Acadia Realty Trust Provides Transaction Update

January 28, 2016

RYE, N.Y.--(BUSINESS WIRE)--Jan. 28, 2016-- Acadia Realty Trust (NYSE:AKR) ("Acadia" or the "Company") today announced that the Company completed $279.2 million of transactions during and subsequent to fourth quarter 2015. During 2015 and year-to-date 2016, the Company completed, or added to its acquisition pipeline, $294.7 million of core portfolio investments, $435.1 million of fund dispositions, and $240.6 million of fund acquisitions.

CORE PORTFOLIO

During 2015 and year-to-date 2016, the Company completed $294.7 million of acquisitions on behalf of its core portfolio, including $237.4 million of core real estate purchases and the acquisition of $57.3 million of interests in two Company-managed funds. Of this amount, $96.1 million was completed during and subsequent to fourth quarter 2015, as discussed below:

Core Acquisitions

Gotham Plaza, 149-169 E 125th St, Harlem, New York, NY. In January 2016, the Company acquired a 49% interest in Gotham Plaza from Blumenfeld Development Group, Ltd. for $38.8 million in an off-market transaction. Gotham Plaza is a 122,900-square foot urban property located between Lexington Ave and 3rd Ave on Harlem's 125 th St retail corridor. This already-strong shopping, arts, and entertainment destination is experiencing a retail transformation, driven by a surge of new development, a growing residential base, and increasing incomes. This three-level, mixed-use property is currently 98% occupied and contains street-level retail shops – including Bank of America, The Children's Place, and Payless ShoeSource – in addition to two stories of office space and underground parking. Acadia funded its investment using a combination of operating partnership units ("OP units") and the assumption of $10.5 million of pro-rata debt secured by the property.

Purchase of Fund Interests

During and subsequent to fourth quarter 2015, the Company provided liquidity to two of its existing fund investors – one each in Fund II and Fund III – by acquiring their interests in those Company-managed funds. The combined purchase price for the equity interests was $25.7 million; including leverage, the Company acquired approximately $57.3 million of gross property value. As a result of these transactions, the Company's interest in Fund II – whose investments include City Point in Brooklyn, NY and Albertsons supermarkets – has increased from 20.0% to 28.3%, and the Company's interest in Fund III – a fund that is actively selling assets, whose investments include Cortlandt Town Center in Westchester County, NY (subsequently sold in January 2016 – see below) and 640 Broadway in Noho, New York, NY – has increased from 19.9% to 24.5%.

Acquisition Matchfunding & Balance Sheet

The Company fueled its acquisition activities – and maintained its conservative leverage levels – by sourcing $87.2 million of net proceeds during and subsequent to fourth quarter 2015 through *(i)* OP units issued in connection with the acquisition of Gotham Plaza ($28.3 million), *(ii)* its at-the-market ("ATM") facility ($41.4 million), and *(iii)* its share of recycled capital from the sale of Fund III's Cortlandt Town Center ($17.5 million). The aggregate new capital was raised at an average gross price of $32.38 per unit/share ($32.14 per unit/share net of related costs).

By effectively matchfunding this core activity, the Company has further strengthened its already-solid, low-leveraged balance sheet. At the beginning of 2015, the Company's debt to EBITDA ratio for the core portfolio only was 5.0 *x*. As of year-end 2015, this ratio was reduced to 4.3*x*. Including its pro rata share of fund debt, the Company's debt to EBITDA ratio decreased from 5.9 *x* to 5.5*x* over the same period.

FUND PLATFORM

Fund Dispositions

During 2015 and year-to-date 2016, the Company completed $435.1 million of dispositions across its fund platform. Of this amount, $107.3 million was completed subsequent to fourth quarter 2015, as discussed below:

Cortlandt Town Center, Mohegan Lake, NY. In January 2016, Fund III completed the recapitalization of Cortlandt Town Center, a 641,000-square foot power center located in Westchester County, NY, with an institutional partner at a $165.0 million valuation, compared to an all-in cost basis of $94.7 million. Pursuant to a contract entered into in September 2015, Fund III sold a 65% interest in the property for $107.3 million. In January 2009, Fund III acquired the property for $78.0 million. At the time, the property was 84% occupied, due to the bankruptcies of junior-anchors Linens 'n Things and Levitz Furniture. During its 7.0-year hold period, Fund III successfully increased the property's occupancy to 97%. Fund III is also developing a 150,000-170,000 square foot shopping center directly across the street. Fund III's sale of a 65% interest in Cortlandt Town Center generated a 44.6% IRR and 3.61*x* multiple on a 65% share of its total equity investment in that property. To date, Fund III has returned 129% of invested capital, before payment of promote.

Fund III Promote

The recapitalization of Cortlandt Town Center generated approximately $4 million (approximately $0.05 per share) of net promote income for the Company during first quarter 2016.

Fund Acquisitions – Closed

During 2015 and year-to-date 2016, the Company, on behalf of Fund IV, completed $159.9 million of opportunistic and value-add acquisitions. Of this amount, $75.9 million was completed during and subsequent to fourth quarter 2015, as discussed below:

Restaurants at Fort Point, Seaport District, Boston, MA. In January 2016, Fund IV acquired a retail condominium containing 15,700 square feet of restaurant, café, and bar spaces, located in Boston's vibrant, live-work-play Seaport district, for $11.5 million. The Seaport retail market is experiencing robust rent growth, and, as the existing below-market leases at the property expire, Fund IV will have an opportunity to unlock significant embedded value.

146 Geary St, Union Square, San Francisco, CA. As previously announced, in November 2015, Fund IV, in partnership with City Center Realty Partners, LLC ("CCRP"), acquired a 12,400-square foot, four-story building, located in San Francisco's dynamic Union Square shopping district, for $38.0 million. 146 Geary St has frontage on both Geary St and Maiden Ln and is situated a few steps east of Union Square plaza. This flagship property is located on a block with a concentration of luxury fashion retailers – including Chanel, Jimmy Choo, Saint Laurent, Bottega Veneta, and Valentino – and is directly across the street from Neiman Marcus. During 2017, the Fund IV-CCRP joint venture intends to redevelop the property, which has been occupied by Britex Fabrics since 1952.

Fillmore-Union Collection, San Francisco, CA. As previously announced, during and subsequent to fourth quarter 2015, Fund IV, in partnership with Prado Group ("Prado"), acquired four street-retail properties – located at **2207-2211 Fillmore St**, **2208-2216 Fillmore St**, **1861-1863 Union St**, and **1964-1966 Union St** in San Francisco – for $17.2 million. Fillmore St and Union St are authentic shopping and dining corridors, nestled within San Francisco's affluent Pacific Heights and Cow Hollow neighborhoods. The corridors' highly-valued, unique local character is the result of an eclectic mix of trendy boutiques and restaurants, including local favorites, such as Elizabeth Charles, SPQR, Ambiance, and Belga, and national retailers, such as Rag & Bone, Ralph Lauren, lululemon athletica, and Nike. Tenants within the Fund IV-Prado joint venture's four-property portfolio include Eileen Fisher, award-winning local restaurant La Méditerranée, and L'Occitane.

650 Bald Hill Rd, Warwick, RI. As previously announced, in October 2015, Fund IV, in partnership with MCB Real Estate, acquired a retail condominium with roughly 160,000 square feet of leasable space at the site of a former enclosed mall in Warwick, RI for $9.2 million. Including acquisition costs, the projected redevelopment budget is $30.5 million. The property is shadow anchored by Walmart, Kohl's and Sears. The property was vacant at acquisition, and the joint venture plans to reconfigure the space to accommodate anchor and junior-anchor tenancy. The joint venture has already executed a 15-year lease with Burlington Coat Factory for roughly one-third of the total space.

Fund Acquisitions – Pipeline

During 2015 and year-to-date 2016, the Company, on behalf of Fund IV, also entered into contracts to make equity investments in two street-retail properties aggregating $28.3 million; including implied leverage, this equity equates to roughly $80.7 million of gross property value. No assurance can be given that the Company will successfully close on this acquisition pipeline.

"The past few months have been extremely productive, bringing our total transactional activity to roughly $1 billion since the beginning of 2015," stated Kenneth F. Bernstein, President & CEO of Acadia Realty Trust. "Given our dual-platform model, and safe balance sheet, we remain well positioned to respond to market crosscurrents – both as buyers and as profitable sellers – and, in so doing, deliver solid investment returns for all of our stakeholders."

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; making profitable opportunistic and value-add investments through its series of discretionary, institutional funds; and maintaining a strong balance sheet. For further information, please visit www.acadiarealty.com.

Safe Harbor Statement

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