Acadia Realty Trust Announces Second Quarter 2002 Operating Results; FFO Increases 5% to $0.22 Per Share

August 1, 2002

NEW YORK, Aug 1, 2002 (BUSINESS WIRE) -- Acadia Realty Trust (NYSE: AKR), a fully integrated shopping center real estate investment trust, today reported operating results for the second quarter ended June 30, 2002.

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Second Quarter Highlights
--  Funds from operations ("FFO") were $0.22 per share for the
    quarter ended June 30, 2002, up 5% from $0.21 for the quarter
    ended June 30, 2001.
--  Same property net operating income increased 2.3%
    year-over-year.
--  Completed the Company's non-core property disposition
    initiative with the sale of a 17-property portfolio ("Morgan
    Stanley Portfolio") in April 2002.
--  Announced the anticipated joint venture acquisition of three
    shopping centers.
--  Announced the Company will commence expensing share options in
    2002; no material impact anticipated for 2002 earnings.
Second Quarter Operating Results
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FFO for the second quarter 2002 was $6.4 million, or $0.22 per share (basic and fully diluted) compared to $7.3 million, or $0.21 for the same quarter 2001. For the six months ended June 30, 2002, FFO was $17.7 million, or $0.59 per share compared to $14.4 million, or $0.42 in 2001.

Income from continuing operations for the second quarter 2002 was $1.9 million, or $0.07 per share compared to $1.3 million, or $0.04 per share, for 2001. For the six months ended June 30, 2002, income from continuing operations was $7.4 million, or $0.29 per share compared to $2.1 million, or $0.07 per share in 2001.

Commenting on the results for the quarter, Kenneth Bernstein, President and CEO, stated, "While we remain cautious with respect to the economy and its effect on our sector, we are pleased with our property performance and its positive impact on our earnings. Equally important, by completing the sale of our non-core properties and launching our new joint venture acquisition program, we have now positioned the Company for increased stability and growth."

Acquisitions

As previously announced, Acadia's recently formed joint venture has completed its due diligence on a contract to purchase three supermarket-anchored shopping centers located in Ohio. The total purchase price for the three properties, which aggregate 325,000 square feet, is $26.7 million. Two of the centers, which are located in Cleveland, are anchored by Giant Eagle, the dominant supermarket in Cleveland. The third shopping center, located in Columbus, is anchored by Big Bear Supermarket, the number two grocer in the region. The closing is contingent on receiving the lenders' consent permitting the assumption of two fixed-rate loans as well as other customary closing conditions. If all conditions to closing are met, the transaction is expected to close within 60 days.

This acquisition will be the first for the joint venture, which will seek to acquire up to $300 million of real estate assets. As previously disclosed, the Company is the general partner with a 22% interest in the joint venture and, additionally, is entitled to a profit participation in excess of its invested capital based on certain investment return thresholds. The Company will also earn various market-rate property level fees.

Portfolio Activity

Within the Company's portfolio of operating properties, June 30, 2002 occupancy was 89.4%, the same as the preceding quarter ended March 31, 2002. This compares to 92.2% (same property) for the quarter ended June 30, 2001.

Same property net operating income for the portfolio increased 2.3% year-to-date 2002 over the same period in 2001. This was primarily attributable to scheduled increases in contractual tenant rents and a reduction in property operating expenses due to a comparatively milder winter in 2002, which combined to outweigh the loss of rent associated with occupancy declines.

Financing Activity

At June 30, 2002, Acadia's blended cost of debt was 5.9% and 73% of its total mortgage debt was fixed-rate (this includes the effect of interest rate swaps and the Company's pro-rata share of joint venture debt). This contrasts with 55% fixed as of the end of 2001.

To further reduce its potential exposure to rising interest rates and capitalize on attractive current rates, the Company executed two interest rate swap agreements during the second quarter plus another in July fixing interest on a total of $37 million at a weighted average rate of 6.1%. To date, Acadia has executed a total of $87 million of swaps at a weighted average rate of 6.3%.

Completion of Non-Core Property Disposition Initiative

The Company sold a 17-property portfolio during the second quarter, which brought the non-core disposition initiative to a successful conclusion. As a result of the completion of this program, the Company has eliminated a total of six of its former ten Ames stores and as a result, Ames, which was formerly the second largest retailer in Acadia's portfolio, now ranks seventh. Similarly, the Company has eliminated a total of three Kmart locations, with seven remaining stores (includes one joint venture location), all of which are open and continue to operate, and are not currently scheduled for closing based upon earlier announcements issued by Kmart.

Accounting for Share Options

Commencing in the third quarter 2002, the Company will expense share options in its financial statements. This accounting policy will be implemented effective for all share options issued since the beginning of 2002. It is anticipated that this will not have a material impact on 2002 earnings.

Outlook

As announced in July 2002, Acadia has revised its 2002 earnings guidance upward. The Company currently forecasts its 2002 FFO will range from $0.85 to $0.90 a share. This compares to an original forecast of $0.78 to $0.82. Both forecasts exclude $0.13 of non-recurring lease termination income collected during the first quarter of 2002.

Key factors in revising the 2002 forecast include the accretion from the anticipated joint venture acquisitions and, more significantly, lower than projected cost of the Company's floating rate debt as well as lower tenant reserves associated with the general economic uncertainty and its impact on the retail sector. Management, however, continues to maintain a cautious outlook for the balance of 2002 as well as for 2003 as it relates to both interest rates and tenant reserves.

Investor Conference Call

The Company will provide a live online Web simulcast of the quarterly conference call on August 1, 2002 beginning at 11:00 a.m. EST at Acadia's website at www.acadiarealty.com or at CCBN's individual investor center at www.companyboardroom.com or institutional investor website at www.streetevents.com. An online rebroadcast of the call will be available at these sites after the call.

Investors may also participate by telephone. The dial-in number for the call is (888) 482-0024. A replay of the call will also be available through August 7, 2002 at (888) 286-8010 - Passcode 50460.

Acadia Realty Trust, headquartered on Long Island, NY, is a self-administered equity real estate investment trust structured as an UPREIT, which specializes in the operation, management, leasing, renovation and acquisition of shopping centers. The Company currently owns and operates 35 properties totaling approximately 7 million square feet, located primarily in the Eastern and Midwestern regions of the United States.

Certain matters in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and as such may involve known and unknown risk, uncertainties and other factors which may cause the actual results, performances or achievements of Acadia to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such forward-looking statements speak only as of the date of this document. Acadia expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Acadia's expectations with regard thereto or change in events, conditions or circumstances on which any such statement is based. Estimates of FFO are based upon current operations of the Company's properties and are subject to changes in market conditions, which may affect the actual FFO results.

For more information visit Acadia Realty Trust's Web site at www.acadiarealty.com

(Financial Tables Follow)

ACADIA REALTY TRUST AND SUBSIDIARIES
Financial Highlights
For the Quarters and Six Months ended June 30, 2002 and 2001
(dollars in thousands, except per share data)
STATEMENTS OF INCOME

Revenues	For the quarters ended June 30, 2002	For the quarters ended June 30, 2001	For the six months ended June 30, 2002	For the six months ended June 30, 2001
Minimums rents	$12,351	$12,276	$24,695	$24,606
Percentage rents	125	98	444	513
Expense reimbursements	2,877	2,645	5,568	5,908
Lease termination income	145	--	3,945	--
Other property income	159	75	337	258
Other	979	369	1,867	611
Total revenues	16,636	15,463	36,856	31,896
Operating expenses				
Property operating	2,769	2,471	5,583	6,261

Real estate taxes	2,290	2,233	4,330	4,416
General and administrative	2,802	2,434	5,127	4,528
Depreciation and amortization	3,833	3,562	7,578	7,082
Total operating expenses	11,694	10,700	22,618	22,287
Operating income	4,942	4,763	14,238	9,609
Equity in earnings of unconsolidated partnerships	106	137	224	289
Interest expense	(2,776)	(3,322)	(5,652)	(7,025)
Income before minority interest, extraordinary item and cumulative effect of change in accounting principle	2,272	1,578	8,810	2,873
Minority interest	(397)	(276)	(1,435)	(518)
Extraordinary item - loss on early extinguishments of debt	--	--	--	(140)
Cumulative effect of change in accounting principle	--	--	--	(149)
Income from continuing operations	1,875	1,302	7,375	2,066
Discontinued operations:				
Income from operations of properties sold or held for sale	246	933	570	1,950
Gain on sale of properties	1,987	7,035	3,362	7,035
Minority interest	(286)	(1,470)	(1,019)	(1,668)
Income from discontinued operations	1,947	6,498	2,913	7,317
Net income	$3,822	$7,800	$10,288	$9,383
Net income per Common Share - basic and diluted(a)	$.15	$.27	$.40	$.33

ACADIA REALTY TRUST AND SUBSIDIARIES

Financial Highlights

For the Quarters and Six Months ended June 30, 2002 and 2001

(dollars in thousands, except per share data)

RECONCILIATION OF NET INCOME TO FUNDS FROM OPERATIONS (b)

	For the quarters ended June 30,		For the six months ended June 30,	
	2002	2001	2002	2001
Net income	$3,822	$7,800	$10,288	$9,383
Depreciation of real estate and amortization of leasing costs:				
Wholly owned and consolidated partnerships	3,801	4,708	8,140	9,397
Unconsolidated partnerships	159	156	316	313
Income attributable to minority interest in Operating Partnership	588	1,675	1,704	2,054
Gain on sale of				

properties (c)	(1,987)	(7,035)	(2,789)	(7,035)
Extraordinary item	--	--	--	140
Cumulative effect of change in accounting principal	--	--	--	149
Funds from operations	$6,383	$7,304	$17,659	$14,401
Funds from operations per share (d)	$ .22	$ .21	$ .59	$ .42

SELECTED BALANCE SHEET INFORMATION

	June 30, 2002	December 31, 2001
Cash and cash equivalents	$ 37,116	$ 33,173
Rental property, at cost	426,531	420,826
Total assets	418,279	493,939
Mortgages notes payable	211,348	218,968
Total liabilities	230,070	276,025
Fixed rate debt: (e)	150,014	112,945
% of outstanding debt	71 %	52 %
Weighted average interest rate	6.8 %	7.5 %
Variable rate debt	$ 61,334	$ 106,023
% of outstanding debt	29 %	48 %
Weighted average interest rate	3.7 %	3.9 %
Total weighted average interest rate	5.9 %	5.8 %

Notes:

(a) Net income per share (basic and diluted) is computed based on the weighted average number of Common Shares outstanding for the quarters ended June 30, 2002 and 2001 of 24,775,053 and 28,089,593, respectively, and the weighted average number of Common Shares outstanding for the six months ended June 30, 2002 and 2001 of 25,571,325 and 28,090,531, respectively.

(b) Consistent with the NAREIT definition, the Company defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures.

(c) Net of minority interest of $573 on the sale of land during 2002.

(d) Assumes full conversion of a weighted average 3,648,355 and 6,264,502 OP Units into Common Shares for the quarters ended June 30, 2002 and 2001, and 4,011,813 and 6,532,832 OP Units into Common Shares for the six months ended June 30, 2002 and 2001.

(e) Fixed-rate debt includes $87,335 of notional principal fixed through swap transactions. Conversely, variable-rate debt excludes this amount.

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