ACADIA REALTY TRUST
Form 10-K
February 19, 2019

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018

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.)

411 Theodore Fremd Avenue, Suite 300 Rye, NY 10580

(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, $0.001 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 NO

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 NO

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

YES NO

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) 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.

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

Large Accelerated Filer Accelerated Filer Non-accelerated Filer Smaller Reporting Company

Emerging Growth Company

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

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) YES NO

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 $2,230.7 million, based on a price of $27.37 per share, the average sales price for the registrant's common shares of beneficial interest on the New York Stock Exchange on that date.

The number of shares of the registrant’s common shares of beneficial interest outstanding on February 13, 2018 was 81,703,355.

DOCUMENTS INCORPORATED BY REFERENCE

Part III – Portions of the registrant’s definitive proxy statement relating to its 2019 Annual Meeting of Shareholders presently scheduled to be held May 10, 2019 to be filed pursuant to Regulation 14A.

ACADIA REALTY TRUST AND SUBSIDIARIES

FORM 10-K

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

SPECIAL NOTE REGARDING CERTAIN REFERENCES

All references to “Notes” throughout the document refer to the notes to the consolidated financial statements of the registrant referenced in Part II, Item 8. Financial Statements.

PART I

ITEM.1. BUSINESS.
GENERAL

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

All of our assets are held by, and all of our operations are conducted through, Acadia Realty Limited Partnership (the “Operating Partnership”) and entities in which the Operating Partnership owns an interest. As of December 31, 2018, the Trust controlled 94% of the Operating Partnership as the sole general partner. As the general partner, the Trust is entitled to share, in proportion to its percentage interest, in the cash distributions and profits and losses of the Operating Partnership. The limited partners primarily represent entities or individuals that contributed their interests in certain properties or entities to the Operating Partnership in exchange for common or preferred units of limited partnership interest (“Common OP Units” or “Preferred OP Units,” respectively, and collectively, “OP Units”) and employees who have been awarded restricted Common OP Units as long-term incentive compensation (“LTIP Units”). Limited partners holding Common OP and LTIP Units are generally entitled to exchange their units on a one-for-one basis for our common shares of beneficial interest of the Trust (“Common Shares”). This structure is referred to as an umbrella partnership REIT, or “UPREIT.”

BUSINESS OBJECTIVES AND STRATEGIES

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

- Own and operate a portfolio of high-quality retail properties located primarily in high-barrier-to-entry, densely-populated metropolitan areas (“Core Portfolio”). Our goal is to create value through accretive development and re-tenanting activities within our existing portfolio and grow this platform through the acquisition of high-quality assets that have the long-term potential to outperform the asset class.
- Generate additional growth through our Funds (as defined below) in which we co-invest with high-quality institutional investors. Our Fund strategy focuses on opportunistic yet disciplined acquisitions with high inherent opportunity for the creation of additional value, execution on this opportunity and the realization of value through the sale of these assets. In connection with this strategy, we focus on:

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

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

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

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

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

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

In addition to our Core Portfolio investments in real estate assets, we have also capitalized on our expertise in the acquisition, development, leasing and management of retail real estate by establishing discretionary opportunity funds. Our Fund platform is an investment vehicle where the Operating Partnership invests, along with outside institutional investors, including, but not limited to, endowments, foundations, pension funds and investment management companies, in primarily opportunistic and value-add retail real estate. To date, we have launched five funds (“Funds”); Acadia Strategic Opportunity Fund, LP (“Fund I,” which was liquidated in 2015), Acadia Strategic Opportunity Fund II, LLC (“Fund II”), Acadia Strategic Opportunity Fund III LLC (“Fund III”), Acadia Strategic Opportunity Fund IV LLC (“Fund IV”) and Acadia Strategic Opportunity Fund V LLC (“Fund V,” and our “current fund”). Due to our level of control, we consolidate these Funds for financial reporting purposes. Fund I and Fund II have also included investments in operating companies through Acadia Mervyn Investors I, LLC (“Mervyns I”, which was liquidated in 2018), Acadia Mervyn Investors II, LLC (“Mervyns II”) and, in certain instances, directly through Fund II, all on a non-recourse basis. These investments comprise, and are referred to as, the Company's Retailer Controlled Property Venture (“RCP Venture”).

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

See Note 1 in the Notes to Consolidated Financial Statements, included in Item 8 of this Report (“Notes to Consolidated Financial Statements”), for a detailed discussion of the Funds.

Capital Strategy — Balance Sheet Focus and Access to Capital

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

During 2018, the Company revised its share repurchase program. The new share repurchase program authorizes management, at its discretion, to repurchase up to $200.0 million of its outstanding Common Shares. The program may be discontinued or extended at any time. The Company repurchased 2,294,235 shares for $55.1 million, inclusive of $0.1 million of fees, during the year ended December 31, 2018. The Company did not repurchase any shares during the years ended December 31, 2017 or 2016. As of December 31, 2018, management may repurchase up to approximately $144.9 million of the Company’s outstanding Common Shares under this program.

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

Portfolio and our pro-rata share of Fund acquisitions and for other general corporate purposes, subject to certain limitations within its corporate borrowing facilities.

During 2016, we issued 4.5 million common shares through our ATM program with gross proceeds of $157.6 million and 8.4 million common shares in our follow-on offering with gross proceeds of $302.0 million. We also issued OP Units equating to 0.9 million Common Shares in connection with the acquisition of properties. See Note 10 for further details. No such issuances were made during 2017 or 2018.

Operating Strategy — Experienced Management Team with Proven Track Record

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

Operating functions such as leasing, property management, construction, finance and legal (collectively, the “Operating Departments”) are generally provided by our personnel, providing for a vertically integrated operating platform. By incorporating the Operating Departments in the acquisition process, the Company believes that its acquisitions are appropriately evaluated giving effect to each asset’s specific risks and returns.

INVESTING ACTIVITIES

Core Portfolio

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

See Item 2. Properties for a description of the properties in our Core Portfolio.

As we typically hold our Core Portfolio properties for long-term investment, we review the portfolio and implement programs to renovate and re-tenant targeted properties to enhance their market position. This in turn is expected to strengthen the competitive position of the leasing program to attract and retain quality tenants, increasing cash flow, and consequently, property values. From time to time, we also identify certain properties for disposition and redeploy the capital for acquisitions and for the repositioning of existing properties with greater potential for capital appreciation. During 2018, there were no dispositions within the Core Portfolio.

We also make investments in first mortgages and other notes receivable collateralized by real estate, ("Structured Finance Program") either directly or through entities having an ownership interest therein. During 2018, we made investments totaling $2.8 million in this program and we exchanged a portion of our notes receivable for an additional interest in a property (Note 4). As of December 31, 2018, we had $56.5 million invested in this program. See Note 3, for a detailed discussion of our Structured Finance Program.

Funds

Acquisitions

See Note 2 and Note 4 for a detailed discussion of our consolidated and unconsolidated acquisitions, respectively.

Fund IV – During 2018, Fund IV consolidated 11 of its previously unconsolidated properties for nominal consideration.

Fund V – During 2018, Fund V acquired three consolidated properties for an aggregate purchase price of $149.0 million.

Dispositions

See Note 2 and Note 4 for a detailed discussion of our consolidated and unconsolidated dispositions, respectively.

Fund II – During 2018, Fund II sold one consolidated property for $26.0 million.

Fund IV – During 2018, Fund IV sold two consolidated properties for an aggregate of $28.5 million, sold four residential condominium units located at a consolidated property for $12.1 million, sold three unconsolidated properties for an aggregate sales price of $10.0 million and terminated its master leases at two unconsolidated properties.

Development and Redevelopment Activities

As part of our investing strategy, we invest in real estate assets that may require significant development. In addition, certain assets may require redevelopment to meet the demand of changing markets. As of December 31, 2018, there were two Fund development projects and three Core redevelopment projects. During the year ended December 31, 2018, the Company placed one Core and one Fund consolidated property into service as well as one unconsolidated Fund property. See Item 2. Properties—Development Activities and Note 2.

INFLATION

Our long-term leases contain provisions designed to mitigate the adverse impact of inflation on our net income. Such provisions include clauses enabling us to receive percentage rents based on tenants' gross sales, which generally increase as prices rise, and/or, in certain cases, escalation clauses, which generally increase rental rates during the terms of the leases. Such escalation clauses are often related to increases in the consumer price index or similar inflation indexes. In addition, many of our leases are for terms of less than ten years, which permits us to seek to increase rents upon re-rental at market rates if current rents are below the then existing market rates. Most of our leases require the tenants to pay their share of operating expenses, including common area maintenance, real estate taxes, insurance and utilities, thereby reducing our exposure to increases in costs and operating expenses resulting from inflation.

ENVIRONMENTAL LAWS

For information relating to environmental laws that may have an impact on our business, please see "Item 1A. Risk Factors — We are exposed to possible liability relating to environmental matters."

COMPETITION

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

CORPORATE HEADQUARTERS AND EMPLOYEES

Our executive office is located at 411 Theodore Fremd Avenue, Suite 300, Rye, New York 10580, and our telephone number is (914) 288-8100. As of December 31, 2018, we had 112 employees, of which 91 were located at our executive office and 21 were located at regional property management offices. None of our employees are covered by collective bargaining agreements. Management believes that its relationship with employees is good.

COMPANY WEBSITE

All of our filings with the Securities and Exchange Commission, including our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, are available at no cost at our website at www.acadiarealty.com, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. These filings can also be accessed through the Securities and Exchange Commission's website at www.sec.gov. Alternatively, we will provide paper copies of our filings at no cost upon request. If you wish to receive a copy of the Form 10-K, you may contact Jason Blacksberg, Corporate Secretary, at Acadia Realty Trust, 411 Theodore Fremd Avenue, Suite 300, Rye, NY 10580. You may also call (914) 288-8100 to request a copy of the Form 10-K. Information included or referred to on our website is not incorporated by reference in or otherwise a part of this Form 10-K.

CODE OF ETHICS AND WHISTLEBLOWER POLICIES

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

ITEM 1A. RISK FACTORS.

Set forth below are the risk factors that we believe are material to our investors. You should carefully consider these risk factors, together with all of the other information included in this Report, including our consolidated financial statements and the related notes thereto, before you decide whether to make an investment in our securities. The occurrence of any of the following risks could adversely affect our business, results of operations, and financial condition. In such case, the value of our Common Shares and the trading price of our securities could decline, and you may lose all or a significant part of your investment. 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 annual report on Form 10-K.

The following risk factors are not exhaustive. Other sections of this annual report on Form 10-K may include additional factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all risk factors, nor can we assess the impact of all risk factors on our business or the extent to which any factor, or combination of factors, may affect our business. Investors should also refer to our quarterly reports on Form 10-Q and current reports on Form 8-K for future periods for material updates to these risk factors.

RISKS RELATED TO OUR BUSINESS AND OUR PROPERTIES

There are risks relating to investments in real estate that may adversely affect our income and cash flow.

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

We rely on revenues derived from tenants, in particular our key tenants, and a decrease in those revenues may adversely affect our ability to make distributions.

Revenue from our properties depends primarily on the ability of our tenants to pay the full amount of rent and other charges due under their leases on a timely basis. We derive significant revenues from a concentration of certain key tenants that occupy space at more than one property. We could be adversely affected in the event of the bankruptcy or insolvency of, or a downturn in the business of, any of our key tenants, or in the event that any such tenant does not renew its leases as they expire or renews such leases at lower rental rates. See "Item 2. Properties—Major Tenants" in this Report for quantified information with respect to the percentage of our minimum rents received from major tenants.

Anchor tenants and co-tenancy are crucial to the success of retail properties and vacated anchor space directly and indirectly affects our rental revenues.

We own properties which are supported by "anchor" tenants. Anchor tenants pay a significant portion of the total rents at a property and contribute to the success of other tenants by drawing large numbers of customers to a property. Vacated anchor space not only directly reduces rental revenues, but, if not re-tenanted with a similar tenant, or one with equal consumer attraction, could adversely affect the entire shopping center primarily through the loss of customer drawing power. This can also occur through the exercise of the right that most anchors have, to vacate and prevent re-tenanting by paying rent for the balance of the lease term ("going dark"), as would the departure of a "shadow" anchor tenant that is owned by another landlord. In addition, in the event that certain anchor tenants cease to occupy a property, such an action may result in a significant number of other tenants having the contractual right to terminate their leases, or pay a reduced rent based on a percentage of the tenant's sales, at the affected property, which could adversely affect the future income from such property ("co-tenancy"). Although it may not directly reduce our rental revenues, and there are no contractual co-tenancy conditions, vacant retail space adjacent to, or even on the same block as our street and urban properties may similarly affect shopper traffic and re-tenanting activities at our properties. See "Item 2. Properties—Major Tenants" in this Report for quantified information with respect to the percentage of our minimum rents received from major tenants.

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

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

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

Our experience shows that there can be no assurance that one or more of our major tenants will be immune from bankruptcy.

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

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

Our business is significantly influenced by demand for retail space generally, and a decrease in such demand may have a greater adverse effect on our business than if we owned a more diversified real estate portfolio.

A decrease in the demand for retail space, due to the economic factors discussed above or otherwise, may have a greater adverse effect on our business and financial condition than if we owned a more diversified real estate portfolio. The market for retail space has been, and could continue to be, adversely affected by weakness in the national, regional and local economies, the adverse financial condition of some large retailing companies, the ongoing consolidation in the retail sector, the excess amount of retail space in a number of markets, and increasing consumer purchases through the Internet. To the extent that any of these conditions occur, they are likely to negatively affect market rents for retail space and could materially and adversely affect our financial condition, results of operations, cash flow, the trading price of our common shares and our ability to satisfy our debt service obligations and to pay distributions to our shareholders.

E-commerce can have an impact on our business because it may cause a downturn in the business of our current tenants and affect future leases.

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

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

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

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

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

Certain sectors of the United States economy are still experiencing weakness. Over the past several years, this structural weakness has resulted in periods of high unemployment, the bankruptcy or weakened financial condition of a number of retailers, decreased consumer spending, increased home foreclosures, low consumer confidence, and reduced demand and rental rates for certain retail space. There can be no assurance that the recovery will continue. General economic factors that are beyond our control, including, but not limited to, economic recessions, decreases in consumer confidence, reductions in consumer credit availability, increasing consumer debt levels, rising energy costs, higher tax rates, continued business layoffs, downsizing and industry slowdowns, and/or rising inflation, could have a negative impact on the business of our retail tenants. In turn, this could have a material adverse effect on our business because current or prospective tenants may, among other things, (i) have difficulty paying their rent obligations as they struggle to sell goods and services to consumers, (ii) be unwilling to enter into or renew leases with us on favorable terms or at all, (iii) seek to terminate their existing leases with us or request rental concessions on such leases, or (iv) be forced to curtail operations or declare bankruptcy.

Political and economic uncertainty could have an adverse effect on our business.

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

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

Inflation may adversely affect our financial condition and results of operations.

Increased inflation could have a more pronounced negative impact on our mortgage and debt interest and general and administrative expenses, as these costs could increase at a rate higher than our rents. Also, inflation may adversely affect tenant leases with stated rent increases or limits on such tenant's obligation to pay its share of operating expenses, which could be lower than the increase in inflation at any given time. It may also limit our ability to recover all of our operating expenses. Inflation could also have an adverse effect on consumer spending, which could impact our tenants' sales and, in turn, our average rents, and in some cases, our percentage rents, where applicable. In addition, renewals of leases or future leases may not be negotiated on current terms, in which event we may recover a smaller percentage of our operating expenses.

Many of our real estate costs are fixed, even if income from our properties decreases, which would cause a decrease in revenue.

Our financial results depend primarily on leasing space at our properties to tenants on terms favorable to us. Costs associated with real estate investment, such as real estate taxes, insurance and maintenance costs, generally are not reduced even when a property is not fully occupied, rental rates decrease, or other circumstances cause a reduction in income from the property. As a result, cash flow from the operations of our properties may be reduced if a tenant does not pay its rent or we are unable to fully lease our properties on favorable terms. Additionally, properties that we develop or redevelop may not produce any significant revenue immediately, and the cash flow from existing operations may be insufficient to pay the operating expenses and debt service associated with such projects until they are fully occupied.

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

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

Although we have historically used moderate levels of leverage, if we employed higher levels of leverage, it would result 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 dividends and make distributions. In addition, the viability of the interest rate hedges we use is subject to the strength of the counterparties.

We have incurred, and expect to continue to incur, indebtedness to support our activities. As of December 31, 2018, our outstanding indebtedness was $1,560.3 million, of which $558.7 million was variable rate indebtedness. None of our Declaration of Trust, our bylaws or 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 financial obligations and in an increase in debt service requirements. This in turn could adversely affect our financial condition, results of operations and our ability to make distributions.

Variable rate debt exposes us to changes in interest rates. Interest expense on our variable rate debt as of December 31, 2018 would increase by $5.6 million annually for a 100-basis-point increase in interest rates. This exposure would increase if we seek additional variable rate financing based on pricing and other commercial and financial terms.

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

Increases in interest rates would cause our borrowing costs to rise and may limit our ability to refinance debt.

Although a significant amount of our outstanding debt has fixed interest rates, we also borrow funds at variable interest rates. Increases in interest rates would increase our interest expense on any outstanding unhedged variable rate debt and would affect the terms under which we refinance our existing debt as it matures, which would adversely affect our cash flow, financial condition and results of operations.

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

There are numerous commercial developers, real estate companies, financial institutions and other investors with greater financial resources than we have that compete with us in seeking properties for acquisition and tenants who will lease space in our properties. Our competitors include other REITs, financial institutions, private funds, insurance companies, pension funds, private companies, family offices, sovereign wealth funds and individuals. This competition may result in a higher cost for properties than we wish to pay. In addition, retailers at our properties (both in our Core Portfolio and in the portfolios of the Funds) face increasing competition from outlet malls, discount shopping clubs, e-commerce, direct mail and telemarketing, which could (i) reduce rents payable to us and (ii) reduce our ability to attract and retain tenants at our properties leading to increased vacancy rates at our properties.

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

Our performance depends on the economic conditions in markets in which our properties are concentrated. We have significant exposure to the greater New York and Chicago metropolitan regions, from which we derive 36.4% and 28.0% of the annual base rents within our Core Portfolio, respectively and 30.0% and 6.0% of annual base rents within our Funds, respectively. Our operating results could be adversely affected if market conditions, such as an oversupply of space or a reduction in demand for real estate, in these areas occur.

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

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

Our inability to raise capital for our Funds or 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 of core properties through our Operating Partnership and our high return investment programs through our Fund platform. The consummation of any future acquisitions will be subject to satisfactory completion of our extensive valuation analysis and due diligence review and to the negotiation of definitive documentation. We cannot be sure that we will be able to implement our strategy because we may have difficulty finding new properties, obtaining necessary entitlements, negotiating with new or existing tenants or securing acceptable financing. Furthermore, if we were unable to obtain sufficient investor capital commitments in order to initiate future Funds, this would adversely impact our current growth strategy.

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

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

Our development and construction activities could affect our operating results.

We intend to continue the selective development and construction of retail properties (see "Item 1. Business —Investing Activities–Funds–Development Activities").

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

- We may abandon development opportunities after expending resources to determine feasibility;

- Construction costs of a project may exceed our original estimates;

- Occupancy rates and rents at a newly completed property may not be sufficient to make the property profitable;

- Financing for development of a property may not be available to us on favorable terms;

- We may not complete construction and lease-up on schedule, resulting in increased debt service expense and construction costs, including labor and material costs; and

- We may not be able to obtain, or may experience delays in obtaining necessary zoning and land use approvals as well as building, occupancy and other required governmental permits and authorizations.

In addition, the entitlement and development of real estate entails extensive approval processes, sometimes involving multiple regulatory jurisdictions. It is common for a project to require multiple approvals, permits and consents from U.S. federal, state and local governing and regulatory bodies. Compliance with these and other regulations and standards is time intensive and costly and may require additional long range infrastructure review and approvals which can add to project cost. In addition, development of properties containing delineated wetlands may require one or more permits from the U.S. federal government and/or state and local governmental agencies. Any of these issues can materially affect the cost, timing and economic viability of our development and redevelopment projects.

At times, we may also be required to use unionized construction workers or to pay the prevailing wage in a jurisdiction to unionized workers. Due to the highly labor intensive and price competitive nature of the construction business, the cost of unionization and/or prevailing wage requirements for new developments or redevelopments could be substantial. Unionization and prevailing wage requirements could adversely affect a project's profitability. In addition, union activity or a union workforce could increase the risk of a strike, which would adversely affect our ability to meet our construction timetables, which could adversely affect our reputation and our results of operations.

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

Developments and acquisitions may fail to perform as expected which could adversely affect our results of operations.

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

- The property may fail to achieve the returns we have projected, either temporarily or for extended periods;

- We may not be able to identify suitable properties to acquire or may be unable to complete the acquisition of the properties we identify;

- We may not be able to integrate an acquisition into our existing operations successfully;

- Properties we redevelop or acquire may fail to achieve the occupancy or rental rates we project, within the time frames we project, in each case, at the time we make the decision to invest, which may result in the properties' failure to achieve the returns we projected;

- Our pre-acquisition evaluation of the physical condition of each new investment may not detect certain defects or identify necessary repairs until after the property is acquired, which could significantly increase our total acquisition costs or decrease cash flow from the property; and

- Our investigation of a property or building prior to our acquisition, and any representations we may receive from the seller of such building or property, may fail to reveal various liabilities, which could reduce the cash flow from the property or increase our acquisition cost.

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

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

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We currently have an exclusive obligation to seek investments for our Funds which may prevent us from making acquisitions directly.

Under the terms of the organizational documents of our current Fund, our primary goal is to seek investments for the Fund, subject to certain exceptions. We may only pursue opportunities to acquire retail properties directly through the Operating Partnership if (i) the ownership of the acquisition opportunity by the Fund would create a material conflict of interest for us; (ii) we require the acquisition opportunity for a “like-kind” exchange; (iii) the consideration payable for the acquisition opportunity is our Common Shares, OP Units or other securities or (iv) the investment is outside the parameters of our investment goals for the Fund (which, in general, seeks more opportunistic level returns). As a result, we may not be able to make attractive acquisitions directly and instead may only receive a minority interest in such acquisitions through the Fund.

Our joint venture investments carry additional risks not present in our direct investments.

Partnership or joint venture investments may involve risks not otherwise present for investments made solely by us, including the possibility that our partner or co-venturer might become bankrupt, and that our partner or co-venturer may take action contrary to our instructions, requests, policies or objectives, including with respect to maintaining our qualification as a REIT. Other risks of joint venture investments include impasse on decisions, such as a sale, because neither we nor a joint venture partner may have full control over the joint venture. Also, there is no limitation under our organizational documents as to the amount of our funds that may be invested in joint ventures.

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

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

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

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

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

Our real estate assets may be subject to impairment charges.

We periodically assess whether there are any indicators that the value of our real estate assets and other investments may be impaired. A property's value is considered to be impaired only if the estimated aggregate future undiscounted property cash flows are less than the carrying value of the property. In our estimate of cash flows, we consider factors such as trends and prospects and the effects of demand and competition on expected future operating income. If we are evaluating the potential sale of an asset or redevelopment alternatives, the undiscounted future cash flows consider the most likely course of action as of the balance sheet date based on current plans, intended holding periods and available market information. We are required to make subjective assessments as to whether there are impairments in the value of our real estate assets and other investments. Impairment charges have an immediate direct impact on our earnings. There can be no assurance that we will not take additional charges in the future related to the impairment of our assets. Any future impairment could have a material adverse effect on our operating results in the period in which the charge is taken.

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

The market price of our Common Shares or other securities may fluctuate significantly in response to many factors, including:

- actual or anticipated variations in our operating results, funds from operations, cash flows or liquidity;
- changes in our earnings estimates or those of analysts;
- changes in our dividend policy;
- impairment charges affecting the carrying value of one or more of our Properties or other assets;
- publication of research reports about us, the retail industry or the real estate industry generally;
- increases in market interest rates that lead purchasers of our securities to seek higher dividend or interest rate yields;
- changes in market valuations of similar companies;
- adverse market reaction to the amount of our outstanding debt at any time, the amount of our maturing debt in the near and medium term and our ability to refinance such debt and the terms thereof or our plans to incur additional debt in the future;
- additions or departures of key management personnel;
- actions by institutional security holders;

- proposed or adopted regulatory or legislative changes or developments;
- speculation in the press or investment community;
- the occurrence of any of the other risk factors included in, or incorporated by reference in, this report; and
- general market and economic conditions.

Many of the factors listed above are beyond our control. Those factors may cause the market price of our Common Shares or other securities to decline significantly, regardless of our financial performance and condition and prospects. It is impossible to provide any assurance that the market price of our Common Shares or other securities will not fall in the future, and it may be difficult for holders to sell such securities at prices they find attractive, or at all. 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.

RISKS RELATED TO STRUCTURE AND MANAGEMENT

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

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

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

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

Distribution requirements imposed by law limit our operating flexibility.

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

Changes in accounting standards may adversely impact our financial results.

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

Concentration of ownership by certain investors.

As of December 31, 2018, five institutional shareholders own 5% or more individually, and 59.3% in the aggregate, of our Common Shares. While this ownership concentration does not jeopardize our qualification as a REIT (due to certain "look-through provisions"), 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 could prevent changes that would be beneficial to our shareholders.

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

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

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

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

The MGCL also provides that holders of “control shares” of a Maryland REIT (defined as voting shares that, when aggregated with all other shares owned by the acquirer or in respect of which the acquirer is entitled to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise one of three increasing ranges of voting power in electing trustees) acquired in a “control share acquisition” (defined as the direct or indirect acquisition of ownership or control of “control shares”) have no voting rights except to the extent approved by the affirmative vote of holders of at least two-thirds of all the votes entitled to be cast on the matter, excluding shares owned by the acquirer, by officers or by employees who are also trustees of the REIT. Our Bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of our shares of beneficial interest. Our Bylaws can be amended by our Board of Trustees by majority vote, and there can be no assurance that this provision will not be amended or eliminated at any time in the future.

Additionally, Title 3, Subtitle 8 of the MGCL permits our Board of Trustees, without shareholder approval and regardless of what is currently provided in our Declaration of Trust or Bylaws, to elect to be subject to certain provisions relating to corporate governance that may have the effect of delaying, deferring or preventing a transaction or a change of control of our Company that might involve a premium to the market price of our Common Shares or otherwise be in the best interests of our shareholders. We are subject to some of these provisions (for example, a two-thirds vote requirement for removing a trustee) by provisions of our Declaration of Trust and Bylaws unrelated to Subtitle 8. However, pursuant to the Articles Supplementary filed November 9, 2017, which are referenced in Part IV Item 15 hereto, the Board of Trustees approved a resolution to opt out of Section 3-803 of Subtitle 8 of Title 3 of the MGCL that allows the Board, without shareholder approval, to elect to classify into three classes with staggered three-year terms. The Articles Supplementary prohibit the Company, without the affirmative vote of a majority of the votes cast on the matter by shareholders entitled to vote generally in the election of trustees, from classifying the Board.

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

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

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

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

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

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

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

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

Cyber incidents can result from deliberate attacks or unintentional events. There have been an increased number of significant cyber-attacks targeted at the retail, insurance, financial and banking industries that include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as by causing denial-of-service attacks on websites. Cyber-attacks by third parties or insiders utilize techniques that range from highly sophisticated efforts to electronically circumvent network security or overwhelm a website to more traditional intelligence gathering and social engineering aimed at obtaining information necessary to gain access.

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

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

- Compromising of confidential information;

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

While we attempt to mitigate these risks by employing a number of measures, including a dedicated IT team, employee training and background checks, maintenance of backup systems, utilization of third-party service providers to provide redundancy over multiple locations, and comprehensive monitoring of our networks and systems along with purchasing cyber security insurance coverage, our systems, networks and services remain potentially vulnerable to advanced threats.

If a Third-Party Vendor fails to provide agreed upon services, we may suffer losses.

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

Use of social media may adversely impact our reputation and business.

There has been a significant increase in the use of social media platforms, including weblogs, social media websites and other forms of Internet-based communications, which allow individuals access to a broad audience, including our significant business constituents. The availability of information through these platforms is virtually immediate as is its impact and may be posted at any time without affording us an opportunity to redress or correct it timely. This information may be adverse to our interests, may be inaccurate and may harm our reputation, brand image, goodwill, performance, prospects or business. Furthermore, these platforms increase the risk of unauthorized disclosure of material non-public Company information.

Climate change and catastrophic risk from natural perils could adversely affect our properties.

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

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

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

Physical impacts of climate change may include:

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

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

- Risks of property damage to our retail properties;

- Indirect financial and operational impacts from disruptions to the operations of major tenants located in our retail properties from severe weather, such as hurricanes or floods;

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- Increased insurance premiums and deductibles, or a decrease in the availability of coverage, for properties in areas subject to severe weather;

- Increased insurance claims and liabilities;

- Increases in energy costs impacting operational returns;

- Changes in the availability or quality of water or other natural resources on which the tenant's business depends;

- Decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperatures or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable);

- Incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and

- Economic disruptions arising from the above.

We are exposed to possible liability relating to environmental matters.

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

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

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

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

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

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

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

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

Over the past several years, a number of highly publicized terrorist acts and shootings have occurred at domestic and international retail properties. Future terrorist attacks, civil unrest and other acts of terrorism or war could harm the demand for, and the value of, our properties. Terrorist attacks could directly impact the value of our properties through damage, destruction, loss or increased security costs, and the availability of insurance for such acts may be limited or may be subject to substantial cost increases. To the extent that our tenants are impacted by future attacks, their ability to continue to honor obligations under their existing leases could be adversely affected. A decrease in retail demand could make it difficult for us to renew or re-lease our properties at lease rates equal to or above historical rates. These acts might erode business and consumer confidence and spending, and might result in increased volatility in national and international financial markets and economies. Any one of these events might decrease demand for real estate, decrease or delay the occupancy of our properties, and limit our access to capital or increase our cost of raising capital.

We may from time to time be subject to litigation that may negatively impact our cash flow, financial condition, results of operations and the trading price of our Common Shares.

We may from time to time be a defendant in lawsuits and regulatory proceedings relating to our business. Such litigation and proceedings may result in defense costs, settlements, fines or judgments against us, some of which may not be covered by insurance. Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the ultimate outcome of any such litigation or proceedings. An unfavorable outcome could negatively impact our cash flow, financial condition, results of operations and trading price of our Common Shares.

Compliance with the Americans with Disabilities Act and fire, safety and other regulations may require us to make unplanned expenditures that adversely affect our cash flows.

All of our properties are required to comply with the Americans with Disabilities Act, or ADA. The ADA has separate compliance requirements for “public accommodations” and “commercial facilities,” but generally requires that buildings be made accessible to people with disabilities. Compliance with the ADA requirements could require removal of access barriers, and non-compliance could result in imposition of fines by the U.S. government or an award of damages to private litigants, or both. While the tenants to whom we lease properties are obligated by law to comply with the ADA provisions, and are typically obligated to cover costs of compliance, if required changes involve greater expenditures than anticipated, or if the changes must be made on a more accelerated basis than anticipated, the ability of these tenants to cover costs could be adversely affected. As a result of the foregoing or if a tenant is not obligated to cover the cost of compliance, we could be required to expend funds to comply with the provisions of the ADA, which could adversely affect our results of operations and financial condition and our ability to make distributions to shareholders. In addition, we are required to operate our properties in compliance with fire and safety regulations, building codes and other land use regulations, as they may be adopted by governmental agencies and bodies and become applicable to the properties. We may be required to make substantial capital expenditures to comply with those requirements, and these expenditures could have a material adverse effect on our ability to meet our financial obligations and make distributions to shareholders.

RISKS RELATED TO OUR REIT STATUS

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

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

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

There are a number of issues associated with an investment in a REIT that are related to the Federal income tax laws, including, but not limited to, the consequences of our failing to continue to qualify as a REIT. At any time, the Federal income tax laws governing REITs or the administrative interpretations of those laws may be amended or modified. Any new laws or interpretations may take effect retroactively and could adversely affect us or our shareholders.

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On December 22, 2017, Pub. L. No. 15-97 (informally known as the Tax Cuts and Jobs Act (the "Act")) was enacted into law. The Act makes significant changes to the Code, including changes that impact REITs and their shareholders, among others. In particular, the Act reduces the maximum corporate tax rate from 35% to 21%. By reducing the corporate tax rate, it is possible that the Act will reduce the relative attractiveness to investors (as compared with potential alternative investments) of the generally single level of taxation on REIT distributions. However, the Act also made certain changes to the Code which are generally advantageous to REITs and their shareholders. For instance, for tax years beginning before January 1, 2026, the Act permits up to a 20% deduction for individuals, trusts, and estates with respect to their receipt of "qualified REIT dividends", which are dividends from a REIT that are not capital gain dividends and are not qualified dividend income. These changes generally result in an effective maximum U.S. federal income tax rate on such dividends of 29.6%, if the deduction is allowed in full. Key provisions of the Act that could impact us and the market price of our shares include the following:

- temporarily reducing individual U.S. federal income tax rates on ordinary income the highest individual U.S. federal income tax rate was reduced from 39.6% to 37% (through tax years beginning before January 1, 2026)
- eliminating miscellaneous itemized deductions and limiting state and local tax deductions;

- reducing the maximum corporate income tax rate from 35% to 21%, which reduces, but does not eliminate, the competitive advantage that REITs enjoy relative to non-REIT corporations;

- permitting individuals, trusts and estates (subject to certain limitations) to deduct up to 20% of certain pass-through business income, including, as noted above, dividends received by our shareholders that are not designated by us as capital gain dividends or qualified dividend income, which will generally result in an effective maximum U.S. federal income tax rate of 29.6% on such dividends, if the deduction is allowed in full (through tax years beginning before January 1, 2026);

- reducing the highest rate of withholding with respect to our distributions to non-U.S. shareholders that are treated as attributable to gains from the sale or exchange of U.S. real property interests from 35% to 21%;

- limiting our deduction for net operating losses to 80% of taxable income (prior to the application of the dividends paid deduction), where taxable income is determined without regarding to the net operating loss deduction itself, and generally eliminating net operating loss carrybacks and allowing unused net operating losses to be carried forward indefinitely;

- amending the limitation on the deduction of net interest expense for all businesses, other than certain electing real estate businesses (which could adversely affect any of our taxable REIT subsidiaries (each, a “TRS”), including any new TRS that we may form);

- expanding the ability of businesses to deduct the cost of certain purchases of property in the year in which such property is purchased; and

- eliminating the corporate alternative minimum tax.

In addition to the foregoing, the Act may impact our tenants, the retail real estate market, and the overall economy, which may have an effect on us. It is not possible to state with certainty at this time the effect of the Act on us and on an investment in our shares

We may be required to borrow funds or sell assets to satisfy our REIT distribution requirements.

Our cash flows may be insufficient to fund distributions required to maintain our qualification as a REIT as a result of differences in timing between the actual receipt of income and the recognition of income for U.S. Federal income tax purposes, or as a result of our inability to currently deduct certain expenditures that we must currently pay, such as capital expenditures, payments of compensation for which Section 162(m) of the Code denies a deduction, any business interest expense that is disallowed under Section 163 (j) of the Code (unless we elect to be an “electing real property trade or business”), the creation of reserves or required amortization payments. If we do not have other funds available in these situations, we may need to borrow funds on a short-term basis or sell assets, even if the then-prevailing market conditions are not favorable for these borrowings or sales, in order to satisfy our REIT distribution requirements. Such actions could adversely affect our cash flow and results of operations.

Dividends payable by REITs generally do not qualify for reduced tax rates.

Certain qualified dividends paid by corporations to individuals, trusts and estates that are U.S. shareholders are taxed at capital gain rates, which are lower than ordinary income rates. Dividends of current and accumulated earnings and profits payable by REITs, however, are taxed at ordinary income rates as opposed to the capital gain rates. Pursuant to the Act, from 2018 through 2025, certain REIT shareholders will be permitted to deduct 20% of ordinary REIT dividends received. Dividends payable by REITs in excess of these earnings and profits generally are treated as a non-taxable reduction of the shareholders’ basis in the shares to the extent thereof and thereafter as taxable gain. The more favorable rates applicable to regular corporate dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs, including us, to be relatively less attractive than investments in the stock of non-REIT corporations that pay dividends, which may negatively impact the trading prices of our securities.

Complying with REIT requirements may cause us to forego otherwise attractive opportunities or liquidate otherwise attractive investments.

To qualify as a REIT, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our shareholders and the ownership of our Common Shares. In order to meet these tests, we may be required to forego investments we might otherwise make and refrain from engaging in certain activities. Thus, compliance with the REIT requirements may hinder our performance.

In addition, if we fail to comply with certain asset ownership tests at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification. As a result, we may be required to liquidate otherwise attractive investments.

We have limits on ownership of our shares of beneficial interest.

For us to qualify as a REIT for Federal income tax purposes, among other requirements, not more than 50% of the value of our shares of beneficial interest may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) at any time during the last half of each taxable year, and such shares of beneficial interest must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year (in each case, other than the first such year). Our Declaration of Trust includes certain restrictions regarding transfers of our shares of beneficial interest and ownership limits that are intended to assist us in satisfying these limitations, among other purposes. These restrictions and limits may not be adequate in all cases, however, to prevent the transfer of our shares of beneficial interest in violation of the ownership limitations. The ownership limits contained in our Declaration of Trust may have the effect of delaying, deferring or preventing a change of control of us.

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

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.
Retail Properties

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

As of December 31, 2018, there are 113 operating properties in our Core Portfolio totaling approximately 5.8 million square feet of gross leasable area (“GLA”) excluding three properties under redevelopment, one property in development and one pre-stabilized property. The Core Portfolio properties are located in 12 states and the District of Columbia and primarily consist of street retail and dense suburban shopping centers. These properties are diverse in size, ranging from approximately 1,000 to 800,000 square feet and as of December 31, 2018, were in total, excluding the properties that were pre-stabilized or under redevelopment, 93.9% occupied.

As of December 31, 2018, we owned and operated 51 properties totaling approximately 5.4 million square feet of GLA in our Funds, excluding two properties under development. In addition to shopping centers, the Funds have invested in mixed-use properties, which generally include retail activities. The Fund properties are located in 14 states and the District of Columbia and as of December 31, 2018, were in total, excluding the properties under development, 86.6% occupied.

Within our Core Portfolio and Funds, we had approximately 950 leases as of December 31, 2018. A majority of our rental revenues were from national retailers and consist of rents received under long-term leases. These leases generally provide for the monthly payment of fixed minimum rent and the tenants' pro-rata share of the real estate taxes, insurance, utilities and common area maintenance of the shopping centers. Certain of our leases also provide for the payment of rent based on a percentage of a tenant's gross sales in excess of a stipulated annual amount, either in addition to, or in place of, minimum rents. Minimum rents, percentage rents and expense reimbursements accounted for approximately 98% of our total revenues for the year ended December 31, 2018.

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

No individual property contributed in excess of 10% of our total revenues for the years ended December 31, 2018, 2017 or 2016. See Note 7 in the Notes to Consolidated Financial Statements, for information on the mortgage debt pertaining to our properties.

The following table sets forth more specific information with respect to each of our Core properties at December 31, 2018:

Property [a]	Key Tenants	Year Acquired	Acadia's Interest	Gross Leasable Area (GLA)	In Place Occupancy	Leased Occupancy	Annualized Base Rent (ABR)	ABR/ Per Square Foot
STREET AND URBAN RETAIL								
Chicago Metro								
664 N. Michigan Avenue	Tommy Bahama, Ann Taylor Loft	2013	100.0 %	18,141	100.0 %	100.0 %	$4,730,741	$260.78
840 N. Michigan Avenue	H & M, Verizon Wireless	2014	88.4 %	87,135	100.0 %	100.0 %	7,738,046	88.81
Rush and Walton Streets Collection (5 properties)	Lululemon, BHLDN, Marc Jacobs	2011/12	100.0 %	32,501	85.3 %	85.3 %	5,982,996	215.81
651-671 West Diversey	Trader Joe's, Urban Outfitters	2011	100.0 %	46,259	100.0 %	100.0 %	2,022,727	43.73
Clark Street and W. Diversey Collection (3 properties)	Ann Taylor, Starbucks	2011/12	100.0 %	23,531	50.1 %	50.2 %	690,030	58.47
Halsted and Armitage Collection (9 properties)	Serena and Lily, Bonobos, Warby Parker	2011/12	100.0 %	45,123	80.9 %	91.1 %	1,332,078	36.49
North Lincoln Park Chicago Collection (6 properties)	Forever 21, Champion, Carhartt	2011/14	100.0 %	49,919	77.9 %	77.9 %	1,581,585	40.66

State and Washington	H & M, Nordstrom Rack	2016	100.0 %	78,819	100.0 %	100.0 %	3,221,107	40.87
151 N. State Street	Walgreens	2016	100.0 %	27,385	100.0 %	100.0 %	1,430,000	52.22
North and Kingsbury	Old Navy, Pier 1 Imports	2016	100.0 %	41,700	100.0 %	100.0 %	1,641,359	39.36
Concord and Milwaukee	—	2016	100.0 %	13,105	74.1 %	86.3 %	306,935	31.62
California and Armitage	—	2016	100.0 %	18,275	70.6 %	70.6 %	616,838	47.84
Roosevelt Galleria	Petco, Vitamin Shoppe	2015	100.0 %	37,995	47.7 %	47.7 %	581,139	32.06
Sullivan Center	Target, DSW	2016	100.0 %	176,181	97.7 %	100.0 %	6,604,614	38.37
New York Metro								
Soho Collection (4 properties)	Paper Source, Faherty, 3x1 Jeans	2011/14	100.0 %	12,511	82.4 %	82.4 %	3,299,929	319.95
5-7 East 17th Street	Union Park Events	2008	100.0 %	11,467	100.0 %	100.0 %	1,300,014	113.37
200 West 54th Street	Stage Coach Tavern	2007	100.0 %	5,777	77.8 %	77.8 %	1,973,188	438.80
61 Main Street	—	2014	100.0 %	3,400	— %	— %	—	—
181 Main Street	TD Bank	2012	100.0 %	11,350	100.0 %	100.0 %	964,280	84.96
4401 White Plains Road	Walgreens	2011	100.0 %	12,964	100.0 %	100.0 %	625,000	48.21
Bartow Avenue	—	2005	100.0 %	14,590	66.6 %	66.6 %	306,073	31.48
239 Greenwich Avenue	Betteridge Jewelers	1998	75.0 %	16,553	100.0 %	100.0 %	1,593,328	96.26
252-256 Greenwich Avenue	Madewell, Jack Wills, Blue Mercury	2014	100.0 %	7,986	100.0 %	100.0 %	1,336,219	167.32
2914 Third Avenue	Planet Fitness	2006	100.0 %	40,320	100.0 %	100.0 %	963,001	23.88
868 Broadway	Dr. Martens	2013	100.0 %	2,031	100.0 %	100.0 %	767,674	377.98
313-315 Bowery [b]	John Varvatos,	2013	100.0 %	6,600	100.0 %	100.0 %	479,160	72.60

	Patagonia										
120 West Broadway	HSBC Bank	2013	100.0	%	13,838	79.8	%	79.8	%	1,937,128	175.49
2520 Flatbush Avenue	Bob's Disc. Furniture, Capital One	2014	100.0	%	29,114	100.0	%	100.0	%	1,158,573	39.79
991 Madison Avenue	Vera Wang, Perrin Paris, Gabriella Hearst	2016	100.0	%	7,513	91.1	%	91.1	%	2,627,502	383.73
Shops at Grand	Stop & Shop (Ahold)	2014	100.0	%	99,685	97.0	%	100.0	%	3,241,932	33.53
Gotham Plaza	Bank of America, Footlocker	2016	49.0	%	25,927	69.3	%	81.0	%	1,064,361	59.22

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Property [a]	Key Tenants	Year Acquired	Acadia's Interest	Gross Leasable Area (GLA)	In Place Occupancy	Leased Occupancy	Annualized Base Rent (ABR)	ABR/ Per Square Foot
San Francisco Metro								
555 9th Street	Bed, Bath & Beyond, Nordstrom Rack	2016	100.0 %	148,832	100.0 %	100.0 %	6,217,577	41.78
District of Columbia Metro								
1739-53 & 1801-03 Connecticut Avenue	Ruth Chris Steak-house, TD Bank	2012	100.0 %	20,669	100.0 %	100.0 %	1,295,554	62.68
Rhode Island Place Shopping Center	Ross Dress for Less	2012	100.0 %	57,667	93.4 %	100.0 %	1,696,305	31.48
M Street and Wisconsin Corridor (25 Properties) [c]	Lululemon, Sephora, The Reformation	2011/16	25.3 %	239,262	93.9 %	96.2 %	16,053,091	71.47
Boston Metro								
330-340 River Street	Whole Foods	2012	100.0 %	54,226	100.0 %	100.0 %	1,243,517	22.93
165 Newbury Street	Starbucks	2016	100.0 %	1,050	100.0 %	100.0 %	261,777	249.31
Total Street and Urban Retail				1,539,401	92.6 %	94.3 %	$88,885,378	$62.33
Acadia Share Total Street and Urban Retail				1,333,174	92.7 %	94.1 %	$75,388,187	$61.02
SUBURBAN PROPERTIES								
New Jersey								
Elmwood Park Shopping Center	Walgreens, Acme	1998	100.0 %	143,910	88.8 %	91.7 %	$3,645,305	$28.52
Marketplace of Absecon	Rite Aid, Dollar Tree	1998	100.0 %	104,556	90.3 %	90.3 %	1,461,055	15.48
60 Orange Street	Home Depot	2012	98.0 %	101,715	100.0 %	100.0 %	730,000	7.18
New York								
Village Commons	—	1998	100.0 %	87,128	93.6 %	93.6 %	2,644,825	32.42

Shopping Center								
Branch Plaza	LA Fitness, The Fresh Market	1998	100.0 %	123,345	91.6 %	93.6 %	3,044,919	26.95
Amboy Center	Stop & Shop (Ahold)	2005	100.0 %	63,290	84.7 %	84.7 %	1,777,861	33.17
Pacesetter Park Shopping Center	Stop & Shop (Ahold)	1999	100.0 %	97,806	93.2 %	93.2 %	1,232,004	13.52
LA Fitness	LA Fitness	2007	100.0 %	55,000	100.0 %	100.0 %	1,485,287	27.01
Crossroads Shopping Center	HomeGoods,Pet-Smart, Kmart	1998	49.0 %	311,904	96.0 %	96.0 %	7,193,460	24.03
New Loudon Center	Price Chopper, Marshalls	1993	100.0 %	255,673	100.0 %	100.0 %	2,155,174	8.43
28 Jericho Turnpike	Kohl's	2012	100.0 %	96,363	100.0 %	100.0 %	1,815,000	18.84
Bedford Green	Shop Rite, CVS	2014	100.0 %	90,589	83.0 %	83.0 %	2,455,471	32.66
Connecticut								
Town Line Plaza [(d)]	Wal-Mart, Stop & Shop (Ahold)	1998	100.0 %	206,346	98.7 %	98.7 %	1,764,661	16.40
Massachusetts								
Methuen Shopping Center	Wal-Mart, Market Basket	1998	100.0 %	130,021	100.0 %	100.0 %	1,360,858	10.47
Crescent Plaza	Home Depot, Shaw's (Supervalu)	1993	100.0 %	218,148	90.9 %	90.9 %	1,900,871	9.58
201 Needham Street	Michael's	2014	100.0 %	20,409	100.0 %	100.0 %	646,965	31.70
163 Highland Avenue	Staples, Petco	2015	100.0 %	40,505	100.0 %	100.0 %	1,311,747	32.38
Vermont								
		1999	100.0 %	101,655	98.2 %	98.2 %	2,129,914	21.33

The Gateway Shopping Center	Shaw's (Supervalu)									
Illinois										
Hobson West Plaza	Garden Fresh Markets	1998	100.0	%	99,137	85.8	%	85.8	%	1,309,799	15.39
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Property [a]	Key Tenants	Year Acquired	Acadia's Interest	Gross Leasable Area (GLA)	In Place Occupancy	Leased Occupancy	Annualized Base Rent (ABR)	ABR/ Per Square Foot
Indiana								
Merrillville Plaza	Jo-Ann Fabrics, TJ Maxx	1998	100.0 %	236,087	94.3 %	94.3 %	3,319,766	14.91
Michigan								
Bloomfield Town Square	Best Buy, HomeGoods, TJ Maxx	1998	100.0 %	235,022	94.9 %	94.9 %	3,611,925	16.19
Delaware								
Town Center and Other (2 properties)	Lowes, Bed Bath & Beyond, Target	2003	65.1 %	800,018	91.3 %	93.6 %	12,458,461	17.06
Market Square Shopping Center	Trader Joe's, TJ Maxx	2003	100.0 %	102,047	100.0 %	100.0 %	3,072,327	30.11
Naamans Road	—	2006	100.0 %	19,850	63.9 %	63.9 %	614,847	48.49
Pennsylvania								
Mark Plaza	Kmart	1993	100.0 %	106,856	100.0 %	100.0 %	244,279	2.29
Plaza 422	Home Depot	1993	100.0 %	156,279	100.0 %	100.0 %	850,978	5.45
Chestnut Hill	—	2006	100.0 %	37,646	100.0 %	100.0 %	963,468	25.59
Abington Towne Center [e]	Target, TJ Maxx	1998	100.0 %	216,278	93.6 %	98.9 %	855,873	15.59
Total Suburban Properties				4,257,583	94.3 %	95.2 %	$ 66,057,100	$ 17.49
Acadia Share Total Suburban Properties				3,847,543	94.8 %	95.6 %	$ 58,770,626	$ 17.26
TOTAL CORE PROPERTIES				5,796,984	93.9 %	95.0 %	$ 154,942,478	$ 29.78
Acadia Share Total Core Properties				5,180,717	94.2 %	95.2 %	$ 134,158,813	$ 28.91

(a) Excludes properties under development, redevelopment or pre-stabilized, see “Development and Redevelopment Activities” section below. The above occupancy and rent amounts do not include space which is currently leased, other than “leased occupancy,” but for which rent payment has not yet commenced. Residential and office GLA are excluded.
(b) Represents the annual base rent paid to Acadia pursuant to a master lessee and does not reflect the rent paid by the retail tenants at the property.
(c) Excludes 94,000 square feet of office GLA.
(d) Anchor GLA includes a 97,300 square foot Wal-Mart store which is not owned by the Company. This square footage has been excluded for calculating annualized base rent per square foot.
(e) Anchor GLA includes a 157,616 square foot Target store which is not owned by the Company. This square footage has been excluded for calculating annualized base rent per square foot.

The following table sets forth more specific information with respect to each of our Fund properties at December 31, 2018:

Property [a]	Key Tenants	Year Acquired	Acadia's Interest	Gross Leasable Area (GLA)	In Place Occupancy	Leased Occupancy	Annualized Base Rent (ABR)	ABR/Per Square Foot
Fund II Portfolio Detail								
New York								
City Point - Phase I and II	Century 21, Target, Alamo Drafthouse	2007	26.7 %	475,000	72.9 %	81.7 %	$9,525,366	$27.53
Total - Fund II				475,000	72.9 %	81.7 %	$9,525,366	$27.53
Fund III Portfolio Detail								
New York								
654 Broadway		2011	24.5 %	2,896	— %	100.0 %	$—	$—
640 Broadway	Swatch	2012	15.5 %	4,637	53.2 %	53.2 %	702,617	284.71
Cortlandt Crossing	ShopRite, HomeSense	2012	24.5 %	125,906	73.6 %	73.6 %	2,383,568	25.74
Nostrand Avenue		2013	24.5 %	40,977	94.1 %	94.1 %	1,808,256	46.90
Washington DC								
3104 M Street	Patagonia	2012	19.6 %	5,982	100.0 %	100.0 %	485,000	81.08
Total - Fund III				180,398	77.4 %	79.0 %	$5,379,441	$38.53
Fund IV Portfolio Detail								
New York								
801 Madison Avenue		2015	23.1 %	2,625	— %	— %	$—	$—
210 Bowery		2012	23.1 %	2,538	— %	— %	—	—
27 East 61st Street		2014	23.1 %	4,177	— %	— %	—	—
17 East 71st Street	The Row	2014	23.1 %	8,432	100.0 %	100.0 %	2,049,679	243.08
1035 Third Avenue [b]		2015	23.1 %	7,617	59.2 %	70.6 %	903,679	200.55
Colonie Plaza	Price Chopper, Big Lots	2016	23.1 %	153,483	94.9 %	94.9 %	1,631,058	11.19
New Jersey								
Paramus Plaza	Ashley Furniture, Marshalls	2013	11.6 %	150,660	63.3 %	74.1 %	1,619,790	16.97

Massachusetts											
Restaurants at Fort Point		2016	23.1	%	15,711	100.0	%	100.0	%	477,990	30.42
Maine											
Airport Mall	Hannaford, Marshalls	2016	23.1	%	221,830	68.6	%	68.6	%	1,012,976	6.66
Wells Plaza	Reny's, Dollar Tree	2016	23.1	%	90,434	98.3	%	98.3	%	727,908	8.18
Shaw's Plaza (Waterville)	Shaw's	2016	23.1	%	119,015	100.0	%	100.0	%	1,407,316	11.82
Shaw's Plaza (Windham)	Shaw's	2017	23.1	%	124,330	88.4	%	88.4	%	1,034,193	9.41
JFK Plaza	Hannaford, TJ Maxx	2016	23.1	%	151,107	78.0	%	78.0	%	786,801	6.67
Pennsylvania											
Dauphin Plaza	Price Rite, Ashley Furniture	2016	23.1	%	206,515	91.0	%	91.0	%	1,863,551	9.92
Mayfair Shopping Center	Planet Fitness, Dollar Tree	2016	23.1	%	115,411	67.3	%	67.3	%	1,386,112	17.85
Rhode Island											
650 Bald Hill Road	Dick's Sporting Goods, Burlington Coat Factory	2015	20.8	%	168,764	44.4	%	81.1	%	946,612	12.62
Virginia											
Promenade at Manassas	Home Depot	2013	22.8	%	265,442	87.7	%	88.0	%	2,986,446	12.83
Delaware											
Eden Square	Giant Food, LA Fitness	2014	22.8	%	231,044	89.3	%	89.3	%	3,154,202	15.29
Illinois											
938 W. North Avenue	Sephora, Lululemon	2013	23.1	%	31,762	100.0	%	100.0	%	1,726,350	54.35
Lincoln Place	Kohl's, Marshall's, Ross	2017	23.1	%	272,060	81.7	%	90.1	%	2,624,502	11.80
Georgia											
Broughton Street Portfolio (13 properties)	H&M, Lululemon, Michael Kors, Starbucks	2014	19.3	%	104,630	86.5	%	86.5	%	3,190,830	35.25
North Carolina											
Wake Forest Crossing	Lowe's, TJ Maxx	2016	23.1	%	202,880	97.5	%	97.5	%	2,912,708	14.73
California											
146 Geary Street		2015	23.1	%	11,436	—	%	—	%	—	—
Union and Fillmore	Eileen Fisher, L'Occitane, Bonobos	2015	20.8	%	7,148	100.0	%	100.0	%	702,830	98.33

Collection (3 properties)							
Total - Fund IV	2,669,051	81.9	%	85.8	%	$33,145,533	$15.16

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Property [a]	Key Tenants	Year Acquired	Acadia's Interest	Gross Leasable Area (GLA)	In Place Occupancy	Leased Occupancy	Annualized Base Rent (ABR)	ABR/Per Square Foot
Fund V Portfolio Detail								
New Mexico								
Plaza Santa Fe	TJ Maxx, Best Buy, Ross Dress for Less	2017	20.1 %	224,223	97.3 %	99.4 %	$3,790,462	$ 17.37
Michigan								
New Towne Plaza	Kohl's, Jo-Ann's, DSW	2017	20.1 %	193,446	95.4 %	95.4 %	2,135,908	11.58
Fairlane Green	TJ Maxx, Michaels, Bed Bath & Beyond	2017	20.1 %	252,904	100.0 %	100.0 %	5,241,779	20.73
North Carolina								
Hickory Ridge	Kohl's, Best Buy, Dick's	2017	20.1 %	380,565	92.1 %	93.4 %	4,001,612	11.42
Alabama								
Trussville Promenade	Wal-Mart, Regal Cinemas	2018	20.1 %	463,725	95.6 %	95.6 %	4,395,241	9.92
Georgia								
Hiram Pavilion	Kohl's, HomeGoods	2018	20.1 %	362,675	97.8 %	97.8 %	4,174,227	11.77
California								
Elk Grove Commons	Kohl's, HomeGoods	2018	20.1 %	220,726	99.2 %	100.0 %	4,712,546	21.52
Total - Fund V				2,098,264	96.4 %	97.0 %	$28,451,775	$ 14.06
TOTAL FUND PROPERTIES				5,422,713	86.6 %	89.5 %	$76,502,115	$ 16.29
Acadia Share of Total Fund Properties				1,181,775	86.3 %	89.2 %	$16,805,465	$ 16.48

(a) Excludes properties under development, see "Development and Redevelopment Activities" section below. The above occupancy and rent amounts do not include space which is currently leased, other than "leased occupancy," but for which rent payment has not yet commenced. Residential and office GLA are excluded.
(b) Property also includes 12,371 square feet of 2nd floor office space and a 29,760 square foot parking garage (131 spaces).

Major Tenants

No individual retail tenant accounted for more than 5.4% of base rents for the year ended December 31, 2018, or occupied more than 6.7% of total leased GLA as of December 31, 2018. The following table sets forth certain information for the 20 largest retail tenants by base rent for leases in place as of December 31, 2018. The amounts below include our pro-rata share of GLA and annualized base rent for the Operating Partnership's partial ownership interest in properties including the Funds (GLA and Annualized Base Rent in thousands):

				Percentage of Total Represented by Retail Tenant	
Retail Tenant	Number of Stores in Portfolio [(a)]	Total GLA	Annualized Base Rent [(a)]	Total Portfolio GLA	Annualized Base Rent
Target	5	424	$ 8,141	6.7 %	5.4 %
H & M	3	85	5,398	1.3 %	3.6 %
Royal Ahold [(b)]	4	208	3,745	3.3 %	2.5 %
Albertsons Companies [(c)]	5	201	3,663	3.2 %	2.4 %
Nordstrom, Inc.	2	89	3,515	1.4 %	2.3 %
Walgreens	4	69	3,322	1.1 %	2.2 %
Bed, Bath, and Beyond [(d)]	5	132	3,219	2.1 %	2.1 %
TJX Companies [(e)]	20	282	2,977	4.4 %	2.0 %
Ascena Retail Group [(f)]	9	27	2,695	0.4 %	1.8 %
Lululemon	5	14	2,686	0.2 %	1.8 %
LA Fitness International LLC	3	108	2,680	1.7 %	1.8 %
Trader Joe's	5	49	2,612	0.8 %	1.7 %
Kohls	6	187	2,472	2.9 %	1.6 %
Verizon	4	26	2,412	0.4 %	1.6 %
Home Depot	4	337	2,173	5.3 %	1.4 %
Gap [(g)]	8	58	2,158	0.9 %	1.4 %
Ulta Salon Cosmetic & Fragrance	7	41	1,645	0.6 %	1.1 %
Bob's Discount Furniture	2	58	1,570	0.9 %	1.0 %
Tapestry [(h)]	2	4	1,507	0.1 %	1.0 %
JP Morgan Chase	9	30	1,495	0.5 %	1.0 %
Total	112	2,429	$ 60,085	38.2 %	39.7 %

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(a) Does not include tenants that operate at only one Acadia Core location
(b) Stop and Shop (4 locations)
(c) Shaw's (4 locations), Acme (1 location)
(d) Bed Bath and Beyond (3 locations), Christmas Tree Shops (1 location), Cost Plus (1 location)
(e) TJ Maxx (9 locations, excluding one location under redevelopment, 4.7% including redevelopment), Marshalls (6 locations), HomeGoods (4 locations), HomeSense (1 location)

(f) Catherine's (3 locations), Lane Bryant (3 locations), Ann Taylor Loft (2 locations), Dress Barn (1 location)
(g) Old Navy (6 locations), Banana Republic (1 location), Gap (1 location)
(h) Kate Spade (2 locations)

Lease Expirations

The following tables show scheduled lease expirations on a pro rata basis for retail tenants in place as of December 31, 2018, assuming that none of the tenants exercise renewal options (GLA and Annualized Base Rent in thousands):

Core Portfolio

		Annualized Base Rent (a, b)			GLA		
		Current					
Leases Maturing in	Number of Leases	Annual Rent	Percentage of Total		Square Feet	Percentage of Total	
Month to Month	3	$175	0.1	%	9,541	0.2	%
2019	35	5,660	4.2	%	242,659	5.2	%
2020	56	11,312	8.4	%	423,221	9.1	%
2021	81	17,226	12.8	%	812,705	17.6	%
2022	55	12,133	9.0	%	372,159	8.0	%
2023	60	20,275	15.1	%	666,905	14.4	%
2024	53	14,417	10.7	%	575,161	12.4	%
2025	35	10,293	7.7	%	240,837	5.2	%
2026	29	5,414	4.0	%	161,272	3.5	%
2027	24	5,222	3.9	%	159,800	3.5	%

2028	41	18,022	13.4 %	667,680	14.4 %
Thereafter	27	14,010	10.7 %	294,320	6.5 %
Total	499	$134,159	100.0 %	4,626,260	100.0 %

Funds

		Annualized Base Rent (a, b) Current		GLA	
Leases Maturing in	Number of Leases	Annual Rent	Percentage of Total	Square Feet	Percentage of Total
Month to Month	4	$45	0.3 %	7,714	0.8 %
2019	42	673	4.0 %	38,017	3.7 %
2020	63	1,731	10.3 %	159,148	15.6 %
2021	79	2,136	12.7 %	132,617	13.0 %
2022	56	1,625	9.7 %	111,846	11.0 %
2023	49	1,061	6.3 %	78,178	7.7 %
2024	29	1,223	7.3 %	75,785	7.4 %
2025	28	1,324	7.9 %	58,533	5.7 %
2026	29	1,207	7.2 %	54,606	5.4 %
2027	19	486	2.9 %	30,433	3.0 %
2028	21	1,048	6.2 %	44,333	4.3 %
Thereafter	29	4,246	25.2 %	228,515	22.4 %
Total	448	$16,805	100.0 %	1,019,725	100.0 %

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

(b) No single market represents a material amount of exposure to the Company as it relates to the rents from these leases. Given the diversity of these markets, properties and characteristics of the individual spaces, the Company cannot make any general representations as it relates to the expiring rents and the rates for which these spaces may be re-leased.

Geographic Concentrations

The following table summarizes our operating retail properties by region, excluding redevelopment and pre-stabilization properties, as of December 31, 2018. The amounts below include our pro-rata share of GLA and annualized base rent for the Operating Partnership's partial ownership interest in properties, including the Funds (GLA and Annualized Base Rent in thousands):

Region	GLA (a,c)	% Occupied (b)	Annualized Base Rent (b,c)	Annualized Base Rent per Occupied Square Foot (c)	Percentage of Total Represented by Region: GLA	Percentage of Total Represented by Region: Annualized Base Rent
Core Portfolio:						
Operating Properties:						
New York Metro	1,674	93.9 %	$ 48,653	$ 30.94	32.3 %	36.4 %
Chicago Metro	686	90.0 %	37,583	60.90	13.2 %	28.0 %
Mid-Atlantic	1,190	95.1 %	15,457	15.74	23.0 %	11.5 %
New England	772	96.9 %	10,620	16.24	14.9 %	7.9 %
Midwest	570	93.1 %	8,241	15.53	11.0 %	6.1 %
Washington D.C. Metro	139	95.2 %	7,387	55.91	2.7 %	5.5 %
San Francisco Metro	149	100.0 %	6,218	41.78	2.9 %	4.6 %
Total Core Operating Properties	5,180	94.2 %	$ 134,159	$ 28.91	100.0 %	100.0 %
Fund Portfolio:						
Operating Properties:						
Pro Rata by Geography:						
New York Metro	229	75.9 %	$ 5,021	$ 28.89	19.4 %	30.0 %
Southeast	310	94.8 %	3,835	13.07	26.2 %	22.8 %
Northeast	276	78.3 %	2,206	10.19	23.4 %	13.1 %
Midwest	90	98.0 %	1,483	16.87	7.6 %	8.8 %
Mid-Atlantic	113	88.4 %	1,400	13.98	9.6 %	8.3 %
Chicago Metro	70	83.6 %	1,005	17.12	5.9 %	6.0 %
West	45	99.2 %	947	21.52	3.8 %	5.6 %
Southwest	45	97.3 %	762	17.37	3.8 %	4.5 %
San Francisco Metro	4	36.0 %	146	98.33	0.3 %	0.9 %
Total Fund Operating Properties	1,182	86.3 %	$ 16,805	$ 16.48	100.0 %	100.0 %

(a) 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.
(b) 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, 2018.
(c) The amounts presented reflect the Operating Partnership's pro-rata shares of properties included within each region.

Development and Redevelopment Activities

As part of our strategy, we invest in retail real estate assets that may require significant development. As of December 31, 2018, we had six development or redevelopment projects in various stages of the development process.

	Ownership	Location	Estimated Stabilization	Square Feet Upon Completion	Leased Rate	Key Tenants	Outstanding Debt	Incurred (b)	Estimated Future Range			Estimated Range	
ent:													
on Street	100.0%	Chicago, IL	2019	8,874	— %	TBD	$—	$10.1	$—	to	$0.4	$10.1	t
low	100.0%	Farmingdale, NY	2021	180,000 - 200,000	— %	TBD	—	17.2	32.8	to	42.8	50.0	t
chigan	100.0%	Chicago, IL	2020	62,000	25.0 %	Disney Store	66.6	107.9	12.1	to	19.6	120.0	t
							$66.6	$135.2	$44.9		$62.8	$180.1	
pment:													
er	100.0%	San Francisco, CA	2020	241,000	90.0 %	Target	$—	$172.0	$18.0	to	$28.0	$190.0	t
Iall	100.0%	Honesdale, PA	TBD	TBD	100.0%	TBD	—	TBD	TBD		TBD	TBD	
r	100.0%	Dayton, OH	TBD	TBD	50.0 %	TBD	—	TBD	TBD	to	TBD	TBD	t
							$—	$172.0	$18.0		$28.0	$190.0	
ized:													
Vest	100.0%	Chicago, IL	2019	29,778	76.1 %	TJ Maxx, Blue Mercury	$—						
	94.2 %	New York, NY	2020	475,000	81.7 %	Century 21, Target, Alamo Drafthouse	264.6						
Crossing	100.0%	Mohegan Lake, NY	2019	125,906	73.6 %	ShopRite, HomeSense	26.0						

way	100.0%	New York, NY	2019	2,896	100.0%		—
way	63.1 %	New York, NY	2019	4,637	53.2 %	Swatch	49.5
Avenue	100.0%	Brooklyn, NY	2019	40,977	94.1 %		10.1
laza	50.0 %	Paramus, NJ	2019	150,660	74.1 %	Ashley Furniture, Marshalls	17.6
Hill	90.0 %	Warwick, RI	2019	168,764	81.1 %	Dick's Sporting Goods, Burlington Coat Factory	16.5
ry	100.0%	New York, NY	2019	2,538	— %		—
son	100.0%	New York, NY	2019	2,625	— %		—
Street	100.0%	New York, NY	2019	4,177	— %		—
d	100.0%	New York, NY	2019	7,617	70.6 %		38.4
							$422.7

(a) 56 E Walton Street was moved from Development to Pre-Stabilized effective January 1, 2019.
(b) Incurred amounts include costs associated with the initial carrying value.

ITEM 3. LEGAL PROCEEDINGS.

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

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

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

Market Information, Dividends and Holders of Record of our Common Shares

At February 13, 2019, there were 270 holders of record of our Common Shares, which are traded on the New York Stock Exchange under the symbol “AKR.” Our quarterly dividends declared are discussed in Note 10 and the characterization of such dividends for Federal Income Tax purposes is discussed in Note 14.

Securities Authorized for Issuance Under Equity Compensation Plans

At the 2016 annual shareholders’ meeting, the shareholders' approved the Second Amended and Restated 2006 Incentive Plan (the “Second Amended 2006 Plan”). This plan replaced all previous share incentive plans and increased the authorization to issue options, Restricted Shares and LTIP Units (collectively “Awards”) available to officers and employees by 1.6 million shares, for a total of 3.7 million shares available to be issued. See Note 13 in the Notes to Consolidated Financial Statements, for a summary of our Share Incentive Plans.

The following table provides information related to the Second Amended 2006 Plan as of December 31, 2018:

	Equity Compensation Plan Information		
	(a)	(b)	(c)
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	—	$ —	1,173,692

Equity compensation plans not approved by security holders	—	—	—
Total	—$	—	1,173,692

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

Outstanding Common Shares as of December 31, 2018	81,557,472
Outstanding OP Units as of December 31, 2018	5,030,417
Total Outstanding Common Shares and OP Units	86,587,889
Common Shares and OP Units pursuant to the Second Amended 2006 Plan	8,893,681
Total Common Shares available under equity compensation plans	8,893,681
Less: Issuance of Restricted Shares and LTIP Units Granted	(4,948,216)
Issuance of Options Granted	(2,771,773)
Number of Common Shares remaining available	1,173,692

Share Price Performance

The following graph compares the cumulative total shareholder return for our Common Shares for the period commencing December 31, 2013, through December 31, 2018, 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, 2013, and assuming reinvestment of dividends. The shareholder return as set forth in the table below is not necessarily indicative of future performance. The information in this section is not “soliciting material,” is not deemed “filed” with the SEC, and is not to be incorporated by reference into any of our filings under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing.

	At December 31,					
Index	2013	2014	2015	2016	2017	2018
Acadia Realty Trust	$100.00	$134.48	$144.55	$147.43	$128.04	$115.96
Russell 2000	100.00	104.89	100.26	121.63	139.44	124.09
NAREIT All Equity REIT Index	100.00	128.03	131.64	143.00	155.41	149.12
SNL REIT Retail Shopping Ctr Index	100.00	129.58	136.51	141.27	125.62	105.42

Recent Sales of Unregistered Securities Use of Proceeds from Registered Securities

None.

Issuer Purchases of Equity Securities

During 2018, the Company revised its share repurchase program. The new share repurchase program authorizes management, at its discretion, to repurchase up to $200.0 million of its outstanding Common Shares. The program may be discontinued or extended at any time. The Company repurchased 2,294,235 shares for $55.1 million, inclusive of $0.1 million of fees, during the year ended December 31, 2018. The Company did not repurchase any shares during the years ended December 31, 2017 or 2016. As of December 31, 2018, management may repurchase up to approximately $144.9 million of the Company’s outstanding Common Shares under this program.

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 Report.

	Year Ended December 31,				
(dollars in thousands, except per share amounts)	2018	2017	2016	2015	2014
OPERATING DATA:					
Revenues	$262,213	$250,262	$189,939	$199,063	$179,681
Operating expenses, excluding depreciation and impairment charges	(117,123)	(113,554)	(98,039)	(88,850)	(79,104)
Depreciation and amortization	(117,549)	(104,934)	(70,011)	(60,751)	(49,645)
Impairment charges	—	(14,455)	—	(5,000)	—
Equity in earnings of unconsolidated affiliates inclusive of gains on disposition of properties	9,302	23,371	39,449	37,330	111,578
Interest income	13,231	29,143	25,829	16,603	12,607
Gain on change in control and other	—	5,571	—	1,596	2,724
Interest expense	(69,978)	(58,978)	(34,645)	(37,297)	(39,426)
(Loss) income from continuing operations before income taxes	(19,904)	16,426	52,522	62,694	138,415
Income tax (provision) benefit	(934)	(1,004)	105	(1,787)	(629)
(Loss) income from continuing operations before gain on disposition of properties	(20,838)	15,422	52,627	60,907	137,786
Income from discontinued operations, net of tax	—	—	—	—	1,222
Gain on disposition of properties, net of tax	5,140	48,886	81,965	89,063	13,138
Net (loss) income	(15,698)	64,308	134,592	149,970	152,146
Loss (income) attributable to noncontrolling interests:					
Continuing operations	47,137	(2,838)	(61,816)	(84,262)	(80,059)
Discontinued operations	—	—	—	—	(1,023)
Net loss (income) attributable to noncontrolling interests	47,137	(2,838)	(61,816)	(84,262)	(81,082)
Net income attributable to Acadia	$31,439	$61,470	$72,776	$65,708	$71,064
Supplemental Information:					
Income from continuing operations attributable to Acadia	$31,439	$61,470	$72,776	$65,708	$70,865
Income from discontinued operations attributable to Acadia	—	—	—	—	199
Net income attributable to Acadia	$31,439	$61,470	$72,776	$65,708	$71,064
Basic earnings per share:					
Income from continuing operations	$0.38	$0.73	$0.94	$0.94	$1.18
Income from discontinued operations	—	—	—	—	—
Basic earnings per share	$0.38	$0.73	$0.94	$0.94	$1.18

Diluted earnings per share:					
Income from continuing operations	$0.38	$0.73	$0.94	$0.94	$1.18
Income from discontinued operations	—	—	—	—	—
Diluted earnings per share	$0.38	$0.73	$0.94	$0.94	$1.18
Weighted average number of Common Shares outstanding					
Basic	82,080	83,683	76,231	68,851	59,402
Diluted	82,080	83,685	76,244	68,870	59,426
Cash dividends declared per Common Share	$1.09	$1.05	$1.16	$1.22	$1.23
BALANCE SHEET DATA:					
Real estate before accumulated depreciation	$3,697,805	$3,466,482	$3,382,000	$2,736,283	$2,208,595
Total assets	3,958,780	3,960,247	3,995,960	3,032,319	2,720,721
Total indebtedness, net	1,550,545	1,424,409	1,488,718	1,358,606	1,118,602
Total common shareholders' equity	1,459,505	1,567,199	1,588,577	1,100,488	1,055,541
Noncontrolling interests	622,442	648,440	589,548	420,866	380,416
Total equity	2,081,947	2,215,639	2,178,125	1,521,354	1,435,957
OTHER:					
Funds from operations attributable to Common Shareholders and Common OP Unit holders [(a)]	118,870	134,667	117,070	111,560	78,882
Cash flows provided by (used in): [(b)]					
Operating activities	96,076	114,655	109,848	113,598	82,519
Investing activities	(136,619)	4,063	(613,564)	(354,503)	(268,516)
Financing activities	(10,278)	(127,758)	488,365	96,101	324,388

(a) Funds from operations is a non-GAAP measure. For an explanation of the measure and a reconciliation to the nearest GAAP measure, see "Item 7. Management's Discussion and Analysis — Supplemental Financial Measures."
(b) Cash flow activities for the years ended December 31, 2015 and 2014 have not been adjusted for the impact of ASUs 2016-15 and 2016-18 (Note 1).

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

OVERVIEW

As of December 31, 2018, there were 171 properties, which we own or have an ownership interest in, within our Core Portfolio and Funds. Our Core Portfolio consists of those properties either 100% owned, or partially owned through joint venture interests by the Operating Partnership, or subsidiaries thereof, not including those properties owned through our Funds. These properties primarily consist of street and urban retail, and dense suburban shopping centers. See Item 2. Properties for a summary of our wholly-owned and partially-owned retail properties and their physical occupancies at December 31, 2018.

The majority of our operating income is derived from rental revenues from operating properties, including expense recoveries from tenants, offset by operating and overhead expenses. As our RCP Venture invests in operating companies, the Operating Partnership invests through a taxable REIT subsidiary ("TRS").

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

- Own and operate a Core Portfolio of high-quality retail properties located primarily in high-barrier-to-entry, densely-populated metropolitan areas and create value through accretive development and re-tenanting activities coupled with the acquisition of high-quality assets that have the long-term potential to outperform the asset class as part of our Core asset recycling and acquisition initiative.
- Generate additional external growth through an opportunistic yet disciplined acquisition program within our Funds. We target transactions with high inherent opportunity for the creation of additional value through:

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

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

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

SIGNIFICANT DEVELOPMENTS DURING THE year ended December 31, 2018

Investments

During the year ended December 31, 2018, within our Fund portfolio we invested in three new consolidated properties aggregating $149.0 million as follows (Note 2):

-

- On October 23, 2018, Fund V acquired a shopping center in Hiram, Georgia for $44.4 million referred to as “Hiram Pavilion.”
- On July 18, 2018, Fund V acquired a suburban shopping center in Elk Grove, California for $59.3 million referred to as “Elk Grove Commons.”
- On February 21, 2018, Fund V acquired a suburban shopping center in Trussville, Alabama for $45.3 million referred to as “Trussville.”

On October 11, 2018, Fund IV obtained the venture partner’s interest in one of its equity method investments and consolidated 11 Broughton Street Portfolio properties (Note 4).

In addition, within our Core Portfolio, we converted a portion of an existing note receivable (Note 3) into an interest in the unconsolidated underlying real estate collateral as follows:

- On March 28, 2018, we exchanged a total of $22.0 million of our Brandywine Note Receivable plus accrued interest of $0.3 million for an incremental 14.11% undivided interest in Town Center (Note 4).

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Dispositions of Real Estate

During the year ended December 31, 2018, within our Funds we sold six properties and four retail condominium units for an aggregate sales price of $76.6 million as follows (Note 2, Note 4):

- On November 30, December 10, 17, and 21, Fund IV sold four consolidated condominium units for an aggregate of $12.1 million, for which there was no gain or loss.
- On August 29, Fund IV sold one of its unconsolidated Broughton Street properties for $2.0 million, resulting in a loss of $0.3 million of which our share was $0.1 million.
- On August 29, Fund IV sold its consolidated 1861 Union Street property for $6.0 million, resulting in a gain of $2.2 million at the property level of which our share was $0.5 million.
- On August 27, Fund IV sold its consolidated Lake Montclair property for $22.5 million and recognized a gain of $2.9 million at the property level of which our share was $0.7 million.
- On April 17, 2018, Fund II sold its consolidated Sherman Avenue property, which was previously classified as held for sale, for $26.0 million.
- On January 18, 2018, Fund IV sold two unconsolidated Broughton Street properties for aggregate proceeds of $8.0 million and recognized a loss of $0.4 million at the property level, of which both Fund IV and our pro-rata share was negligible.

In addition, on June 29, 2018, a Fund IV unconsolidated investee terminated its master leases at two of its Broughton Street properties.

Financings

During the year ended December 31, 2018, we obtained aggregate net new financing of $233.0 million including (Note 7):

- We obtained an aggregate of $109.5 million in financings through four new mortgages for Fund V.
- We obtained a $73.5 million mortgage for Sullivan Center, a Core property.
- We obtained a new $500.0 million Core Credit Facility comprised of a $150.0 million senior unsecured revolving credit facility and a $350.0 million senior unsecured term loan and refinanced our existing $300.0 million credit facility (comprised of the $150.0 million Core unsecured revolving line of credit and the $150.0 million term loan) and $150.0 million in term loans.

During the year ended December 31, 2018, we utilized proceeds from the new term loan to repay one Core mortgage in the amount of $40.4 million. The Funds also repaid three non-recourse Fund mortgages aggregating $27.2 million in connection with three of the property sales noted above.

Structured Financing

During the year ended December 31, 2018 (Note 3) we entered into the following structured financing transactions:

- As discussed above, on March 28, 2018, we exchanged a total of $22.0 million of our Core Brandywine Note Receivable plus accrued interest of $0.3 million for an incremental 14.11% undivided interest in Town Center (Note 4).
- On March 16, 2018, we funded an additional $2.8 million on an existing Core $15.0 million note receivable.
- On January 24, 2018, we received full payment on a $26.0 million Core note receivable plus $0.2 million interest thereon.

Share Repurchase Plan

In February 2018, our Board of Trustees elected to terminate the existing repurchase program and authorized a new common share repurchase program under which we may repurchase, from time to time, up to a maximum of $200.0 million of our common shares (Note 10). Through December 31, 2018, we repurchased 2,294,235 shares for $55.1 million.

RESULTS OF OPERATIONS

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

Comparison of Results for the Year Ended December 31, 2018 to the Year Ended December 31, 2017

The results of operations by reportable segment for the year ended December 31, 2018 compared to the year ended December 31, 2017 are summarized in the table below (in millions, totals may not add due to rounding):

	Year Ended December 31, 2018				Year Ended December 31, 2017				Increase (Decrease)			
	Core	Funds	SF	Total	Core	Funds	SF	Total	Core	Funds	SF	Tota
venues	$167.9	$94.3	$—	$262.2	$170.0	$80.3	$—	$250.3	$(2.1)	$14.0	$—	$11
preciation and amortization	(60.9)	(56.6)	—	(117.5)	(61.7)	(43.2)	—	(104.9)	(0.8)	13.4	—	12
perty operating expenses, other operating and real estate taxes	(45.1)	(37.6)	—	(82.8)	(45.3)	(34.4)	—	(79.8)	(0.2)	3.2	—	3.0
neral and administrative expenses	—	—	—	(34.3)	—	—	—	(33.8)	—	—	—	0.5
pairment charge	—	—	—	—	—	(14.5)	—	(14.5)	—	(14.5)	—	(14
erating income (loss)	61.9	—	—	27.5	62.9	(11.8)	—	17.3	(1.0)	11.8	—	10
n on disposition of properties, of tax	—	5.1	—	5.1	—	48.9	—	48.9	—	(43.8)	—	(43
rest income	—	—	13.2	13.2	—	—	29.1	29.1	—	—	(15.9)	(15
ity in earnings of unconsolidated ffiliates inclusive of gains on sposition of properties	7.4	1.9	—	9.3	3.7	19.6	—	23.4	3.7	(17.7)	—	(14
rest expense	(27.6)	(42.4)	—	(70.0)	(28.6)	(30.4)	—	(59.0)	(1.0)	12.0	—	11
n on change in control	—	—	—	—	5.6	—	—	5.6	(5.6)	—	—	(5.
ome tax provision	—	—	—	(0.9)	—	—	—	(1.0)	—	—	—	0.1
income (loss)	41.7	(35.3)	13.2	(15.7)	43.6	26.3	29.1	64.3	(1.9)	(61.6)	(15.9)	(80
loss (income) attributable noncontrolling interests	0.8	46.4	—	47.1	(1.1)	(1.7)	—	(2.8)	(1.9)	(48.1)	—	(49
income attributable to Acadia	$42.4	$11.0	$13.2	$31.4	$42.5	$24.6	$29.1	$61.5	$(0.1)	$(13.6)	$(15.9)	$(30

Core Portfolio

The results of operations for our Core Portfolio segment are depicted in the table above under the headings labeled "Core." Segment net income attributable to Acadia for our Core Portfolio decreased $0.1 million for the year ended December 31, 2018 compared to the prior year as a result of the changes further described below.

Revenues for our Core Portfolio decreased $2.1 million for the year ended December 31, 2018 compared to the prior year due primarily to a decrease of $4.3 million related to tenant bankruptcies in 2018 and a decrease of $2.5 million due to a real estate tax reassessment at a property in 2017. These decreases were partially offset by a $2.4 million increase from the conversion of a portion of a note receivable into increased ownership in real estate during 2018 (Note 4) and a $2.4 million increase from the write-off of below market leases at properties in 2018.

Equity in earnings of unconsolidated affiliates for our Core Portfolio increased $3.7 million for the year ended December 31, 2018 compared to the prior year primarily due to the conversion of a portion of a note receivable into increased ownership in real estate as described above.

Interest expense for our Core Portfolio decreased $1.0 million for the year ended December 31, 2018 compared to the prior year due to lower average outstanding borrowings in 2018 compared to 2017.

The gain on change in control of $5.6 million during the year ended December 31, 2017 resulted from the consolidation of our investment in Market Square upon acquisition of the outstanding third-party interests (Note 4).

Net loss (income) attributable to noncontrolling interests for our Core Portfolio decreased $1.9 million for the year ended December 31, 2018 compared to the prior year based on the noncontrolling interests' share of the variances discussed above.

Funds

The results of operations for our Funds segment are depicted in the table above under the headings labeled "Funds." Segment net income attributable to Acadia for the Funds decreased $13.6 million for the year ended December 31, 2018 compared to the prior year as a result of the changes described below. The net loss for our Funds for the year ended December 31, 2018 is primarily related to depreciation and amortization on pre-stabilized assets.

Revenues for the Funds increased $14.0 million for the year ended December 31, 2018 compared to the prior year primarily due to a $22.5 million increase from Fund property acquisitions in 2017 and 2018, a $2.6 million increase from development projects being placed in service during 2017. These increases were partially offset by a decrease of $10.5 million related to property sales in 2017 and 2018.

Depreciation and amortization for the Funds increased $13.4 million for the year ended December 31, 2018 compared to the prior year primarily due to an $12.1 million increase from Fund property acquisitions in 2017 and 2018 and as well as $5.7 million from development projects being placed in service during 2017. These increases were partially offset by a decrease of $4.3 million related to property sales in 2017 and 2018.

Property operating expenses, other operating and real estate taxes for the Funds increased $3.2 million for the year ended December 31, 2018 compared to the prior year primarily due to a $6.8 million increase from Fund property acquisitions in 2017 and 2018 and a $1.0 million increase from the City Point project being placed in service during 2017. These increases were partially offset by a decrease of $4.5 million from property sales in 2017 and 2018.

Impairment charge during the year ended December, 31, 2017 totaled $14.5 million, comprised of charges of $10.6 million for a property classified as held for sale in 2017 and $3.8 million for a property sold in 2017 (Note 8).

Gain on disposition of properties for the Funds decreased $43.8 million for the year ended December 31, 2018 compared to the prior year due to the sales of Lake Montclair and 1861 Union in Fund IV in 2018, which aggregated $5.1 million and the sales of 216th street, City Point Tower 1 and 161st street in Fund II, New Hyde Park Shopping Center in Fund III and 1151 Third Avenue in Fund IV in 2017, which aggregated $48.9 million.

Equity in earnings of unconsolidated affiliates for the Funds decreased $17.7 million for the year ended December 31, 2018 compared to the prior year primarily due to the Fund's proportionate share of $14.8 million in aggregate gains from the sales of Arundel Plaza, 1701 Belmont Avenue and 2819 Kennedy Boulevard during 2017, $3.1 million from distributions in excess of our carrying value related to Fund II's investment in Mervyns and Albertson's in 2017 and $2.5 million from the recognition of 100% of the net loss from Broughton Street in 2018 as our partner is no longer absorbing their share of the losses. These decreases were partially offset by $3.2 million for a distribution in excess of carrying value from Fund III's investment in the Self-Storage Management (Note 4) during 2018.

Interest expense for the Funds increased $12.0 million for the year ended December 31, 2018 compared to the prior year due to $8.2 million less interest capitalized primarily related to our Fund II City Point project during 2018 and a $6.1 million increase related to higher average outstanding rates in 2018. These increases were offset by $1.5 million of higher loan cost amortization in 2017 and $1.0 million for lower average outstanding borrowings in 2018.

Net loss (income) attributable to noncontrolling interests for the Funds decreased $48.1 million for the year ended December 31, 2018 compared to the prior year based on the noncontrolling interests' share of the variances discussed above. (Income) loss attributable to noncontrolling interests in the Funds includes asset management fees earned by the Company of $18.0 million and $18.4 million for the years ended December 31, 2018 and 2017, respectively.

Structured Financing

The results of operations for our Structured Financing segment are depicted in the table above under the headings labeled "SF." Interest income for the Structured Financing portfolio decreased $15.9 million for the year ended December 31, 2018 compared to the prior year primarily due to $7.2 million from the conversion of a portion of a note receivable into increased ownership in the real estate (Note 4), the recognition of additional interest of $3.9 million during 2017 on the repayment of a note (Note 3) and $4.8 million from loan payoffs during 2017 and 2018.

Unallocated

The Company does not allocate general and administrative expense and income taxes to its reportable segments. These unallocated amounts are depicted in the table above under the headings labeled “Total.”

Comparison of Results for the Year Ended December 31, 2017 to the Year Ended December 31, 2016

The results of operations by reportable segment for the year ended December 31, 2017 compared to the year ended December 31, 2016 are summarized in the table below (in millions, totals may not add due to rounding):

	Year Ended December 31, 2017				Year Ended December 31, 2016				Increase (Decrease)			
	Core	Funds	SF	Total	Core	Funds	SF	Total	Core	Funds	SF	Total
venues	$170.0	$80.3	$—	$250.3	$150.2	$39.7	$—	$189.9	$19.8	$40.6	$—	$60.4
epreciation and amortization	(61.7)	(43.2)	—	(104.9)	(54.6)	(15.4)	—	(70.0)	7.1	27.8	—	34.9
operty operating expenses, other operating and real estate taxes	(45.3)	(34.4)	—	(79.8)	(39.6)	(17.8)	—	(57.4)	5.7	16.6	—	22.4
eneral and administrative expenses	—	—	—	(33.8)	—	—	—	(40.6)	—	—	—	(6.8
pairment charge	—	(14.5)	—	(14.5)	—	—	—	—	—	14.5	—	14.5
perating income (loss)	62.9	(11.8)	—	17.3	56.0	6.5	—	21.9	6.9	(18.3)	—	(4.6
in on disposition of properties, t of tax	—	48.9	—	48.9	—	82.0	—	82.0	—	(33.1)	—	(33.
erest income	—	—	29.1	29.1	—	—	25.8	25.8	—	—	3.3	3.3
uity in earnings of unconsolidated affiliates inclusive of gains on disposition of properties	3.7	19.6	—	23.4	3.8	35.7	—	39.4	(0.1)	(16.1)	—	(16.
erest expense	(28.6)	(30.4)	—	(59.0)	(27.4)	(7.2)	—	(34.6)	1.2	23.2	—	24.4
in on change in control	5.6	—	—	5.6	—	—	—	—	5.6	—	—	5.6
come tax (provision) benefit	—	—	—	(1.0)	—	—	—	0.1	—	—	—	(1.1
t income (loss)	43.6	26.3	29.1	64.3	32.4	116.9	25.8	134.6	11.2	(90.6)	3.3	(70.
t income attributable to noncontrolling interests	(1.1)	(1.7)	—	(2.8)	(3.4)	(58.4)	—	(61.8)	(2.3)	(56.7)	—	(59.
t income attributable to Acadia	$42.5	$24.6	$29.1	$61.5	$29.0	$58.5	$25.8	$72.8	$13.5	$(33.9)	$3.3	$(11.

Core Portfolio

The results of operations for our Core Portfolio segment are depicted in the table above under the headings labeled "Core." Segment net income attributable to Acadia for our Core Portfolio increased by $13.5 million for the year ended December 31, 2017 compared to the prior year as a result of the changes as further described below.

Revenues from our Core Portfolio increased by $19.8 million for the year ended December 31, 2017 compared to 2016 due to $22.7 million related to Core property acquisitions in 2016 partially offset by $3.8 million attributable to the deconsolidation of the Brandywine Portfolio in 2016.

Depreciation and amortization for our Core Portfolio increased by $7.1 million for the year ended December 31, 2017 compared to 2016 due to $10.3 million of additional depreciation related to Core property acquisitions in 2016 partially offset by $3.4 million of additional depreciation and amortization related to an adjustment for tenant kick-out options in 2016 (Note 1).

Property operating, other operating expenses and real estate taxes for our Core Portfolio increased by $5.7 million for the year ended December 31, 2017 compared to 2016 primarily due to Core property acquisitions in 2016.

Interest expense for the Core Portfolio increased $1.2 million for the year ended December 31, 2017 compared to 2016 due to $2.1 million from higher average outstanding balances in 2017 and a $0.9 million increase in capital lease interest in 2017, partially offset by $1.0 million due to lower average interest rates.

The gain on change in control of $5.6 million during the year ended December 31, 2017 resulted from the consolidation of our investment in Market Square upon acquisition of the outstanding third-party interests (Note 4).

Net income attributable to noncontrolling interests decreased $2.3 million due to the change in control of the Brandywine Portfolio in 2016.

Funds

The results of operations for our Funds segment are depicted in the table above under the headings labeled “Funds.” Segment net income attributable to Acadia for the Funds decreased by $33.9 million for the year ended December 31, 2017 compared to 2016 as a result of the changes described below.

Revenues from the Funds increased by $40.6 million for the year ended December 31, 2017 compared to 2016 primarily due to $26.1 million related to Fund property acquisitions in 2016 and 2017 as well as $13.6 million from development projects being placed in service during 2017 (Note 2).

Depreciation and amortization for the Funds increased by $27.8 million for the year ended December 31, 2017 compared to 2016 primarily due to $15.9 million related to Fund property acquisitions in 2016 and 2017 as well as $11.0 million from the development projects being placed in service during 2017.

Property operating, other operating expenses and real estate taxes for the Funds increased by $16.6 million for the year ended December 31, 2017 compared to 2016 due to $8.5 million from the development projects placed into service in 2017 as well as $6.8 million from Fund property acquisitions in 2016 and 2017.

Impairment charges during the year ended December 31, 2017 totaled $14.5 million, comprised of charges of $10.7 million for a property classified as held for sale in 2017 and $3.8 million for a property sold in 2017 (Note 8).

Gain on disposition of properties for the Funds decreased by $33.1 million for the year ended December 31, 2017 compared to 2016. Gains during 2017 include $31.5 million from the sale of Fund II's 260 E. 161st Street property, $6.5 million from the sale of Fund II's 216th Street property, $5.2 million from Fund IV's 1151 Third Avenue property and $6.4 million from the sale of Fund III's New Hyde Park Shopping Center. Gains during 2016 comprised $16.6 million from the sale of Fund III's Heritage Shops and $65.4 million from the sale of a 65% interest in Cortlandt Town Center.

Equity in earnings of unconsolidated affiliates for the Funds decreased by $16.1 million for the year ended December 31, 2017 compared to 2016 primarily due to the Fund's proportionate share of $14.8 million in aggregate gains from the sales of 1701 Belmont Avenue, Arundel Plaza and 2819 Kennedy Boulevard during 2017 as well as distributions in excess of our carrying value related to investments in Mervyn's and Albertsons (Note 4) versus the Fund's proportionate share of $36.0 million from the sale of Cortlandt Town Center in 2016.

Interest expense for the Funds increased $23.2 million for the year ended December 31, 2017 compared to 2016 due to $7.8 million less interest capitalized during 2017, a $6.0 million increase related to higher average interest rates in 2017, a $5.1 million increase related to higher average outstanding borrowings in 2017, and a $2.9 million increase in amortization of additional loan costs in 2017.

Net income attributable to noncontrolling interests in the Funds decreased by $56.7 million for the year ended December 31, 2017 compared to 2016 due to the noncontrolling interests' share of the variances discussed above. Income attributable to noncontrolling interests in the Funds includes asset management fees earned by the Company of $18.4 million and $15.6 million for the years ended December 31, 2017 and 2016, respectively.

Structured Financing

The results of operations for our Structured Financing segment are depicted in the table above under the headings labeled "SF." Net income for Structured Financing increased by $3.3 million compared to the prior year primarily due to the recognition of additional interest of $3.6 million during 2017 on the repayment of a note (Note 3) and new loans originated during 2016. These increases were partially offset by the conversion of a portion of a note receivable into increased ownership in the real estate in 2017 (Note 4).

Unallocated

The Company does not allocate general and administrative expense and income taxes to its reportable segments. These unallocated amounts are depicted in the table above under the headings labeled "Total." General and administrative expenses decreased by $6.8 million primarily as a result of the acceleration of equity-based compensation awards related to retirements in 2016 totaling $4.2 million as well as increased compensation expense in 2016, which included $3.9 million related to the Program (Note 13).

The income tax provision for 2017 relates to increased income of the taxable REIT subsidiaries and adjustments to reflect the new provisions of the Tax Cuts and Jobs Act (Note 14).

SUPPLEMENTAL FINANCIAL MEASURES

Net Property Operating Income

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

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

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

	Year Ended December 31,		
	2018	2017	2016
Consolidated operating income	$27,541	$17,319	$21,889
Add back:			
General and administrative	34,343	33,756	40,648
Depreciation and amortization	117,549	104,934	70,011
Impairment charge	—	14,455	—
Less:			
Above/below market rent and straight-line rent	(23,521)	(21,110)	(5,313)
Consolidated NOI	155,912	149,354	127,235
Noncontrolling interest in consolidated NOI	(37,496)	(28,379)	(20,872)
Less: Operating Partnership's interest in Fund NOI included above	(9,790)	(7,927)	(4,981)
Add: Operating Partnership's share of unconsolidated joint ventures NOI [(a)]	24,919	19,539	16,547
NOI - Core Portfolio	$133,545	$132,587	$117,929

(a) Does not include the Operating Partnership's share of NOI from unconsolidated joint ventures within the Funds.
Same-Property NOI includes Core Portfolio properties that we owned for both the current and prior periods presented, but excludes those properties which we acquired, sold or expected to sell, and developed during these periods. The following table summarizes Same-Property NOI for our Core Portfolio (in thousands):

Year Ended
December 31,

	2018	2017
Core Portfolio NOI	$133,545	$132,587
Less properties excluded from Same-Property NOI	(7,353)	(8,633)
Same-Property NOI	$126,192	$123,954
Percent change from prior year period	1.8 %	
Components of Same-Property NOI:		
Same-Property Revenues	$173,471	$168,624
Same-Property Operating Expenses	(47,279)	(44,670)
Same-Property NOI	$126,192	$123,954

Rent Spreads on Core Portfolio New and Renewal Leases

The following table summarizes rent spreads on both a cash basis and straight-line basis for new and renewal leases based on leases executed within our Core Portfolio for the year ended December 31, 2018. Cash basis represents a comparison of rent most recently paid on the previous lease as compared to the initial rent paid on the new lease. Straight-line basis represents a comparison of rents as adjusted for contractual escalations, abated rent and lease incentives for the same comparable leases.

	Year Ended December 31, 2018	
Core Portfolio New and Renewal Leases	Cash Basis	Straight-Line Basis
Number of new and renewal leases executed	68	68
GLA commencing	562,304	562,304
New base rent	$20.49	$21.14
Expiring base rent	$18.80	$18.17
Percent growth in base rent	9.0 %	16.4 %
Average cost per square foot [(a)]	$7.51	$7.51
Weighted average lease term (years)	5.4	5.4

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

Funds from Operations

We consider funds from operations ("FFO") as defined by the National Association of Real Estate Investment Trusts ("NAREIT") to be an appropriate supplemental disclosure of operating performance for an equity REIT due to its widespread acceptance and use within the REIT and analyst communities. FFO is presented to assist investors in analyzing our performance. It is helpful as it excludes various items included in net income that are not indicative of the operating performance, such as gains (losses) from sales of depreciated property, depreciation and amortization, and impairment of depreciable real estate. Our method of calculating FFO may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs. FFO does not represent cash generated from operations as defined by generally accepted accounting principles ("GAAP") and is not indicative of cash available to fund all cash needs, including distributions. It should not be considered as an alternative to net income for the purpose of evaluating our performance or to cash flows as a measure of liquidity. Consistent with the NAREIT definition, we define FFO as net income (computed in accordance with GAAP), excluding gains (losses) from sales of depreciated property and impairment of depreciable real estate, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. A reconciliation of net income attributable to Acadia to FFO follows (dollars in thousands, except per share amounts):

	Year Ended December 31,		
(dollars in thousands except per share data)	2018	2017	2016
Net income attributable to Acadia	$31,439	$61,470	$72,776
Depreciation of real estate and amortization of leasing costs (net of noncontrolling interests' share)	85,852	83,515	67,446

Impairment charge (net of noncontrolling interests' share)	—	1,088	—
Gain on sale (net of noncontrolling interests' share)	(994)	(15,565)	(28,154)
Income attributable to Common OP Unit holders	2,033	3,609	4,442
Distributions - Preferred OP Units	540	550	560
Funds from operations attributable to Common Shareholders and Common OP Unit holders	$118,870	$134,667	$117,070
Funds From Operations per Share - Diluted			
Basic weighted-average shares outstanding, GAAP earnings	82,080,159	83,682,789	76,231,000
Weighted-average OP Units outstanding	4,941,661	4,741,058	4,435,041
Basic weighted-average shares outstanding, FFO	87,021,820	88,423,847	80,666,041
Assumed conversion of Preferred OP Units to common shares	499,345	505,045	435,274
Assumed conversion of LTIP units and restricted share units to common shares	206,646	69,488	150,843
Diluted weighted-average number of Common Shares and Common OP Units outstanding, FFO	87,727,811	88,998,380	81,252,158
Diluted Funds from operations, per Common Share and Common OP Unit	$1.35	$1.51	$1.44

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LIQUIDITY AND CAPITAL RESOURCES

Uses of Liquidity and Cash Requirements

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

Distributions

In order to qualify as a REIT for federal income tax purposes, we must currently distribute at least 90% of our taxable income to our shareholders. During the year ended December 31, 2018, we paid dividends and distributions on our Common Shares, Common OP Units and Preferred OP Units totaling $95.9 million.

Investments in Real Estate

During the year ended December 31, 2018, within our Fund portfolio we invested in three new properties aggregating $149.0 million as follows (Note 2):

- On October 23, 2018, Fund V acquired a consolidated suburban shopping center in Hiram, Georgia for $44.4 million referred to as "Hiram Pavilion."
- On July 18, 2018, Fund V acquired a consolidated suburban shopping center in Elk Grove, California for $59.3 million referred to as "Elk Grove Commons."
- On February 21, 2018, Fund V acquired a consolidated suburban shopping center in Trussville, Alabama for $45.3 million referred to as "Trussville."

For activity subsequent to December 31, 2018, see Note 15.

Capital Commitments

During the year ended December 31, 2018, we made capital contributions aggregating $12.8 million to our Funds. At December 31, 2018, our share of the remaining capital commitments to our Funds aggregated $119.0 million as follows:

- $6.4 million to Fund III. Fund III was launched in May 2007 with total committed capital of $450.0 million of which our original share was $89.6 million. During 2015, we acquired an additional interest, which had an original capital commitment of $20.9 million.
- $25.2 million to Fund IV. Fund IV was launched in May 2012 with total committed capital of $530.0 million of which our original share was $122.5 million.
- $87.4 million to Fund V. Fund V was launched in August 2016 with total committed capital of $520.0 million of which our initial share is $104.5 million.

In addition, during April 2018, a distribution was made to the Fund II investors, including $4.3 million to the Operating Partnership. This amount remains subject to re-contribution to Fund II until April 2021.

Development Activities

During the year ended December 31, 2018, capitalized costs associated with development activities totaled $45.9 million. At December 31, 2018, our Funds had a total of five properties under development and redevelopment for which the estimated total cost to complete these projects through 2020 was $62.9 million to $90.8 million and our share was approximately $28.8 million to $43.4 million.

Debt

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

	December 31,	
	2018	2017
Total Debt - Fixed and Effectively Fixed Rate	$1,001,658	$899,650
Total Debt - Variable Rate	558,675	538,736
	1,560,333	1,438,386
Net unamortized debt issuance costs	(10,541)	(14,833)
Unamortized premium	753	856
Total Indebtedness	$1,550,545	$1,424,409

As of December 31, 2018, our consolidated outstanding mortgage and notes payable aggregated $1,560.3 million, excluding unamortized premium of $0.8 million and unamortized loan costs of $10.5 million, and were collateralized by 43 properties and related tenant leases. Interest rates on our outstanding indebtedness ranged from 1.00% to 6.00% with maturities that ranged from February 20, 2019 to August 23, 2042. Taking into consideration $609.9 million of notional principal under variable to fixed-rate swap agreements currently in effect, $1,001.7 million of the portfolio debt, or 64.2%, was fixed at a 3.85% weighted-average interest rate and $558.7 million, or 35.8% was floating at a 4.11% weighted average interest rate as of December 31, 2018. Our variable-rate debt includes $143.8 million of debt subject to interest rate caps.

There is $212.7 million of debt maturing in 2019 at a weighted-average interest rate of 5.48%; there is $6.4 million of scheduled principal amortization due in 2019; and our share of scheduled remaining 2019 principal payments and maturities on our unconsolidated debt was $2.1 million at December 31, 2018. In addition, $527.3 million of our total consolidated debt and $10.2 million of our pro-rata share of unconsolidated debt will come due in 2020. As it relates to the maturing debt in 2019 and 2020, we may not have sufficient cash on hand to repay such indebtedness, and, therefore, we expect to refinance at least a portion of this indebtedness or select other alternatives based on market conditions as these loans mature; however, there can be no assurance that we will be able to obtain financing at acceptable terms.

A mortgage loan in the Company’s Core Portfolio for $26.3 million was in default and subject to litigation at December 31, 2018 and December 31, 2017 (Note 7).

Share Repurchases

The Company repurchased $55.1 million, or 2,294,235 shares, pursuant to its new share repurchase program during the year ended December 31, 2018.

Sources of Liquidity

Our primary sources of capital for funding our liquidity needs include (i) the issuance of both public equity and OP Units, (ii) the issuance of both secured and unsecured debt, (iii) unfunded capital commitments from noncontrolling interests within our Funds, (iv) future sales of existing properties, (v) repayments of structured financing investments, and (vi) cash on hand and future cash flow from operating activities. Our cash on hand in our consolidated subsidiaries at December 31, 2018 totaled $21.3 million. Our remaining sources of liquidity are described further below.

Issuance of Equity

We have an at-the-market ("ATM") equity issuance program which provides us an efficient and low-cost vehicle for raising public equity to fund our capital needs. Through this program, we have been able to effectively "match-fund" the required equity for our Core Portfolio and Fund acquisitions through the issuance of Common Shares over extended periods employing a price averaging strategy. In addition, from time to time, we have issued and intend to continue to issue, equity in follow-on offerings separate from our ATM program. Net proceeds raised through our ATM program and follow-on offerings are primarily used for acquisitions, both for our Core Portfolio and our pro-rata share of Fund acquisitions, and for general corporate purposes. There were no issuances of equity either through follow-on offerings or under the ATM program during the year ended December 31, 2018.

Fund Capital

During the year ended December 31, 2018, Fund III called capital contributions totaling $12.4 million, Fund IV called capital contributions of $8.1 million and Fund V called capital contributions of $39.3 million, of which our aggregate share was $12.8 million. At December 31, 2018, unfunded capital commitments from noncontrolling interests within our Funds III, IV and V were $19.7 million, $84.0 million and $347.5 million, respectively.

Asset Sales

As previously discussed, during the year ended December 31, 2018, within our Fund portfolio we sold three unconsolidated properties, four consolidated retail condominium units and three consolidated properties for an aggregate sales price of $76.6 million (Note 4, Note 2).

Structured Financing Repayments

During the year ended December 31, 2018, we received total collections on one note receivable of $26.0 million (Note 3).

Financing and Debt

As of December 31, 2018, we had $200.0 million of additional capacity under existing Core and Fund revolving debt facilities. In addition, at that date within our Core and Fund portfolios, we had 69 unleveraged consolidated properties with an aggregate carrying value of approximately $1.5 billion and one unleveraged unconsolidated property for which our share of the carrying value was $99.3 million, although there can be no assurance that we would be able to obtain financing for these properties at favorable terms, if at all.

HISTORICAL CASH FLOW

The following table compares the historical cash flow for the year ended December 31, 2018 with the cash flow for the year ended December 31, 2017 (in millions):

	Year Ended December 31,		
	2018	2017	Variance
Net cash provided by operating activities	$96.1	$114.7	$(18.6)
Net cash (used in) provided by investing activities	(136.6)	4.1	(140.7)
Net cash used in financing activities	(10.3)	(127.8)	117.5
Decrease in cash and restricted cash	$(50.8)	$(9.0)	$(41.8)

Operating Activities

Our operating activities provided $18.6 million less cash during the year ended December 31, 2018 as compared to the year ended December 31, 2017, primarily due to a reduction in interest income, an increase in interest expense and an increase in property expenses partially offset by cash flows from the 2017 and 2018 Fund acquisitions.

Investing Activities

During the year ended December 31, 2018 as compared to the year ended December 31, 2017, our investing activities used $140.7 million more cash, primarily due to (i) $196.8 million less cash received from the proceeds from dispositions of properties, (ii) $17.3 million less cash received from return of capital from unconsolidated affiliates, and (iii) $6.0 million less cash received from repayments of notes receivable in 2018. These reductions in cash received were partially offset by (i) $56.1 million less cash used for the acquisition of real estate, (ii) $13.3 million less cash used for development and property improvement costs and (iii) $7.6 million less cash used for the issuance of notes receivable.

Financing Activities

Our financing activities used $117.5 million less cash during the year ended December 31, 2018 as compared to the year ended December 31, 2017, primarily from (i) an increase of $189.2 million of cash provided from net borrowings, (ii) a decrease of $10.6 million in cash paid for dividends to common shareholders and (iii) a decrease of $8.4 million in distributions to noncontrolling interests. These items were partially offset by (i) $55.1 million more cash used for the repurchase of Common Shares and (ii) a decrease in cash of $37.6 million from capital contributions from noncontrolling interests.

Cash Flows for 2017 Compared to 2016

The following table compares the historical cash flow for the year ended December 31, 2017 with the cash flow for the year ended December 31, 2016 (dollars in millions):

	Year Ended December 31,		
	2017	2016	Variance
Net cash provided by operating activities	$ 114.7	$ 109.8	$ 4.9
Net cash (used in) provided by investing activities	4.1	(613.6)	617.7
Net cash used in financing activities	(127.8)	488.4	(616.2)
Decrease in cash and restricted cash	$ (9.0)	$ (15.4)	$ 6.4

Operating Activities

Our operating activities provided $4.9 million more cash during the year ended December 31, 2017, primarily due to additional cash flow from 2016 and 2017 Core and Fund acquisitions partially offset by a $27.0 million rent prepayment received from a tenant in 2016.

Investing Activities

During the year ended December 31, 2017 as compared to the year ended December 31, 2016, our investing activities used $617.7 million less cash, primarily due to (i) $291.8 million less cash used for the acquisition of real estate, (ii) $146.8 million less cash used for the issuance of notes receivable, (iii) $110.3 million more cash received from disposition of properties, including unconsolidated affiliates, (iv) $65.6 million less cash used for investments and advances to unconsolidated investments, and (v) $41.3 million less cash used for development and property improvement costs. These items were partially offset by (i) $35.3 million less cash received from return of capital from unconsolidated affiliates, and (ii) $10.8 million less cash received from repayments of notes receivable.

Financing Activities

Our financing activities provided $616.2 million less cash during the year ended December 31, 2017, primarily from (i) $450.1 million less cash received from the issuance of Common Shares, (ii) a decrease in cash of $209.9 million from capital contributions from noncontrolling interests, and (iii) a decrease of $19.4 million of cash provided from net borrowings. These items were partially offset by a decrease of $66.1 million in cash distributions to noncontrolling interests.

CONTRACTUAL OBLIGATIONS

The following table summarizes: (i) principal and interest obligations under mortgage and other notes, (ii) rents due under non-cancelable operating and capital leases, which includes ground leases at seven of our properties and the lease for our corporate office and (iii) construction commitments as of December 31, 2018 (in millions):

	Payments Due by Period				
Contractual Obligations	Total	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
Principal obligations on debt	$1,560.3	$219.1	$707.8	$419.2	$214.2
Interest obligations on debt	245.9	76.7	84.7	44.1	40.4
Lease obligations [(a)]	203.1	4.8	8.9	8.8	180.6
Construction commitments [(b)]	55.5	55.5	—	—	—
Total	$2,064.8	$356.1	$801.4	$472.1	$435.2

(a) A ground lease expiring during 2078 provides the Company with an option to purchase the underlying land during 2031. If we do not exercise the option, the rents that will be due are based on future values and as such are not determinable at this time. Accordingly, the above table does not include rents for this lease beyond 2020.

(b) In conjunction with the development of our Core Portfolio and Fund properties, we have entered into construction commitments with general contractors. We intend to fund these requirements with existing liquidity.

OFF-BALANCE SHEET ARRANGEMENTS

We have the following investments made through joint ventures for the purpose of investing in operating properties. We account for these investments using the equity method of accounting. As such, our financial statements reflect our investment and our share of income and loss from, but not the individual assets and liabilities, of these joint ventures.

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

		December 31, 2018		
Investment	Operating Partnership Ownership Percentage	Operating Partnership Pro-rata Share of Mortgage Debt	Interest Rate	Maturity Date
230/240 W. Broughton	11.6%	$ 1.1	5.35%	May 2019
650 Bald Hill	20.8%	3.4	5.00%	Apr 2020
Eden Square [(a)]	22.8%	5.7	4.50%	Jun 2020
Promenade at Manassas [(b)]				