



Acadia Realty Trust Provides Update on \$658 Million of Transactions

December 21, 2012

WHITE PLAINS, N.Y.--(BUSINESS WIRE)--Dec. 21, 2012-- Acadia Realty Trust (NYSE: AKR) today announced continued activity across its dual – core and fund – platforms, completing \$240 million of acquisitions since mid-November 2012. Additionally, in December 2012, Acadia sold, or entered into a firm contract to sell, \$418 million of assets within its fund portfolios.

ACQUISITION ACTIVITY

Fund platform:

In December 2012, Acadia, through Acadia Strategic Opportunity Fund IV LLC (“Fund IV”), completed three new investments for an aggregate purchase price of \$151 million. Most significantly, this included a \$139 million portfolio acquisition on Lincoln Road in Miami Beach, Florida. Acadia launched Fund IV in May 2012 with \$541 million of capital commitments for the purpose of making opportunistic and value-add investments in retail real estate. With leverage, Fund IV has approximately \$1.5 billion of buying power.

Lincoln Road, Miami Beach, FL. This week, Acadia, in partnership with Terranova Corporation, acquired a 54,400 square foot, three-property portfolio located at 719, 801, and 826 Lincoln Road for \$139 million. The portfolio, which is situated at the “Main & Main” intersection of Lincoln Road and Meridian Avenue, is leased to a combination of local tenants and national retailers including Fossil, Aldo, Kiehls, and Dylan’s Candy Bar. Leases representing nearly half of the portfolio’s annual base rent expire within the next 24 to 36 months. Given that rents on Lincoln Road have increased significantly over the past few years, the majority of the portfolio’s in-place rental rates are significantly below market. In addition, there is the ability to redevelop some of the assets as well as improve the portfolio’s merchandise mix. Acadia, through Fund III, previously partnered with Terranova, in February 2011, on the successful acquisition of another 60,700 square foot, three-property portfolio located at 600 and 741 Lincoln Road and 723 N. Lincoln Lane.

“Over the past few years, Lincoln Road has established itself as a ‘must-have’ location for our retailers, with exceptional global branding opportunities matched by high sales productivity,” stated Kenneth F. Bernstein, President and CEO of Acadia Realty Trust. “Tenants are attracted to this prime street-retail market as an essential component to their various multi-channel retailing initiatives. As such, we are pleased to continue building a presence along this vibrant international shopping and dining corridor in partnership with the extremely talented team at Terranova. Led by Stephen Bittel, Terranova has been instrumental in executing the leasing and development strategy for our existing South Beach assets. Most recently, this has included bringing Armani Jeans and Khong River House, by restaurateur John Kunkel, to 741 Lincoln Road. We look forward to participating in Lincoln Road’s next chapter with our valued partner.”

Core platform:

Since mid-November 2012, Acadia has continued to add high-quality, stabilized street-retail assets to its core portfolio with the acquisition of four investments – in Washington, D.C.; Westport, Connecticut; and Chicago, Illinois – for an aggregate purchase price of \$89 million.

Connecticut Avenue NW, Washington, D.C. In December 2012, Acadia acquired a 42,000 square foot, two-property portfolio located at 1739-1803 Connecticut Avenue NW, which is within walking distance of Dupont Circle. The purchase price was \$23 million. Principal retail tenants include TD Bank and Ruth’s Chris Steak House.

Main Street, Westport, CT. In December 2012, Acadia completed the previously-announced, \$14 million acquisition of 181-185 Main Street in Westport, one of Fairfield County’s affluent “Gold Coast” towns. The asset’s principal retail tenant is TD Bank, which serves as the northernmost anchor of this town’s quarter-mile, predominantly-fashion-focused Main Street shopping district.

W. Diversey Parkway, Chicago, IL. In December 2012, Acadia completed the previously-announced, \$11 million acquisition of 639 W. Diversey Parkway, which is located at the corner of W. Diversey Parkway and N. Clark Street in Lincoln Park, Chicago. The street level of this 22,000 square foot, two-level property is leased to three retail tenants – Akira, T-Mobile, and Hanig’s Footwear. Through this strategic acquisition, Acadia now owns two contiguous blocks on the south side of W. Diversey Parkway spanning N. Clark Street, from Trader Joe’s to Starbucks and Papyrus. As part of this transaction, Acadia assumed \$4 million of debt.

Street Retail Portfolio, Chicago, IL. In November 2012, Acadia completed the acquisition of the final eight properties in its previously-announced, 18-property portfolio acquisition within Chicago’s key street-retail markets. This final group of assets was acquired for \$41 million. The completion of this transaction adds further critical mass to Acadia’s street-retail portfolio in Chicago, which now includes the following locations: Rush Street, Clark/Diversey, Halsted/Armitage, Clybourn Corridor, Bucktown, and the Loop.

DISPOSITION ACTIVITY

During the fourth quarter, Acadia continued to opportunistically monetize \$418 million of fund investments. Year to date, Acadia has monetized \$478 million of stabilized fund assets.

Fund platform:

Storage Post, New York/New Jersey. In December 2012, Acadia entered into a firm contract to sell its entire portfolio of 14 self-storage assets located in the New York City area for \$294 million. The purchaser is a joint venture between an institutional investor and the current Storage Post management team led by Bruce Roch, Jr. The portfolio contains 1.1 million rentable square feet of self-storage space that was 92.8% occupied as of September 30, 2012. The portfolio also includes 26,125 square feet of retail space that adjoins the self-storage facility located in Ozone Park, Queens. This retail space is anchored by CVS and IHOP and is 100% occupied.

Three of the assets in the portfolio were developed by Acadia Strategic Opportunity Fund II, LLC ("Fund II"). The balance of the assets were acquired, and in one location developed, by Acadia Strategic Opportunity Fund III LLC ("Fund III"). The aggregate investment of both Funds II and III in these assets amounted to approximately \$252 million.

The sale of 12 properties, including all 11 properties owned by Fund III, was completed yesterday. The sale of the remaining 2 properties is expected to close during the first quarter of 2013. Following the final closing, Acadia will have completed the disposition of its entire self-storage portfolio. The closing of these 2 properties is subject to customary closing conditions and, as such, no assurance can be given that Acadia will successfully complete this transaction.

Acadia, through Fund III, will retain its ownership interest in the Storage Post operating company, which will continue to manage the properties on behalf of the buyer. Additionally, Acadia, through Fund III, received a minority interest in the 14-property portfolio

"This profitable sale transaction not only enabled us to achieve best execution on our investment but also positions Storage Post to become the premier, private self-storage operating company in the United States," stated Mr. Bernstein. "Marc Slayton, the founder of Storage Post, had the foresight to develop a portfolio of high-quality self-storage assets in the densely-populated, supply-constrained New York City area. And the current Storage Post management team, led by the exceedingly-capable self-storage entrepreneur Bruce Roch, Jr., has done an excellent job maximizing occupancy, growing NOI, and positioning the portfolio for strong internal growth going forward."

Canarsie Plaza, Brooklyn, NY. In December 2012, Acadia, through Fund II, completed the previously-announced sale of Canarsie Plaza, a 274,000 square foot shopping center located in the densely-populated borough of Brooklyn. The property was sold for \$124 million, approximately \$32 million in excess of its cost basis. Acadia, in partnership with P/A Associates, acquired this 15-acre development site in 2007 and successfully navigated the development project through an anchor re-tenanting, design change, and global recession. At disposition, the property was 96% leased, with principal tenants including BJ's Wholesale Club, Planet Fitness, and PetSmart.

Acadia will incur short-term earnings dilution from the profitable sale of these Fund assets until the net proceeds are redeployed into new Fund investments.

ABOUT ACADIA REALTY TRUST

Acadia Realty Trust, a fully-integrated equity real estate investment trust, is focused on the acquisition, ownership, management and redevelopment of high-quality retail properties and urban/infill mixed-use properties with a strong retail component located primarily in high-barrier-to-entry, densely-populated metropolitan areas along the East Coast and in Chicago. Acadia owns, or has an ownership interest in, these properties through its core portfolio and its opportunistic/value-add investment funds. Additional information may be found on the Company's website at www.acadiarealty.com.

FORWARD-LOOKING STATEMENTS

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 risks, uncertainties and other factors that 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 Acadia's future financial results and its ability to capitalize on potential opportunities arising from continued economic uncertainty. Factors that could cause the Company's forward-looking statements to differ from its future results include, but are not limited to, those discussed under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's most recent annual report on Form 10-K filed with the SEC on February 28, 2012 ("Form 10-K") and other periodic reports filed with the SEC, including risks related to: (i) the current global financial environment and its effect on retail tenants; (ii) the Company's reliance on revenues derived from major tenants; (iii) the Company's limited control over joint venture investments; (iv) the Company's partnership structure; (v) real estate and the geographic concentration of our properties; (vi) market interest rates; (vii) leverage; (viii) liability for environmental matters; (ix) the Company's growth strategy; (x) the Company's status as a REIT; (xi) uninsured losses and (xii) 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. 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.



Source: Acadia Realty Trust

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