



Acadia Realty Trust Provides Update on \$313 Million of Core Portfolio Acquisitions

January 30, 2014

WHITE PLAINS, N.Y.--(BUSINESS WIRE)--Jan. 30, 2014-- Acadia Realty Trust (NYSE:AKR) today announced that, during the year ended December 31, 2013, it acquired, or entered into agreements to buy and subsequently closed on, \$220.9 million of complementary street-retail assets for its Core Portfolio. Additionally, the Company announced that it has another \$92.1 million of Core properties currently under contract to purchase.

The Core Portfolio does not include those assets in which the Company has co-invested through its opportunity funds (the "Funds"). Discussion of the Company's 2013 Fund acquisition activity and Core Portfolio operating progress will be included in the Company's release of fourth quarter and full year 2013 operating results scheduled for February 12, 2014.

Core Portfolio Acquisition of Street Retail Properties

The \$220.9 million of portfolio additions during 2013 are located in certain Chicago, New York, and Washington DC sub-markets in which Acadia already had an established presence and add to the Company's existing position in these dominant retail corridors.

The following is a discussion of the Company's 2013 Core investments. A pictorial tour of these acquisitions may be found in the [Core Acquisition Update](#) on the Company's website under Investor Relations, Presentations.

Chicago

During the year ended December 31, 2013, Acadia acquired, or entered into agreements to buy and subsequently closed on, \$153.1 million of high-street retail in Chicago's Gold Coast neighborhood, a premier shopping destination with luxury retail, world-class hotels, museums and noted art galleries. The Gold Coast boasts the Chicago flagship stores of global fashion houses such as Prada, Barneys New York, Brioni and Hermès and is a major draw for the city's over 46 million annual tourists.

11 East Walton Street

During the fourth quarter of 2013, Acadia entered into a contract to acquire approximately 6,700 square feet of luxury retail space at the base of the Waldorf Astoria Chicago, formerly the Elysian Hotel, for \$44.0 million. The property is located at the corner of Rush and Walton Streets, proximate to several prior Acadia acquisitions, and is 100% occupied by Marc Jacobs, Saint Laurent Paris, and Perchance Boutique. The Company closed on this acquisition during January 2014.

8-12 East Walton Street

As previously announced, during the second quarter of 2013, the Company purchased 8-12 East Walton Street for \$22.5 million. This newly-constructed, 8,200 square foot retail property, which is also located within the Rush/Walton corridor, is tenanted by high-end retailers Brioni and BHLDN, an Urban Outfitters brand. Together with 11 East Walton Street and several other previous acquisitions, the Company now controls a significant stretch of the Walton Street corridor at its key intersection with Rush Street, with tenants including Lululemon Athletica, Barbour, Burton, and Sprinkles.

664 North Michigan Avenue

As previously announced, during the first quarter of 2013, the Company acquired this property for \$86.6 million. Located on Michigan Avenue between Erie and Huron Streets, the building is centrally located in the Magnificent Mile, the premier retail corridor in Chicago with eight blocks of high-street retail. The 18,100 square foot retail condominium forms the base of the 40-story Ritz-Carlton Residences Chicago. Tenants at the property include Tommy Bahama and Ann Taylor Loft.

New York

During the year ended December 31, 2013, Acadia acquired \$56.0 million of street retail in the Manhattan submarkets of Tribeca, Midtown-South, and the Bowery.

120 West Broadway

During the fourth quarter of 2013, Acadia purchased the master lease for the retail portion of this cooperative located in the Manhattan neighborhood of Tribeca for \$37.0 million. The Tribeca submarket represents one of the wealthiest demographics in Manhattan, with median household incomes above \$190,000. It has become one of Manhattan's most desirable neighborhoods and continues to evolve with the addition of high-end luxury residential developments. The property is highly visible, located one block north of the primary subway stop in Tribeca. The trapezoidal building has 14,000 square feet of retail space and includes four corners with frontage on West Broadway, Duane Street, Reade Street and Hudson Street. The property is anchored by high quality tenants including HSBC and Citibank. In addition, expiring leases in the short term should provide upside from rents

currently below market rates. The Company acquired the asset off-market as part of a private negotiation and funded its investment primarily with Operating Partnership Units.

868 Broadway

During the fourth quarter of 2013, the Company also acquired this retail condominium unit for \$13.5 million. The asset is located in the heavily-trafficked Broadway retail corridor just north of Union Square in Manhattan's prime Midtown-South submarket and draws strong foot traffic from both Union Square and the Flatiron District. The Union Square subway hub hosts approximately 35 million riders annually, making it the fourth-busiest subway station in New York City on weekdays and the second-busiest on weekends. Retail vacancy stands at under 3% and sales volumes along Broadway are in excess of \$1,500 per square foot. The 2,000 square foot retail area is 100% leased to Dr. Martens, a 50 year old British footwear and apparel brand. Located in the block between East 17th and 18th Streets, this is Acadia's second investment in this Manhattan submarket and is located in close proximity to its property at 5-7 East 17th Street.

313-315 Bowery

Additionally, during the fourth quarter of 2013, Acadia purchased a leasehold interest in this 7,900 square foot street retail property for \$5.5 million. The property is currently occupied by John Varvatos and Patagonia and is located in the heart of the Bowery corridor. The Bowery submarket has considerable momentum, with high-fashion retailers APC and Phillip Lim set to open new stores alongside those of Billy Reid, Intermix, Bettie Page, and Blue and Cream, all within the immediate vicinity of 313-315 Bowery. Additionally, the property is located within close proximity to Whole Foods and a variety of high-end restaurants, nightclubs and boutique hotels.

Georgetown, Washington D.C.

As previously announced, during the second quarter of 2013, Acadia closed on the acquisition of 3200-3204 M Street for a purchase price of \$11.8 million. Located in Georgetown, a premier shopping and dining district in the Washington D.C. metropolitan area, this 7,000 square foot property is tenanted by Banana Republic and is located at the corner of M Street and Wisconsin Avenue. This 2013 purchase added to Acadia's existing six-property portfolio in Georgetown, also located primarily on M Street, with tenants including Coach, Juicy Couture and Lacoste.

Additional Acquisition Pipeline

In addition to the above acquisitions, Acadia currently has three additional Core properties under contract for an aggregate purchase price of \$92.1 million. Although the Company anticipates completing these closings during the first quarter of 2014, these transactions are subject to customary closing conditions, including lender approval for the assumption of existing mortgage debt, and, as such, no assurance can be given that the Company will successfully complete these.

Acquisition Funding and Balance Sheet

The incremental net operating income ("NOI") for the \$220.9 million of completed acquisitions initially aggregates \$10.8 million, which represents approximately 20% of the Company's Core Portfolio NOI as reported for the previous year ended December 31, 2012.

These completed acquisitions were funded using approximately two thirds equity, which is consistent with Acadia's conservative balance sheet management practices. The equity requirement was funded primarily by a combination of (i) the issuance of both Common Shares under the Company's at-the-market ("ATM") stock offering program and Operating Partnership Units during 2013 aggregating \$114.3 million at an average net price of \$26.92, and (ii) \$46.9 million of recycled capital from fourth quarter Core Portfolio and Fund asset sales.

After taking into account all of the Company's 2013 core acquisition activities, Acadia's Net Debt to EBITDA ratio was under 5.0x at December 31, 2013, which keeps the Company among the lowest leveraged of its peers. Net Debt includes the Company's pro rata share of Fund debt and deducts both cash on hand and restricted cash related to financings. This provides Acadia additional flexibility in using the most efficient source of capital based on pricing and availability to fund its Core and Fund acquisition activities during 2014.

"During 2013, we continued to execute on our core portfolio acquisition goals, enabling us to accretively increase our total core portfolio value in excess of 20%," stated Kenneth F. Bernstein, President and CEO of Acadia Realty Trust. "Consistent with plan, our multi-year acquisition activities have led to a significant elevation in the quality of our already-solid portfolio. Today, our portfolio is well balanced, with approximately half of its value concentrated in prime street-retail corridors primarily in Manhattan, Chicago, and Washington DC, up from approximately 16% three years ago. By aggregating assets within these densely-populated, vibrant cities, we believe that we are strengthening our core earnings base and positioning our portfolio to benefit from short and long-term rental growth. Furthermore, by continuing to expand our local-market expertise and deepen our existing relationships, we believe that we are well-equipped to mine future core, opportunistic, and value-add 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.

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 27, 2013 ("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 the Company's 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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