



Acadia Realty Trust Announces Contract to Acquire One Million Square Foot Retail Complex; Top Tenants Include Target, Lowe's, Bed Bath & Beyond, Dick's, Regal Cinema and T.J. Maxx

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NEW YORK--(BUSINESS WIRE)--Nov. 21, 2002--Acadia Realty Trust (NYSE: AKR - the "Company") announced today that its acquisition joint venture, Acadia Strategic Opportunity Fund, LP ("Acadia Acquisition") has completed its due diligence on a contract to purchase Brandywine Town Center and Market Square Shopping Center, a major open-air retail complex located in New Castle County (Wilmington), Delaware.

ONE MILLION SQUARE FEET OF VALUE-BASED RETAIL

The one million square foot value-based retail complex consists of two components. The first is a 103,000 square foot community shopping center, Market Square Shopping Center, which is 92% leased and anchored by T.J. Maxx and a Trader Joe's market. The second component, Brandywine Town Center, is a two phase regional retail center. The first phase is approximately 450,000 square feet and 97% occupied, with tenants including Lowe's Home Improvement, Bed Bath & Beyond, Regal Cinema, Michaels, PetSmart, Old Navy, Annie Sez, Thomasville Furniture, KB Toys and Dick's Sporting Goods. The second phase ("Phase II") of the Brandywine Town Center consists of approximately 420,000 square feet of existing space, of which Target occupies 138,000 square feet. The Company is already in late-stage negotiations with a national retailer as an additional anchor to lease approximately 125,000 square feet of the second phase and has received strong interest from other prospective tenants for that box as well as the remaining Phase II space. All of the Phase II leasing is to be paid for on an earnout basis as it is leased (see below).

STRONG LOCATION - HIGH BARRIERS TO ENTRY

The property is located on Route 202, a prime retail corridor, in Wilmington, Delaware, as well as Route 92. The project is situated on the Delaware/Pennsylvania border and 20 miles south of downtown Philadelphia. The anchor tenants enjoy strong sales due, in part, to the fact that Delaware has no sales tax, affording them an advantage over stores in Pennsylvania, which has a sales tax on hard goods, and New Jersey, which taxes both hard and soft goods. It is because of this feature that the complex serves a trade area that exceeds the traditional 5 to 10 mile radius; serving a shopping population in excess of half a million people. Furthermore, barriers to entry into this market for new competing centers are high due to a restrictive entitlement process. Pictures of the property can be viewed on Acadia's web site, starting tomorrow, at www.acadiarealty.com

ATTRACTIVE YIELD - ADVANTAGEOUS STRUCTURE - VALUE ADDED OPPORTUNITY

The initial purchase price for the complex, including associated closing costs, is expected to be approximately \$87 million. Acadia Acquisition will also pay additional amounts in conjunction with the lease-up of the current vacant space in Phase II (the "Earnout"). The total purchase price, depending on the Earnout, is projected to be between \$130 million and \$150 million, which is a significant discount to the estimated replacement cost. Importantly, the Earnout is structured such that Acadia Acquisition has no time requirement or payment obligation for any portion of currently vacant space which it is unable to lease. Acadia has had significant success in redeveloping and re-anchoring quality retail properties and will bring its expertise to the leasing and stabilization of Phase II of the Brandywine Town Center.

The purchase price represents in excess of a 10% capitalization rate (before structural reserves and imputed management fees) based on the projected 2003 net operating income. The Company believes this is a favorable rate given the strong location quality of the asset and the credit quality of the anchor tenants.

The acquisition is anticipated to generate approximately \$0.04 of funds from operations ("FFO") during 2003 for the Company, representing approximately 4% growth over projected 2002 FFO. Additional financial details on the acquisition will be made available upon closing of the transaction.

Acadia Acquisition will be assuming \$38.3 million of existing fixed-rate first mortgage debt with a blended interest rate of 7.1% in connection with the purchase. It is also anticipated that additional fixed-rate first mortgage debt will be placed on a portion of the project at closing. The blended interest rate for all the above fixed-rate debt is projected to approximate 6.0%.

The closing is contingent on receiving the lenders' consent permitting the assumption of the existing loans as well as other customary closing conditions. If all conditions to closing are met, the transaction is expected to close within the next 60 days. This acquisition will be the second for Acadia Acquisition. The Company is the general partner with a 22% interest in Acadia Acquisition 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.

MANAGEMENT COMMENTS

Commenting on the acquisition, Kenneth Bernstein, CEO, stated, "We are pleased with the solid execution on all the components of our business plan to date, of which our acquisition program is the primary external growth component. With this acquisition, we will have fulfilled a significant portion of Acadia's total acquisition goals for 2002/2003, with this acquisition representing nearly half of our forecasted external growth as provided in our previous guidance for 2003. We are extremely excited by this pending acquisition not only because of the attractive initial yield, but because it is an ideal blend of strong location, high credit quality, and future growth potential. This retail complex is consistent with our goal of enhancing our core portfolio with strategically located, high barrier-to-entry properties that will create long term shareholder value".

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 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

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