COHU INC
Form 4
March 29, 2016

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
BILODEAU STEVEN J

(Last) (First) (Middle)

12367 CROSTHWAITE CIRCLE

(Street)

POWAY, CA 92064

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
COHU INC [COHU]

3. Date of Earliest Transaction (Month/Day/Year)
03/25/2016

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	03/25/2016		A		857 (1)	A	$ 0	63,656 (2)	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BILODEAU STEVEN J 12367 CROSTHWAITE CIRCLE POWAY, CA 92064	X			

Signatures

Jeffrey D. Jones, by Power of Attorney	03/29/2016
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Grant of Phantom Stock in the form of Deferred Stock Units (DSUs) for payment of Director Fees. Each DSU is equal to one share of Cohu, Inc. Common Stock and will be settled through the issuance of common stock upon reporting person's termination of service as a director.

(2) Includes 7,500 Restricted Stock Units (RSUs) and 50,056 Deferred Stock Units (DSUs). Each RSU represents a contingent right to receive one share of Cohu, Inc. Common Stock upon vesting (assuming continued service to the Board). Each DSU is equal to one share of Cohu, Inc. Common Stock and will be settled through the issuance of common stock upon the reporting person's termination of service as a director.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. e:10pt;color:#000000;text-decoration:none;">$3.6 million in connection with the vesting of Restricted Shares and Units (Note 15).

During 2012, the Company issued approximately 6.1 million Common Shares from the ATM program generating net proceeds of approximately $140.8 million and completed a public share offering of approximately 3.5 million Common Shares generating net proceeds of approximately $85.9 million.

During 2012, Kenneth Bernstein, President and CEO, converted 250,000 Common OP Units into Common Shares.

During November 2011, the Company issued 2.3 million Common Shares generating net proceeds of approximately $45.0 million.

Noncontrolling Interests

The following table summarizes the change in the noncontrolling interests since December 31, 2011:

F-36

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
11. Shareholders' Equity and Noncontrolling Interests, continued
Noncontrolling Interests, continued

(dollars in thousands)	Noncontrolling Interests in Operating Partnership	Noncontrolling Interests in Partially-Owned Affiliates
Balance at December 31, 2011	$9,992	$375,203
Distributions declared of $0.72 per Common OP Unit	(1,098)	—
Net income for the period January 1 through December 31, 2012	528	49,702
Conversion of 334,445 OP Units to Common Shares by limited partners of the Operating Partnership	(5,880)	—
Issuance of LTIP Unit Awards to employees	2,577	—
Issuance of OP Units to acquire real estate	2,279	—
Other comprehensive income - unrealized loss on valuation of swap agreements	(72)	(1,632)
Reclassification of realized interest expense on swap agreements	20	827
Noncontrolling interest contributions	—	172,228
Noncontrolling interest distributions and other reductions	—	(160,663)
Employee Long-term Incentive Plan Unit Awards	3,448	—
Balance at December 31, 2012	$11,794	$435,665

Noncontrolling interests in the Operating Partnership represents (i) the limited partners' 284,097 and 279,748 Common OP Units at December 31, 2012 and 2011, respectively, (ii) 188 Series A Preferred OP Units at both December 31, 2012 and 2011, with a stated value of $1,000 per unit, which are entitled to a preferred quarterly distribution of the greater of (a) $22.50 (9% annually) per Series A Preferred OP Unit or (b) the quarterly distribution attributable to a Series A Preferred OP Unit if such unit was converted into a Common OP Unit, and (iii) 1,109,727 and 1,061,564 LTIP units as of December 31, 2012 and December 31, 2011, respectively, as discussed in Share Incentive Plan (Note 15).

Noncontrolling interests in partially-owned affiliates include third-party interests in Fund I, II, III and IV, and Mervyns I and II, and twelve other entities.

In 2005, the Company issued 250,000 Restricted Common OP Units to Klaff in consideration for an interest in certain management contract rights. During 2010, Klaff converted the 250,000 Restricted Common OP Units into Common Shares.

The Series A Preferred OP Units were issued in 1999 in connection with the acquisition of a property. Through December 31, 2012, 1,392 Series A Preferred OP Units were converted into 185,600 Common OP Units and then into Common Shares. The 188 remaining Series A Preferred OP Units are currently convertible into Common OP Units based on the stated value divided by $7.50. Either the Company or the holders can currently call for the conversion of the Series A Preferred OP Units at the lesser of $7.50 or the market price of the Common Shares as of the conversion date.

12. Related Party Transactions

During February 2010, Klaff converted all 250,000 of its Restricted Common OP Units into 250,000 Common Shares.

The Company earned property management, construction development, legal and leasing fees from three of its investments in unconsolidated partnerships totaling $0.8 million, $1.3 million and $0.8 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Related party receivables due from unconsolidated affiliates totaled $0.2 million and $1.4 million at December 31, 2012 and 2011, respectively.

Lee Wielansky, the Lead Trustee of the Company, was paid a consulting fee of $0.1 million for each of the years ended December 31, 2012, 2011, and 2010.

F-37

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
13. Tenant Leases
Space in the shopping centers and other retail properties is leased to various tenants under operating leases that usually grant tenants renewal options and generally provide for additional rents based on certain operating expenses as well as tenants' sales volume.
Minimum future rentals to be received under non-cancelable leases for shopping centers and other retail properties as of December 31, 2012 are summarized as follows:

(dollars in thousands)	
2013	$102,003
2014	93,026
2015	86,460
2016	81,154
2017	73,551
Thereafter	533,293
Total	$969,487

During the years ended December 31, 2012, 2011 and 2010, no single tenant collectively accounted for more than 10% of the Company's total revenues.
14. Lease Obligations
The Company leases land at eight of its shopping centers, which are accounted for as operating leases and generally provide the Company with renewal options. Ground rent expense was $3.2 million, $2.2 million, and $3.2 million (including capitalized ground rent at properties under redevelopment of $0.8 million, ($0.2 million) and $0.5 million) for the years ended December 31, 2012, 2011 and 2010, respectively. The leases terminate at various dates between 2020 and 2078. These leases provide the Company with options to renew for additional terms aggregating from 20 to 71 years. The Company leases space for its White Plains corporate office for a term expiring in 2015. Office rent expense under this lease was $1.4 million, $1.4 million and $1.5 million for the years ended December 31, 2012, 2011 and 2010, respectively. Future minimum rental payments required for leases having remaining non-cancelable lease terms are as follows:

(dollars in thousands)	
2013	$4,248
2014	4,174
2015	4,362
2016	3,256
2017	3,256
Thereafter	126,425
Total	$145,721

15. Share Incentive Plan
During 2012, the Company terminated the 1999 and 2003 Plans and adopted the Amended 2006 Plan. The Amended 2006 Plan increased the authorization to issue options, Restricted Shares and LTIP Units (collectively "Awards") available to officers and employees by 1.9 million shares to 2.1 million shares. Options are granted by the Compensation Committee (the "Committee"), which currently consists of three non-employee Trustees, and will not have an exercise price less than 100% of the fair market value of the Common Shares and a term of greater than ten years at the grant date. Vesting of options is at the discretion of the Committee. The Committee determines the restrictions placed on Awards, including the dividends or distributions thereon and the term of such restrictions. The Committee also determines the award and vesting of the awards based on the attainment of specified performance objectives of the Company within a specified performance period.

F-38

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
15. Share Incentive Plan, continued
On March 15, 2012, the Company issued a total of 279,611 LTIP Units and 1,358 Restricted Share Units to officers of the Company and 9,435 Restricted Share Units to other employees of the Company. Vesting with respect to these awards is generally recognized ratably over the five annual anniversaries following the issuance date. Vesting with respect to 17% of the awards issued to officers is also generally subject to achieving certain Company performance measures. LTIP Units are similar to Restricted Shares but provide for a quarterly partnership distribution in a like amount as paid to Common OP Units. This distribution is paid on both unvested and vested LTIP Units. The LTIP Units are convertible into Common OP Units and Common Shares upon vesting and a revaluation of the book capital accounts.

These awards were measured at their fair value as if they were vested on the grant date. Fair value was established as the market price of the Company's Common Shares as of the close of trading on the day preceding the grant date.

The total value of the above Restricted Share Units and LTIP Units as of the grant date was $6.4 million, of which $2.6 million was recognized in compensation expense during 2011 and $3.8 million will be recognized in compensation expense over the vesting period. The weighted average fair value for Restricted Shares and LTIP Units granted for the years ended December 31, 2012, 2011 and 2010 were $21.98, $19.08 and $16.73, respectively.
Total long-term incentive compensation expense, including the expense related to the above mentioned plans, was $3.6 million, $4.0 million and $3.8 million for the years ended December 31, 2012, 2011 and 2010, respectively.
On May 10, 2012, the Company issued 19,360 Restricted Shares to Trustees of the Company in connection with Trustee fees. Vesting with respect to 8,983 of the Restricted Shares will be on the first anniversary of the date of issuance and 10,377 of the Restricted Shares vest over three years with 33% vesting on each of the next three anniversaries of the issuance date. The Restricted Shares do not carry voting rights or other rights of Common Shares until vesting and may not be transferred, assigned or pledged until the recipients have a vested non-forfeitable right to such shares. Dividends are not paid currently on unvested Restricted Shares, but are paid cumulatively from the issuance date through the applicable vesting date of such Restricted Shares. Trustee fee expense of $0.2 million for the year ended December 31, 2012 has been recognized in the accompanying consolidated statement of income related to this issuance.

In 2009, the Company adopted the Long Term Investment Alignment Program (the “Program”) pursuant to which the Company may award units primarily to senior executives which would entitle them to receive up to 25% of any future Fund III Promote when and if such Promote is ultimately realized. The Company has awarded units representing 81% of the Program, which were determined to have no value at issuance or as of December 31, 2012. In accordance with ASC Topic 718, “Compensation - Stock Compensation,” compensation relating to these awards will be recorded based on the change in the estimated fair value at each reporting period.
As of December 31, 2012, the Company had 100,647 options outstanding to officers and employees and 37,000 options outstanding to non-employee Trustees of the Company all of which have vested. These options are for ten-year terms from the grant date and vested in three equal annual installments, which began on their respective grant dates.
A summary of option activity under all option arrangements as of December 31, 2012 and 2011, and changes during the years then ended, is presented below:

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
15. Share Incentive Plan, continued

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (dollars in thousands)
Outstanding and exercisable at December 31, 2010	152,283	$18.20	4.5	$6
Granted	—	—	—	—
Exercised	(2,000)	8.21	—	24
Forfeited or Expired	—	—	—	—
Outstanding and exercisable at December 31, 2011	150,283	18.33	3.5	272
Granted	—	—	—	—
Exercised	(12,636)	14.23	—	137
Forfeited or Expired	—	—	—	—
Outstanding and exercisable at December 31, 2012	137,647	$18.71	2.6	$877

The total intrinsic value of options exercised during the years ended December 31, 2012, 2011 and 2010 was $0.1 million, $0.02 million and $0.03 million, respectively.
A summary of the status of the Company's unvested Restricted Shares and LTIP Units as of December 31, 2012 and 2011 and changes during the years then ended is presented below:

F-40

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
15. Share Incentive Plan, continued

Unvested Restricted Shares and LTIP Units	Restricted Shares		Weighted Grant-Date Fair Value	LTIP Units		Weighted Grant-Date Fair Value
Unvested at December 31, 2010	153,430		$19.75	562,739		$16.61
Granted	32,970		19.13	431,412		19.08
Vested	(104,196	)	20.95	(153,895	)	16.78
Forfeited	(6,465	)	14.73	(1,358	)	16.86
Unvested at December 31, 2011	75,739		18.25	838,898		17.85
Granted	30,153		21.88	281,714		21.99
Vested	(43,819	)	19.29	(176,926	)	16.92
Forfeited	(1,157	)	16.02	—		—
Unvested at December 31, 2012	60,916		$19.36	943,686		$19.27

As of December 31, 2012, there was $9.6 million of total unrecognized compensation cost related to unvested share-based compensation arrangements granted under share incentive plans. That cost is expected to be recognized over a weighted-average period of 1.6 years. The total fair value of Restricted Shares that vested during the years ended December 31, 2012, 2011 and 2010 was $0.8 million, $2.2 million and $3.0 million, respectively.

16. Employee Share Purchase and Deferred Share Plan

The Acadia Realty Trust Employee Share Purchase Plan (the "Purchase Plan"), allows eligible employees of the Company to purchase Common Shares through payroll deductions. The Purchase Plan provides for employees to purchase Common Shares on a quarterly basis at a 15% discount to the closing price of the Company's Common Shares on either the first day or the last day of the quarter, whichever is lower. A participant may not purchase more the $25,000 in Common Shares per year. Compensation expense will be recognized by the Company to the extent of the above discount to the closing price of the Common Shares with respect to the applicable quarter. During 2012, 2011 and 2010, a total of 3,829, 4,886 and 6,184 Common Shares, respectively, were purchased by employees under the Purchase Plan. Associated compensation expense of $0.01 million was recorded in both 2012 and 2011 and $0.02 million was recorded in 2010.

During May of 2006, the Company adopted a Trustee Deferral and Distribution Election ("Trustee Deferral Plan"), whereby the participating Trustees have deferred compensation of $0.06 million for 2012, 2011 and 2010.

17. Employee 401(k) Plan

The Company maintains a 401(k) plan for employees under which the Company currently matches 50% of a plan participant's contribution up to 6% of the employee's annual salary. A plan participant may contribute up to a maximum of 15% of their compensation, up to $17,000, for the year ended December 31, 2012. The Company contributed $0.3 million for the year ended December 31, 2012 and $0.2 million for each of the years ended December 31, 2011 and 2010.

F-41

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. Dividends and Distributions Payable

On November 5, 2012, the Board of Trustees declared a cash dividend for the quarter ended December 31, 2012 of $0.18 per Common Share, which was paid on January 15, 2013 to holders of record as of December 31, 2012.

19. Federal Income Taxes

The Company has elected to qualify as a REIT in accordance with Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the “Code”), and intends at all times to qualify as a REIT under the Code. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement that it currently distribute at least 90% of its annual REIT taxable income to its shareholders. As a REIT, the Company generally will not be subject to corporate Federal income tax, provided that distributions to its shareholders equal at least the amount of its REIT taxable income as defined under the Code. As the Company distributed sufficient taxable income for the years ended December 31, 2012, 2011 and 2010, no U.S. Federal income or excise taxes were incurred. If the Company fails to qualify as a REIT in any taxable year, it will be subject to Federal income taxes at the regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for the four subsequent taxable years. Even though the Company qualifies for taxation as a REIT, the Company is subject to certain state and local taxes on its income and property and Federal income and excise taxes on any undistributed taxable income. In addition, taxable income from non-REIT activities managed through the Company’s Taxable REIT Subsidiaries (“TRS”) is subject to Federal, state and local income taxes.

Characterization of Distributions:

The Company has determined that the cash distributed to the shareholders is characterized as follows for Federal income tax purposes:

	For the years ended December 31,					
	2012		2011		2010	
Ordinary income	63	%	75	%	100	%
Qualified dividend	—	%	22	%	—	%
Capital gain	37	%	3	%	—	%
	100	%	100	%	100	%

Taxable REIT Subsidiaries

Income taxes have been provided for using the liability method as required by ASC Topic 740, “Income Taxes.” The Company’s TRS income and provision for income taxes for the years ended December 31, 2012, 2011 and 2010 are summarized as follows:

(dollars in thousands)	2012		2011		2010	
TRS (loss) income before income taxes	$(2,056	)	$376		$5,716	
(Benefit) provision for income taxes:						
Federal	(592	)	222		2,164	
State and local	(147	)	59		543	
TRS net (loss) income before noncontrolling interests	(1,317	)	95		3,009	
Noncontrolling interests	702		1,245		(545	)
TRS net (loss) income	$(615	)	$1,340		$2,464	

F-42

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
19. Federal Income Taxes, continued
The income tax provision differs from the amount computed by applying the statutory federal income tax rate to income before income taxes as follows (not adjusted for temporary book/tax differences):

(dollars in thousands)	2012	2011	2010
Federal (benefit) provision at statutory tax rate	$(699)	$128	$1,943
TRS state and local taxes, net of federal benefit	(109)	20	358
Tax effect of:			
Permanent differences, net	809	(279)	406
Prior year overaccrual, net	(553)	—	—
Restricted stock vesting	(159)	266	—
Other	(35)	133	(21)
REIT state and local income and franchise taxes	178	193	183
Total (benefit) provision for income taxes	$(568)	$461	$2,869

20. Earnings Per Common Share
Basic earnings per Common Share is computed by dividing net income attributable to Common Shareholders by the weighted average Common Shares outstanding. At December 31, 2012, the Company has unvested LTIP Units (Note 15) which provide for non-forfeitable rights to dividend equivalent payments. Accordingly, these unvested LTIP Units are considered participating securities and are included in the computation of basic earnings per Common Share pursuant to the two-class method.
Diluted earnings per Common Share reflects the potential dilution of the conversion of obligations and the assumed exercises of securities including the effects of restricted share unit ("Restricted Share Units") and share option awards issued under the Company’s Share Incentive Plans (Note 15). The effect of the assumed conversion of 188 Series A Preferred OP Units into 25,067 Common Shares would be dilutive and therefore are included in the computation of diluted earnings per share for the years ended December 2012, 2011 and 2010.
The effect of the conversion of Common OP Units is not reflected in the computation of basic and diluted earnings per share, as they are exchangeable for Common Shares on a one-for-one basis. The income allocable to such units is allocated on this same basis and reflected as noncontrolling interests in the accompanying consolidated financial statements. As such, the assumed conversion of these units would have no net impact on the determination of diluted earnings per share. The conversion of the convertible notes payable (Note 9) is not included in the computation of basic and diluted earnings per share as such conversion, based on the current market price of the Common Shares, would be settled with cash.

F-43

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
20. Earnings Per Common Share, continued

	Years ended December 31,		
(dollars in thousands, except per share amounts)	2012	2011	2010
Numerator:			
Income from continuing operations	$24,034	$18,713	$28,233
Less: net income attributable to participating securities	466	384	389
Income from continuing operations net of income attributable to participating securities	23,568	18,329	27,844
Effect of dilutive securities:			
Preferred OP Unit distributions	18	18	18
Numerator for diluted earnings per Common Share	23,586	18,347	27,862
Denominator:			
Weighted average shares for basic earnings per share	45,854	40,697	40,136
Effect of dilutive securities:			
Employee share options	456	264	245
Convertible Preferred OP Units	25	25	25
Dilutive potential Common Shares	481	289	270
Denominator for diluted earnings per share	46,335	40,986	40,406
Basic earnings per Common Share from continuing operations attributable to Common Shareholders	$0.51	$0.45	$0.69
Diluted earnings per Common Share from continuing operations attributable to Common Shareholders	$0.51	$0.45	$0.69

F-44

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
21. Summary of Quarterly Financial Information (unaudited)
The quarterly results of operations of the Company for the years ended December 31, 2012 and 2011 are as follows:

(dollars in thousands, except per share amounts)	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012
Revenue	$29,913	$32,723	$34,648	$37,141
Income from continuing operations attributable to Common Shareholders	$3,437	$5,677	$6,238	$8,682
Income from discontinued operations attributable to Common Shareholders	573	1,162	1,343	12,594
Net income attributable to Common Shareholders	$4,010	$6,839	$7,581	$21,276
Net income attributable to Common Shareholders per Common Share - basic:				
Income from continuing operations	$0.08	$0.13	$0.13	$0.17
Income from discontinued operations	0.01	0.02	0.03	0.25
Net income per share	$0.09	$0.15	$0.16	$0.42
Net income attributable to Common Shareholders per Common Share - diluted:				
Income from continuing operations	$0.08	$0.13	$0.13	$0.17
Income from discontinued operations	0.01	0.02	0.03	0.25
Net income per share	$0.09	$0.15	$0.16	$0.42
Cash dividends declared per Common Share	$0.18	$0.18	$0.18	$0.18
Weighted average Common Shares outstanding:				
Basic	42,735,731	44,245,401	46,338,218	50,046,774
Diluted	43,146,093	44,673,565	46,812,349	50,582,584

F-45

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
21. Summary of Quarterly Financial Information (unaudited) (continued)

(dollars in thousands, except per share amounts)	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011
Revenue	$29,733	$29,206	$27,356	$28,783
Income from continuing operations attributable to Common Shareholders	$7,897	$3,841	$3,514	$3,462
Income from discontinued operations attributable to Common Shareholders	1,526	26,393	497	4,425
Net income attributable to Common Shareholders	$9,423	$30,234	$4,011	$7,887
Net income attributable to Common Shareholders per Common Share - basic:				
Income from continuing operations	$0.19	$0.09	$0.09	$0.08
Income from discontinued operations	0.04	0.64	0.01	0.10
Net income per share	$0.23	$0.73	$0.10	$0.18
Net income attributable to Common Shareholders per Common Share - diluted:				
Income from continuing operations	$0.19	$0.09	$0.09	$0.08
Income from discontinued operations	0.04	0.64	0.01	0.11
Net income per share	$0.23	$0.73	$0.10	$0.19
Cash dividends declared per Common Share	$0.18	$0.18	$0.18	$0.18
Weighted average Common Shares outstanding:				
Basic	40,317,603	40,333,575	40,339,958	41,785,261
Diluted	40,580,173	40,633,317	40,628,781	42,066,390

22. Commitments and Contingencies
Under various Federal, state and local laws, ordinances and regulations relating to the protection of the environment, a current or previous owner or operator of real estate may be liable for the cost of removal or remediation of certain hazardous or toxic substances disposed, stored, generated, released, manufactured or discharged from, on, at, under, or in a property. As such, the Company may be potentially liable for costs associated with any potential environmental remediation at any of its formerly or currently owned properties.
The Company conducts Phase I environmental reviews with respect to properties it acquires. These reviews include an investigation for the presence of asbestos, underground storage tanks and polychlorinated biphenyls (PCBs). Although such reviews are intended to evaluate the environmental condition of the subject property as well as surrounding properties, there can be no assurance that the review conducted by the Company will be adequate to identify environmental or other problems that may exist. Where a Phase II assessment is so recommended, a Phase II assessment is conducted to further determine the extent of possible environmental contamination. In all instances where a Phase I or II assessment has resulted in specific recommendations for remedial actions, the Company has either taken or scheduled the recommended remedial action. To mitigate unknown risks, the Company has obtained environmental insurance for most of its properties, which covers only unknown environmental risks.
The Company believes that it is in compliance in all material respects with all Federal, state and local ordinances and regulations regarding hazardous or toxic substances. Management is not aware of any environmental liability that it believes would have a material adverse impact on the Company’s financial position or results of operations. Management is unaware of any instances in which the Company would incur significant environmental costs if any or all properties were sold, disposed of or abandoned. However, there can be no assurance that any such non-compliance, liability, claim or expenditure will not arise in the future.
The Company is involved in various matters of litigation arising in the normal course of business. While the Company is unable to predict with certainty the amounts involved, the Company’s management and counsel are of the opinion

that, when such litigation is resolved, the Company’s resulting liability, if any, will not have a significant effect on the Company’s consolidated financial position, results of operations, or liquidity. The Company's policy is to accrue legal expenses as they are incurred.

F-46

ACADIA REALTY TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
22. Commitments and Contingencies (continued)
In September 2008, the Company, certain of its subsidiaries, and other unrelated entities (the “Investor Consortium”) were named as defendants in an adversary proceeding brought by Mervyns LLC (“Mervyns”) in the United States Bankruptcy Court for the District of Delaware. The action involved five claims alleging fraudulent transfers in which Mervyns was nominally seeking approximately $1.175 billion in damages from the Investor Consortium, although the actual claims made by the administrator and the unsecured creditors were substantially less. The first claim contended that, at the time of the sale of Mervyns by Target Corporation ("Target") to the Investor Consortium, a transfer of assets was made in an effort to defraud creditors. The Company believed that this aspect of the case is without merit. The remaining four claims related to transfers of assets of Mervyns at various times after the sale by Target. The Company believed that there were substantial defenses to these claims.

During the third quarter of 2012, the parties to this litigation arrived at an agreement to settle the claim. The settlement was approved by the bankruptcy court and provided for a payment of $166.0 million. Based on the defendants' agreement, the net cost of the settlement to the Investor Consortium amounted to approximately $149.0 million. After applying cash on hand at the investee level, Mervyns I and Mervyns II's combined contribution to this settlement was approximately $1.0 million. In addition, the Company reduced its carrying value of these investments from $6.3 million to its fair value of $5.3 million. In total, this resulted in a charge of $2.0 million during the year ended December 31, 2012, of which the Operating Partnership's share, net of income taxes, was $0.2 million.
During August 2009, the Company terminated the employment of a former Senior Vice President (the “Former Employee”) for engaging in conduct that fell within the definition of “cause” in his severance agreement with the Company. Had the Former Employee not been terminated for “cause,” he would have been eligible to receive approximately $0.9 million under the severance agreement. Because the Company terminated him for “cause,” it did not pay the Former Employee any severance benefits under the agreement. The Former Employee has brought a lawsuit against the Company in New York State Supreme Court, alleging breach of the severance agreement. The suit is in the pre-trial discovery stage. The Company believes it has meritorious defenses to the suit.
23. Subsequent Events
During January 2013, the Company closed on a new $150 million unsecured credit facility. This revolving facility replaced the $64.5 million secured credit facility that has matured. The new credit facility matures on January 31, 2016 with an additional one-year extension option.

During January 2013, Fund III received $2.5 million, representing the reimbursement of costs and accrued interest, relating to a project that was previously fully impaired for financial reporting purposes. This will be recognized as income during 2013.

During February 2013, Fund III acquired a property on Nostrand Avenue located in Brooklyn, New York for $19.0 million. In connection with this acquisition, we received repayment of an $18.5 million note receivable. In addition, as part of this transaction, Fund III closed on a new mortgage loan for $16.0 million. The new loan bears interest at LIBOR plus 265 basis points and matures on February 1, 2016 with two one-year extension options.
During February 2013, the Board of Trustees declared a cash dividend for the quarter ended March 31, 2013 of $0.21 per Common Share, which is payable on April 15, 2013 to holders of record as of March 29, 2013. The effective date for record holders is March 28, 2013.

ACADIA REALTY TRUST
SCHEDULE III-REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2012

		Initial Cost to Company			Amount at which Carried at December 31, 2012					
Description	Encumbrances	Land	Buildings & Improvements	Costs Capitalized Subsequent to Acquisition	Land	Buildings & Improvements	Total	Accumulated Depreciation	Date of Acquisition (a) Construction (c)	
Shopping Centers Core Portfolio:										
Crescent Plaza Brockton, MA	$ 17,025	$ 1,147	$ 7,425	$ 1,335	$ 1,147	$ 8,760	$ 9,907	$ 6,385	1993	(a)
New Loudon Center Latham, NY	13,634	505	4,161	12,518	505	16,679	17,184	12,231	1993	(a)
Mark Plaza Edwardsville, PA	—	—	4,268	(872)	—	3,396	3,396	2,663	1993	(c)
Plaza 422 Lebanon, PA	—	190	3,004	2,301	190	5,305	5,495	4,336	1993	(c)
Route 6 Mall Honesdale, PA	—	1,664	—	11,422	1,664	11,422	13,086	6,746	1994	(c)
Bartow Avenue Bronx, NY	—	1,691	5,803	560	1,691	6,363	8,054	1,919	2005	(c)
Amboy Road Staten Island, NY	—	—	11,909	2,035	—	13,944	13,944	2,813	2005	(a)
Abington Towne Center Abington, PA	—	799	3,197	2,007	799	5,204	6,003	2,704	1998	(a)
Bloomfield Town Square Bloomfield Hills, MI	—	3,207	13,774	20,420	3,207	34,194	37,401	11,867	1998	(a)
Walnut Hill Plaza Woonsocket, RI	23,194	3,122	12,488	1,941	3,122	14,429	17,551	5,804	1998	(a)
Elmwood Park Shopping	33,258	3,248	12,992	15,401	3,798	27,843	31,641	13,235	1998	(a)

Center Elmwood Park, NJ										
Merrillville Plaza Hobart, IN	26,151	4,288	17,152	2,677	4,288	19,829	24,117	7,797	1998	(a)
Marketplace of Absecon Absecon, NJ	—	2,573	10,294	3,799	2,577	14,089	16,666	5,574	1998	(a)
Clark Diversey Chicago, IL	4,345	10,061	2,773	246	10,061	3,019	13,080	553	2006	(a)
A&P Shopping Plaza Boonton, NJ	7,967	1,328	7,188	399	1,328	7,587	8,915	1,297	2006	(a)
Chestnut Hill Philadelphia, PA	—	8,289	5,691	3,577	8,289	9,268	17,557	1,169	2006	(a)
Third Avenue Bronx, NY	—	11,108	8,038	4,288	11,855	11,579	23,434	1,252	2006	(a)
Hobson West Plaza Naperville, IL	—	1,793	7,172	1,771	1,793	8,943	10,736	3,638	1998	(a)
Village Commons Shopping Center Smithtown, NY	9,192	3,229	12,917	3,934	3,229	16,851	20,080	6,691	1998	(a)
Town Line Plaza Rocky Hill, CT	—	878	3,510	7,508	907	10,989	11,896	8,207	1998	(a)
Branch Shopping Center Smithtown, NY	12,526	3,156	12,545	7,181	3,401	19,481	22,882	5,299	1998	(a)
Methuen Shopping Center Methuen, MA	—	956	3,826	594	961	4,415	5,376	1,811	1998	(a)
The Gateway Shopping Center South Burlington, VT	20,036	1,273	5,091	12,230	1,273	17,321	18,594	6,257	1999	(a)
330 River Street	4,197	3,510	2,886	—	3,510	2,886	6,396	77	2012	(a)

Cambridge, MA										
Rhode Island Place Shopping Center Washington, D.C.	16,426	4,340	17,360	—	4,340	17,360	21,700	217	2012	(a)
Mad River Station Dayton, OH	—	2,350	9,404	1,058	2,350	10,462	12,812	3,926	1999	(a)

F-48

		Initial Cost to Company			Amount at which Carried at December 31, 2012					
Description	Encumbrances	Land	Buildings & Improvements	Costs Capitalized Subsequent to Acquisition	Land	Buildings & Improvements	Total	Accumulated Depreciation	Date of Acquisition (a) Construction (c)	
Shopping Centers										
Pacesetter Park Shopping Center Ramapo, NY	11,742	1,475	5,899	2,040	1,475	7,939	9,414	3,023	1999	(a)
239 Greenwich Avenue Greenwich, CT	26,000	1,817	15,846	549	1,817	16,395	18,212	5,701	1998	(a)
West Shore Expressway Staten Island, NY	—	3,380	13,554	(55)	3,380	13,499	16,879	2,206	2007	(a)
West 54th Street Manhattan, NY	—	16,699	18,704	74	16,699	18,778	35,477	2,695	2007	(a)
East 17th Street Manhattan, NY	—	3,048	7,281	40	3,048	7,321	10,369	945	2008	(a)
West Diversey Chicago, IL	15,273	8,576	17,256	—	8,576	17,256	25,832	683	2011	(a)
Mercer Street Manhattan, NY	—	1,887	2,483	—	1,887	2,483	4,370	93	2011	(a)
4401 White Plains Bronx, NY	6,381	1,581	5,054	—	1,581	5,054	6,635	168	2011	(a)
Chicago Street Retail Portfolio	15,775	17,816	56,965	153	17,854	57,080	74,934	800	2011	(a)
1520 Milwaukee Avenue Chicago, IL	—	2,110	1,306	—	2,110	1,306	3,416	66	2012	(a)
340 River Street Cambridge, MA	6,528	4,704	10,208	—	4,704	10,208	14,912	237	2012	(a)
930 North Rush Street Chicago, IL	—	5,175	15,525	—	5,175	15,525	20,700	291	2012	(a)
28 Jericho Turnpike Westbury, NY	—	6,220	24,416	—	6,220	24,416	30,636	374	2012	(a)
181 Main Street Westport, CT	—	3,539	10,618	—	3,539	10,618	14,157	22	2012	(a)

83 Spring Street Manhattan, NY	—	1,754	9,200	—	1,754	9,200	10,954	115	2012	(a)
60 Orange Street Bloomfield, NJ	—	12,477	—	—	12,477	—	12,477	—	2012	(a)
179-53 & 1801-03 Connecticut Avenue Washington, D.C.	—	5,811	17,433	—	5,811	17,433	23,244	—	2012	(a)
639 West Diversey Chicago, IL	4,431	2,672	8,016	—	2,672	8,016	10,688	—	2012	(a)
Undeveloped Land	—	250	—	—	250	—	250			
Fund I: Kroger/Safeway Various	—	—	4,215	—	—	4,215	4,215	4,016	2003	(a)
Fund II: Pelham Plaza Pelham Manor, NY	33,833	—	—	57,001	—	57,001	57,001	6,055	2004	(a)
Fordham Place Bronx, NY	82,205	11,144	18,010	102,590	16,254	115,490	131,744	11,912	2004	(a)
216th Street Manhattan, NY	25,500	7,261	—	19,197	7,261	19,197	26,458	3,023	2005	(a)
161st Street Bronx, NY	28,900	16,679	28,410	17,355	16,679	45,765	62,444	6,082	2005	(a)
Fund III: Cortlandt Towne Center Mohegan Lake, NY	73,499	7,293	61,395	5,600	7,293	66,995	74,288	11,833	2009	(a)
Cortlandt Crossing Mohegan Lake, NY	—	11,000	—	—	11,000	—	11,000	—	2012	(a)
Heritage Shops Chicago, IL	21,000	13,131	15,409	54	13,131	15,463	28,594	923	2011	(a)
654 Broadway Manhattan, NY	—	9,040	3,654	(2)	9,040	3,652	12,692	99	2011	(a)
New Hyde Park Shopping Center New Hyde Park, NY	6,484	3,115	7,285	623	3,115	7,908	11,023	208	2011	(a)
640 Broadway Manhattan, NY	22,750	12,503	19,960	—	12,503	19,960	32,463	487	2012	(a)

F-49

Description	Encumbrances	Initial Cost to Company: Land	Initial Cost to Company: Buildings & Improvements	Costs Capitalized Subsequent to Acquisition	Amount at which Carried at December 31, 2012: Land	Amount at which Carried at December 31, 2012: Buildings & Improvements	Total	Accumulated Depreciation	Date of Acquisition (a) Construction (c)	
Shopping Centers										
Lincoln Park Centre Chicago, IL	19,834	5,090	25,353	—	5,090	25,353	30,443	481	2012	(a)
3104 M Street Washington, D.C.	—	750	2,251	—	750	2,251	3,001	23	2012	(a)
Broad Hollow Commons Farmingdale, NY	—	12,386	—	—	12,386	—	12,386	—	2012	(a)
Fund IV:										
210 Bowery New York, NY	—	1,875	5,625	—	1,875	5,625	7,500	—	2012	(a)
Acadia Strategic Opportunity Fund IV	93,050	—	—	—	—	—	—	—		(a)
Real Estate Under Development	45,912	45,658	2,564	200,809	45,658	203,373	249,031	—		(a)
Total	$727,048	$332,621	$638,763	$524,358	$339,349	$1,156,393	$1,495,742	$187,029		

1. Depreciation on buildings and improvements reflected in the consolidated statements of income is calculated over the estimated useful life of the assets as follows:
Buildings: 30 to 40 years
Improvements: Shorter of lease term or useful life
2. The aggregate gross cost of property included above for Federal income tax purposes was $1,347.0 million as of December 31, 2012
3. (a) Reconciliation of Real Estate Properties:
The following table reconciles the real estate properties from January 1, 2010 to December 31, 2012:

	For the years ended December 31,		
(dollars in thousands)	2012	2011	2010
Balance at beginning of year	$1,098,761	$950,710	$817,170
Other improvements	72,633	42,167	133,540
Property Acquired	324,348	105,884	—
Balance at end of year	$1,495,742	$1,098,761	$950,710

3. (b) Reconciliation of Accumulated Depreciation:
The following table reconciles accumulated depreciation from January 1, 2010 to December 31, 2012:

For the years ended December 31,

(dollars in thousands)	2012	2011	2010
Balance at beginning of year	$160,541	$143,232	$124,562
Depreciation related to real estate	26,488	17,309	18,670
Balance at end of year	$187,029	$160,541	$143,232

F-50