



Acadia Realty Trust Acquires Second New York Urban/Infill Redevelopment

October 13, 2004

16-Acre/300,000 Square Feet Warehouse Site to Be Converted into Community Retail Center in Pelham Manor, NY (Westchester County)

NEW YORK--(BUSINESS WIRE)--Oct. 13, 2004-- Acadia Realty Trust (NYSE: AKR - the "Company") in conjunction with its development partner, P/A Associates, today announced that it entered into a 95-year ground lease to redevelop a 16-acre site in Pelham Manor, Westchester County, New York.

The property is located on Pelham Parkway and Route 1 (Boston Post Road) on the border of The Bronx and Westchester County in Pelham, NY. Adjacent to the Hutchinson River Parkway, the property is in an upper middle-income, infill neighborhood located approximately 10 miles from Manhattan with over 400,000 people in a 3-mile radius.

The redevelopment contemplates the demolition of existing warehouse buildings, which will be replaced by a multi-anchor community retail center. Acadia anticipates the redevelopment to cost between \$30 and \$33 million, with construction anticipated to commence within the next 12-24 months. In the interim, the property will continue to be operated as a warehouse facility. Prior to commencement of the redevelopment process, the ground rent paid by Acadia is projected to equal the warehouse rents collected. Upon stabilization, the property is projected to generate an unleveraged yield in excess of 10%.

Kenneth F. Bernstein, Acadia's President and Chief Executive Officer commented: "This acquisition is the second under our New York urban/infill redevelopment program with Aaron Malinsky and Paul Slayton of P/A Associates. This program is consistent with our opportunistic and value-added strategy and is one of the components which will help fuel Acadia's growth over the next several years. At this point in the investment cycle, these value added investments should provide our shareholders with a materially higher return on equity than transactions involving stabilized properties."

Acadia is acquiring this asset through Acadia Strategic Opportunity Fund II, LLC ("Fund II"). Fund II, with \$300 million of committed discretionary capital, has been established to acquire up to \$900 million of real estate assets on a leveraged basis as well as invest in Acadia's Retailer Controlled Property Venture with The Klaff Organization. Acadia will earn a pro rata return on its invested equity as well as fees for asset management, property management, leasing and construction services. Acadia also has the opportunity to earn additional amounts based on certain investment return thresholds.

About P/A Associates - P/A Associates, LLC was formed by Aaron Malinsky and Paul Slayton, to concentrate on urban development/redevelopment opportunities. Aaron Malinsky is the former Vice Chairman and Chief Development Officer for the Great Atlantic and Pacific Tea Company ("A&P"). Mr. Malinsky is one of the principals of the recently completed River Plaza, a 235,000 square foot, \$90 million shopping center located at 225th Street in The Bronx, NY and anchored by a 130,000 square foot Target and a 35,000 square foot Marshall's. The property was an assemblage of a number of parcels including the purchase of a former commissary for Columbia University Hospital.

Paul Slayton has been an active real estate developer for over 40 years, developing 6 million square feet of shopping centers, 4 million square feet of office and industrial space and 1.5 million square feet of self-storage.

About Acadia - 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 70 properties totaling approximately nine million square feet, located primarily in the Northeast, Mid-Atlantic, and Midwest 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 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 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 and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" incorporated by reference therein, for a discussion of such risks and uncertainties.

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

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