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the Underwriter and/or purchasers of common shares for whom they may act as agents or to whom they may sell as principal.

We have agreed to indemnify the Underwriter against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Underwriter may be required to make in respect of those liabilities.

The Underwriter is offering the common shares, subject to prior sale, when, as and if issued to and accepted by it, to approval of legal matters by counsel, including the validity of the common shares, and to other conditions contained in the underwriting agreement, such as the receipt by the Underwriter of officers certificates and legal opinions. The Underwriter reserves the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Option to Purchase Additional Common Shares

We have granted the Underwriter an option to purchase up to 510,000 additional common shares from us at the price per share set forth on the cover page of this prospectus supplement. The Underwriter may exercise this option at any time and from time to time, in whole or in part, within 30 days after the date of this prospectus supplement. Any common shares issued or sold under the option will be issued and sold on the same terms and conditions as the other common shares that are the subject of this offering.

No Sales of Similar Securities

We and our executive officers and trustees have agreed, with exceptions, not to sell or transfer any of our common shares for 30 days after the date of this prospectus supplement without first obtaining the written consent of the Underwriter. Specifically, we and these other individuals have agreed not to directly or indirectly:

- sell, offer, contract or grant any option to sell any common shares, pledge, transfer, establish an open put equivalent position or liquidate or decrease a call equivalent position for any common shares,

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otherwise dispose of or transfer (or enter into any transaction that is designed to, or might reasonably be expected to, result in the disposition of) any common shares, options or warrants to acquire common shares, including the filing (or participation in the filing) of a registration statement with the SEC in respect thereof, or

publicly announce an intention to do any of the foregoing.

This lockup provision applies to common shares and to securities convertible into or exchangeable or exercisable for common shares. It also applies to common shares currently or hereafter owned, either of record or beneficially, by the person executing the agreement. In the event that either (x) during the last 17 days of the lockup period referred to above, we issue an earnings release or material news or a material event relating to us occurs or (y) prior to the expiration of the lockup period, we announce that we will release earnings results during the 16-day period beginning on the last day of the lockup period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. However, such extension will not apply if, at the expiration of the lockup period (i) our common shares are actively traded securities as defined in Regulation M and (ii) we meet the requirements set forth in paragraph (a)(1) of Rule 139 under the Securities Act.

New York Stock Exchange Listing

Our common shares are listed on the NYSE under the symbol AKR.

Price Stabilization and Short Positions

In connection with this offering, the Underwriter may purchase and sell our common shares in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the Underwriter of a greater number of common shares than it is required to purchase in this offering. Covered short sales are sales made in an amount not greater than the Underwriter s option to purchase additional common shares described above. The Underwriter may close out any covered short position by either exercising its option to purchase additional common shares or purchasing common shares in the open market. In determining the source of common shares to close out the covered short position, the Underwriter will consider, among other things, the price of common shares available for purchase in the open market as compared to the price at which it may purchase common shares through the option granted to it. Naked short sales are sales in excess of such option. The Underwriter must close out any naked short position by purchasing common shares in the open market. A naked short position is more likely to be created if the Underwriter is concerned that there may be downward pressure on the price of our common shares in the open market after pricing that could adversely affect investors who purchase in this offering.

Similar to other purchase transactions, the Underwriter s purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common shares or preventing or retarding a decline in the market price of our common shares. As a result, the price of our common shares may be higher than the price that might otherwise exist in the open market. The Underwriter may conduct these transactions on the NYSE, in the over-the-counter market or otherwise.

Neither we nor the Underwriter makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common shares. In addition, neither we nor the Underwriter makes any representation that the Underwriter will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates may have engaged in, and may in the future engage in, investment banking, commercial banking and other commercial dealings in the ordinary course of business with us and our affiliates, for which they have received and may continue to receive customary fees and commissions.