



## Acadia Realty Trust Reports Third Quarter 2007 Operating Results

October 29, 2007

NEW YORK--(BUSINESS WIRE)--Oct. 29, 2007--Acadia Realty Trust (NYSE: AKR - "Acadia" or the "Company"), a real estate investment trust ("REIT"), today reported operating results for the quarter ended September 30, 2007. All per share amounts discussed below are on a fully diluted basis. In addition, all funds from operations ("FFO") amounts for 2007 are adjusted as discussed below.

### Third Quarter 2007 Highlights

Earnings - 2007 third quarter FFO of \$0.39 and EPS of \$0.25

-- Funds from operations ("FFO") per share of \$0.39 for the third quarter 2007 compared to \$0.30 for third quarter 2006 and FFO of \$1.00 for the nine months ended September 30, 2007 compared to \$0.88 for the nine months ended September 30, 2006

-- Earnings per share ("EPS") for third quarter 2007 of \$0.25 compared to \$0.13 for third quarter 2006 and EPS of \$0.55 for the nine months ended September 30, 2007 compared to \$0.41 for the nine months ended September 30, 2006

### Retail portfolio performance

-- For the third quarter, 2007 same store net operating income for the portfolio increased \$0.3 million, or 2.2% compared to third quarter 2006

-- September 30, 2007 occupancy at 93.8% representing an increase of 60 basis points from second quarter 2007

Continued progress on external growth initiatives

### Fund III investment activity commences with agreements to purchase two properties:

-- Sheepshead Bay in Brooklyn, New York

-- Westport, Connecticut

### Third Quarter Operating Results

For the quarter ended September 30, 2007, FFO, an accepted measure of REIT performance, was \$13.1 million, or \$0.39 per share, compared to \$10.0 million, or \$0.30 per share for the quarter ended September 30, 2006. FFO for 2007 is adjusted to include the extraordinary gain from the Company's RCP investments as discussed in Note 4 to the Financial Highlights included herein.

Driving the quarterly growth were increases in revenues earned through the Company's investment fund platform in 2007. These increases were primarily from:

-- Promote revenue received from Fund I

-- Transactional and redevelopment-based fee revenues from Fund II

-- Asset-based fee revenues from Fund III

For the nine months ended September 30, 2007, FFO was \$34.1 million or \$1.00 per share compared to \$29.9 million, or \$0.88 per share for the nine months ended September 30, 2006. In addition to the increased revenues detailed above, the year-to-date increase also includes co-investment income from Acadia's RCP Venture investment in Albertson's received in the first quarter of 2007.

EPS was \$0.25 for the third quarter 2007 compared to \$0.13 for the third quarter 2006 and \$0.55 for the nine months ended September 30, 2007 compared to \$0.41 for the nine months ended September 30, 2006. The increases in 2007 EPS were

primarily attributable to the factors discussed above.

#### Retail Portfolio Performance (includes pro-rata share of joint venture operating properties)

Acadia's portfolio occupancy was 93.8% for the quarter ended September 30, 2007. This represents an increase of 60 basis points from 93.2% occupancy at June 30, 2007. For the quarter ended September 30, 2007, same store net operating income ("NOI") increased \$0.3 million, or 2.2% from third quarter 2006. This was primarily due to retenanting activity at the Bloomfield Shopping Center with a Circuit City, for which rent commenced during September 2007. For the nine months ended September 30, 2007, NOI decreased approximately \$0.2 million, or 0.6%, compared with the same period in 2006. The year-to-date result was adversely impacted by the settlement with tenants of prior year common area maintenance reimbursements during the first six months of 2007.

During the third quarter of 2007, Acadia realized an average rent increase of 71% on a cash basis on new leases totaling 39,000 square feet representing 0.8% of the portfolio's gross leasable area. This increase was primarily due to the Circuit City lease discussed above. Renewal leases totaling 37,000 square feet had an average rent increase of 9% on a cash basis. Including the effect of the straight-lining of rents, the Company realized average rent increases of 94% and 15%, for new and renewal leases, respectively.

#### Balance Sheet - Portfolio debt at 95% fixed-rate

Acadia continues to maintain a solid financial position at September 30, 2007 as evidenced by the following:

- Fixed-charge coverage ratio of 3.4 to 1 for the third quarter 2007 □
- Debt to total market capitalization of 33%
- Dividend payout ratio for the third quarter 2007 of 51% of FFO; year-to-date payout ratio is 59%
- Approximately \$140 million available under existing credit facilities □
- 95% of the Company's total mortgage debt is now fixed-rate, inclusive of long-term interest rate swaps and adjusted for its pro-rata share of consolidated joint venture debt

#### Acadia Fund III - Investment Activity Commences

During the second quarter 2007, Acadia announced the formation of its third discretionary investment fund, Acadia Strategic Opportunity Fund III LLC ("Fund III"). Fund III is capitalized with commitments of \$500 million of discretionary institutional capital, which will enable the fund to acquire or develop approximately \$1.5 billion of assets on a leveraged basis.

During the third quarter, the Company signed a contract for what it expects will be its tenth New York Urban/Infill Redevelopment project with P/A Associates and one of its first Fund III acquisitions. The preliminary redevelopment plan for this project, located in Sheepshead Bay, Brooklyn, New York, is to demolish the existing site and develop up to 240,000 square feet of retail.

The Company also signed a contract during the quarter for a second Fund III investment located in Westport, Connecticut. The Company expects to fully renovate this "Main Street" property to include up to 30,000 square feet of retail.

#### New York Urban/Infill Redevelopment Progress

During the quarter, the Company continued its progress in its New York Urban Infill Redevelopment portfolio. Currently, the portfolio consists of nine projects with over 2 million square feet. Included on page 33 of our quarterly supplement is a schedule of estimated timing, cost, square footage and anchor tenants of this pipeline. Highlights for the quarter were as follows:

- 216th Street in New York and Liberty Avenue in Ozone Park, Queens are complete.
- Two projects are currently under construction. Pelham Manor Shopping Center is expected to be completed during the second half of 2008 and Fordham Place is scheduled to be completed in the first half of 2009.
- During the quarter, MacFarlane Partners, the Company's partner at CityPoint (formerly known as Albee Square) and owner of the residential component of the project, contracted with Rose Associates to be its development partner.

The Company reaffirms its previously announced guidance for the year ending December 31, 2007 at the lower end of \$1.30 to \$1.35 FFO per share and \$0.65 to \$0.70 EPS.

#### Management Comments

Commenting on the results for the third quarter, Kenneth F. Bernstein, President and CEO, stated, "The third quarter was another solid quarter for Acadia as evidenced by our strong earnings growth, portfolio performance, financial ratios and favorable returns from our discretionary investment fund platform. As a result of our strong financial position and newly launched Fund III, we are well situated to capitalize on the opportunities arising from the current uncertainty and volatility in the marketplace."

#### Investor Conference Call

Management will conduct a conference call on Tuesday, October 30, 2007 at 2:00 PM ET to review the Company's earnings and operating results. The live conference call can be accessed by dialing 1-800-688-0796 (internationally 617-614-4070). The pass-code is "Acadia". The call will also be webcast and can be accessed in a listen-only mode at Acadia's web site at [www.acadiarealty.com](http://www.acadiarealty.com). If you are unable to participate during the live webcast, the call will be archived and available on Acadia's website. Alternatively, to access the replay by phone, dial 888-286-8010 (internationally 617-801-6888), and the passcode will be 64741037. The phone replay will be available through Monday, November 5, 2007.

Acadia Realty Trust, headquartered in White Plains, NY, is a fully integrated, self-managed and self-administered equity REIT focused primarily on the ownership, acquisition, redevelopment and management of retail properties, including neighborhood/community shopping centers and mixed-use properties with retail components.

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. These forward-looking statements include statements regarding our future earnings, estimates regarding the timing of completion of, and costs relating to, our real estate redevelopment projects. Factors that could cause our forward-looking statements to differ from our future results include, but are not limited to, those discussed under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" in the Company's most recent annual report on Form 10-K filed with the SEC on March 1, 2007 ("Form 10-K") and other periodic reports filed with the SEC, including risks related to: (i) the Company's reliance on revenues derived from major tenants; (ii) the Company's limited control over joint venture investments; (iii) the Company's partnership structure; (iv) real estate and the geographic concentration of our properties; (v) market interest rates; (vi) leverage; (vii) liability for environmental matters; (viii) the Company's growth strategy; (ix) the Company's status as a REIT (x) uninsured losses and (xi) the loss of key executives. Copies of the Form 10-K and the other periodic reports Acadia files with the SEC are available on the Company's website at [www.acadiarealty.com](http://www.acadiarealty.com). Any forward-looking statements in this press release speak only as of the date hereof. 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.

#### ACADIA REALTY TRUST AND SUBSIDIARIES

##### Financial Highlights (1)

For the Quarters and Nine Months ended September 30, 2007 and 2006  
(dollars in thousands, except per share data)

	For the quarters ended September 30,		For the nine months ended September 30,	
	2007	2006	2007	2006
Revenues				
Minimum rents	\$ 18,825	\$ 16,549	\$ 55,583	\$ 49,804
Percentage rents	122	677	405	988
Expense [				
reimbursements	3,651	3,699	9,646	10,763
Other property income	475	235	1,009	691
Management fee income	1,594	1,773	3,405	4,254
Interest income	2,590	2,324	7,682	5,977
Other	--	--	165	1,141
Total [				
revenues	27,257	25,257	77,895	73,618

Operating expenses				
Property operating	4,515	3,662	13,164	10,810
Real estate taxes	2,722	2,653	7,293	7,532
General and administrative	5,336	5,786	16,325	15,872
Depreciation and amortization	6,778	6,361	20,012	18,710
	-----	-----	-----	-----
Total operating expenses	19,351	18,462	56,794	52,924
	-----	-----	-----	-----
Operating income	7,906	6,795	21,101	20,694
Equity in earnings of unconsolidated affiliates	545	(2,878)	4,258	3,120
Interest expense	(5,932)	(5,368)	(17,556)	(15,770)
Minority interest	4,959	4,223	6,660	3,482
	-----	-----	-----	-----
Income from continuing operations before income taxes	7,478	2,772	14,463	11,526
Income taxes	191	638	(245)	(174)
	-----	-----	-----	-----
Income from continuing operations	7,669	3,410	14,218	11,352
	-----	-----	-----	-----

ACADIA REALTY TRUST AND SUBSIDIARIES

Financial Highlights (1)

For the Quarters and Nine Months ended September 30, 2007 and 2006  
(dollars in thousands, except per share data)

	For the quarters ended		For the nine months ended	
	September 30,		September 30,	
	2007	2006	2007	2006
	-----	-----	-----	-----
Discontinued operations:				
Operating income from discontinued operations	27	726	355	2,010
Minority interest	--	(14)	(7)	(39)
	-----	-----	-----	-----
Income from discontinued operations	27	712	348	1,971
	-----	-----	-----	-----
Net income before extraordinary item	7,696	4,122	14,566	13,323
	-----	-----	-----	-----
Extraordinary item:				
Share of extraordinary gain from investment in unconsolidated affiliate	6,510	--	30,200	--
Minority interest	(5,208)	--	(24,167)	--
Income taxes	(508)	--	(2,356)	--

Income from extraordinary item	794	--	3,677	--
Net income	\$ 8,490	\$ 4,122	\$ 18,243	\$ 13,323
Net income per Common Share - Basic				
Net income per Common Share - Continuing operations	\$ 0.24	\$ 0.11	\$ 0.43	\$ 0.35
Net income per Common Share - Discontinued operations	--	0.02	0.01	0.06
Net income per Common Share - Extraordinary item	0.02	--	0.11	--
Net income per Common Share	\$ 0.26	\$ 0.13	\$ 0.55	\$ 0.41
Weighted average Common Shares	32,966	32,513	32,885	32,497
Net income per Common Share - Diluted (2)				
Net income per Common Share - Continuing operations	\$ 0.23	\$ 0.11	\$ 0.43	\$ 0.35
Net income per Common Share - Discontinued operations	--	0.02	0.01	0.06
Net income per Common Share - Extraordinary item	0.02	--	0.11	--
Net income per Common Share	\$ 0.25	\$ 0.13	\$ 0.55	\$ 0.41
Weighted average Common Shares	33,316	32,836	33,278	32,805

ACADIA REALTY TRUST AND SUBSIDIARIES

Financial Highlights (1)

For the Quarters and Nine Months ended September 30, 2007 and 2006  
(dollars in thousands, except per share data)

RECONCILIATION OF NET INCOME TO FUNDS FROM OPERATIONS (3)

	For the quarters ended September 30,		For the nine months ended September 30,	
	2007	2006	2007	2006
Net income	\$ 8,490	\$ 4,122	\$ 18,243	\$ 13,323

Depreciation of real estate and amortization of leasing costs (net of minority interests' share)				
Wholly owned and consolidated affiliates	3,870	4,928	13,825	15,255
Unconsolidated affiliates	349	397	1,337	1,247
Income attributable to minority interest in Operating Partnership	188	89	416	287
Distributions - Preferred OP Units	5	63	18	188
Loss (gain) on sale (net of minority interests' share and income taxes)	241	394	241	(437)
Extraordinary item (net of minority interests' share and income taxes)	(794)	--	(3,677)	--
	-----	-----	-----	-----
Funds from operations	12,349	9,993	30,403	29,863
Add back: Extraordinary item, net (4)	794	--	3,677	--
	-----	-----	-----	-----
Funds from operations, adjusted for extraordinary item	\$ 13,143	\$ 9,993	\$ 34,080	\$ 29,863
	=====	=====	=====	=====
Funds from operations per share - Diluted				
Weighted average Common Shares and OP Units (5)	33,979	33,815	33,965	33,791
	=====	=====	=====	=====
Funds from operations, adjusted, per share	\$ 0.39	\$ 0.30	\$ 1.00	\$ 0.88
	=====	=====	=====	=====

ACADIA REALTY TRUST AND SUBSIDIARIES  
Financial Highlights (1)

For the Quarters and Nine Months ended September 30, 2007 and 2006

(dollars in thousands)  
RECONCILIATION OF OPERATING INCOME TO NET PROPERTY  
OPERATING INCOME

	For the quarters ended September 30,		For the nine months ended September 30,	
	2007	2006	2007	2006
Operating income	\$ 7,906	\$ 6,795	\$ 21,101	\$ 20,694
Add back:				
General and administrative	5,336	5,786	16,325	15,872
Depreciation and amortization	6,778	6,361	20,012	18,710
Less:				
Management fee income	(1,594)	(1,773)	(3,405)	(4,254)
Interest income	(2,590)	(2,324)	(7,682)	(5,977)
Straight line rent and other adjustments	(586)	238	(1,215)	160
Net property operating income	\$ 15,250	\$ 15,083	\$ 45,136	\$ 45,205

SELECTED BALANCE SHEET INFORMATION

	As of	
	September 30, 2007	December 31, 2006
Cash and cash equivalents	\$ 127,956	\$ 139,571
Rental property, at cost	793,171	672,324
Total assets	934,995	851,692
Notes payable	488,993	435,192
Total liabilities	555,489	496,835

Notes:

(1) For additional information and analysis concerning the Company's results of operations, reference is made to the Company's Quarterly Supplemental Disclosure furnished on Form 8-K to the SEC and included on the Company's website at [www.acadiarealty.com](http://www.acadiarealty.com).

(2) Reflects the potential dilution that could occur if securities or other contracts to issue Common Shares were exercised or converted into Common Shares. The effect of the conversion of Common OP Units is not reflected in the above table as they are exchangeable for Common Shares on a one-for-one basis. The income allocable to such units is allocated on this same basis and reflected as minority interest in the consolidated financial statements. As such, the assumed conversion of these units would have no net impact on the determination of diluted earnings per share.

(3) The Company considers funds from operations ("FFO") as defined by the National Association of Real Estate Investment Trusts ("NAREIT") and net operating income ("NOI") to be appropriate supplemental disclosures of operating performance for an equity REIT due to its widespread acceptance and use within the REIT and analyst communities. FFO and NOI are presented to assist investors in analyzing the performance of the Company. They are helpful as they exclude various items included in net income that are not indicative of the operating performance, such as gains (losses) from sales of depreciated property and depreciation and amortization. In addition, NOI excludes interest expense. The Company's method of calculating FFO and NOI 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. Consistent with the NAREIT

definition, the Company defines FFO as net income (computed in accordance with GAAP), excluding gains (losses) from sales of depreciated property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures.

(4) The extraordinary item represents the Company's share of estimated extraordinary gain related to its investment in Albertson's. The Albertson's entity has recorded an extraordinary gain in connection with the allocation of purchase price to assets acquired. The Company considers this as an investment in an operating business as opposed to real estate. Accordingly, all gains and losses from this investment are included in FFO which management believes provide a more accurate reflection of the operating performance of the Company.

(5) In addition to the weighted average Common Shares outstanding, basic and diluted FFO also assumes full conversion of a weighted average 664 and 642 OP Units into Common Shares for the quarters ended September 30, 2007 and 2006, respectively, and 663 and 649 OP Units into Common Shares for the nine months ended September 30, 2007 and 2006, respectively. Diluted FFO also includes the assumed conversion of Preferred OP Units into 25 and 337 Common Shares for the quarters ended September 30, 2007 and 2006, respectively, and the conversion of Preferred OP Units into 81 and 337 Common Shares for the nine months ended September 30, 2007 and 2006, respectively.

CONTACT: Acadia Realty Trust  
Media Relations:  
Debra Miley, 914-288-8140

SOURCE: Acadia Realty Trust