



Acadia Realty Trust Acquires Street Retail Flagship on Chicago's Magnificent Mile

December 4, 2014

WHITE PLAINS, N.Y.--(BUSINESS WIRE)--Dec. 4, 2014-- Acadia Realty Trust (NYSE:AKR) today announced the core-portfolio acquisition of an 88.4% interest in 840 N Michigan Ave, an 87,000 square foot, four-story street-retail property located in Chicago, Illinois, for \$144.3 million.

"Our core portfolio growth strategy centers on the selection of high-quality, retail real estate locations, primarily in our nation's top urban markets, where we are able to achieve strong rental growth, today, and where we believe we are better positioned to create outsized shareholder value over the next 5, 10, and 15 years," stated Kenneth F. Bernstein, President and CEO of Acadia Realty Trust. "Since 2010, we have more than doubled the size of our core portfolio, in a manner consistent with this strategy, equating to a compounded annual growth rate in excess of 20%. Including this transaction, our 2014 core acquisition volume now totals \$450.4 million, consistent with our upwardly-revised guidance. Given retailing's continued evolution, urban/street retail's more robust growth profile, and the relative pricing of alternative investments, we remain active acquirers of these types of high-barrier-to-entry, irreplaceable assets. In fact, we are very pleased with our 2015 pipeline, which has already begun to take shape."

The Magnificent Mile is the stretch of Michigan Ave that runs from the Chicago River north to Oak St within Chicago's Gold Coast. Known for its luxury and mainstream retailers and world-class hotels, restaurants, and residential condominiums, the Magnificent Mile is the premier tourist and shopping destination in Chicago.

840 N Michigan Ave anchors a prime corner of the Magnificent Mile and is located directly across the street from Water Tower Place. The property is 100% occupied by H&M and Verizon. H&M has operated at the property since 2003 and recently committed to a new 10-year term that expands its selling space by approximately 10,000 square feet into the below-grade concourse level. Its flagship store now totals 59,500 square feet. Verizon selected this location to create its newest two-level Destination Store, which – at approximately 10,000 square feet of selling space – is reportedly its largest store in the country and one of only two such experience stores.

"Flagship locations, such as 840 N Michigan Ave, located in live-work-play-visit cities, enable our retailers to pair highly-visible branding with access to thousands of shoppers daily. In our experience, retailers have been highly motivated to invest their own dollars to uniquely merchandise these flagship stores," stated Joel Braun, Executive Vice President and Chief Investment Officer of Acadia Realty Trust. "We are excited to be partnering on this transaction with four of the property's original developers and existing owners – Nancy Pacher, Camille Julmy, and Bob Wislow of CBRE|U.S. Equities Realty, along with Doris Holleb. We share their enthusiasm for the Magnificent Mile and are committed to together maintaining this property's top-tier status, as they certainly have during their 35 years of ownership."

"In 1979, U.S. Equities Realty partnered with Marshall Holleb and Robert Gerstein to purchase the former Bonwit Teller building, which, at the time, housed Crate & Barrel's flagship store. Then, in 1990, that same partnership completely demolished, reimagined, and modernized the property to create flagship space for the trio of Escada, FAO Schwarz, and Waterstones Booksellers," stated Camille Julmy, Vice Chairman of CBRE, Inc. "More recently, we worked with H&M to increase their selling space at this productive store and also brought in Verizon, whose engaging Destination Store concept also suits this landmark location. Following the successful completion of this most recent re-tenanting, we felt that the time was right to recapitalize. Given its complementary, high-street portfolio and extensive footprint in Chicago's Gold Coast and Lincoln Park neighborhoods, Acadia was a natural choice as our majority partner. We look forward to a long relationship with them."

Acadia acquired this asset in a private negotiation and funded its investment using a combination of cash, operating partnership units ("OP units"), and the assumption of \$48.6 million of pro-rata debt secured by the property. 840 N Michigan Ave is the third street-retail property that Acadia has acquired using OP units over the past 12 months.

Acadia and CBRE|U.S. Equities Realty will jointly provide property management services. CBRE|U.S. Equities Realty, along with Doris Holleb and Robert Gerstein, represented the sellers in this transaction.

About Acadia Realty Trust

Acadia Realty Trust is an equity real estate investment trust focused on delivering long-term, profitable growth via its dual – core and fund – operating platforms and its disciplined, location-driven investment strategy. Acadia Realty Trust is accomplishing this goal by building a best-in-class core real estate portfolio with meaningful concentrations of assets in the nation's most dynamic urban and street-retail corridors and making profitable opportunistic and value-add investments through its series of discretionary, institutional funds. For further information, please visit www.acadiarealty.com.

About CBRE Group, Inc.

CBRE Group, Inc. (NYSE:CBG), a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world's largest commercial real estate services and investment firm (in terms of 2013 revenue). The Company has approximately 44,000 employees (excluding affiliates), and serves real estate owners, investors and occupiers through approximately 350 offices (excluding affiliates) worldwide. CBRE offers strategic advice and execution for property sales and leasing; corporate services; property, facilities and project management; mortgage banking; appraisal and valuation; development services; investment management; and research and consulting. Please visit our website at www.cbre.com.

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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 26, 2014 ("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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