



Acadia Realty Trust Completes \$20 Million Preferred Equity Investment; Also Closes \$2 Million Mezzanine Loan

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NEW YORK, Mar 14, 2005 (BUSINESS WIRE) -- Acadia Realty Trust (NYSE: AKR - "Acadia") today announced it has completed a preferred equity investment of \$20 million ("Preferred Equity") with Levitz SL, L.L.C. ("Levitz SL"), the owner of 2.5 million square feet of fee and leasehold interests in 30 locations (the "Properties"), the majority of which are currently leased to Levitz Furniture Stores. The balance of the Properties are in the process of being redeveloped. Klaff Realty, L.P. ("Klaff") is a managing member of Levitz SL. Acadia has previously completed a number of transactions with Klaff, including the 2004 agreement to assume operational responsibility from Klaff for a portfolio of properties, including the Levitz SL Properties involved in this transaction. Acadia anticipates taking an active role in the creation of value from redevelopment and releasing of these assets.

The Properties are primarily located on the East and West coasts, with a majority of the value ascribed to six of the Properties located in California (3), New York (1), New Jersey (1) and Oregon(1). Klaff acquired the Properties in two separate transactions, in 1999 and 2001, as part of Levitz's strategy of downsizing its store sizes from 150,000 to 50,000 square feet. The Properties, primarily in well-located, high-barrier-to-entry markets, have strong redevelopment and value creation potential.

The Preferred Equity receives a return of 10%, plus a minimum return of capital of \$2 million per annum. At the end of 12 months, the rate of return will be reset to the six-month LIBOR plus 644 basis points. The Preferred Equity is redeemable at the option of Levitz SL at any time, although if redeemed during the first 12 months, the redemption price is equal to the outstanding amount of the Preferred Equity, plus the return calculated for the remainder of the 12-month period. The properties are encumbered by senior debt of approximately \$49 million in three separate facilities. The Preferred Equity represents the 50%-70% position in the capital structure of Levitz SL, based on Acadia's valuation of the Properties utilizing a capitalization rate of approximately 10%.

Acadia also completed a \$2 million mezzanine loan secured by, among other things, an interest in the entity that owns the Manahawkin Commons Shopping Center, located in Stafford Township, New Jersey. Acadia previously owned this property and sold it to the borrower in October 2002. Interest on the loan is at a rate of 12% for a period of 12 months. The loan is prepayable at any time, although it includes a 12-month yield maintenance provision.

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 69 properties totaling approximately 9.6 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.

SOURCE: Acadia Realty Trust

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