



Acadia Realty Trust Completes Acquisition of One Million Square Foot Retail Complex

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Top Tenants Include Target, Lowe's, Bed Bath & Beyond, Dick's, Regal Cinema, Michaels, Old Navy and T.J. Maxx

NEW YORK, Feb 4, 2003 (BUSINESS WIRE) --Acadia Realty Trust (NYSE: AKR - the "Company") announced today that its acquisition fund, Acadia Strategic Opportunity Fund, LP ("Acadia Acquisition") has completed the acquisition of a major open-air retail complex located in Wilmington, Delaware.

ONE MILLION SQUARE FEET OF VALUE-BASED RETAIL

The one million square foot value-based retail complex consists of the following two components:

Market Square Shopping Center

The first is a 103,000 square foot community shopping center, Market Square Shopping Center, which is 92% leased and anchored by a T.J. Maxx and a Trader Joe's gourmet food market.

Brandywine Town Center

The second component, Brandywine Town Center, is a two phase open-air value retail center. The first phase ("Phase I") is approximately 450,000 square feet and 97% occupied, with tenants including Lowe's, 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") consists of approximately 420,000 square feet of existing space, of which Target occupies 138,000 square feet. The Company has received strong interest from prospective tenants for the balance of Phase II. 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, at the intersection of Route 92 (Naamans Road). The project is situated on the Delaware/Pennsylvania border, 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 at www.acadiarealty.com

ATTRACTIVE YIELD - ADVANTAGEOUS STRUCTURE - VALUE ADDED OPPORTUNITY

The initial investment for the complex, which was purchased from the Estate of John Rollins, was approximately \$88 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 investment, depending on the Earnout, is projected to be between \$130 million and \$150 million, which represents 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. The Company 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 acquisition price represents in excess of a 10% capitalization rate (before reserves and imputed management fees) based on the current net operating income. The project is financed with \$68 million of fixed-rate first mortgage debt at a blended interest rate of 6.2% resulting in a leveraged yield in excess of 15% (before debt amortization and reserves).

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. The transaction was structured as a merger of entities at the real estate level in which Acadia Acquisition's entities merged with various entities controlled by the Estate.

TRANSACTION FOLLOWS RECENT ACQUISITION OF 25 SUPERMARKET PORTFOLIO

This acquisition follows the purchase of a one million square foot supermarket portfolio of 25 Kroger and Safeway supermarkets completed in January 2003. To date, Acadia Acquisition has acquired properties aggregating approximately \$200 million, inclusive of the Earnout for the Brandywine Town Center. 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, "With this investment, we will have fulfilled Acadia's previously stated acquisition goals for 2003. We are extremely excited by this transaction not only because of the attractive initial yield, but because with tenants such as Target,

Lowe's and T.J. Maxx, 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 63 properties totaling approximately 9 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 funds from operations ("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. The Company considers 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

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