Acadia Realty Trust Announces First Quarter 2002 Operating Results; 20% Increase Over Previous Year

April 30, 2002

NEW YORK, Apr 30, 2002 /PRNewswire-FirstCall via COMTEX/ -- Acadia Realty Trust (NYSE: AKR), a fully integrated shopping center real estate investment trust, today reported operating results for the first quarter ended March 31, 2002.

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First Quarter Highlights
* Funds from Operations ("FFO") were $0.37 per share for the quarter ended
  March 31, 2002, which includes $0.13 of lease termination income. After
  adjusting for this non-recurring income, first quarter 2002 FFO of $0.24
  increased 20%, or $0.04, over first quarter 2001 FFO of $0.20 per share.
* Same property NOI increased 2.2% year-over-year.
* Completed the Company's non-core property disposition initiative with
  the sale of a shopping center in January 2002 and the sale of a 17-
  property portfolio ("Morgan Stanley Portfolio") in April 2002.
* Increased the dividend 8%, from $0.12 to $0.13, commencing the first
  quarter 2002.
* Completed a "Dutch Auction" share buyback by repurchasing 5,523,974
  shares at $6.05 per share.
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First Quarter Operating Results

FFO for the first quarter 2002 was $11.3 million, or $0.37 per share (basic and fully diluted). Included in this was $3.8 million, or $0.13 of lease termination income received during the quarter. After adjusting for this non-recurring income, first quarter 2002 FFO was $0.24, representing a 20% increase over same quarter 2001 FFO of $7.1 million, or $0.20.

Net income for the first quarter 2002 was $6.5 million, or $0.24 per share, compared with $1.6 million, or $0.06 per share, for 2001. The increase for 2002 was primarily attributable to the lease termination income noted above and a $1.4 million gain on the sale of properties.

Commenting on the financial results for the quarter, Kenneth Bernstein, CEO, stated, "We are pleased with our first quarter earnings and the increase in our same property NOI, which are evidence of the successful repositioning of our portfolio. With the completion of last week's sale of the Morgan Stanley Portfolio, all of our planned goals for our non-core disposition initiative have been achieved and the turnaround is now complete. As we have previously discussed, we anticipate approximately $0.03 dilution per quarter from this sale, but looking forward, we are now well-positioned for growth, both from our acquisition joint venture as well as lease-up and redevelopment activities within our current portfolio."

Non-Core Property Disposition Initiative

The Company sold a 17-property portfolio last week, which brings the non-core disposition program to a successful conclusion. The portfolio consists of 17 retail properties, which are cross-collateralized in a securitized loan program and in the aggregate contain approximately 2.3 million square feet; 10 located in Pennsylvania and seven in various southeastern states from Virginia to Florida. The properties represented approximately 25% of the Company's total property square footage but less than 5% of Acadia's total net asset value. Acadia will be retaining a senior, preferred interest in the owning entity. This sale followed the January 2002 sale of the Union Plaza, a 218,000 square foot shopping center located in New Castle, Pennsylvania.

As a result of the completion of the non-core disposition 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 JV location), all of which are open and continue to operate, and are not currently scheduled for closing based upon earlier announcements issued by Kmart.

Portfolio Activity

Within the Company's portfolio of operating properties, March 31, 2002 occupancy was 89.4%. This compares with 90.8% as of December 31, 2001 and 91.6% for the quarter ended March 31, 2001.

Despite the decline in occupancy, same property net operating income for the portfolio increased 2.2% year over year. 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.

Redevelopment Activity

Following the successful completion of two redevelopment projects last year, Acadia continued with redevelopment activities at its two remaining projects during the first quarter 2002. At the Gateway Shopping Center located in South Burlington, Vermont, the Company executed an agreement with Shaw's Supermarkets to expand the planned construction to 72,000 square feet. At its second redevelopment project at the Elmwood Park Shopping Center, located in Elmwood Park, NJ, the Company has completed the first phase of the redevelopment and has commenced construction on the second phase, which consists of a new 49,000 square foot Pathmark supermarket.

Completion of "Dutch Auction" Share Buyback

During the first quarter 2002, the Company completed a "Dutch Auction" buyback of its common shares whereby it repurchased approximately 5.5 million shares at a price of $6.05 per share for a total of $33.4 million. The buyback was financed primarily through proceeds from asset sales and two new credit facilities, a $23 million facility with Fleet Bank and a $26 million facility with Dime Savings Bank. To date, the Company has drawn a total of $28.4 million against these two facilities with remaining capacity of $20.6 million available, of which $3 million is conditioned on future leasing achievements at the mortgage properties.

Joint Venture

As previously announced late last year, Acadia has formed a joint venture with four of its key institutional investors through which it will seek to acquire up to $300 million of real estate assets, focusing on neighborhood and community shopping centers. Acadia will earn a pro-rata return on its invested equity and fees for construction, leasing and asset management services. Acadia also has the opportunity to earn additional amounts based on certain investment return thresholds. Although the Company is currently evaluating several opportunities, it has not announced any acquisitions during the first quarter 2002.

Outlook

Concluding his remarks, Mr. Bernstein commented, "We are now seeing the results of our successful turnaround program. As a result of the completion of our non-core disposition program, we now have a strong portfolio of well-located shopping centers anchored by supermarkets and discount retailers. Our balance sheet is solid with sufficient capital to keep it strong. Even with our recent dividend increase, our payout ratio is below 55%, which is conservative among our peer group. With our core portfolio serving as the foundation for our internal growth and our acquisition joint venture serving as the vehicle for our external growth, we are extremely well-positioned for the future."

Investor Conference Call

The Company will provide a live online Web simulcast of the quarterly conference call on April 30, 2002 beginning at 11:00 a.m. EDT. The webcast can be accessed at Acadia's web site at http://www.acadiarealty.com. The webcast is also being distributed over CCBN's Investor Distribution Network to both institutional and individual investors. Individual investors can listen to the call through CCBN's individual investor center at http://www.companyboardroom.com, or by visiting any of the investor sites in CCBN's Individual Investor Network such as America Online's Personal Finance Channel, Fidelity Investments(R) (Fidelity.com) and others. Institutional investors can access the call via CCBN's password protected event management site, StreetEvents, at http://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 (800) 491-3697. A replay of the call will also be available through May 7, 2002 at (800) 696-1588 - Passcode 1716226.

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.

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

ACADIA REALTY TRUST AND SUBSIDIARIES
Financial Highlights
For the Quarters ended March 31, 2002 and 2001
(dollars in thousands, except per share data)

Statements of Operations

	For the quarters ended March 31, 2002	2001
Revenues		
Minimums rents	$12,344	$12,330
Percentage rents	319	415
Expense reimbursements	2,691	3,264
Lease termination income	3,800	--
Other	1,014	425
Total revenues	20,168	16,434
Operating expenses		
Property operating	3,689	4,695

Real estate taxes	2,040	2,184
General and administrative	1,450	1,189
Depreciation and amortization	3,745	3,520
Total operating expenses	10,924	11,588
Operating income	9,244	4,846
Equity in earnings of unconsolidated partnerships	118	152
Interest expense	(2,876)	(3,703)
Income before minority interest, extraordinary item and cumulative effect of change in accounting principle	6,486	1,295
Minority interest	(1,030)	(242)
Extraordinary item - loss on early extinguishments of debt	--	(140)
Cumulative effect of change in accounting principle	--	(149)
Income from continuing operations	5,456	764
Discontinued operations:		
Income from operations of properties sold or held for sale	376	1,017
Gain on sale of properties	1,375	--
Minority interest	(741)	(198)
Income from discontinued operations	1,010	819
Net income	$6,466	$1,583
Net income per Common Share - basic and diluted (a)	$.24	$.06

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Reconciliation of Net Income to Funds from Operations (b)

	For the quarters ended March 31,	
	2002	2001
Net income	$6,466	$1,583
Depreciation of real estate and amortization of leasing costs:		
Wholly owned and consolidated partnerships	4,339	4,689
Unconsolidated partnerships	157	157
Income attributable to minority interest in Operating Partnership	1,116	379
Gain on sale of properties (c)	(802)	--
Extraordinary item	--	140
Cumulative effect of change in accounting principal	--	149
Funds from operations	$11,276	$7,097
Funds from operations per share (d)	$.37	$.20

Selected Balance Sheet Information

	March 31, 2002	December 31, 2001
Cash and cash equivalents	$39,262	$33,173
Rental property, at cost	425,055	420,826

Total assets	420,494	449,995
Mortgages notes payable	218,966	218,968
Total liabilities	230,830	232,081
Fixed rate debt: (d)	112,623	112,945
% of outstanding debt	51 %	52 %
Weighted average interest rate	7.5 %	7.5 %
Variable rate debt	$106,343	$106,023
% of outstanding debt	49 %	48 %
Weighted average interest rate	3.7 %	3.9 %
Total weighted average interest rate	5.6 %	5.8 %

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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 March 31, 2002 and 2001 of 26,376,443 and 28,091,479, respectively.

(b) Consistent with the NAREIT definition, the Company defines funds from operations ("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.

(d) Assumes full conversion of a weighted average 4,379,309 and 6,804,144 OP Units into common shares for the quarters ended March 31, 2002 and 2001.

(e) Fixed-rate debt includes $50,000 of notional principal fixed through swap transactions. Conversely, variable-rate debt excludes this amount.

SOURCE Acadia Realty Trust

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