



Acadia Realty Trust Announces Third Quarter 2002 Operating Results; 8% Increase in Year-to-Date FFO Per Share

November 4, 2002

NEW YORK, Nov 4, 2002 (BUSINESS WIRE) -- Acadia Realty Trust (NYSE: AKR) today reported operating results for the third quarter ended September 30, 2002.

Third Quarter Highlights

- Funds from operations ("FFO") for the nine months ended September 30, 2002 were \$0.81 per share representing an 8% increase over 2001 FFO of \$0.63 per share.
- Same property net operating income increased 2.3% year-over-year.
- Kmart exposure further reduced through the \$16.8 million sale of two shopping centers.
- Acquired portfolio of three grocery-anchored shopping centers.
- Maintained strong dividend payout ratio at approximately 60% of FFO.

Third Quarter Operating Results - Increase in FFO

FFO for the third quarter 2002 was \$6.1 million, or \$0.21 per share (basic and fully diluted) compared to \$7.3 million or \$0.21 for the same quarter 2001. For the nine months ended September 30, 2002, FFO was \$23.8 million, or \$0.81 per share compared to \$21.7 million or \$0.63 in 2001. Year-to-date 2002 FFO includes \$3.9 million, or \$0.13 per share, of lease termination income received during the period which has been excluded in determining the 8% increase over 2001.

Income from continuing operations for the third quarter 2002 was \$2.0 million, or \$0.08 per share, compared to \$1.4 million, or \$0.05 per share, for 2001. For the nine months ended September 30, 2002, income from continuing operations was \$9.1 million, or \$0.36 per share, compared to \$3.2 million, or \$0.11 per share, in 2001.

Acquisitions - Three Supermarket-Anchored Shopping Centers

As previously announced, Acadia's acquisition joint venture acquired three supermarket-anchored shopping centers located in Ohio. The total purchase price for the three properties, which aggregate 324,000 square feet, was \$26.7 million:

- Represents an 11.6% cap rate on the current net operating income before structural reserves and imputed management fees.
- Acadia's initial cash flow return for 2003 on its equity investment is estimated to be approximately 15% (before debt amortization as well as management fees and any residual profit).

Two of the centers, located in Cleveland, are anchored by Giant Eagle, the dominant supermarket in the region. The third center, located in Columbus, is anchored by Big Bear Supermarket, the number two grocer in that market.

This acquisition is the first for the joint venture, which will seek to acquire up to \$300 million of real estate assets. The Company is the general partner with a 22% interest in the joint venture and, additionally, is entitled to 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.

Dispositions - Further Reduction in Kmart Exposure

Acadia further reduced its exposure to Kmart through the sale of two shopping centers for \$16.8 million. The first property, the Manahawkin Village Shopping Center, located in Manahawkin, New Jersey, is anchored by an 112,000 square foot Kmart which paid the highest rent among all of the Kmart locations within Acadia's portfolio. To date, none of the remaining Kmart stores in Acadia's portfolio have been closed nor have any of the leases been rejected.

The second property sold was Valmont Plaza, a 200,000 square foot shopping center located in West Hazleton, Pennsylvania. Acadia recently finalized a 41,000 square foot lease with Big Lots as a new anchor for the center.

Assuming redeployment of net proceeds, the transaction is not anticipated to have a material impact on 2003 earnings. Year to date, Acadia has sold 20 non-core properties totaling 3.0 million square feet for \$74.3 million. These sales included four Kmart locations.

Portfolio Activity - Increase in Occupancy and Same Property NOI

Within the Company's portfolio of operating properties, third quarter 2002 occupancy was 90.9% compared to 89.4% for the second quarter 2002. On a same property basis, occupancy for the second quarter 2002 was 91.5%, and 90.5% for the same quarter a year ago, third quarter 2001.

During the quarter, Acadia leased 157,280 square feet of new and renewal leases at an average increase of 4% over the previous base rents on a cash basis.

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

increases in rents from new and renewal leases, scheduled increases in contractual tenant rents and a reduction in property operating expenses.

Redevelopment Activity - Pathmark Grand Opening at Elmwood Park This Week

Acadia's two redevelopment projects progressed on time and on budget during the third quarter 2002:

- At the Elmwood Park Shopping Center, located in Elmwood Park, NJ, the 49,000 square foot Pathmark Supermarket has scheduled its grand opening for later this week.
- Construction continues on a 72,000 square feet Shaw's Supermarket at the Gateway Shopping Center located in South Burlington, Vermont. This redevelopment is already 83% pre-leased and is anticipated to be completed in the second half of 2003.

Balance Sheet - Further Locking in of Favorable Interest Rates

At September 30, 2002, the strength of Acadia's balance sheet was evidenced by positive trends in its financial ratios:

- Debt to total market capitalization was 49% with a blended cost of debt of 5.9%.
- 74% of the 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.
- Fixed-charge ratio was 3.0 times (EBIDTA / interest expense plus preferred distributions).
- Dividend payout ratio was approximately 60% of FFO.

Outlook and Comments

Acadia has reaffirmed its FFO guidance for the year ended December 31, 2002 of \$0.85 to \$0.90 per share which excludes \$0.13 of lease termination income. More specifically, the Company now expects it to approximate the midpoint of this range. The Company also introduced preliminary guidance for 2003 annual FFO of \$0.85 to \$0.90 per share. Details for the 2003 forecast will be discussed in the conference call to be conducted later today.

Commenting on the results for the quarter, Kenneth Bernstein, President and CEO, stated, "We remain quite pleased with the solid and stable performance of our portfolio. Both our year to date earnings growth and NOI growth are strong evidence of the solid performance from our core portfolio. Our balance sheet and financial coverage ratios are now at their strongest point in our company's history. While we remain cautious about the economy and its impact on various retailers in the short run, we believe the quality of our locations will provide us with strong long-term growth. More importantly, the external growth in our acquisition pipeline is beginning to hit the bottom line. This will continue to help us successfully weather the short-term uncertainties and provide long-term value creation for our shareholders."

Investor Conference Call

The Company will provide a live online Web simulcast of the quarterly conference call on November 4, 2002 beginning at 2:00 p.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 (international 617-801-9702). A replay of the call will also be available through November 11, 2002 at (888) 286-8010 (international 617-801-6888) - Passcode 62243.

Acadia Realty Trust, headquartered on Long Island, NY, is a fully integrated and self-managed real estate investment trust which specializes in the acquisition, redevelopment and operation of shopping centers which are anchored by grocery and value-oriented retail. Acadia currently owns (or has interests in) and operates 36 properties totaling approximately 7 million square feet, located primarily in the Eastern 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.

The Company considers 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 the performance of the Company. However, the Company's 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 the Company's performance or to cash flows as a measure of liquidity.

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

ACADIA REALTY TRUST AND SUBSIDIARIES

Financial Highlights

For the Quarters and Nine Months ended September 30, 2002 and 2001

(dollars in thousands, except per share data)

STATEMENTS OF INCOME

For the	For the
quarters ended	nine months ended

Revenues	September 30,		September 30,	
	2002	2001	2002	2001
Minimums rents	\$ 12,175	\$ 11,682	\$ 35,896	\$ 35,166
Percentage rents	161	154	602	667
Expense reimbursements	2,795	2,562	8,061	8,139
Lease termination income	--	--	3,945	--
Other property income	144	137	453	465
Other	933	385	2,800	990
Total revenues	16,208	14,920	51,757	45,427
Operating expenses				
Property operating	2,830	2,741	8,213	8,828
Real estate taxes	2,191	2,154	6,281	6,326
General and administrative	2,160	1,960	7,287	6,485
Depreciation and amortization	3,701	3,398	10,959	10,151
Abandoned project costs	274	--	274	--
Total operating expenses	11,156	10,253	33,014	31,790
Operating income	5,052	4,667	18,743	13,637
Equity in earnings of unconsolidated partnerships	101	125	325	414
Interest expense	(2,781)	(2,932)	(8,207)	(9,660)
Minority interest	(383)	(472)	(1,773)	(1,174)
Income from continuing operations	1,989	1,388	9,088	3,217

ACADIA REALTY TRUST AND SUBSIDIARIES

Financial Highlights

For the Quarters and Nine Months ended September 30, 2002 and 2001

(dollars in thousands, except per share data)

STATEMENTS OF INCOME (continued)

	For the		For the	
	quarters ended	quarters ended	nine months ended	nine months ended
	September 30,	September 30,	September 30,	September 30,
	2002	2001	2002	2001
Discontinued operations:				
Operating income from discontinued operations	123	746	1,014	3,038
Impairment of real estate	(197)	(14,756)	(197)	(14,756)
(Loss) gain on sale of properties	(49)	1,245	3,313	8,280
Minority interest	15	2,108	(1,049)	624
(Loss) income from discontinued operations	(108)	(10,657)	3,081	(2,814)
Income (loss) before extraordinary item and cumulative effect of change in accounting principle	1,881	(9,269)	12,169	403
Extraordinary item - loss on early extinguishments of debt	--	--	--	(140)
Cumulative effect of change in accounting principle	--	--	--	(149)
Net income (loss)	\$ 1,881	\$ (9,269)	\$ 12,169	\$ 114
Net income (loss) per Common Share - basic and	\$.08	\$ (.33)	\$.48	\$.00

diluted (a)

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ACADIA REALTY TRUST AND SUBSIDIARIES

Financial Highlights

For the Quarters and Nine Months ended September 30, 2002 and 2001
(dollars in thousands, except per share data)

RECONCILIATION OF NET INCOME TO FUNDS FROM OPERATIONS (b)

	For the		For the	
	quarters ended		nine months ended	
	September 30,		September 30,	
	2002	2001	2002	2001
	----	----	----	----
Net income (loss)	\$ 1,881	\$ (9,269)	\$ 12,169	\$ 114
Depreciation of real estate and amortization of leasing costs:				
Wholly owned and consolidated partnerships	3,540	4,579	11,680	13,976
Unconsolidated partnerships	163	157	479	470
Income attributable to minority interest in Operating Partnership	276	(1,707)	1,980	347
Loss (gain) on sale of properties (c)	49	(1,245)	(2,740)	(8,280)
Impairment of real estate	197	14,756	197	14,756
Extraordinary item	--	--	--	140
Cumulative effect of change in accounting principal	--	--	--	149
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Funds from operations	\$ 6,106	\$ 7,271	\$ 23,765	\$ 21,672
	=====	=====	=====	=====
Funds from operations per share (d)	\$.21	\$.21	\$.81	\$.63
	=====	=====	=====	=====

ACADIA REALTY TRUST AND SUBSIDIARIES

Financial Highlights

As of September 30, 2002 and December 31, 2001
(dollars in thousands, except per share data)

SELECTED BALANCE SHEET INFORMATION

	September 30,	December 31,
	2002	2001
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Cash and cash equivalents	\$ 27,820	\$ 33,173
Rental property, at cost	408,562	420,826
Total assets	413,677	493,939
Mortgages notes payable	203,244	218,968
Total liabilities	231,722	276,025
Fixed rate debt: (e)	145,665	112,945
% of outstanding debt	72%	52%
Weighted average interest rate	6.8%	7.5%
Variable rate debt	\$ 57,579	\$ 106,023
% of outstanding debt	28%	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 September 30, 2002 and 2001 of 24,974,176 and 28,488,712, respectively, and the weighted average number of Common Shares outstanding for the nine months ended September 30, 2002 and 2001 of 25,370,088 and 28,224,716, 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 3,449,232 and 5,628,091 OP Units into Common Shares for the quarters ended September 30, 2002 and 2001, and 3,822,225 and 6,227,938 OP Units into Common Shares for the nine months ended September 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.

CONTACT:

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