



Acadia Realty Trust Acquires Interests in Three Shopping Centers; Acquisitions Provide Value-Added Redevelopment Opportunities; External Earnings Growth at High End of 2004 Forecast

May 18, 2004

NEW YORK--(BUSINESS WIRE)--May 18, 2004--Acadia Realty Trust (NYSE: AKR - the "Company") today announced that its affiliated acquisition venture, Acadia Strategic Opportunity Fund ("Fund I") acquired interests in three shopping centers for an aggregate investment of \$8.4 million.

Haygood Shopping Center and Sterling Heights Shopping Center -

Creating Opportunity within the Klaff Portfolio

Fund I acquired a 50% interest in the Haygood Shopping Center and Sterling Heights Shopping Center from Klaff Realty, LP ("Klaff") for \$3.2 million. These assets are part of the portfolio that the Company currently manages as a result of its January 2004 acquisition of the management contracts from Klaff and are separate from the formation of the Retailer Controlled Property Venture ("RCP Venture") between Klaff, Lubert-Adler Management Inc. and the Company.

Acadia will assume all operational responsibility for the two shopping centers, both of which require redevelopment to maximize the value of the assets as follows:

The Haygood Shopping Center is a 165,000 square foot shopping center located in Virginia Beach, VA. It is currently 69% occupied and anchored by Rose's Department Store and Eckerd Drug. Redevelopment of this property will most likely include the addition of a supermarket anchor and the relocation of the drugstore to an outparcel location.

The Sterling Heights Shopping Center, located in Sterling Heights, MI (suburb of Detroit), totals 141,000 square feet. The property is also 69% occupied and is anchored by Burlington Coat Factory. Redevelopment activities will include the complete renovation of the property and the re-leasing of the current vacancy.

Value-Added Westchester, NY Redevelopment in Strong In-fill Location

Fund I, in conjunction with Noddle Development Company, purchased the Tarrytown Centre for \$5.3 million. The 35,000 square foot, Westchester, NY property (New York City MSA), was formerly anchored by a 25,000 square foot Grand Union supermarket. The redeveloped property will include a 15,000 square foot Walgreen's drugstore, a 10,000 square foot junior anchor with the balance of space leased to shop tenants. This property presents another value-added opportunity for Acadia in an in-fill location with the highest barrier to entry levels.

Projected 2004 External Growth at High End of Forecast

On a combined basis, these investments are anticipated to generate leveraged returns in excess of 15% before fees and promotes to the Company. Through these transactions, along with the acquisition of the Hitchcock Plaza in March 2004 and the acquisition of the management contracts for the Klaff portfolio earlier this year, the Company has now achieved the high-end of its 2004 forecasted acquisition guidance.

Commenting on these acquisitions, Kenneth Bernstein, Acadia's President and CEO stated, "We are excited by these deals which, while not large in size, are consistent with our opportunistic and value-added acquisition strategy. Along with the strong prospects for our RCP Venture, the Haygood and Sterling Heights transactions are the first examples of the ability to create investment opportunities within Klaff's current portfolio. Through these investments we can create superior returns for Klaff, Fund I and Acadia's shareholders.

The Tarrytown acquisition combines our capital resources and redevelopment expertise with our partners' extensive development capabilities. We have known The Noddle Group for many years and look forward to working with them as co-developer on the Tarrytown project as well as potential future acquisitions. We are confident that our strategy of remaining disciplined while utilizing our highly accretive fund structure is a great way to continue to drive earnings growth and maximize shareholder value."

Acadia Realty Trust, headquartered in White Plains, 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 66 properties totaling approximately nine 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 federal securities law 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 press release. 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 also refers you to the documents filed by the Company, from time to time, with the Securities and Exchange Commission, including without limitation the Company's Annual Report on Form 10-K, for a discussion of such risks and uncertainties.

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

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SOURCE: Acadia Realty Trust