ACADIA REALTY TRUST
Form 10-K
February 27, 2009

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2008

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ________ to ________

Commission File Number 1-12002

ACADIA REALTY TRUST

(Exact name of registrant as specified in its charter)

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

1311 Mamaroneck Avenue, Suite 260

White Plains, NY 10605

(Address of principal executive offices)

(914) 288-8100

(Registrant s telephone number)

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

Common Shares of Beneficial Interest, $.001 par value

(Title of Class)

New York Stock Exchange

(Name of Exchange on which registered)

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

None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES o NO x

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Securities Act.

YES o NO x

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES x NO o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Act).

Large Accelerated Filer x Accelerated Filer o Non-accelerated Filer o

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act)

YES o NO x

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of the last business day of the registrant s most recently completed second fiscal quarter was approximately $748.9 million, based on a price of $23.15 per share, the average sales price for the registrant s shares of beneficial interest on the New York Stock Exchange on that date.

The number of shares of the registrant s Common Shares of Beneficial Interest outstanding on February 27, 2009 was 33,905,289.

DOCUMENTS INCORPORATED BY REFERENCE

Part III   Portions of the registrant s definitive proxy statement relating to its 2009 Annual Meeting of Shareholders presently scheduled to be held May 13, 2009 to be filed pursuant to Regulation 14A.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

PART I

ITEM 1. BUSINESS.

GENERAL

Acadia Realty Trust (the Trust) was formed on March 4, 1993 as a Maryland real estate investment trust (REIT). All references to Acadia, we, us, our, and Company refer to Acadia Realty Trust and its consolidated subsidiaries. W a fully integrated, self-managed and self-administered equity REIT focused primarily on the ownership, acquisition, redevelopment and management of retail properties, including neighborhood and community shopping centers and mixed-use properties with retail components. We currently operate 85 properties, which we own or have an ownership interest in. Twelve of these properties are self-storage locations. These assets are located primarily in the Northeast, Mid-Atlantic and Midwestern regions of the United States and, in total, comprise approximately eight million square feet. We also have private equity investments in other retail real estate related opportunities including investments for which we provide operational support to the operating ventures in which we have a minority equity interest.

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 a controlling interest. As of December 31, 2008, the Trust controlled 98% of the Operating Partnership as the sole general partner. As the general partner, the Trust is entitled to share, in proportion to its percentage interest, in the cash distributions and profits and losses of the Operating Partnership. The limited partners generally represent entities or individuals, which contributed their interests in certain assets or entities to the Operating Partnership in exchange for common or preferred units of limited partnership interest (Common OP Units or Preferred OP Units). Limited partners holding Common OP Units are generally entitled to exchange their units on a one-for-one basis for our common shares of beneficial interest (Common Shares). This structure is referred to as an umbrella partnership REIT or UPREIT .

BUSINESS OBJECTIVES AND STRATEGIES

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

- Own and operate a Core Portfolio (as defined in Item 2 of this Form 10-K) of community and neighborhood shopping centers and main street retail located in markets with strong demographics
- Generate internal growth within the Core Portfolio through aggressive redevelopment, re-anchoring and or leasing activities
- Generate external growth through an opportunistic yet disciplined acquisition program. The emphasis is on targeting transactions with high inherent opportunity for the creation of additional value through redevelopment and leasing and/or transactions requiring creative capital structuring to facilitate the transactions. These transactions may include other types of commercial real estate besides those types we invest in through our Core Portfolio
- Partner with private equity investors for the purpose of making investments in operating retailers with significant embedded value in their real estate assets
- Maintain a strong and flexible balance sheet through conservative financial practices while ensuring access to sufficient capital to fund future growth

Investment Strategy External Growth through Opportunistic Acquisition Platforms

The requirements that acquisitions be accretive on a long-term basis based on our cost of capital, as well as increase the overall portfolio quality and value, are core to our acquisition program. As such, we constantly evaluate the blended cost of equity and debt and adjust the amount of acquisition activity to align the level of investment activity with capital flows. We may also engage in discussions with public and private entities regarding business

combinations. In addition to our direct investments in real estate assets, we have also capitalized on our expertise in the acquisition, redevelopment, leasing and management of retail real estate by establishing discretionary opportunity fund joint ventures in which we earn, in addition to a return on our equity interest and carried interest (Promote), fees and priority distributions for our services. To date, we have launched three opportunity fund joint ventures (Opportunity Funds), Acadia Strategic Opportunity Fund, LP (Fund I), Acadia Strategic Opportunity Fund II, LLC (Fund II) and Acadia Strategic Opportunity Fund III, LLC (Fund III). Due to the level of our control, we consolidate these Opportunity Funds.

Fund I

During September of 2001, we and four of our institutional shareholders formed a joint venture, Fund I, and during August of 2004 formed a limited liability company, Acadia Mervyn Investors I, LLC (Mervyns I), whereby the investors committed $70.0 million for the purpose of acquiring real estate assets. The Operating Partnership committed an additional $20.0 million in the aggregate to Fund I and Mervyns I, as the general partner or managing member with a 22% interest. In addition to a pro-rata return on its invested equity, the Operating Partnership is entitled to a Promote based upon certain investment return thresholds. Cash flow was distributed pro-rata to the partners (including the Operating Partnership) until a 9% cumulative return was achieved (Preferred Return) on, and a return of all capital contributions.

Now that a 9% cumulative return has been achieved, remaining cash flow is now distributed 80% to the partners (including the Operating Partnership) and 20% to the Operating Partnership as a Promote. The Operating Partnership also earns fees and/or priority distributions for asset management services equal to 1.5% of the allocated invested equity, as well as for property management, leasing, legal and construction services. All such fees and priority distributions are reflected as a reduction in the minority interest share in income from Opportunity Funds in the Consolidated Financial Statements beginning on page F-1 of this Form 10-K.

Our acquisition program was executed primarily through Fund I through June 2004. Fund I focused on targeting assets for acquisition that had superior in-fill locations, restricted competition due to high barriers to entry and in-place below-market anchor leases with the potential to create significant additional value through re-tenanting, timely capital improvements and property redevelopment.

On January 4, 2006, Fund I recapitalized a one million square foot retail portfolio located in Wilmington Delaware (Brandywine Portfolio) through a merger of interests with affiliates of GDC Properties (GDC). The Brandywine Portfolio was recapitalized through a cash-out merger of the 77.8% interest, which was previously held by the institutional investors in Fund I, to GDC at a valuation of $164.0 million. The Operating Partnership, through a subsidiary, retained its existing 22.2% interest and continues to operate the Brandywine Portfolio and earn fees for such services. At the closing of the merger, the Fund I investors received a return of all of their capital invested in Fund I and their unpaid preferred return, thus triggering the payment to the Operating Partnership of its additional 20% Promote in all future Fund I distributions. During June 2006, the Fund I investors received $36.0 million of additional proceeds from this transaction following the replacement of bridge financing which they provided, with permanent mortgage financing, triggering $7.2 million in additional Promote due the Operating Partnership, which was paid from the Fund I investor s share of the remaining assets in Fund I.

As of December 31, 2008, there were 27 assets comprising approximately 1.3 million square feet remaining in Fund I in which the Operating Partnership s interest in cash flow and income is 37.8% as a result of the Promote.

Fund II

Following our success with Fund I, during June of 2004 we formed a second, larger acquisition joint venture, Fund II, and during August of 2004, formed Acadia Mervyn Investors II, LLC (Mervyns II), with the investors from Fund I as well as two additional institutional investors, whereby the investors, including the Operating Partnership, committed capital totaling $300.0 million. The Operating Partnership is the managing member with a 20% interest in Fund II and Mervyns II and can invest the committed equity on a discretionary basis within the parameters defined in the Fund II and Mervyns II operating agreements. The terms and structure of Fund II and Mervyns II are substantially the same as Fund I and Mervyns I with the exception that the Preferred Return is 8%. As of December 31, 2008, $192.0 million of Fund II s capital was invested and the balance of $108.0 million is expected to be utilized for existing Fund II investments.

In an effort to generate superior risk-adjusted returns for our shareholders and the Opportunity Fund investors, we have channeled our acquisition efforts through Fund II in two opportunistic strategies described below the New York Urban Infill Redevelopment Initiative and the Retailer Controlled Property Venture.

New York Urban/Infill Redevelopment Initiative

During September of 2004, through Fund II, we launched our New York Urban Infill Redevelopment initiative. Despite the current economy, we believe that retailers continue to recognize that many of the nation s urban markets are underserved from a retail standpoint, and we are poised to continue to capitalize on this trend by investing in redevelopment projects in dense urban areas where retail tenant demand has effectively surpassed the supply of available sites. During 2004, Fund II, together with an unaffiliated partner, P/A Associates, LLC (P/A), formed Acadia-P/A Holding Company, LLC (Acadia-P/A) for the purpose of acquiring, constructing, developing, owning,

operating, leasing and managing certain retail or mixed-use real estate properties in the New York City metropolitan area. P/A agreed to invest 10% of required capital up to a maximum of $2.2 million and Fund II, the managing member, agreed to invest the balance to acquire assets in which Acadia-P/A agrees to invest. See Item 7 of this Form 10K for further information on the Acadia P/A Joint Venture as detailed in Liquidity and Capital Resources New York Urban/Infill Redevelopment Initiative . To date, Fund II has invested in nine projects, eight of which are in conjunction with P/A, as discussed further in PROPERTY ACQUISITIONS New York Urban/Infill Redevelopment Initiative in this Item 1 of this Form 10-K.

Retailer Controlled Property Venture (the RCP Venture)

On January 27, 2004, through Funds I and II, we entered into the RCP Venture with Klaff Realty, L.P. (Klaff) and Lubert-Adler Management, Inc. (Lubert-Adler) for the purpose of making investments in surplus or underutilized properties owned by retailers. The initial expected size of the RCP Venture is approximately $300 million in equity, of which our share is $60 million, based on anticipated investments of approximately $1 billion. Each participant in the RCP Venture has the right to opt out of any potential investment. We, through Fund III, would consider expanding the size of the RCP Venture and our share thereof based on investment opportunities. Investments under the RCP Venture are structured as separate joint ventures as there may be other investors participating in certain investments in addition to Klaff, Lubert-Adler and us. Affiliates of Mervyns I and II and Fund II have invested $59.1 million in the RCP Venture to date on a non-recourse basis. While we are not required to invest any additional capital into any of these investments, should additional capital be required and we elect not to contribute our share, our proportionate share in the

investment will be reduced. As Fund I is fully invested and Fund II is fully committed, Fund III will provide the remaining portion of our original share of the equity in future RCP Venture investments. Cash flow from any RCP investments is to be distributed to the participants until they have received a 10% cumulative return and a full return of all contributions. Thereafter, remaining cash flow is to be distributed 20% to Klaff (Klaff s Promote) and 80% to the partners (including Klaff). The Operating Partnership may also earn market-rate fees for property management, leasing and construction services on behalf of the RCP Venture. While we are primarily a passive partner in the investments made through the RCP Venture, historically we have provided our support on reviewing potential acquisitions and operating and redevelopment assistance in areas where we have both a presence and expertise. We seek to invest opportunistically with the RCP Venture primarily in the following four ways:

- Invest in operating retailers to control their real estate through private equity joint ventures
- Work with financially healthy retailers to create value from their surplus real estate
- Acquire properties, designation rights or other control of real estate or leases associated with retailers in bankruptcy
- Complete sale leasebacks with retailers in need of capital

During 2004, we made our first RCP Venture investment with our participation in the acquisition of Mervyns. During 2006, 2007 and 2008, we made additional investments as further discussed in PROPERTY ACQUISITIONS RCP Venture below.

Fund III

Following the success of Fund I and the full commitment of Fund II, we formed a third discretionary Opportunity Fund, (Fund III) during 2007, with fourteen institutional investors, including a majority of the investors from Fund I and Fund II, whereby the investors, including the Operating Partnership, committed capital totaling $503 million. The Operating Partnership s share of the committed capital is $100 million and it is the sole managing member with a 19.9% interest in Fund III and can invest the committed equity on a discretionary basis within the parameters defined in the Fund III operating agreements. The terms and structure of Fund III are substantially the same as the previous Funds, including the Promote structure, with the exception that the Preferred Return is 6%. As of December 31, 2008, $96.5 million of Fund III s capital was invested. To date, Fund III has invested in 13 projects as discussed further in PROPERTY ACQUISITIONS in this Item 1 of this Form 10-K.

Preferred Equity, Notes Receivable and Other Real Estate Related Investments

We may also invest in preferred equity investments, mortgage loans, other real estate interests and other investments. The mortgage loans in which we invest may be either first or second mortgages, where we believe the underlying value of the real estate collateral is in excess of its loan balance. As of December 31, 2008, our preferred equity investment and notes receivable aggregated $125.6 million, and were collateralized by the underlying properties, the borrower s ownership interest in the properties and/or by the borrower s personal guarantee. Interest rates on our preferred equity investment, mezzanine loan investments and notes receivable ranged from 9.75% to in excess of 20% with maturities that range from demand notes to January 2017.

Capital Strategy Balance Sheet Focus and Access to Capital

Given the significant turmoil in the capital markets and the unprecedented disruption of the economy, our primary capital objective is to maintain a strong and flexible balance sheet through conservative financial practices while ensuring access to sufficient capital to fund future growth. We intend to continue financing acquisitions and property redevelopment with sources of capital determined by management to be the most appropriate based on, among other factors, availability in the current capital markets, pricing and other commercial and financial terms. The sources of capital may include the issuance of public equity, unsecured debt, mortgage and construction loans, and other capital alternatives including the issuance of Operating Partnership Units. We manage our interest rate risk primarily through the use of fixed rate-debt and, where we use variable rate debt, we use certain derivative instruments, including

LIBOR swap agreements and interest rate caps as discussed further in Item 7A of this Form 10-K.

During December of 2006 and January of 2007, we issued $115.0 million of 3.75% unsecured Convertible Notes (the Notes). Interest on the Notes is payable semi-annually. The Notes had an initial conversion rate of 32.4002 of our Common Shares for each $1,000 principal amount, representing a conversion price of approximately $30.86 per Common Share, or a conversion premium of approximately 20.0% based upon our Common Share price on the date of the issuance of the Notes. Pursuant to the terms of the Notes, the conversion rate was adjusted to 32.7310 effective October 1, 2008 and 34.1708 effective January 1, 2009. The Notes are redeemable for cash up to their principal amount plus accrued interest and, at our option, cash, our Common Shares, or a combination thereof with respect to the remainder, if any, of the conversion value in excess of the principal amount. The Notes mature December 15, 2026, although the holders of the Notes may require the Company to repurchase their Notes, in whole or in part, on December 20, 2011, December 15, 2016, and December 15, 2021. After December 20, 2011, we have the right to redeem the Notes in whole or in part at any time. The $112.1 million in proceeds, net of related costs, were used to retire variable rate debt, provide for future Opportunity Fund capital commitments and for general working capital purposes. During November and December of 2008, we purchased $8.0 million in principal amount of the Notes and purchased an additional $13.5 million in principal amount during January

2009, all at a discount of approximately 24%.

During January 2007, we filed a shelf registration on Form S-3 providing for offerings of up to a total of $300.0 million of Common Shares, Preferred Shares and debt securities. As of December 31, 2008, we have remaining capacity under this registration statement to issue up to approximately $189 million of these securities.

Common and Preferred OP Unit Transactions

On January 27, 2004, we issued 4,000 Series B Preferred OP Units to Klaff in connection with the acquisition from Klaff of its rights to provide asset management, leasing, disposition, and construction services for an existing portfolio of retail properties. These units had a stated value of $1,000 each and are entitled to a quarterly preferred distribution of the greater of (i) $13.00 (5.2% annually) per Preferred OP Unit or (ii) the quarterly distribution attributable to a Preferred OP Unit if such unit were converted into a Common OP Unit. The Preferred OP Units are convertible into Common OP Units based on the stated value of $1,000 divided by 12.82 at any time. Klaff was entitled to redeem them at par for either cash or Common OP Units (at our option). During 2007, Klaff converted all 4,000 Series B Preferred OP Units into 312,013 Common OP Units and ultimately into Common Shares.

Operating Strategy Experienced Management Team with Proven Track Record

Our senior management team has decades of experience in the real estate industry. We believe our management team has demonstrated the ability to create value internally through anchor recycling, property redevelopment and strategic non-core dispositions. We have capitalized on our expertise in the acquisition, redevelopment, leasing and management of retail real estate by establishing joint ventures, such as the Opportunity Funds, in which we earn, in addition to a return on our equity interest and Promote, fees and priority distributions. In connection with these joint ventures we have launched several successful acquisition platforms including our New York Urban Infill Redevelopment Initiative and RCP Venture.

Operating functions such as leasing, property management, construction, finance and legal (collectively, the Operating Departments) are provided by our personnel, providing for fully integrated property management and development. By incorporating the Operating Departments in the acquisition process, acquisitions are appropriately priced giving effect to each asset s specific risks and returns. Also, because of the Operating Departments involvement with, and corresponding understanding of, the acquisition process, transition time is minimized and management can immediately execute on its strategic plan for each asset.

We typically hold our Core Portfolio properties for long-term investment. As such, we continuously review the existing portfolio and implement programs to renovate and modernize targeted centers to enhance the property s market position. This in turn strengthens the competitive position of the leasing program to attract and retain quality tenants, increasing cash flow and consequently property value. We also periodically identify certain properties for disposition and redeploy the capital to existing centers or acquisitions with greater potential for capital appreciation. Our Core Portfolio consists primarily of neighborhood and community shopping centers, which are generally dominant centers in high barrier-to-entry markets. The anchors at these centers typically pay market or below-market rents. Furthermore, supermarket and necessity-based retailers anchor the majority of our Core Portfolio. We believe these attributes enable our properties to better withstand the current recession.

During 2008, 2007 and 2006 we sold seven non-core properties and redeployed the capital to acquire seven retail properties as further discussed in ASSET SALES AND CAPITAL/ASSET RECYCLING below.

PROPERTY ACQUISITIONS

RCP Venture

Albertson s

In June 2006, the RCP Venture participated in the acquisition of 699 stores from Albertson s, the nation s 2nd largest grocery and drug chain and 26 Cub Food stores. The total price paid by the investment consortium, which included subsidiaries of Cerberus Capital Management, Schottenstein Stores Corp. and Kimco Realty Corporation, to Albertson s for the portfolio was $1.9 billion, which was funded with $0.3 billion of equity and $1.6 billion of financing. Mervyns II s share of equity invested totaled $20.7 million. The Operating Partnership s share was $4.2 million.

During February of 2007, Mervyns II received cash distributions totaling approximately $44.4 million from its ownership position in Albertson s. The Operating Partnership s share of this distribution amounted to approximately $8.9 million. The distributions primarily resulted from proceeds received by Albertsons in connection with its disposition of certain stores, refinancing of the remaining assets held in the entity and excess cash from operations. Mervyns II received additional distributions from this investment totaling $8.8 million in 2007 and $10.6 million in 2008. The Operating Partnership s share of these distributions was $2.9 million.

Through December 31, 2008, Mervyns II has made additional add-on investments in Albertson s, whereby Mervyns II, Klaff and Lubert-Adler have together acquired specific assets from the above investment consortium, totaling $2.8 million and received

distributions totaling $0.8 million in the aggregate from these add-on investments. The Operating Partnership s share of such amounts was $0.4 million and $0.1 million, respectively.

Mervyns Department Stores

In September 2004, we made our first RCP Venture investment. Through Mervyns I and Mervyns II, we invested in a consortium along with subsidiaries of Sun Capital Partners, Inc. and Cerberus Capital Management to acquire the Mervyns Department Store chain (Mervyns) consisting of 262 stores (REALCO) and its retail operation (OPCO) from Target Corporation. The gross acquisition price of $1.2 billion was financed with $800 million of debt and $400 million of equity. Mervyns I and Mervyns II contributed in the aggregate $23.2 million of equity and received an approximate 5.2% interest in REALCO and an approximate 2.5% interest in OPCO. To date, REALCO has disposed of a significant portion of the portfolio. In addition, in November 2007, we sold our interest in OPCO and, as a result, have no further investment in OPCO. As of December 31, 2008, a majority of the REALCO properties were occupied by tenants other than Mervyns. During 2008 and 2007, Mervyns I and Mervyns II made additional investments in Mervyns totaling $2.9 million. The Operating Partnership s share of the total investment in Mervyns was $4.9 million.

Through December 31, 2008, Mervyns I and Mervyns II have also made add-on investments in Mervyns properties totaling $3.0 million. The Operating Partnerships share of this amount was $0.3 million.

During 2005, Mervyns made a distribution to the investors from the proceeds from the sale of a portion of the portfolio and the refinancing of existing debt, of which a total of $42.7 million was distributed to Mervyns I and Mervyns II. The Operating Partnership s share of this distribution amounted to $10.2 million. In addition, during 2006, Mervyns distributed additional cash totaling $4.6 million. The Operating Partnership s share of this distribution totaled $1.4 million.

Other RCP Venture Investments

During 2006, Fund II invested $1.1 million in Shopko, a regional multi-department retailer that, at the time of the acquisition, operated 358 stores located throughout the Midwest, Mountain and Pacific Northwest and $0.7 million in Marsh, a regional supermarket chain which operated 271 stores in central Indiana, Illinois and western Ohio. The Operating Partnership s share of these investments totaled $0.2 million. For the year ended December 31, 2007, Fund II received a $1.1 million distribution from the Shopko investment, of which the Operating Partnership s share was $0.2 million.

During 2008, Fund II made investments of $2.0 million in additional add-on investments in Marsh. The Operating Partnership s share was $0.4 million. For the year ended December 31, 2008, Fund II received a $1.0 million distribution from the Marsh add-on investment, of which the Operating Partnership s share was $0.2 million.

During July 2007, Mervyns II invested $2.7 million in REX Stores Corporation, which is comprised of electronic retail stores located in 27 states. The Operating Partnership s share was $0.5 million.

The following table summarizes the RCP Venture investments from inception through December 31, 2008:

					Operating Partnership Share	
(dollars in millions) **Investor**	**Investment**	**Year acquired**	**Invested capital**	**Distributions**	**Invested capital**	**Distributions**

Mervyns I and Mervyns II	Mervyns	2004	$ 26.1	$ 46.0	$ 4.9	$ 11.3
Mervyns I and Mervyns II	Mervyns add-on investments	2005/2008	3.0	1.3	0.3	0.3
Mervyns II	Albertson s	2006	20.7	63.8	4.2	11.8
Mervyns II	Albertson s add-on investments	2006/2007	2.8	0.8	0.4	0.1
Fund II	Shopko	2006	1.1	1.1	0.2	0.2
Fund II	Marsh	2006	0.7		0.1	
Fund II	Marsh add-on investments	2008	2.0	1.0	0.4	0.2
Mervyns II	Rex	2007	2.7		0.5	
Total			$ 59.1	$ 114.0	$ 11.0	$ 23.9

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New York Urban/Infill Redevelopment Initiative

As of December 31, 2008, we had ten New York Urban/Infill projects. Construction is substantially complete at five of the projects, one is under construction and four are in the design phase as follows:

Construction Substantially Complete

Fordham Place On September 29, 2004, Acadia-P/A purchased 400 East Fordham Road, Bronx, New York. Construction of the four-level retail component is substantially complete. The total retail space is 98% leased and occupied by Best Buy, Sears, Walgreens, and by 24 Hour fitness, which is scheduled to open during the first half of 2009. Construction on the office component is also substantially complete with 33% currently leased. The total cost of the project to Acadia P/A, including the acquisition cost of $30.0 million, is expected to be $125.0 million.

Pelham Manor On October 1, 2004, Acadia-P/A entered into a 95-year, inclusive of extension options, ground lease to redevelop a 16-acre site in Pelham Manor, Westchester County, New York. We have demolished the existing industrial and warehouse buildings, and are completing construction of a multi-anchor community retail center at a total estimated cost of $58.0 million. Home Depot was originally slated to anchor the project, but announced their decision to curtail plans for expansion. As part of our lease termination agreement with Home Depot, we purchased the building that Home Depot had constructed on the site for $10 million, representing approximately half of their cost of construction. At the same time, we executed a lease with BJ Wholesale Club (BJ s) to anchor the site. Construction on BJ s space is underway.

216th Street On December 1, 2005, Acadia-P/A acquired a 65,000 square foot parking garage located at 10th Avenue and 216th Street in the Inwood section of Manhattan for $7.0 million. During 2007, we completed the construction of a 60,000 square foot office building and we relocated an agency of the City of New York, which was a tenant at another of our Urban/Infill Redevelopment projects, to this location. Inclusive of acquisition costs, total costs to Acadia P/A for the project, which also includes a 100-space rooftop parking deck, was approximately $28.0 million.

Liberty Avenue On December 20, 2005, Acadia-P/A acquired the remaining 40-year term of a leasehold interest in land located at Liberty Avenue and 98th Street in Queens (Ozone Park) New York. Development of this project has been completed and the property is currently operating. It includes approximately 30,000 square feet of retail anchored by a CVS drug store and a 95,000 square foot self-storage facility operated by Storage Post. The total cost to Acadia P/A of the redevelopment was approximately $15.0 million.

161st Street On August 5, 2005, Acadia-P/A purchased 244-268 161st Street located in the Bronx, New York for $49.3 million, inclusive of closing costs. The ultimate redevelopment plan for this currently 88% occupied, 10-story office building, is to be determined. Additional redevelopment costs to Acadia P/A are anticipated to be approximately $16.0 million.

Under Construction

Atlantic Avenue During May 2007, we, through Fund II and in partnership with Post Management, LLC (Storage Post), acquired a property on Atlantic Avenue in Brooklyn, New York for $5.0 million. Storage Post is our unaffiliated partner in our self storage portfolio (see below) and at several of our other New York urban projects with a self storage component. Redevelopment of the property has commenced with the demolition of the existing structure and the construction of an eight level state-of-the-art self storage facility, which is expected to be completed in the second half of 2009.

In Design

Canarsie During October of 2007, Acadia P/A acquired a 530,000 square foot warehouse building in Canarsie, Brooklyn for approximately $21.0 million. The development plan for this property includes the demolition of a portion of the warehouse and the construction of a 323,000 square foot mixed-use project consisting of retail, office, cold-storage and self-storage. The total cost of the redevelopment, including acquisition costs, is expected to be approximately $50.0 million. We had executed a lease with Home Deport to anchor the project. However, during 2008, we reached an agreement with Home Depot to terminate their lease as a result of Home Depot s corporate decision to curtail plans for expansion. As we had negotiated a lease with terms favorable to us as landlord, including stringent opening covenants and limited assignment rights, Home Depot paid us $24.5 million to terminate this lease.

Sherman Plaza On April 6, 2005, Acadia-P/A acquired 4650 Broadway located in the Washington Heights/Inwood section of Manhattan. The property, a 140,000 square foot building, which was occupied by an agency of the City of New York and a commercial parking garage, was acquired for a purchase price of $25.0 million. During 2007 we relocated this tenant to Acadia P/A s 216th St. redevelopment as discussed above. We are currently reviewing various alternatives to redevelop the site to include retail and office components totaling over 216,000 square feet. Expected costs for Acadia P/A to complete the redevelopment are estimated at $55.0 million.

CityPoint On June 13, 2007, Acadia-P/A and MacFarlane Partners (MacFarlane) purchased the leasehold interest in The Gallery at Fulton Street in downtown Brooklyn for approximately $115.0 million, with an option to purchase the fee position, which is owned by the City of New York, at a later date. Redevelopment plans for the property, renamed as CityPoint, include the demolition of the existing structure and the development of a 1.6 million square foot mixed-use complex. The proposed development calls for the construction of a combination of retail, office and residential components, all of which are currently allowed as of right. Acadia P/A, together with MacFarlane, will develop and operate the retail component, which is anticipated to total 475,000 square feet of retail space. Acadia P/A will also participate in the development of the office component with MacFarlane, which is expected to include at least 125,000 square feet of office space. MacFarlane plans to develop and operate up to 1,000 residential units with underground parking. Acadia P/A does not plan on participating in the development of, or have an ownership interest in, the residential component of the project. The scope of the project remains under review and we may decide to revise our development plan.

Sheepshead Bay During November of 2007, Fund III acquired a property in Sheepshead Bay, Brooklyn for approximately $20.0 million. The project is currently in the design phase; however, we have demolished the existing site and expect to develop a multi-story retail center with approximately 240,000 square feet of gross leasable area (GLA). The total cost of the redevelopment, including acquisition costs, is expected to be approximately $109.0 million.

Given the current dislocation in the credit markets, we do not intend to proceed with significant development activities with respect to the forgoing properties that are in the design phase until significant pre-leasing and the other components of the projects, including the availability of project financing, are in place.

Self-Storage Portfolio

On February 29, 2008, Fund III, in conjunction with Storage Post, acquired a portfolio of eleven self-storage properties from Storage Post s existing institutional investors for approximately $174.0 million. The portfolio totals approximately 920,000 net rentable square feet, of which ten properties are operating at various stages of stabilization. The remaining property is currently under construction. The properties are located throughout New York and New Jersey. The portfolio continues to be operated by Storage Post, which is a 5% equity partner.

Other Investments

In addition to the RCP Venture, the New York Urban/Infill and Self-Storage Portfolio investments as discussed above, through Fund II and Fund III, we have also acquired the following:

During November 2007, Fund III acquired 125 Main Street, Westport, Connecticut for approximately $17.0 million. Our plan is to redevelop the existing building into 30,000 square feet of retail and office use.

Core Portfolio

See Item 2. PROPERTIES for the definition of our Core Portfolio.

During April of 2008, the Operating Partnership acquired a 20,000 square foot single tenant retail property located on 17th Street near 5th Avenue in Manhattan, New York for $9.7 million.

During March of 2007, the Operating Partnership purchased a 52,000 square foot single-tenant building located at 1545 East Service Road in Staten Island, New York for $17.0 million.

During March of 2007, the Operating Partnership purchased a retail commercial condominium at 200 West 54th Street located in Manhattan, New York. The 10,000 square foot property was acquired for $36.4 million.

During September of 2006, the Operating Partnership purchased 2914 Third Avenue in the Bronx, New York for $18.5 million. The 41,305 square foot property is 100% leased and is located in a densely populated, high barrier-to-entry, infill area.

During June of 2006, the Operating Partnership purchased 8400 and 8625 Germantown Road in Philadelphia, Pennsylvania for $16.0 million.

During January of 2006, the Operating Partnership closed on a 20,000 square foot retail building in the Lincoln Park district in Chicago. The property was acquired from an affiliate of Klaff for $9.9 million.

During January of 2006, the Operating Partnership acquired a 60% interest in the A&P Shopping Plaza located in Boonton, New Jersey. The property, located in northeastern New Jersey, is a 63,000 square foot shopping center anchored by a 49,000 square foot A&P Supermarket. The remaining 40% interest is owned by a principal of P/A. The interest was acquired for $3.2 million.

Preferred Equity, Notes Receivable and Other Real Estate Related Investments

During June 2008, the Operating Partnership made a $40.0 million preferred equity investment in a portfolio of 18 properties located primarily in Georgetown, Washington D.C. The portfolio consists of 306,000 square feet of principally retail space. The term of this investment is for two years, with two one-year extensions, and provides a 13% preferred return.

During July 2008, the Operating Partnership made a $34.0 million mezzanine loan, which is collateralized by a mixed-use retail and residential development at 72 nd Street and Broadway on the Upper West Side of Manhattan. Upon completion, this project is expected to include approximately 50,000 square feet of retail on three levels and 196 luxury residential rental apartments. The term of the loan is for a period of three years, with a one year extension, and, including the exit fee, provides an effective annual return in excess of 20%.

During September 2008, Fund III made a $10.0 million first mortgage loan, which is collateralized by land located on Long Island, New York. The term of the loan is for a period of two years, and provides an effective annual return of approximately 13%.

During June 2006, the Operating Partnership converted its $20.0 million preferred equity investment in Levitz SL, L.L.C (Levitz SL), the owner of fee and leasehold interests in former Levitz Furniture Store locations, to a first mortgage loan and advanced additional proceeds bringing the total outstanding amount to $31.3 million. Following the sale of two locations by Levitz SL during 2006 and 2007, $24.8 million of proceeds were used to repay our first mortgage loan, and the remaining balance of $6.5 million remained outstanding at December 31, 2008. The first mortgage loan matures in July 2009, with a one-year extension option and bears interest at a rate of 11.6%. Although the loan is collateralized by three former Levitz locations, totaling 402,266 square feet, which are currently vacant, we believe the underlying value of the real estate is sufficient to recover the principal and interest due under our mortgage loan.

The following table sets forth our preferred equity and notes receivable investments as of December 31, 2008:

Notes Receivable (dollars in thousands)					**Weighted Averages**			**Underlying third-party first mortgage loan**	
Investment	**Principal**	**Accrued interest**	**Total**	**Stated Interest rate**	**Effective interest rate[1]**	**Maturity date**	**Extension options (years)**	**Amount[2]**	**Maturity dates**
Georgetown A - 5 property portfolio	$8,000	$810	$8,810	9.75%	10.25%	11/2010	2 x 1 year	$8,576	2009 through 2012
Georgetown B - 18 property portfolio	40,000	2,092	42,092	13.00%	13.50%	6/2010	2 x 1 year	114,150	2011 through 2016
72nd Street	35,941	1,137	37,078	13.00%	20.85%	7/2011	1 year	185,000	

									2011 w/ 1 year extension
First mortgage notes	25,443	1,964	27,407	10.86 %	11.43 %	2009	0.2 years	n/a	n/a
Mezzanine notes	16,203	1,476	17,679	13.30 %	14.82 %	2011			2012
Total notes receivable	$ 125,587	$ 7,479	$ 133,066	12.40 %	15.15 %				

1 The effective rate includes upfront points and exit fees

2 The first mortgage amount for 72nd street represents the maximum availability under the loan

ASSET SALES AND CAPITAL/ASSET RECYCLING

Core Portfolio

We periodically identify certain core properties for disposition and redeploy the capital to existing centers or acquisitions with greater potential for capital appreciation. Since January of 2006, we have sold the following Core Portfolio assets:

Property	Location	Date sold	Gross leasable area	Sales price (dollars in thousands)
Village Apartments	Winston-Salem, North Carolina	April 2008	599,106	$ 23,300
Colony and GHT Apartments	Columbia, Missouri	December 2007	625,545	15,512
Soundview Marketplace	Long Island, New York	December 2006	183,815	24,000
Bradford Towne Centre	Towanda, Pennsylvania	November 2006	257,123	16,000
Greenridge Plaza	Scranton, Pennsylvania	November 2006	191,767	10,600
Pittston Plaza	Pittston, Pennsylvania	November 2006	79,498	6,000
Luzerne Street Shopping Center	Scranton, Pennsylvania	November 2006	58,035	3,600
Total			1,994,889	$ 99,012

Proceeds from these sales in part have been used to fund the Core Portfolio acquisitions as discussed in PROPERTY ACQUISITIONS above.

Fund I Liquidation

As originally contemplated when Fund I was established as a finite life entity, we are currently engaged in the multi-year process of liquidating the fund s investments. Historically, Fund I had purchased a total of 35 assets totaling approximately 3.0 million square feet. Following the 2006 recapitalization of the Brandywine Portfolio as discussed further in BUSINESS OBJECTIVES AND STRATEGIES above and the sale of other properties as discussed below, there were 27 assets comprising 1.3 million square feet remaining in Fund I as of December 31, 2008 (in which the Operating Partnership s interest in cash flow and income has increased from 22.2% to 37.8% as a result of the Promote) as follows:

Shopping Center	Location	Year acquired	GLA
New York Region			
New York			
Tarrytown Centre	Westchester	2004	35,291
Midwest Region			
Ohio			
Granville Centre	Columbus	2002	134,997
Michigan			

Sterling Heights Shopping Center	Detroit	2004	154,835
Various Regions			
Kroger/Safeway Portfolio	Various (24 properties)	2003	987,100
Total			1,312,223

During April 2008, Fund I sold Haygood Shopping Center located in Virginia Beach, Virginia, for $24.9 million, resulting in a $6.8 million gain.

During November 2007, Fund I sold Amherst Marketplace and Sheffield Crossing, community shopping centers in Ohio, for $26.0 million, resulting in a $7.5 million gain.

On February 2, 2009, The Kroger Co. purchased the fee at six locations in Fund I s Kroger/Safeway Portfolio for $14.6 million. The Company s share of the sales proceeds amounted to $8.1 million.

PROPERTY REDEVELOPMENT AND EXPANSION

Our redevelopment program focuses on selecting well-located neighborhood and community shopping centers within our Core Portfolio and creating significant value through re-tenanting and property redevelopment.

COMPETITION

There are numerous entities that compete with us in seeking properties for acquisition and tenants that will lease space in our properties. Our competitors include other REIT s, financial institutions, insurance companies, pension funds, private companies and individuals. Our properties compete for tenants with similar properties primarily on the basis of location, total occupancy costs (including base rent and operating expenses) and the design and condition of the improvements.

FINANCIAL INFORMATION ABOUT MARKET SEGMENTS

We have four reportable segments: Core Portfolio, Opportunity Funds, Self Storage Portfolio, and Other. During 2008, we acquired a portfolio of self storage properties and determined that it constitutes a new reportable segment. Other primarily consists of management fees, interest income, preferred equity investment and notes receivable. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. We evaluate property performance primarily based on net operating income before depreciation, amortization and certain nonrecurring items. Investments in our Core Portfolio are typically held long-term. Given the contemplated finite life of our Opportunity Funds, these investments are typically held for shorter terms. Fees earned by us as general partner/member of the Opportunity Funds are eliminated in our Consolidated Financial Statements. See Note 3 to our Consolidated Financial Statements, which begin on page F-1 of this Form 10-K for information regarding, among other things, revenues from external customers, a measure of profit and loss and total assets with respect to each of our segments.

CORPORATE HEADQUARTERS AND EMPLOYEES

Our executive offices are located at 1311 Mamaroneck Avenue, Suite 260, White Plains, New York 10605, and our telephone number is (914) 288-8100. As of December 31, 2008, we had 135 employees, of which 108 were located at our executive office and 27 were located at regional property management offices. None of our employees are covered by collective bargaining agreements. Management believes that its relationship with employees is good.

COMPANY WEBSITE

All of our filings with the Securities and Exchange Commission, including our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, are available free of charge at our website at www.acadiarealty.com, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. These filings can also be accessed through the Securities and Exchange Commission s website at www.sec.gov. Alternatively, we will provide paper copies of our filings free of charge upon request. If you wish to receive a copy of the Form 10-K, you may contact Robert Masters, Corporate Secretary at Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, NY 10605. You may also call (914) 288-8100 to request a copy of the Form 10-K. Information included or referred to on our website is not incorporated by reference in or otherwise a part of this Form 10-K.

CODE OF ETHICS AND WHISTLEBLOWER POLICIES

The Board of Trustees adopted a Code of Ethics for Senior Financial Officers that applies to our Chief Executive Officer, Senior Vice President-Chief Financial Officer, Senior Vice President-Chief Accounting Officer, Vice

President-Controller, Vice President- Financial Reporting, Director of Taxation and Assistant Controllers. The Board also adopted a Code of Business Conduct and Ethics applicable to all employees, as well as a Whistleblower Policy . Copies of these documents are available in the Investor Information section of our website.

ITEM 1A. RISK FACTORS.

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

We rely on revenues derived from major tenants.

We derive significant revenues from certain anchor tenants that occupy space in more than one center. We could be adversely affected in the event of the bankruptcy or insolvency of, or a downturn in the business of, any of our major tenants, or in the event that any such tenant does not renew its leases as they expire or renews at lower rental rates. Vacated anchor space not only would reduce rental revenues if not re-tenanted at the same rental rates but also could adversely affect the entire shopping center because of the loss of the departed anchor tenant s customer drawing power. Loss of customer drawing power also can occur through the exercise of the right that most anchors have to vacate and prevent re-tenanting by paying rent for the balance of the lease term, or the departure of a shadow anchor tenant that owns its own property. In addition, in the event that certain major tenants cease to occupy a property, such an action may result in a significant number of other tenants having the right to terminate their leases, or pay a reduced rent based on a percentage of the tenant s sales, at the affected property, which could adversely affect the future income from such property. See Item 2. Properties Major Tenants for quantified information with respect the percentage of our minimum rents received from major tenants.

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

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

The current global financial crisis may cause us to lose tenants and may impair our ability to borrow money to purchase properties, refinance existing debt or obtain the necessary financing to complete our current redevelopment.

Our operations and performance depend on general economic conditions. The U.S. economy has recently experienced a financial downturn, with consumer spending on the decline, credit tightening and unemployment rising. Many financial and economic analysts are predicting that the world economy has entered a prolonged economic downturn characterized by high unemployment, limited availability of credit and decreased consumer and business spending. This economic downturn is expected to adversely affect the businesses of many of our tenants. We and the Opportunity Funds may experience higher vacancy rates as well as delays in re-leasing vacant space.

The current downturn has had, and may continue to have, an unprecedented impact on the global credit markets. In general, credit is currently difficult to obtain. While we currently believe we have adequate sources of liquidity, there can be no assurance that we will be able to obtain mortgage loans to purchase additional properties, obtain financing to complete current redevelopment projects, or successfully refinance our properties as loans become due. To the extent that the availability of credit continues to be limited, it will also adversely impact our preferred equity and mezzanine investments as counterparties may not be able to obtain the financing required to repay the loans upon maturity. Additionally, if the current market conditions continue, it will make it more difficult for us to raise capital through the issuance of equity or debt securities.

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

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

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

Since January 1, 2006, there have been four significant tenant bankruptcies within our portfolio:

On December 11, 2008, KB Toys (KB) filed for protection under Chapter 11 Bankruptcy. KB operated in two locations in our Core Portfolio, totaling approximately 12,000 square feet. Rental revenues from KB at these locations aggregated $0.3 million for each of the years ended December 31, 2008, 2007 and 2006, respectively. KB has filed a Motion to Reject the lease at the two locations and a hearing on the matter is scheduled for March 10, 2009.

On November 10, 2008, Circuit City Stores Inc. (Circuit City) filed for protection under Chapter 11 Bankruptcy. Circuit City operated at two of our Core Portfolio locations totaling approximately 59,278 square feet. Rental revenues from Circuit City at these locations totaled $1.0 million, $0.7 million and $0.5 million for the years ended December 31, 2008, 2007 and 2006 respectively. Circuit City has rejected one lease and has neither assumed nor rejected one lease. In addition, Circuit City executed a lease at a property owned by Acadia-P/A Holding Company. Circuit City has rejected that lease. On January 16, 2009, Circuit City announced that it will seek Bankruptcy Court approval to liquidate the assets of the Company.

On September 27, 2007, the Bombay Company, Inc. (Bombay) filed for protection under Chapter 11 Bankruptcy. Bombay operated in one of our Core Portfolio locations, leasing 8,965 square feet. Rental revenues from Bombay totaled $0.04 million, $0.2 million and $0.2 million for the years ended December 31, 2008, 2007 and 2006, respectively. Bombay has rejected the lease at this location.

On June 11, 2007, Tweeter Home Entertainment Group, Inc. (Tweeter 1) filed for protection under Chapter 11 Bankruptcy. Tweeter is operating in one of our Core Portfolio locations, leasing 12,799 square feet. Rental revenues from Tweeter totaled $0.3 million, $0.3 million and $0.4 million for the years ended December 31, 2008, 2007 and 2006, respectively. A new entity, Tweeter Newco, LLC, and its operating subsidiary, Tweeter Opco, LLC, (Tweeter 2) assumed the lease. On November 5, 2008, Tweeter 2 filed for protection under Chapter 11 Bankruptcy, which was subsequently converted to a Chapter 7 Bankruptcy. Tweeter 2 has rejected the lease.

In addition, through our investment in Mervyns I and Mervyns II, as discussed in Item 1 under Property Acquisitions of this Form 10-K, we leased space to the Mervyns Department Store chain which declared bankruptcy and rejected the leases. This could adversely effect the Operating Partnership s revenues by less than $0.5 million.

There are risks relating to investments in real estate.

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

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

Equity investments in real estate are relatively illiquid and, therefore, our ability to change our portfolio promptly in response to changed conditions will be limited. Our board of trustees may establish investment criteria or limitations as it deems appropriate, but currently does not limit the number of properties in which we may seek to invest or on the concentration of investments in any one geographic region. We could change our investment, disposition and financing policies without a vote of our shareholders.

We could become highly leveraged, resulting in increased risk of default on our obligations and in an increase in debt service requirements, which could adversely affect our financial condition and results of operations and our ability to pay distributions.

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

Our loan agreements contain customary representations, covenants and events of default. Certain loan agreements require us to comply with certain affirmative and negative covenants, including the maintenance of certain debt service coverage and leverage ratios.

Interest expense on our variable debt as of December 31, 2008 would increase by $2.5 million annually for a 100 basis point increase in interest rates. We may seek additional variable-rate financing if and when pricing and other commercial and financial terms warrant. As such, we 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.

We enter into interest-rate hedging transactions, including interest rate swaps and cap agreements, with counterparties. There can be no guarantee that the financial condition of these counterparties will enable them to fulfill their obligations under these agreements.

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

There are numerous commercial developers, real estate companies, financial institutions and other investors with greater financial resources than we have that compete with us in seeking properties for acquisition and tenants who will lease space in our properties. Our competitors include other REIT s, financial institutions, insurance companies, pension funds, private companies and individuals. This competition may result in a higher cost for properties that we wish to purchase. In addition, retailers at our properties face increasing competition from outlet malls, discount shopping clubs, Internet commerce, direct mail and telemarketing, which could (i) reduce rents payable to us; (ii) reduce our ability to attract and retain tenants at our properties; and (iii) lead to increased vacancy rates at our properties.

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

Our performance depends on the economic conditions in markets in which our properties are concentrated. We have significant exposure to the greater New York region, from which we derive 34% of the annual base rents within our Core Portfolio. Our operating results could be adversely affected if market conditions, such as an oversupply of space or a reduction in demand for real estate, in this area become more competitive relative to other geographic areas.

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

We have pursued extensive growth opportunities. This expansion has placed significant demands on our operational, administrative and financial resources. The continued growth of our real estate portfolio can be expected to continue to place a significant strain on our resources. Our future performance will depend in part on our ability to successfully attract and retain qualified management personnel to manage the growth and operations of our business and to finance such acquisitions. In addition, acquired properties may fail to operate at expected levels due to the numerous factors that may affect the value of real estate. There can be no assurance that we will have sufficient resources to identify and manage acquired properties or otherwise be able to maintain our historic rate of growth.

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

Our earnings growth strategy is based on the acquisition and development of additional properties, including acquisitions through co-investment programs such as our Opportunity Funds. In the context of our business plan, redevelopment generally means an expansion or renovation of an existing property. The consummation of any future acquisitions will be subject to satisfactory completion of our extensive valuation analysis and due diligence review and to the negotiation of definitive documentation. We cannot be sure that we will be able to implement our strategy because we may have difficulty finding new properties, negotiating with new or existing tenants or securing acceptable financing.

Acquisitions of additional properties entail the risk that investments will fail to perform in accordance with expectations, including operating and leasing expectations. Redevelopment is subject to numerous risks, including risks of construction delays, cost overruns or uncontrollable events that may increase project costs, new project commencement risks such as the receipt of zoning, occupancy and other required governmental approvals and permits, and the incurrence of development costs in connection with projects that are not pursued to completion.

A component of our growth strategy is through private-equity type investments made through our RCP Venture. These include investments in operating retailers. The inability of the retailers to operate profitably would have an adverse impact on income realized from these investments.

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

Our primary property-owning vehicle is the Operating Partnership, of which we are the general partner. Our acquisition of properties through the Operating Partnership in exchange for interests in the Operating Partnership may permit certain tax deferral advantages to limited partners who contribute properties to the Operating Partnership. Since properties contributed to the Operating Partnership may have unrealized gain attributable to the difference between the fair market value and adjusted tax basis in such properties prior to contribution, the sale of such properties could cause adverse tax consequences to the limited partners who contributed such properties. Although we, as the general partner of the Operating Partnership, generally have no obligation to consider the tax consequences of our actions to any limited partner, there can be no assurance that the Operating Partnership will not acquire properties in the future subject to material restrictions designed to minimize the adverse tax consequences to the limited partners who contribute such properties. Such restrictions could result in significantly reduced flexibility to manage our assets.

Limited control over joint venture investments.

Under the terms of our Fund III joint venture, which is similar to the terms of Fund I and Fund II, we are required to first offer to Fund III all of our opportunities to acquire retail shopping centers. Only if (i) our joint venture partner elects not to approve Fund III s pursuit of an acquisition opportunity; (ii) the ownership of the acquisition opportunity by Fund III would create a material conflict of interest for us; (iii) we require the acquisition opportunity for a like-kind exchange; or (iv) the consideration payable for the

acquisition opportunity is our Common Shares, OP Units or other securities, may we pursue the opportunity directly. As a result, we may not be able to make attractive acquisitions directly and may only receive a minority interest in such acquisitions through Fund III.

Our joint venture investments, including our Opportunity Fund investments may involve risks not otherwise present for investments made solely by us, including the possibility that our joint venture partner might have different interests or goals than we do. Other risks of joint venture investments include impasse on decisions, such as a sale, because neither we nor a joint venture partner would have full control over the joint venture. Also, there is no limitation under our organizational documents as to the amount of funds that may be invested in joint ventures.

Through our investments in joint ventures we have also invested in operating businesses that have operational risk in addition to the risks associated with real estate investments, including among other risks, human capital issues, adequate supply of product and material, and merchandising issues.

During 2008, 2007 and 2006, our Fund I joint venture provided Promote income. There can be no assurance that the joint ventures will continue to operate profitably and thus provide additional Promote income in the future.

Market factors could have an adverse effect on our share price.

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

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

Our success depends on the contribution of key management members. The loss of the services of Kenneth F. Bernstein, President and Chief Executive Officer, or other key executive-level employees could have a material adverse effect on our results of operations. We have obtained key-man life insurance for Mr. Bernstein. In addition, we have entered into an employment agreement with Mr. Bernstein; however, it could be terminated by Mr. Bernstein. We have not entered into employment agreements with other key executive level employees.

Possible liability relating to environmental matters.

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

A property can also be adversely affected either through physical contamination or by virtue of an adverse effect upon value attributable to the migration of hazardous or toxic substances, or other contaminants that have or may have emanated from other properties. Although our tenants are primarily responsible for any environmental damages and claims related to the leased premises, in the event of the bankruptcy or inability of any of our tenants to satisfy any

obligations with respect to the property leased to that tenant, we may be required to satisfy such obligations. In addition, we may be held directly liable for any such damages or claims irrespective of the provisions of any lease.

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

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

Changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions may result in significant unanticipated expenditures or may otherwise adversely affect the operations of

our tenants, which could adversely affect our financial condition or results of operations.

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

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

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

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

Distribution requirements imposed by law limit our operating flexibility.

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

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

We believe that we have consistently met the requirements for qualification as a REIT for federal income tax purposes beginning with our taxable year ended December 31, 1993, and we intend to continue to meet these requirements in the future. However, qualification as a REIT involves the application of highly technical and complex provisions of the Internal Revenue Code, for which there are only limited judicial or administrative interpretations. No assurance

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

Limits on ownership of our capital shares.

For the Company to qualify as a REIT for federal income tax purposes, among other requirements, not more than 50% of the value of our capital shares may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) during the last half of each taxable year after 1993, and such capital shares must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year (in

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each case, other than the first such year). Our Declaration of Trust includes certain restrictions regarding transfers of our capital shares and ownership limits that are intended to assist us in satisfying these limitations. These restrictions and limits may not be adequate in all cases, however, to prevent the transfer of our capital shares in violation of the ownership limitations. The ownership limit discussed above may have the effect of delaying, deferring or preventing someone from taking control of us.

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

Concentration of ownership by certain investors.

Eight institutional shareholders own 5% or more individually, and 52.8% in the aggregate, of our Common Shares. A significant concentration of ownership may allow an investor or a group of investors to exert a greater influence over our management and affairs and may have the effect of delaying, deferring or preventing a change in control of us.

Restrictions on a potential change of control.

Our Board of Trustees is authorized by our Declaration of Trust to establish and issue one or more series of preferred shares without shareholder approval. We have not established any series of preferred shares. However, the establishment and issuance of a series of preferred shares could make more difficult a change of control of us that could be in the best interest of the shareholders.

In addition, we have entered into an employment agreement with our Chief Executive Officer and severance agreements are in place with our senior vice presidents which provide that, upon the occurrence of a change in control of us and either the termination of their employment without cause (as defined) or their resignation for good reason (as defined), those executive officers would be entitled to certain termination or severance payments made by us (which may include a lump sum payment equal to defined percentages of annual salary and prior years   average bonuses, paid in accordance with the terms and conditions of the respective agreement), which could deter a change of control of us that could be in our best interest.

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES.

SHOPPING CENTER PROPERTIES

The discussion and tables in this Item 2 include properties held through our Core Portfolio and our Opportunity Funds. We define our Core Portfolio as those properties either 100% owned by, or partially owned through joint venture interests by the Operating Partnership, or subsidiaries thereof, not including those properties owned through our Opportunity Funds. The discussion of the Opportunity Funds does not include Fund III s investment in a portfolio of self storage properties, which are detailed separately within this Item 2.

As of December 31, 2008, in our Core Portfolio we owned and operated 35 properties totaling approximately 5.5 million square feet of gross leasable area (GLA). The Core Portfolio properties are located in 12 states and are generally well-established, community and neighborhood shopping centers anchored by supermarkets or value-oriented retail. The properties are diverse in size, ranging from approximately 10,000 to 875,000 square feet with an average size of 158,000 square feet. As of December 31, 2008, our Core Portfolio was 93.5% occupied.

As of December 31, 2008, we owned and operated 29 properties totaling 1.4 million square feet of GLA, excluding properties under redevelopment, in our Opportunity Funds. In addition to shopping centers, the Opportunity Funds assets have invested in mixed-use

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properties, which generally include retail activities. The Opportunity Fund properties are located in 15 states. As of December 31, 2008, the properties owned by our Opportunity Funds were, in total, 93.3% occupied.

Within our Core Portfolio and Opportunity Funds, we had 502 leases as of December 31, 2008. A majority of our rental revenues were from national tenants. A majority of the income from the properties consists of rent received under long-term leases. These leases generally provide for the payment of fixed minimum rent monthly in advance and for the payment by tenants of a pro-rata share of the real estate taxes, insurance, utilities and common area maintenance of the shopping centers. Minimum rents and expense reimbursements accounted for approximately 69% of our total revenues for the year ended December 31, 2008.

As of December 31, 2008, approximately 33% of our existing leases also provided for the payment of percentage rents either in addition to, or in place of, minimum rents. These arrangements generally provide for payment to us of a certain percentage of a tenant s gross sales in excess of a stipulated annual amount. Percentage rents accounted for approximately 0.4% of the total 2008 revenues of the Company.

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

No individual property contributed in excess of 10% of our total revenues for the years ended December 31, 2008, 2007 and 2006. Reference is made to Note 8 to our Consolidated Financial Statements, which begin on page F-1 of this Form 10-K, for information on the mortgage debt pertaining to our properties. The following sets forth more specific information with respect to each of our shopping centers at December 31, 2008:

Shopping Center	Location	Year Constructed (C) Acquired (A)	Ownership Interest	GLA		Occupancy (1) % 12/31/08		Anchor Tenants Current Lease Expiration/ Lease Option Expiration
Core Portfolio								
New York Region								
Connecticut								
239 Greenwich Avenue	Greenwich	1998 (A)	Fee	16,834	(3)	100	%	Restoration Hardware 2014/2024 Coach 2016/2021
New Jersey								
Elmwood Park Shopping Center	Elmwood Park	1998 (A)	Fee	149,491		100	%	A&P 2017/2052 Walgreen s 2022/2062
A&P Shopping Plaza	Boonton	2006 (A)	Fee	62,908		100	%	A&P 2024/2069
New York								
Village Commons Shopping Center	Smithtown	1998 (A)	Fee	87,237		87	%	
Branch Shopping Plaza	Smithtown	1998 (A)	LI (4)	125,751		100	%	A&P 2013/2028 CVS 2010/--

Amboy Road	Staten Island	2005 (A)	LI (4)	63,290	100 %	King Kullen 2028/ Duane Reade 2013/2018
Bartow Avenue	Bronx	2005 (C)	Fee	14,676	76 %	
Pacesetter Park Shopping Center	Pomona	1999 (A)	Fee	96,434	93 %	Stop & Shop 2020/2040
2914 Third Avenue	Bronx	2006 (A)	Fee	42,400	100 %	Dr. J s 2021/
West Shore Expressway	Staten Island	2007 (A)	Fee	55,000	100 %	LA Fitness 2021/
West 54th Street	Manhattan	2007 (A)	Fee	9,995	97 %	Stage Deli 2013/
East 17th Street	Manhattan	2008 (A)	Fee	19,622	100 %	Barnes & Noble 2011/2016
Crossroads Shopping Center	White Plains	1998 (A)	JV (7)	310,714	96 %	A&P/Waldbaum s 2012/2032 Kmart 2012/2032 B. Dalton 2012/2022 Modell s 2009/2019 Pier 1 2012/ Home Goods 2018/2033
Total New York Region				1,054,352	97 %	

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Shopping Center	Location	Year Constructed (C) Acquired (A)	Ownership Interest	GLA		Occupancy (1) % 12/31/08		Anchor Tenants Current Lease Expiration/ Lease Option Expiration
Core Portfolio, continued								
New England								
Connecticut								
Town Line Plaza	Rocky Hill	1998 (A)	Fee	206,346	(2)	100	%	Stop & Shop 2024/2064 Wal-Mart(2)
Massachusetts								
Methuen Shopping Center	Methuen	1998 (A)	LI/Fee (4)	130,021		100	%	Demoulas Market 2010/2015 Wal-Mart 2012/2052
Crescent Plaza	Brockton	1984 (A)	Fee	218,141		95	%	Supervalu 2012/2042 Home Depot 2021/2056
New York								
New Loudon Center	Latham	1982 (A)	Fee	255,826		100	%	Price Chopper 2015/2035 Marshall s 2014/2029 Bon Ton 2014/2034 Raymour and Flanigan 2019/2034 AC Moore 2009/2024
Rhode Island								
Walnut Hill Plaza	Woonsocket	1998 (A)	Fee	284,717		95	%	Supervalu 2013/2028 Sears 2013/2033 CVS 2009/2014
Vermont								
The Gateway Shopping Center	South Burlington	1999 (A)	Fee	101,784		96	%	Supervalu 2024/2053
Total New England Region				1,196,835		98	%	
Midwest								
Illinois								
Hobson West Plaza	Naperville	1998 (A)	Fee	99,138		97	%	Garden Fresh Markets 2012/2032
Clark Diversey	Chicago	2006 (A)	Fee	19,265		100	%	
Indiana								
Merrillville Plaza	Merrillville	1998 (A)	Fee	235,167		95	%	TJ Maxx 2009/ JC Penney 2013/2018

						Office Max 2013/2028 K&G 2017/2027 Pier 1 2009/ David s Bridal 2010/2020
Michigan						
Bloomfield Town Square	Bloomfield Hills	1998 (A)	Fee	232,181	87 %	TJ Maxx 2009/2014 Marshalls 2011/2026 Home Goods 2010/2020 Office Max 2010/2025
Ohio						
Mad River Station	Dayton	1999 (A)	Fee	155,840 (6)	82 %	Babies R Us 2010/2020 Office Depot 2010/ Pier 1 2010/
Total Midwest Region				741,591	90 %	

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Shopping Center	Location	Year Constructed (C) Acquired (A)	Ownership Interest	GLA	Occupancy (1) % 12/31/08		Anchor Tenants Current Lease Expiration/ Lease Option Expiration
Core Portfolio, continued							
Mid-Atlantic							
New Jersey							
Marketplace of Absecon	Absecon	1998 (A)	Fee	104,718	99	%	Rite Aid 2020/2040 Supervalu 2015/
Ledgewood Mall	Ledgewood	1983 (A)	Fee	517,151	81	%	Wal-Mart 2019/2049 Macy s 2010/2025 The Sports Authority 2012/2037 Marshalls 2014/2034 Ashley Furniture 2010/2020 Barnes and Noble 2010/2035
Delaware							
Brandywine Town Center	Wilmington	2003(A)	JV (9)	874,908	97	%	Drexel Heritage 2016/2026 Michaels 2011/2026 Old Navy (The Gap) 2011/2016 PetSmart 2017/2042 Thomasville Furniture 2011/2021 Access Group 2015/2025 Bed, Bath & Beyond 2014/2029 Dick s Sporting Goods 2013/2028 Lowe s Home Centers 2018/2048 Regal Cinemas 2017/2037 Target 2018/2058 TransUnion Settlement 2013/2018 Lane Home Furnishings 2015/ MJM Designer 2015/2035

							World Market 2015/ Christmas Tree Shops 2028/2048
Market Square Shopping Center	Wilmington	2003(A)	JV (9)	102,786	93	%	TJ Maxx 2011/2016 Trader Joe s 2019/2034
Naamans Road	Wilmington	2006 (C)	LI/JV (4) (9)	19,970	55	%	
Pennsylvania							
Blackman Plaza	Wilkes-Barre	1968 (C)	Fee	125,264	93	%	Kmart 2009/2049
Mark Plaza	Edwardsville	1968 (C)	LI/Fee (4)	216,401	86	%	Rite Aid 2016/ Redner s Markets 2018/2028 Kmart 2009/2049
Plaza 422	Lebanon	1972 (C)	Fee	156,279	92	%	Home Depot 2028/2058 Dunham s 2016/2031
Route 6 Mall	Honesdale	1994 (C)	Fee	175,519	100	%	Kmart 2020/2070
Chestnut Hill	Philadelphia	2006 (A)	Fee (10)	40,570	100	%	Rite Aid 2011/2026 Fashion Bug 2016/ Borders 2010/2020
Abington Towne Center	Abington	1998 (A)	Fee	216,358 (5)	99	%	Express 2009/ TJ Maxx 2010/2020 Target (5)
Total Mid-Atlantic Region				2,549,924	94	%	
Total Core Properties				5,542,702	94	%	

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Shopping Center	Location	Year Constructed (C) Acquired (A)	Ownership Interest	GLA	Occupancy (1) % 12/31/08	Anchor Tenants Current Lease Expiration/ Lease Option Expiration
Opportunity Fund Portfolio						
Fund I Properties						
Ohio						
Granville Centre	Columbus	2002(A)	Fee	134,997	38 %	Lifestyle Family Fitness 2017/2027
New York						
Tarrytown Shopping Center	Westchester	2004 (A)	Fee	35,291	90 %	Walgreen s 2080/
VARIOUS REGIONS						
Kroger/Safeway Portfolio	Various	2003 (A)	JV	987,100	100 %	24 Kroger/Safeway Supermarkets 2009/various
Total Fund I Properties				1,157,388	92 %	
Fund II Properties						
Illinois						
Oakbrook	Oakbrook	2005 (A)	LI (4)	112,000	100 %	Neiman Marcus 2011/2036
New York						
Liberty Avenue	New York	2005 (A)	JV/LI (4)	26,125	82 %	CVS 2032/2052
216th Street	New York	2005 (A)	JV	60,000	100 %	City of New York 2027/2042
Total Fund II Properties				198,125	98 %	
Total Opportunity Fund Operating Properties				1,355,513	93 %	
Properties under Redevelopment						

Fund I:							
Sterling Heights Shopping Center	Detroit	2004(A)	JV (8)	154,835	61	%	Burlington Coat Factory 2024/ Rite-Aid 2026/2046
Fund II:							
161st Street	Bronx	2005(A)	JV (8)	223,521	87	%	City of New York 2011/
Fordham Place	Bronx	2004(A)	JV				Best Buy 2019/2039 Sears 2023/2033 Walgreens 2048/ 24 Hour Fitness 2023/2038 Bank of America 2019/2029
Pelham Manor Shopping Plaza	Westchester	2004(A)	LI/JV(4)				BJ s Wholesale Club 2033/2053 Michaels 2013/2033
Sherman Plaza	New York	2005(A)	JV				
CityPoint	Brooklyn	2007(A)	JV				Target
Atlantic Ave	Brooklyn	2007(A)	JV				
Canarsie Plaza	Brooklyn	2007(A)	JV				
Fund III:							
Westport	Westport	2007(A)	JV				
Sheepshead Bay	Brooklyn	2007(A)	JV				
Total Redevelopment Properties				378,356	76	%	

Notes:

(1) Does not include space leased for which rent had not yet commenced as of December 31, 2008.
(2) Includes a 97,300 square foot Wal-Mart which is not owned by us.
(3) In addition to the 16,834 square feet of retail GLA, this property also has 21 apartments comprising 14,434 square feet.
(4) We are a ground lessee under a long-term ground lease.
(5) Includes a 157,616 square foot Target Store that is not owned by us.
(6) The GLA for this property includes 28,205 square feet of office space.
(7) We have a 49% investment in this property.

(8) Partially operating.
(9) We have a 22% investment in this property.
(10) Property consists of two buildings.

MAJOR TENANTS

No individual retail tenant accounted for more than 6.4% of minimum rents for the year ended December 31, 2008 or occupied more than 8.7% of total leased GLA as of December 31, 2008. The following table sets forth certain information for the 20 largest retail tenants based upon minimum rents in place as of December 31, 2008. The amounts below include our pro-rata share of GLA and annualized base rent for the Operating Partnership s partial ownership interest in properties, including the Opportunity Funds (GLA and rent in thousands):

Retail Tenant	Number of Stores in Portfolio	Total GLA	Annualized Base Rent [1]	Percentage of Total Represented by Retail Tenant: Total Portfolio GLA [2]	Percentage of Total Represented by Retail Tenant: Annualized Base Rent [2]
A&P (Waldbaum s, Pathmark)	5	216	$3,861	4.3 %	6.4 %
Supervalu (Shaw s)	4	221	3,049	4.4 %	5.0 %
TJX Companies (T.J. Maxx, Marshalls, Homegoods)	9	250	2,110	5.0 %	3.5 %
Sears (Sears, Kmart)	5	440	1,633	8.7 %	2.7 %
Wal-Mart	2	210	1,515	4.2 %	2.5 %
Stage Deli	1	4	1,350	0.1 %	2.2 %
Ahold (Stop & Shop)	2	118	1,320	2.3 %	2.2 %
Kroger	12	156	1,254	3.1 %	2.1 %
Safeway	12	124	1,251	2.5 %	2.1 %
Home Depot	2	211	1,069	4.2 %	1.8 %
Barnes & Noble	3	38	1,044	0.8 %	1.7 %
Sleepy s	5	40	848	0.8 %	1.4 %
Price Chopper	1	77	802	1.5 %	1.3 %
Restoration Hardware	1	9	781	0.2 %	1.3 %
Federated (Macy s)	1	73	651	1.5 %	1.1 %
Walgreens	2	21	614	0.4 %	1.0 %
JC Penney	1	50	545	1.0 %	0.9 %
Payless Shoesource	8	28	537	0.6 %	0.9 %
Rite Aid	3	32	512	0.6 %	0.8 %
Express	1	13	510	0.3 %	0.8 %
Total	80	2,331	$25,256	46.5 %	41.7 %

Notes:

(1) Base rents do not include percentage rents (except where noted), additional rents for property expense

reimbursements, and contractual rent escalations due after December 31, 2008.

(2) Represents total GLA and annualized base rent for our retail properties including the Operating Partnership s pro-rata share of joint venture properties, including the Opportunity Funds.

LEASE EXPIRATIONS

The following table shows scheduled lease expirations for retail tenants in place as of December 31, 2008, assuming that none of the tenants exercise renewal options. (GLA and Annualized Base Rent in thousands):

Core Portfolio:

		Annualized Base Rent (1)		GLA	
Leases maturing in	Number of Leases	Current Annual Rent	Percentage of Total	Square Feet	Percentage of Total
2009	101	$7,315	10%	616	13%
2010	65	6,236	9%	515	10%
2011	52	6,788	9%	354	7%
2012	52	6,649	9%	564	11%
2013	55	8,268	12%	519	11%
2014	23	4,720	7%	288	6%
2015	23	5,726	8%	336	7%
2016	11	1,860	3%	114	2%
2017	20	4,773	7%	212	4%
2018	25	7,201	10%	410	8%
Thereafter	35	12,296	16%	1,032	21%
Total	462	$71,832	100%	4,960	100%

Opportunity Funds:

		Annualized Base Rent (1)		GLA	
Leases maturing in	Number of Leases	Current Annual Rent	Percentage of Total	Square Feet	Percentae of Total
2009	30	$8,995	46%	1,007	65%
2010	1	84	0%	3	0%
2011	8	4,826	24%	278	18%
2012	5	635	3%	30	2%
2013	1	168	1%	4	0%
2014	2	145	1%	4	0%
2015			0%		0%
2016			0%		0%
2017	1	450	2%	35	2%

2018	2	78	0	%	4	0 %
Thereafter	8	4,330	23	%	188	13 %
Total	58	$19,711	100	%	1,553	100 %

Note:

(1) Base rents do not include percentage rents, additional rents for property expense reimbursements, nor contractual rent escalations due after December 31, 2008.

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GEOGRAPHIC CONCENTRATIONS

The following table summarizes our retail properties by region as of December 31, 2008. (GLA and Annualized Base Rent in thousands):

Region	GLA (1)	Occupied % (2)	Annualized Base Rent (2)	Annualized Base Rent per Occupied Square Foot	Percentage of Total Represented by Region: GLA	Percentage of Total Represented by Region: Annualized Base Rent
Core Properties:						
New York Region	1,054	97 %	$ 26,159	$ 25.67	19 %	36 %
New England	1,197	98 %	10,225	9.56	22 %	14 %
Midwest	742	90 %	8,964	13.44	13 %	13 %
Mid-Atlantic	2,549	92 %	26,484	12.06	46 %	37 %
Total core properties	5,542	94 %	$ 71,832	$ 14.51	100 %	100 %
Opportunity Funds:						
Operating Properties:						
Midwest (3)	247	66 %	$ 1,438	$ 8.82	18 %	10 %
New York Region (4)	121	93 %	4,324	38.15	9 %	30 %
Various (Kroger/Safeway Portfolio) (5)	987	100 %	8,843	8.96	73 %	60 %
Total Opportunity Fund operating properties	1,355	93 %	$ 14,605	$ 11.56	100 %	100 %
Redevelopment Properties:						
Midwest (6)	155	61 %	$ 575	$ 6.08	41 %	11 %
New York Region (7)	224	87 %	4,531	23.27	59 %	89 %
Total Opportunity Fund redevelopment properties	379	76 %	$ 5,106	$ 17.65	100 %	100 %

Notes:

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

(2) The above occupancy and rent amounts do not include space that is currently leased, but for which payment of rent had not commenced as of December 31, 2008.

(3) We have a 37.78% interest in future earnings and distributions from Fund I, which owns one property, and a 20% interest in Fund II, which owns one property.

(4) We have a 37.78% interest in future earnings and distributions from Fund I, which owns one property, and a 20% interest in Fund II, which has a 98.76% interest in two properties.

(5) Fund I portfolio of 24 triple-net, anchor-only leases with Kroger and Safeway supermarkets.
(6) We have a 37.78% interest in future earnings and distributions from Fund I, which has a 50% interest in one property.
(7) We have a 20% interest in Fund II, which has a 98.76% interest in one property.

STORAGE POST PORTFOLIO

During February 2008, through Fund III, we acquired a 95% controlling interest in a portfolio of eleven self-storage properties from Storage Post s existing institutional investors for approximately $174.0 million. The Portfolio totals 920,596 net rentable square feet, of which ten properties are operating at various stages of stabilization. The remaining property is currently under construction. The properties are located throughout New York and New Jersey. The portfolio continues to be operated by Storage Post, which is a 5% equity partner.

Operating Properties	Location	Net Rentable Square Feet	Occupancy as of December 31, 2008
Stabilized			
New Rochelle	Westchester, New York	42,182	
Suffern	Suffern, New York	79,000	
Yonkers	Westchester, New York	100,811	
Jersey City	Jersey City, New Jersey	76,695	
Subtotal Stabilized		298,688	84.7 %
Currently in Lease-up			
Bruckner Blvd	Bronx, New York	90,129	
Fordham Road	Bronx, New York	84,405	
Webster Ave	Bronx, New York	36,931	
Lawrence	Lawrence, New York	97,743	
Long Island City	Queens, New York	138,765	
Linden	Linden, New Jersey	84,035	
Subtotal in Lease-up		532,008	67.8 %
Total Operating Properties		830,696	73.9 %
Currently under development			
Ridgewood	Queens, New York	89,900	
Total Storage Post Portfolio		920,596	

KROGER/SAFEWAY PORTFOLIO

As of December 31, 2008, Fund I, together with an unaffiliated joint venture partner (Kroger/Safeway JV), that owned interests, through master leases with an unaffiliated entity (Master Lessee), in 24 triple-net Kroger and Safeway supermarket leases (Operating Leases) aggregating approximately 1.0 million square feet. The master leases, one for the Kroger and one for the Safeway locations, expire in 2011 with the Master Lessee having the option of extending the term of either or both of the master leases. The Kroger/Safeway JV acquired its interest subject to long-term ground leases, which have a term in excess of 80 years inclusive of multiple renewal options. Although there is no

obligation for the Kroger/Safeway JV to pay ground rent during the initial term of the master lease, to the extent it exercises an option to renew a ground lease for a property thereafter, it will be obligated to pay an average ground rent of approximately $2.00 per square foot**.**

The initial Operating Leases expire during 2009. Options on these leases provide for extensions through 2049 at an average rent of approximately $5.00 per square foot upon the commencement of the initial option period during 2009.

The Kroger Co. purchased six of these locations comprising 277,700 square feet, or 28% of the portfolio, during February of 2009 for $14.6 million, resulting in a gain of approximately $4.5 million.

Following these sales, there are six Kroger and twelve Safeway locations in eleven states averaging approximately 39,000 square feet at rents ranging from approximately $3.90 to $7.00 per square foot.

ITEM 3. LEGAL PROCEEDINGS.

We are involved in other various matters of litigation arising in the normal course of business. While we are unable to predict with any certainty the amounts involved, management is of the opinion that, when such litigation is resolved, our resulting net liability, if any, will not have a significant effect on our consolidated financial position or results of operations.

In September 2008, we, and certain of our subsidiaries, and other unrelated entities were named as defendants in an adversary proceeding brought by Mervyn s LLC (Mervyns) in the United States Bankruptcy Court for the District of Delaware. In an Amended Complaint filed December 22, 2008, Mervyns asserts claims of fraudulent transfer and breach of fiduciary duty against the defendants based upon payments made by Mervyns in September 2004, in connection with its acquisition by an entity controlled by certain of the defendants. Mervyns seeks to recover from the defendants these allegedly fraudulent transfers, other unspecified damages, and attorney s fees. The defendants response to the Amended Complaint is due April 3, 2009. We believe that we have meritorious defenses in connection with this action and that the ultimate resolution will not have a material adverse effect on our results of operations or consolidated financial condition.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS:

No matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the fourth quarter of 2008.

PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCK MATTERS AND ISSUER

PURCHASES OF EQUITY SECURITIES.

(a) Market Information

The following table shows, for the period indicated, the high and low sales price for our Common Shares as reported on the New York Stock Exchange, and cash dividends declared during the two years ended December 31, 2008 and 2007:

Quarter Ended	High	Low	Dividend Per Share
2008			
March 31, 2008	$26.09	$21.17	$0.2100
June 30, 2008	26.78	22.54	0.2100
September 30, 2008	26.14	21.38	0.2100
December 31, 2008	25.23	9.04	0.7600
2007			
March 31, 2007	$28.14	$24.12	$0.2000
June 30, 2007	28.75	25.43	0.2000
September 30, 2007	27.93	21.19	0.2000
December 31, 2007	29.00	24.03	0.4325

At February 27, 2009, there were 337 holders of record of our Common Shares.

(b) Dividends

We have determined that for income tax purposes that the composition of dividends for 2008 are as follows. 54% of the total dividends distributed to shareholders represented ordinary income, 20% represented unrecaptured Section 1250 gain and 26% represented Section 1231 gain. Our cash flow is affected by a number of factors, including the revenues received from rental properties, our operating expenses, the interest expense on our borrowings, the ability of lessees to meet their obligations to us and unanticipated capital expenditures. Future dividends paid by us will be at the discretion of the Trustees and will depend on our actual cash flows, our financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Code and such other factors as the Trustees deem relevant. In addition, we have the ability to pay dividends in cash, Common Shares or in any combination of cash and Common Shares.

(c) Issuer purchases of equity securities

We have an existing share repurchase program that authorizes management, at its discretion, to repurchase up to $20.0 million of our outstanding Common Shares. The program may be discontinued or extended at any time and there is no assurance that we will purchase the full amount authorized. There were no Common Shares repurchased by us during the fiscal year ended December 31, 2008.

During November and December 2008, we purchased $8.0 million in principal amount of our outstanding 3.75% convertible notes (the Notes) payable at a discount of approximately 24%. The following sets forth the amount

purchased during the quarter ended December 31, 2008:

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit) (1)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
October 1, 2008 October 31, 2008	None		None	None
November 1, 2008 November 30, 2008	$2,000,000 in principal amount	$771.250 for each $1,000 principal amount of notes	None	None
December 1, 2008 December 31, 2008	$6,000,000 in principal amount	$750.00 for each $1,000 principal amount of notes	None	None

(1) At the time of purchase, the Notes had a conversion rate of 32.7310 Common Shares for each $1,000 in principal amount of the Notes, representing a conversion price of approximately $30.55 per share.

During January 2009, we purchased an additional $13.5 million in principal amount of the Notes at a discount of approximately 24%.

(d) Securities authorized for issuance under equity compensation plans

The following table provides information related to our 1999 Share Incentive Plan (the 1999 Plan), 2003 Share Incentive Plan (the 2003 Plan) and the 2006 Share Incentive Plan (the 2006 Plan) as of December 31, 2008:

Equity Compensation Plan Information

	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	**(b)** Weighted - average exercise price of outstanding options, warrants and rights	**(c)** Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column a)
Equity compensation plans approved by security holders	421,244	$ 10.65	407,207 (1)
Equity compensation plans not approved by security holders			
Total	421,244	$ 10.65	407,207 (1)

Notes:

(1) The 1999 Plan authorizes the issuance of options equal to up to 8% of the total Common Shares outstanding from time to time on a fully diluted basis. However, not more than 4,000,000 of the Common Shares in the aggregate may be issued pursuant to the exercise of options and no participant may receive more than 5,000,000 Common Shares during the term of the 1999 Plan. The 2003 Plan authorizes the issuance of options equal to up to 4% of the total Common Shares outstanding from time to time on a fully diluted basis. However, no participant may receive more than 1,000,000 Common Shares during the term of the 2003 Plan. The 2006 Plan authorizes the issuance of a maximum number of 500,000 Common Shares. No participant may receive more than 500,000 Common Shares during the term of the 2006 Plan.

Remaining Common Shares available is as follows:

Outstanding Common Shares as of December 31, 2008	32,357,530
Outstanding OP Units as of December 31, 2008	647,656
Total Outstanding Common Shares and OP Units	33,005,186
12% of Common Shares and OP Units pursuant to the 1999 and 2003 Plans	3,960,622
Common Shares pursuant to the 2006 Plan	500,000

Total Common Shares available under equity compensation plans	4,460,622
Less: Issuance of Restricted Shares and LTIP Units Granted	(1,274,835)
Issuance of Options Granted	(2,778,580)
Number of Common Shares remaining available	407,207

(e) Share Price Performance Graph (1)

The following graph compares the cumulative total shareholder return for our Common Shares for the period commencing December 31, 2003 through December 31, 2008 with the cumulative total return on the Russell 2000 Index (Russell 2000), the NAREIT All Equity REIT Index (the NAREIT) and the SNL Shopping Center REITs (the SNL) over the same period. Total return values for the Russell 2000, the NAREIT, the SNL and the Common Shares were calculated based upon cumulative total return assuming the investment of $100.00 in each of the Russell 2000, the NAREIT, the SNL and our Common Shares on December 31, 2003, and assuming reinvestment of dividends. The shareholder return as set forth in the table below is not necessarily indicative of future performance.

Comparison of 5 Year Cumulative Total Return among Acadia Realty Trust, the Russell 2000, the NAREIT and the SNL:

	Period Ended					
Index	**12/31/03**	**12/31/04**	**12/31/05**	**12/31/06**	**12/31/07**	**12/31/08**
Acadia Realty Trust	100.00	136.33	174.41	224.54	239.04	144.75
Russell 2000	100.00	118.33	123.72	146.44	144.15	95.44
NAREIT All Equity REIT Index	100.00	131.58	147.58	199.32	168.05	104.65
SNL REIT Retail Shopping Ctr Index	100.00	135.86	148.26	199.56	164.30	98.92

(1) The information is this section is not soliciting material, is not deemed filed with the SEC, and is not to be incorporated by reference into any filing of the Trust under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth, on a historical basis, our selected financial data. This information should be read in conjunction with our audited Consolidated Financial Statements and Management s Discussion and Analysis of Financial Condition and Results of Operations appearing elsewhere in this Form 10-K. Funds from operations (FFO) amounts for the year ended December 31, 2008 have been adjusted as set forth in Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Reconciliation of Net Income to Funds from Operations and Adjusted Funds From Operations.

	Years ended December 31,				
(dollars in thousands except per share amounts)	**2008**	**2007**	**2006**	**2005**	**2004**
OPERATING DATA:					
Revenues	$140,739	$98,022	$92,232	$90,481	$76,829
Operating expenses	61,641	46,608	40,810	36,618	31,268
Interest expense	26,890	22,775	20,134	16,555	14,245
Depreciation and amortization	34,964	26,892	24,729	24,086	20,973
Gain on sale of land	763				
Equity in earnings of unconsolidated partnerships	19,906	6,619	2,559	21,280	513
Impairment of notes receivable	(4,392)				
Gain on extinguishment of debt	1,958				
Minority interest	(12,217)	9,082	5,242	(13,928)	(1,444)
Income tax provision (benefit)	3,362	297	(508)	2,140	
Income from continuing operations	19,900	17,151	14,868	18,434	9,412
Income from discontinued operations	7,648	6,442	24,145	2,192	10,173
Income from extraordinary item (1)		3,677			
Net income	$27,548	$27,270	$39,013	$20,626	$19,585
Basic earnings per share:					
Income from continuing operations	$0.59	$0.51	$0.44	$0.55	$0.31
Income from discontinued operations	0.22	0.19	0.71	0.07	0.33
Income from extraordinary item		0.11			
Basic earnings per share	$0.81	$0.81	$1.15	$0.62	$0.64
Diluted earnings per share:					
Income from continuing operations	$0.58	$0.50	$0.43	$0.55	$0.30
Income from discontinued operations	0.22	0.19	0.70	0.07	0.33
Income from extraordinary item		0.11			
Diluted earnings per share	$0.80	$0.80	$1.13	$0.62	$0.63