Acadia Realty Trust Announces Fourth Quarter and Year-End 2001 Operating Results

February 27, 2002

NEW YORK, Feb 27, 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 fourth quarter and year-ended December 31, 2001.

2001 Highlights

* Funds from Operations ("FFO") were $0.86 per share for the year ended December 31, 2001. This represents a $0.02 increase over 2000 FFO of $0.84, as adjusted for $0.05 of non-recurring lease termination income.
* Completed the sale of two additional non-core properties during the fourth quarter, and one subsequent to year-end, bringing the total to five dispositions to date.
* Entered into a contract to sell 17 non-core properties representing the balance of Acadia's non-core portfolio.
* Completed the redevelopment of two centers. Wal*Mart opened in the Methuen Shopping Center and Target opened in the Abington Towne Center during the fourth quarter 2001.
* Signed key supermarket anchor leases at the two remaining properties in the Company's redevelopment pipeline -- Shaw's at the Gateway Shopping Center and Pathmark at the Elmwood Shopping Center.
* Other key property reanchorings during the year included Home Depot at the Crescent Plaza, Marshall's at the Bloomfield Town Square, a Giant supermarket at the Greenridge Shopping Center and Price Rite at the Mountainville Shopping Center.
* Formed a new joint venture with four of the Company's current institutional investors during the fourth quarter to acquire up to $300 million of real estate.
* Initiated a "Dutch Auction" share buyback that was completed subsequent to year-end. Repurchased 5,523,974 shares at a price accretive to the remaining shareholders.

Fourth Quarter and Year-to-Date Operating Results

FFO for the fourth quarter 2001 was $7.8 million, or $0.23 per share (basic and fully diluted), compared to $7.8 million, or $0.22 per share, for the fourth quarter 2000.

FFO for the year ended December 31, 2001 was $29.5 million, or $0.86 per share, compared with $31.8 million, or $0.89 per share, for 2000. FFO for 2000 included approximately $1.9 million, or $0.05 per share, of non-recurring lease termination income received from former tenants at the Abington Towne Center, which underwent redevelopment during 2000.

Net income for the fourth quarter 2001 was $9.7 million, or $0.34 per share, compared with $14.0 million, or $0.49 per share, for 2000. Net income for the year ended December 31, 2001 was $9.8 million, or $0.35 per share, compared with $19.9 million, or $0.75 per share, for the same period in 2000. The activity in 2001 included a non-cash write-down of $15.9 million against the value of certain properties sold during the year or held for sale as of year-end.

Commenting on the financial results for the year, Kenneth Bernstein, CEO, stated, "As 2001 commenced, we were anticipating earnings dilution as a result of our planned non-core property dispositions. Having substantially accomplished this initiative, we still experienced positive recurring FFO growth in 2001 due to a favorable interest rate environment and, to a lesser extent, the stability of our core portfolio. As important, by using the proceeds from our sales to retire outstanding debt, we have now strengthened the balance sheet to help position us for future growth."

Non-Core Property Disposition Initiative

The Company sold two properties during the fourth quarter and another property subsequent to year-end, bringing the total to five properties effectively sold for the year. In total, these properties represent approximately 75% of the net value of the Company's originally targeted non-core dispositions. During the fourth quarter, Acadia sold a 463 unit multi-family property located in Greenbelt, Maryland for $35.1 million and the Tioga West shopping center, a 122,000 square foot center anchored by an Ames department store and Penn Traffic supermarket. In January of 2002, Acadia also sold the Union Plaza, a 218,000 square foot shopping center located in New Castle, Pennsylvania. Importantly, these two shopping center dispositions, which sold for an aggregate $7.5 million, eliminated two Ames stores from the Company's portfolio. Also during the fourth quarter, Acadia entered into a contract to sell the balance of its non-core properties, a 17 property cross-collateralized portfolio subject to securitized debt. Following this sale, the Company will have 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, will rank seventh. Similarly, the Company will also eliminate a total of three Kmart locations. Upon the anticipated completion of the sale of the 17 property portfolio, which is contingent upon the lender's approval and other customary closing conditions, the Company will have completed its planned non-core disposition initiative.

Leasing and Redevelopment Activity

Within the Company's core portfolio of operating properties, occupancy as of December 31, 2001 was 90.8%, which represents a 30 basis point increase over December 31, 2000. Although anchor retenanting and the addition of two newly redeveloped centers contributed favorably to portfolio occupancy, certain anchor bankruptcies, most notably, the closing of an Ames, a Phar-Mor and two Pergament's stores, muted the positive occupancy gains. Similarly, same property net operating income for the core portfolio year over year was up 0.8%. Within the core portfolio, anchor tenant sales were up 3% year over year, from $235 to $241 per square foot.

For the entire portfolio, which includes those assets that are currently undergoing redevelopment as well as non-core assets currently under contract for sale, occupancy was 89.4% as of December 31, 2001. This is essentially unchanged from the overall occupancy as of December 31, 2000. Same property net operating income was up 0.5% year over year.

During 2001, the Company signed new and renewal leases totaling 590,000 square feet at average rent spreads of 8% over existing rents. For 2002, Acadia has only 196,000 square feet of small shop space, or 4%, of its core portfolio leases expiring. There are no anchor leases scheduled to expire in 2002. Furthermore, there are only three anchor leases totaling 140,000 square feet, or 3%, of the core portfolio scheduled to expire in 2003.

During the fourth quarter 2001, Acadia completed two of its redevelopment projects, leaving two remaining redevelopments in the pipeline as of year-end. The redevelopment of the Abington Towne Center in suburban Philadelphia has been completed following the grand opening of a 158,000 square foot Target store. Acadia had previously sold this portion of the property to the Target Corporation in December 2000. The redevelopment and reanchoring project at the Methuen Shopping Center in Methuen, Massachusetts was completed during the fourth quarter as well following Wal*Mart's opening of an 89,000 square foot store at the center.

The Company signed key anchor leases at its two remaining redevelopment projects during the fourth quarter of 2001. Acadia signed a lease with Shaw's for a 66,000 square foot supermarket at the Gateway Shopping Center located in South Burlington, Vermont. This replaces a former 32,000 undersized Grand Union at the center. The Company also signed a lease with Pathmark for a 49,000 square foot lease at the Elmwood Shopping Center, also replacing a former undersized Grand Union store. Additional significant anchor leasing activity within the core portfolio included the opening of a 30,000 square foot Marshall's store at the Bloomfield Towne Square in Bloomfield Hills, Michigan and the reanchoring of a former 105,000 square foot Bradlees with a Home Depot store at the Crescent Plaza, which is anticipated to open during 2002.

Completion of "Dutch Auction" Share Buyback

During the fourth quarter, the Company commenced a "Dutch Auction" buyback of its common shares. In February of 2002, approximately 5.5 million shares were repurchased at a price of $6.05 per share for a total of $33.4 million. There were 7.5 million shares tendered in the auction resulting in approximately 2.0 million shares tendered by shareholders at prices from $6.10 to $6.50 that were not repurchased by the Company. 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 loans with remaining capacity of $20.6 million available, of which $3 million is conditioned on future income at the collateral properties.

New Joint Venture

As previously announced during October of 2001, Acadia formed a new joint venture with four of its key institutional investors. Under the terms of the joint venture agreement, Acadia and the investors will contribute $20 million and $70 million, respectively, and 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 market rate management, construction and leasing fees. The Company will also earn an asset management fee equal to 1.5% of capital committed as well as incentive payments of 20% of profits after the return of all investor capital, including that of the Company, with a 9% preferred return.

Continuing his comments, Mr. Bernstein stated, "I am very pleased with our team's success in all four of our major strategic initiatives that we started in 2000 and 2001. We have strengthened the balance sheet with the substantial completion of our non-core disposition program. These dispositions and the completion of two of our major reanchorings and redevelopments added additional strength and quality to our earnings. Furthermore, we created additional long-term shareholder value through the execution of our Dutch Auction buyback at an attractive price that was accretive for our remaining shareholders. Finally, with the launching of our new acquisition joint venture, we now have the discretionary capital to drive our earnings growth in 2002 and beyond."

NAV and Earnings Outlook for 2002

Management will discuss the Company's Net Asset Value ("NAV") during today's conference call. In computing NAV, the Company applies private-basis capitalization rates to net operating income less straight-line rents, imputed management fees and capital reserves. Management has determined a NAV per share range from $7.15 to $8.15 over a capitalization rate range from 10.5% to 9.75%. Consistent with the previous year, Acadia will publish its calculation of NAV as part of its 2001 year-end financial supplement, which will be posted on the Company's website at www.acadiarealty.com and will be available the week commencing March 4, 2002. Management continually scrutinizes the underlying value of the portfolio and, subject to changes in market conditions, believes that current estimates for the NAV range are valid. This has generally been supported by the pricing of asset sales to date as well as recent transactions in both the public and private real estate markets.

Management will also discuss the Company's earnings outlook for 2002 as well as the underlying assumptions on today's conference call. These estimates are forward-looking and are based on current expectations with no assurance that they will be achieved. The Company estimates 2002 FFO in a range from $0.78 to $0.82 per share. This excludes anticipated lease termination income of $0.11 to $0.13 relating to the redevelopment of the Elmwood Park Shopping Center.

Investor Conference Call

The Company will provide a live online Web simulcast of the quarterly conference call on February 27, 2002 beginning at 11:00 a.m. EST. The webcast can be accessed at Acadia's web site at 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 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 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) 482-2225. A replay of the call will also be available through March 6, 2002 at (800) 696-1588 - Passcode 1488281.

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 52 properties totaling approximately 10 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 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. The computation of NAV as discussed herein is based upon the current capitalization rates for real property. These rates are subject to future changes based on market conditions, which may result in a lower or higher NAV. Furthermore, 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

ACADIA REALTY TRUST AND SUBSIDIARIES
Financial Highlights
For the Quarter and Year ended December 31, 2001 and 2000
(dollars in thousands, except per share data)

Statement of Operations

	For the quarter ended December 31,		For the year ended December 31,	
	2001	2000	2001	2000
Revenues				
Minimums rents	$ 16,219	$ 18,689	$ 67,014	$ 74,161
Percentage rents	949	1,307	2,330	3,048
Expense reimbursements	3,463	3,689	13,768	14,230
Other	709	752	2,348	5,319
Total revenues	21,340	24,437	85,460	96,758
Operating expenses				
Property operating	4,626	6,307	20,398	23,198
Real estate taxes	2,751	2,850	11,209	11,468
General and administrative	1,859	1,311	5,556	5,057
Depreciation and amortization	4,741	5,196	19,478	20,460
Impairment of real estate	1,130	--	15,886	--
Total operating expenses	15,107	15,664	72,527	60,183
Operating income	6,233	8,773	12,933	36,575
Equity in earnings of unconsolidated partnerships	90	192	504	645
Gain on sale of				

properties	9,454	14,581	17,734	13,742
Interest expense	(4,148)	(6,213)	(18,589)	(25,163)
Income before minority interest, extraordinary item and cumulative effect of change in accounting principle	11,629	17,333	12,582	25,799
Minority interest	(1,941)	(3,369)	(2,491)	(5,892)
Extraordinary item - loss on early extinguishment of debt	--	--	(140)	--
Cumulative effect of change in accounting principle	--	--	(149)	--
Net income	$9,688	$ 13,964	$9,802	$19,907
Net income per Common Share - basic and diluted (a)	$.34	$.49	$.35	$.75

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Reconciliation of Net Income to Funds from Operations (b)

	For the quarter ended December 31,		For the year ended December 31,	
	2001	2000	2001	2000
Net income	$9,688	$13,964	$9,802	$19,907
Depreciation of real estate and amortization of leasing costs:				
Wholly owned and consolidated partnerships	4,446	4,911	18,422	19,325
Unconsolidated partnerships	157	156	627	625
Income attributable to minority interest in Operating Partnership	1,874	3,309	2,221	5,674
Impairment of real estate	1,130	--	15,886	--
Gain on sale of properties	(9,454)	(14,581)	(17,734)	(13,742)
Extraordinary item	--	--	140	--
Cumulative effect of change in accounting principal	--	--	149	--
Funds from operations	$7,841	$7,759	$29,513	$31,789
Funds from operations per share (c)	$.23	$.22	$. 86	$. 89

Selected Balance Sheet Information

	December 31, 2001	December 31, 2000
Cash and cash equivalents	$34,138	$22,167
Rental property, at cost	414,813	514,139
Total assets	493,939	523,611
Mortgages notes payable	261,607	277,112
Total liabilities	276,025	293,138

Fixed rate debt: (d)	155,583	153,203
% of outstanding debt	59%	55%
Weighted average interest rate	7.8%	8.3%
Variable rate debt	$106,024	$123,909
% of outstanding debt	41%	45%
Weighted average interest rate	3.9%	8.5%
Total weighted average interest rate	6.3%	8.3%

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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 year ended December 31, 2001 and 2000 of 28,313,070 and 26,437,265, respectively, and the weighted average number of common shares outstanding for the quarter ended December 31, 2001 and 2000 of 28,575,250 and 28,218,059, 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) Assumes full conversion of a weighted average 6,028,392 and 9,168,230 OP Units into common shares for the year ended December 31, 2001 and 2000, respectively, and full conversion of a weighted average 5,436,260 and 6,978,947 OP Units into common shares for the quarter ended December 31, 2001 and 2000.

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

SOURCE Acadia Realty Trust

CONTACT: Jon Grisham, Investor Relations of Acadia Realty Trust, +1-516-767-8830; or Susan Garland, General Inquiries of FRB Weber Shandwick, +1-212-445-8458

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