

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE TO
Tender Offer Statement under Section 14(d)(1) or 13(e)(1)
of the Securities Exchange Act of 1934

ACADIA REALTY TRUST
(Exact name of Registrant as specified in its charter)

Common Shares of Beneficial Interest

(including common units of limited partnership interests in Acadia Realty
Limited Partnership convertible into Acadia Realty Trust Common Shares
of Beneficial Interest)
(Title of Class of Securities)

004239109
(CUSIP Number of Class of Securities)

Jon Grisham
Vice President
Acadia Realty Trust
20 Soundview Marketplace
Port Washington, NY 11050
(516) 767-8830

(Name, address, and telephone numbers of person authorized
to receive notices and communications on behalf of filing persons)

Copy to:

Mark Schonberger, Esq.
Paul, Hastings, Janofsky & Walker LLP
399 Park Avenue
New York, NY 10022
(212) 318-6000

Transaction valuation*	Amount of Filing Fee
\$31,099,997	\$6,219.99

* Estimated solely for the purpose of determining the filing fee. This amount assumes the purchase of 4,784,615 common shares, \$.001 par value per share, at the maximum tender offer price of \$6.50 per share in cash. The amount of the filing fee, calculated in accordance with Rule 0-11 under the Securities Exchange Act of 1934, as amended, equals 1/50 of one percent of the aggregate of the cash offered by the Offeror.

[] Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: _____ Form or Registration No. _____

Filing Party: _____ Date Filed: _____

[] Check the box if the filing relates solely to preliminary communications Made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- issuer tender offer subject to Rule 13e-4.
- third-party tender offer subject to Rule 14d-1.
- amendment to Schedule 13D under Rule 13d-2.
- going-private transaction subject to Rule 13e-3.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

Tender Offer

Acadia Realty Trust, a Maryland real estate investment trust ("Acadia" or the "Company"), is filing this Tender Offer Statement on Schedule T0 under Section 13(e) of the Securities Exchange Act of 1934 (the "Statement"), in connection with the offer to purchase up to 4,784,615 of its Common Shares of Beneficial Interest (including common units of limited partnership interest convertible into our common shares), par value \$.001 per share ("Shares"), on the terms and subject to the conditions described in the Offer to Purchase, dated December 20, 2001 ("Offer to Purchase"), and related Letter of Transmittal. A copy of the Offer to Purchase is attached to this Statement as Exhibit 99.a(1)(i), and a copy of the Letter of Transmittal is attached to this Statement as Exhibit 99.a(1)(ii), which, as they may be amended or supplemented from time to time, together constitute the "Offer."

The information in the Offer to Purchase and the related Letter of Transmittal is incorporated in this Schedule T0 by reference in answer to Items 1 through 11 of this Tender Offer Statement on Schedule T0.

Item 12. Exhibits.

Exhibit Number	Description
99.a(1)(i)	Offer to Purchase, dated December 20, 2001.
99.a(1)(ii)	Letter of Transmittal.
99.a(1)(iii)	Notice of Guaranteed Delivery.
99.a(1)(iv)	Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
99.a(1)(v)	Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
99.a(1)(vi)	Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
99.a(1)(vii)	Letter to Acadia Shareholders from Kenneth F. Bernstein, President and Chief Executive Officer, dated December 20, 2001.
99.a(1)(viii)	Conditional Letter of Conversion.
99.a(5)(i)	Press Release issued by the Company on December 20, 2001.
99.b(i)	Loan Agreement between Acadia Realty Trust and Fleet National Bank.*
99.b(ii)	Credit Agreement between Acadia Realty Trust and The Dime Saving Bank of New York, FSB.*
99.d	Stock Purchase Agreement dated as of December 14, 2002 between Acadia Realty Trust and Ross Dworman.
(g)	Not applicable.
(h)	Not applicable.

* To be filed by amendment.

Item 13. Information Required by Schedule 13E-3.

Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

/s/ Kenneth F. Bernstein

Kenneth F. Bernstein
Chief Executive Officer and President

Date: December 20, 2001

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ACADIA REALTY TRUST

OFFER TO PURCHASE FOR CASH
UP TO 4,784,615 Shares
of Acadia Realty Trust Common Shares of Beneficial Interest
(including common units of limited partnership interests in
Acadia Realty Limited Partnership convertible into
Acadia Realty Trust Common Shares of Beneficial Interest)

AT A PURCHASE PRICE NOT GREATER THAN \$6.50
NOR LESS THAN \$6.05 FOR EACH OF THE SHARES

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT 11:59 P.M., NEW
YORK CITY TIME, JANUARY 22, 2002, UNLESS THE OFFER IS EXTENDED.

Your company, Acadia Realty Trust, a Maryland real estate investment trust ("Acadia"), hereby invites you to tender your Common Shares of Beneficial Interest (including common units of limited partnership interest convertible into our common shares) ("Shares") to us in a modified Dutch auction. This means that if you wish to participate in the auction, you will propose a price at which you agree to sell your Shares to us that is not greater than \$6.50 nor less than \$6.05 for each of the Shares you wish to sell. The terms and conditions of our offer are contained in this Offer to Purchase and in the related Letter of Transmittal (which together constitute our "Offer").

Under this Dutch auction process, after we know the number of Shares and the prices specified by all tendering holders of Shares (the "Holders"), we will then determine a single price for the Shares (not greater than \$6.50 nor less than \$6.05 for each of the Shares) (the "Purchase Price") that we will pay for Shares validly tendered pursuant to the Offer. We will select the lowest Purchase Price which will allow us to buy 4,784,615 Shares (or such lesser number of Shares as are validly tendered at prices not greater than \$6.50 nor less than \$6.05 for each of the Shares) pursuant to the Offer. We will purchase at the Purchase Price, net to the seller in cash, all Shares validly tendered at prices at or below the Purchase Price. However, if more than 4,784,615 Shares are tendered, we may not be able to purchase all the Shares you have tendered and may need to prorate our purchases among other Holders so that all Holders are treated equally.

Whenever this Offer refers to rights "we" have, actions "we" may take or taken by "us" or similar matters, it is referring to rights or actions of Acadia Realty Trust.

THE OFFER IS NOT CONDITIONED ON ANY MINIMUM NUMBER OF SHARES BEING TENDERED. THE OFFER IS, HOWEVER, SUBJECT TO CERTAIN OTHER CONDITIONS. SEE SECTION 7.

NEITHER THE COMPANY NOR ITS BOARD OF TRUSTEES MAKES ANY RECOMMENDATION TO YOU OR ANY OTHER HOLDER AS TO WHETHER YOU SHOULD TENDER OR REFRAIN FROM TENDERING YOUR SHARES. YOU ARE URGED TO EVALUATE CAREFULLY ALL INFORMATION IN THE OFFER, CONSULT YOUR OWN INVESTMENT AND TAX ADVISORS AND MAKE YOUR OWN DECISION AS TO WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES TO TENDER AND AT WHAT PRICE OR PRICES TO TENDER SUCH SHARES.

Questions and requests for assistance or for additional copies of this Offer to Purchase, the Letter of Transmittal or the Notice of Guaranteed Delivery may be directed to the Information Agent at its address and telephone numbers set forth below.

MacKenzie Partners, Inc.
156 Fifth Avenue
New York, NY 10010

Toll free: (800) 322-2885
Collect: (212) 929-5500

December 20, 2001

SUMMARY TERM SHEET

This general summary is provided solely for your convenience and is qualified in its entirety by reference to the full text and more specific details of this Offer to Purchase.

How many Shares will Acadia purchase? 4,784,615 (or such lesser number of Shares as are validly tendered). Our Offer is not conditioned on a minimum number of Shares being tendered. See Section 1.

How much will Acadia pay for my Shares? We will engage in a "modified Dutch auction" to determine a single net cash price for each of the Shares, not greater than \$6.50 nor less than \$6.05 for each of the Shares validly tendered. We will select the lowest price that will permit us to purchase the number of Shares mentioned above. All Shares acquired in the Offer will be acquired at the Purchase Price even if tendered below the Purchase Price. If you desire to tender Shares you must specify in the Letter of Transmittal one of two prices you will accept:

- o the price determined by the modified Dutch auction or
- o the specific minimum price (not greater than \$6.50 nor less than \$6.05 for each of the Shares, in multiples of \$0.05) at which you are willing to have us purchase your Shares. See Section 1.

How and when will I be paid? If your Shares are purchased in our Offer, you will be paid the Purchase Price, in cash, without interest, as promptly as practicable after the expiration of the offer period. See Section 5.

How do I tender Shares or Units? See Section 3. Call the Information Agent or consult your broker for assistance. If you own common units of limited partnership interest in Acadia Realty Limited Partnership convertible into common shares of Acadia Realty Trust and you wish to participate in the tender, the procedure you will need to follow is also described in Section 3.

Will I have to pay brokerage
commissions if I tender
my Shares?

If you are a registered
shareholder and you tender your
Shares directly to the
Depositary, you will not incur
any brokerage commissions. If
you hold Shares through a broker
or bank, we urge you to consult
your broker or bank to determine
whether transaction costs are
applicable. See Introduction.

Will I have to pay stock transfer
tax if I tender my Shares?

If you instruct the Depositary
to make the payment for the
Shares to the registered holder,
you will not incur any stock
transfer tax. See Introduction.

How long do I have to tender my
Shares?

You may tender your Shares until
the Offer expires. The tender
offer will expire at 11:59 p.m.
Eastern Time on January 22,
2002, unless we extend or
earlier terminate the Offer. See
Section 1.

Has Acadia or its Board of Trustees adopted a position on the tender offer?

Neither we nor our Board of Trustees is making any recommendation as to whether you should tender or refrain from tendering your Shares.

Once I have tendered Shares in the Offer, can I withdraw my tender?.

You may withdraw your tendered Shares at any time until 11:59 p.m., New York City time, on January 22, 2002, unless we extend the Offer, and after 11:59 p.m., New York City time, on January 22, 2002, if your Shares are not purchased pursuant to the Offer by such time. See Section 4.

What are the significant conditions to the Offer and what will be Acadia's source of funds for the Offer?.

We are not obligated to purchase any Shares unless we receive borrowings under our pending loan facilities in an amount which will be sufficient to finance our Offer. See Section 7 and Section 13.

If I own fewer than 100 Shares and I tender all of my Shares, will I be subject to proration? . . .

We will purchase all of the Shares you tender, and not prorate them, if you

- o beneficially own less than 100 Shares in the aggregate as of December 20, 2001,

- o continue to beneficially own less than 100 Shares in the aggregate on the Expiration Date,

- o tender all of such Shares at or below the Purchase Price prior to the Expiration Date and

- o check the "Odd Lots" box in the Letter of Transmittal. See Section 2.

Has Acadia entered into any agreements with any person in connection with the Offer?.

Yes. Shortly prior to the commencement of the Offer we entered into a share purchase agreement with Ross Dworman, the Chairman of our Board of Trustees and former Chief Executive Officer, who currently beneficially owns 1,135,403 of our Shares, representing 3.34% of our outstanding shares, and 1,000,000 options to purchase Shares. Under this agreement, Mr. Dworman has agreed that he will not tender any shares into our Offer. In lieu of his participation in our Offer, Mr. Dworman has agreed to sell to us the lesser of (i) 600,000 Shares and (ii) 1,135,403 Shares prorated to the same extent that we prorate other shareholders who tender their shares in this Offer. See Section 9.

Will I receive a quarterly distribution for the fourth quarter?

Your right to receive a regular quarterly distribution for the quarter ended December 31, 2001 in connection with your ownership of the Shares will not be affected by your tendering of the Shares. The next record date for the payment of distributions is December 31, 2001. You will receive a quarterly distribution on or about January 15, 2002 for each of the Shares even if such Shares are tendered. However, if we declare an extraordinary distribution for any reason, you will not be entitled to receive such distribution if your Shares are purchased by us in this Offer. As discussed in Section 10, we may be required under the tax laws to make an extraordinary distribution due to the sale of certain properties. See Section 19.

Who can I talk to if I have questions about the Offer?

Our Information Agent can help you answer your questions. The Information Agent is:

Mackenzie Partners, Inc.
156 Fifth Avenue
New York, NY 10010
Toll free: (800) 322-2885
Collect: (212) 929-5500

IMPORTANT

If you desire to tender all or any portion of your Shares you should either

(1) complete and sign the Letter of Transmittal in accordance with the instructions in the Letter of Transmittal, mail or deliver it and any other required documents to the Depositary and either mail or deliver the certificates evidencing the Shares (the "Shares Certificates") to the Depositary or follow the procedure for book-entry delivery set forth in Section 3 or

(2) request a broker, dealer, commercial bank, trust company or other nominee to effect the transaction on your behalf. If your Shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee you must contact that broker, dealer, commercial bank, trust company or other nominee if you desire to tender such Shares.

If you desire to tender your Shares and the certificates for such Shares are not immediately available or you cannot comply with the procedure for book-entry transfer by the expiration of the Offer you must tender such Shares by following the procedures for guaranteed delivery set forth in Section 3.

IN ORDER TO EFFECT A VALID TENDER OF YOUR SHARES, YOU MUST PROPERLY COMPLETE THE LETTER OF TRANSMITTAL, INCLUDING THE SECTION OF THE LETTER OF TRANSMITTAL RELATING TO THE PRICE AT WHICH YOU ARE TENDERING SHARES.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY RECOMMENDATION ON BEHALF OF THE COMPANY AS TO WHETHER YOU SHOULD TENDER OR REFRAIN FROM TENDERING YOUR SHARES PURSUANT TO THE OFFER.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE OFFER, OTHER THAN THOSE CONTAINED IN THIS OFFER TO PURCHASE OR IN THE LETTER OF TRANSMITTAL. IF GIVEN OR MADE, SUCH RECOMMENDATIONS, INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY.

FORWARD LOOKING STATEMENTS

This document contains a number of forward-looking statements regarding our financial condition, results of operations and business. These statements may be made directly in this document or may be incorporated in this document by reference to other documents. These statements may also include references to periods following the completion of our offer or other transactions described in this document. You can find many of these statements by looking for words such as "believes," "expects," "anticipates," "estimates," "intends," "plans," "may," "will" and "potential" and for similar expressions. Forward-looking statements involve substantial risks and uncertainties. Some of the factors that may cause actual results to differ materially from those contemplated by the forward-looking statements include, but are not limited to, the following:

- o the timing and occurrence or non-occurrence of events, including the conditions to our Offer, may be subject to circumstances beyond our control;
- o general economic and business conditions, which will, among other things, affect demand for rental space, the availability and creditworthiness of prospective tenants, lease rents and the availability of financing;
- o risks of real estate development and acquisition;
- o adverse changes in real estate markets where we have properties, including competition with other companies;
- o legislation or regulatory changes;
- o environmental and safety requirements; or
- o litigation or other matters before regulatory agencies, whether currently existing or commencing in the future, may delay the occurrence or non-occurrence of events longer than we anticipate.

All subsequent written and oral forward-looking statements concerning our offer or other matters addressed in this document and attributable to us or any person acting on our behalf are qualified by these cautionary statements. We do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

Introduction

We hereby invite you to tender your Shares to us, upon the terms and subject to the conditions of the Offer.

Our offer to purchase Shares includes common units of limited partnership interest ("Units") in Acadia Realty Limited Partnership convertible into Acadia Realty Trust common shares issued pursuant to the Amended and Restated Limited Partnership Agreement of Acadia Realty Limited Partnership, dated as of March 22, 1999, as amended to date. Unless the context otherwise requires, all references to Shares also include the Units. Our offer is not extended to holders of preferred units of limited partnership interest in Acadia Realty Limited Partnership and all references to Units in this Offer to Purchase do not include such preferred interests.

We are making the Offer because we believe that our Shares are undervalued and to offer participating Holders, particularly those who might not be able to sell their Shares without potential disruption to the market price of our Shares because of the size of their holdings, with an opportunity to obtain liquidity with respect to their Shares. See Section 10.

If you are considering a sale of all or a portion of your Shares, the Offer provides you with the opportunity to determine the price or prices within a specified range at which you are willing to sell your shares. If you are a registered shareholder and you tender your Shares directly to the Depositary, you will not incur any brokerage commissions. If you hold Shares through a broker or bank, we urge you to consult your broker or bank to determine whether transaction costs are applicable. If you instruct the Depositary to make the payment for the Shares to the registered holder, you will not incur any stock transfer tax. In addition, the Offer may give you the opportunity to sell Shares at prices greater than market prices prevailing prior to announcement of the Offer.

As of the close of trading on December 20, 2001, there were 28,653,356 Shares and 5,298,593 Units outstanding. The 4,784,615 Shares that we are offering to purchase represent approximately 16.7% of the Shares outstanding (or 14.1% if all of the Units were converted to Shares outstanding) as of December 20, 2001. We have also agreed to acquire Shares from our Chairman, Ross Dworman, under a separate agreement. See Section 9. Under this agreement, we will acquire the lesser of (i) 600,000 Shares and (ii) 1,135,403 Shares prorated to the same extent that we prorate other shareholders who tender their Shares in this Offer, which brings the total number of Shares we are offering to purchase up to 5,384,615 Shares. The 5,384,615 Shares represent approximately 18.8% of the Shares outstanding (or 15.9% if all of the Units were converted to Shares outstanding) as of December 20, 2001.

The Shares are traded on the New York Stock Exchange ("NYSE") under the symbol "AKR". As of the last practicable date prior to the announcement of the Offer, December 19, 2001, the closing price for each of the Shares as reported on NYSE was \$6.26. WE URGE YOU TO OBTAIN CURRENT QUOTATIONS OF THE MARKET PRICE OF THE SHARES.

We are a real estate investment trust formed under the laws of the State of Maryland on March 4, 1993, for the purpose of owning, acquiring and managing neighborhood and community shopping centers. Our principal executive offices are located at 20 Soundview Marketplace, Port Washington, New York 11050 and our telephone number is (516) 767-8830. From our formation until August 1998, we were known as Mark Centers Trust.

1. Number Of Shares; Proration.

Number of Shares. Upon the terms and subject to the conditions of the Offer, we will accept for payment and purchase 4,784,615 Shares or such lesser number of Shares as are validly tendered on or prior to the Expiration Date at a price (determined in the manner set forth below) not greater than \$6.50 nor less than \$6.05 for each of the Shares. THE TERM "EXPIRATION DATE" MEANS 11:59 P.M., NEW YORK CITY TIME, ON JANUARY 22, 2002, UNLESS WE IN OUR SOLE DISCRETION, EXTEND THE PERIOD OF TIME DURING WHICH THE OFFER IS OPEN, IN WHICH EVENT THE TERM "EXPIRATION DATE" SHALL REFER TO THE LATEST TIME AND DATE AT WHICH THE OFFER, AS SO EXTENDED, EXPIRES. See Section 17 for a description of our right to extend the time during which the Offer is open and to delay, terminate or amend the Offer. See also Section 7. Subject to Section 2, if the Offer is oversubscribed, Shares tendered at or

below the Purchase Price prior to the Expiration Date will be subject to proration. The proration period also expires on the Expiration Date.

Determination of Purchase Price. We will, upon the terms and subject to the conditions of the Offer, determine the Purchase Price (not greater than \$6.50 nor less than \$6.05 for each of the Shares) that we will pay for Shares validly tendered pursuant to the Offer, taking into account the number of Shares so tendered and the prices specified by tendering Holders. We will engage in a modified Dutch auction and select a single Purchase Price for each of the Shares, which will allow us to buy 4,784,615 Shares (or such lesser number as are validly tendered at prices not greater than \$6.50 nor less than \$6.05 for each of the Shares) pursuant to the Offer. We reserve the right, in our sole discretion, to purchase more than 4,784,615 Shares pursuant to the Offer and may purchase up to 95,692 additional Shares without amending this Offer.

In accordance with Instruction 5 of the Letter of Transmittal, in order to tender Shares pursuant to the Offer, a Holder (other than an Odd Lot Holder, as defined in Section 2) must either (a) check the box in the section of the Letter of Transmittal captioned "Shares Tendered at Price Determined by Modified Dutch Auction" or (b) check one of the boxes in the section of the Letter of Transmittal captioned "Shares Tendered at Price Determined by Holder."

Each Holder desiring to tender Shares at a specific price must check a box under the section captioned "Shares Tendered at Price Determined by Holder." The Holder must indicate the price or prices (in multiples of \$0.05) (not greater than \$6.50 nor less than \$6.05 for each of the Shares) at which such Holder is willing to have us purchase the Shares or accept the Purchase Price resulting from the modified Dutch auction. All Shares purchased pursuant to the Offer will be purchased at the Purchase Price. All Shares not purchased pursuant to the Offer, including Shares tendered at prices greater than the Purchase Price and Shares not purchased because of proration or the conditional tender procedures described in Section 6, will be returned to the tendering Holders at our expense as promptly as practicable following the Expiration Date.

Proration. Upon the terms and subject to the conditions of the Offer, if the number of Shares validly tendered prior to the Expiration Date is less than or equal to 4,784,615 Shares (or such greater number of Shares as we may elect to purchase pursuant to the Offer), we will purchase at the Purchase Price all Shares so tendered.

Upon the terms and subject to the conditions of the Offer, in the event that prior to the Expiration Date more than 4,784,615 Shares (or such greater number of Shares as we elect to purchase) are validly tendered at or below the Purchase Price, we will accept Shares for purchase in the following order of priority:

(a) first, all Shares validly tendered at or below the Purchase Price prior to the Expiration Date and not withdrawn by any Odd Lot Holder (as defined in Section 2) who:

(1) tenders all Shares beneficially owned by such Odd Lot Holder at or below the Purchase Price (partial tenders will not qualify for this preference); and

(2) completes the section captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery; and

(b) then, after the purchase of all the Shares properly tendered by Odd Lot Holders and subject to the conditional tender procedures described in Section 6, all other Shares validly tendered at or below the Purchase Price before the Expiration Date and not withdrawn on a pro rata basis, if necessary (with adjustments to avoid purchases of fractional Shares).

In the event that proration of tendered Shares is required, we will determine the final proration factor as promptly as practicable after the Expiration Date subject to the conditional tender procedures described in Section 6. Proration for each Holder tendering Shares other than Odd Lot Holders shall be based on the ratio of the number of Shares tendered by such Holder at or below the Purchase Price to the total number of Shares tendered by all Holders at or below the Purchase Price other than Odd Lot Holders. Although we do not expect to be able to announce the final results of such proration until approximately three NYSE trading days after the Expiration Date, we will announce preliminary results of proration by press release as promptly as practicable after the Expiration Date. You may obtain such preliminary information from the Information Agent and may be able to obtain such information from your broker or financial advisor.

As described in Section 16, the number of Shares that we purchase from you, and the order in which we purchase Shares may affect the federal income tax consequences of such purchase to you and therefore may be relevant to your decision whether to tender Shares. The Letter of Transmittal affords each tendering shareholder the opportunity to designate (by certificate) the order of priority in which such shareholder wishes the Shares it tenders to be purchased in the event of proration. In addition, shareholders may choose to submit a "conditional tender" under the procedures discussed in Section 6 in order to structure their tender for federal income tax reasons.

Changes in the Offer. If (i) we increase or decrease the price to be paid for Shares or (ii) increase the number of Shares to be purchased by 2% of the outstanding Shares or decrease the number of Shares being sought, and the Offer is scheduled to expire less than ten business days from and including the date that notice of such increase or decrease is first published, sent or given in the manner specified in Section 17, then the Offer will be extended for ten business days from and including the date of such notice. For purposes of the Offer, a "business day" means any day other than a Saturday, Sunday or federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, New York City time.

2. Tenders By Holders Of Fewer Than 100 Shares ("Odd Lots")

Upon the terms and subject to the conditions of the Offer, we will accept for purchase, without proration, all Shares validly tendered on or prior to the Expiration Date at or below the Purchase Price by or on behalf of Holders who beneficially owned as of the close of business on December 20, 2001, and continue to beneficially own as of the Expiration Date, an aggregate of fewer than 100 Shares ("Odd Lot Holders"). To avoid proration, however, Odd Lot Holders must validly tender at or below the Purchase Price all Shares that such Odd Lot Holder beneficially owns; partial tenders will not qualify for this preference. This preference is not available to holders of 100 or more Shares, even if such holders have separate Shares Certificates for fewer than 100 Shares. If you are an Odd Lot Holder wishing to tender, free of proration, all Shares beneficially owned by you, you must complete the section captioned "Odd Lots" in the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery. IF YOU ARE AN ODD LOT HOLDER, BY ACCEPTING THE OFFER, YOU WOULD NOT ONLY AVOID THE PAYMENT OF BROKERAGE COMMISSIONS BUT WOULD ALSO AVOID ANY APPLICABLE ODD LOT DISCOUNTS PAYABLE IN A SALE OF YOUR SHARES.

3. Procedure for Tendering Shares

Proper Tender of Shares. For Shares to be validly tendered pursuant to the Offer:

(a) the certificates for such Shares (or confirmation of receipt of such Shares pursuant to the procedures for book-entry transfer set forth below), together with a properly completed and duly executed Letter of Transmittal with any required signature guarantees, and any other documents required by the Letter of Transmittal, must be received on or before the Expiration Date by the Depository at one of its addresses set forth on the back cover of this Offer to Purchase; or

(b) you must comply with the guaranteed delivery procedure set forth below.

As specified in Instruction 5 of the Letter of Transmittal, if you desire to tender Shares pursuant to the Offer you must properly indicate either by (a) checking the box in the section of the Letter of Transmittal captioned "shares tendered at price determined by modified dutch auction" or (b) checking one of the boxes in the section of the Letter of Transmittal captioned "shares tendered at price determined by holder" to indicate the price (in multiples of \$0.05) at which your Shares are being tendered; provided, however, if you are an Odd Lot Holder you may check the box in the section entitled "Odd Lots" indicating a tender of all of your Shares at the Purchase Price.

A HOLDER WHO WISHES TO MAXIMIZE THE CHANCE THAT HIS OR HER SHARES WILL BE PURCHASED AT THE RELEVANT PURCHASE PRICE SHOULD CHECK THE BOX ON THE RELEVANT LETTER OF TRANSMITTAL MARKED, "SHARES TENDERED AT PRICE DETERMINED BY MODIFIED DUTCH AUCTION." NOTE THAT THIS ELECTION COULD RESULT IN SUCH HOLDER'S SHARES BEING PURCHASED AT THE MINIMUM PRICE OF \$6.05 FOR EACH OF THE SHARES.

IF YOU DESIRE TO TENDER SHARES AT MORE THAN ONE PRICE YOU MUST COMPLETE SEPARATE LETTERS OF TRANSMITTAL FOR EACH PRICE AT WHICH SHARES ARE BEING TENDERED, EXCEPT THAT THE SAME SHARES CANNOT BE TENDERED (UNLESS PROPERLY WITHDRAWN PREVIOUSLY IN ACCORDANCE WITH THE TERMS OF THE OFFER) AT MORE THAN ONE PRICE. IN ORDER TO VALIDLY TENDER SHARES, ONE AND ONLY ONE PRICE BOX MUST BE CHECKED IN THE APPROPRIATE SECTION ON EACH LETTER OF TRANSMITTAL.

In addition, if you are an Odd Lot Holder who tenders all of your Shares you must complete the section entitled "Odd Lots" in the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery in order to qualify for the preferential treatment available to Odd Lot Holders as set forth in Section 1.

Signature Guarantees And Method Of Delivery. No signature guarantee is required on the Letter of Transmittal if (i) the Letter of Transmittal is signed by the registered holder of the Shares exactly as the name of the registered holder (which term, for purposes of this Section 3, includes any participant in The Depository Trust Company (the "Book-Entry Transfer Facility") whose name appears on a security position listing as the holder of the Shares) appears on the certificate tendered, and payment and delivery are to be made directly to such registered holder or (ii) Shares are tendered for the account of a member firm of a registered national securities exchange or the National Association of Securities Dealers, Inc. or by a commercial bank or trust company having an office, branch or agency in the United States, which is a member of one of the Stock Transfer Association's approved medallion programs (such as the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchange Medallion Program) (each such entity, an "Eligible Institution"). In all other cases, all signatures on the Letter of Transmittal must be guaranteed by an Eligible Institution. See Instruction 1 of the Letter of Transmittal.

If a certificate representing Shares is registered in the name of a person other than the signer of a Letter of Transmittal, or if payment is to be made, or Shares not purchased or tendered are to be issued, to a person other than the registered holder, the certificate must be endorsed or accompanied by an appropriate stock power, in either case signed exactly as the name of the registered holder appears on the certificate, with the signature on the certificate or stock power guaranteed by an Eligible Institution. In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of certificates for such Shares (or a timely confirmation of a book-entry transfer of such Shares into the Depository's account at the Book-Entry Transfer Facility) and a properly completed and duly executed Letter of Transmittal with any required signature guarantees and any other documents required by the Letter of Transmittal.

THE METHOD OF DELIVERY OF ALL DOCUMENTS, INCLUDING SHARE CERTIFICATES, THE LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS, IS AT YOUR ELECTION AND RISK. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY.

Conversion of Units in Acadia Realty Limited Partnership Into Common Shares of Beneficial Interest of Acadia Realty Trust. Under our Offer we will also purchase the Shares which holders of Units would receive upon conversion of their Units. Each holder of the Units may participate in the Offer by agreeing to convert his, her or its Units into Shares if those Shares are purchased by us in the Offer.

If you are a holder of Units and wish to participate in the Offer, you must review and complete the indicated sections of the Letter to Holders of Limited Partner Units of Acadia Realty Limited Partnership, which provides that your election to convert will not be effective unless and until we have determined to acquire your Shares. You also must complete the indicated sections in the Letter of Transmittal. If the Shares underlying your Units are purchased by us in the Offer, your Units will be automatically converted into Shares pursuant to the terms of the Amended and Restated Limited Partnership Agreement of Acadia Realty Limited Partnership and acquired by us in the Offer under the same terms and conditions as all other Shares being acquired.

Federal Income Tax Backup Withholding. To prevent federal income tax backup withholding equal to 30% (for 2002) of the gross payments made pursuant to the Offer, if you do not otherwise establish an exemption from such withholding you must notify the Depository of your correct taxpayer identification number (or certify that you are awaiting a taxpayer identification number) and provide certain other information by completing a Substitute Form W-9 (included in the Letter of Transmittal). If you are a foreign Holder you may be required to

submit an appropriate Form W-8, certifying non-United States status, in order to avoid backup withholding. See Instructions 12 and 13 of the Letter of Transmittal.

YOU SHOULD CONSULT YOUR TAX ADVISOR AS TO WHETHER YOU ARE SUBJECT TO OR EXEMPT FROM FEDERAL INCOME TAX WITHHOLDING.

For a discussion of certain other federal income tax consequences, see Section 16.

Book-Entry Delivery. The Depository will establish an account with respect to the Shares at the Book-Entry Transfer Facility for purposes of the Offer within two business days after the date of this Offer to Purchase. Any financial institution that is a participant in the Book-Entry Transfer Facility's system may make book-entry delivery of the Shares by causing such facility to transfer such Shares into the Depository's account in accordance with such facility's procedure for such transfer. Even though delivery of Shares may be effected through book-entry transfer into the Depository's account at the Book-Entry Transfer Facility, a properly completed and duly executed Letter of Transmittal, with any required signature guarantees and other required documents must, in any case, be transmitted to and received by the Depository at one of its addresses set forth on the back cover of this Offer to Purchase prior to the Expiration Date, or the guaranteed delivery procedure set forth below must be followed. DELIVERY OF THE LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS TO THE BOOK-ENTRY TRANSFER FACILITY DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

Guaranteed Delivery. If you desire to tender Shares pursuant to the Offer and your Share Certificates are not immediately available (or the procedures for book-entry transfer cannot be completed on a timely basis) or time will not permit all required documents to reach the Depository by the Expiration Date, such Shares may nevertheless be tendered, provided that all of the following conditions are satisfied:

(a) such tender is made by or through an Eligible Institution;

(b) the Depository receives (by hand, mail or telegram), on or prior to the Expiration Date, a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form of what we have provided with this Offer to Purchase (indicating the price at which the Shares are being tendered), which includes a guarantee by an Eligible Institution in the form set forth in such Notice of Guaranteed Delivery;

(c) the certificates for all tendered Shares in proper form for transfer (or confirmation of book-entry transfer of such Shares into the Depository's account at the Book-Entry Transfer Facility), together with a properly completed and duly executed Letter of Transmittal and any other documents required by the Letter of Transmittal, are received by the Depository within three NYSE trading days after the date the Depository receives such Notice of Guaranteed Delivery.

Determination of Validity; Rejection of Shares; Waiver of Defects; No Obligation to Give Notice of Defects. All questions as to the number of Shares to be accepted, the price to be paid therefor, the form of documents, the terms of the Offer and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any tender of Shares will be determined by us, in our sole discretion, which determination shall be final and binding on all parties. We reserve the absolute right to reject any or all tenders we determine not to be in proper form or the acceptance of or payment for which may in the opinion of our counsel be unlawful. We also reserve the absolute right to waive any of the conditions of the Offer or any defect or irregularity in the tender of any particular Shares. No tender of Shares will be deemed to be validly made until all defects and irregularities have been cured or waived. Unless waived, any defects or irregularities in connection with tenders must be cured within such time as we determine, as neither us, nor the Depository, the Information Agent or any other person is or will be obligated to give notice of any defects or irregularities in tenders, and none of them will incur any liability for failure to give such notice.

Tender Constitutes an Agreement. Our acceptance for payment of Shares tendered pursuant to the Offer will constitute a binding agreement between you and the Company upon the terms and subject to the conditions of the Offer.

It is a violation of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (directly or indirectly) to tender Shares for your own account unless, at the time of tender and at the end of the proration period (including any extension thereof), you (i) have a net long position equal to or

greater than the amount of (x) Shares tendered or (y) other securities immediately convertible into, exercisable for, or exchangeable for the amount of Shares tendered and will acquire such Shares for tender by conversion, exercise or exchange of such other securities and (ii) will cause such Shares to be delivered in accordance with the terms of the Offer. Rule 14e-4 provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person.

The tender of Shares pursuant to any one of the procedures described above will constitute acceptance of the terms and conditions of the Offer as well as your representation and warranty that (i) you have a net long position in the Shares being tendered within the meaning of Rule 14e-4 and (ii) the tender of such Shares complies with Rule 14e-4.

4. Withdrawal Rights.

Except as otherwise provided in this Section 4, the tender of Shares pursuant to the Offer is irrevocable. Shares tendered pursuant to the Offer may be withdrawn at any time prior to the Expiration Date and, unless accepted for payment by the Company, may also be withdrawn after 11:59 p.m., New York City time, on January 22, 2002.

For a withdrawal to be effective, the Depositary must timely receive (at one of its addresses set forth on the back cover of this Offer to Purchase) a written notice of withdrawal. Such notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder, if different from that of the person who tendered such Shares. If the certificates have been delivered or otherwise identified to the Depositary, then, prior to the release of such certificates, the tendering Holder must also submit the serial numbers shown on the particular certificates evidencing the Shares to be withdrawn and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution (except in the case of Shares tendered by an Eligible Institution). We will determine, in our sole discretion, all questions as to the form and validity (including time of receipt) of notices of withdrawal and our determination shall be final and binding on all parties. Neither us, nor the Depositary, the Information Agent or any other person is or will be obligated to give any notice of any defects or irregularities in any notice of withdrawal, and none of us will incur any liability for failure to give such notice. Any Shares properly withdrawn will thereafter be deemed not validly tendered for purposes of the Offer. Withdrawn Shares may, however, be re-tendered by the Expiration Date by again following any of the procedures described in Section 3.

If we extend the Offer, and are delayed in our purchase of Shares or are unable to purchase Shares pursuant to the Offer for any reason, then, without prejudice to the Company's rights under the Offer, the Depositary may, subject to applicable law, retain on your behalf all tendered Shares, and the Shares may not be withdrawn except to the extent you are entitled to withdrawal rights as described in this Section 4.

5. Purchase of Shares and Payment of Purchase Price.

Upon the terms and subject to the conditions of the Offer, we will engage in a modified Dutch auction and determine the Purchase Price that we will pay for validly tendered Shares, taking into account the number of Shares tendered and the prices specified by tendering Holders, and will accept for payment and thereby purchase as soon as practicable after the Expiration Date validly tendered Shares at or below the Purchase Price. For purposes of the Offer, we will be deemed to have accepted for payment (and therefore purchased), subject to the Odd Lot "priority", conditional tender and proration, Shares which are tendered at or below the Purchase Price and not withdrawn when, as and if we give oral or written notice to the Depositary of our acceptance of such Shares for payment pursuant to the Offer.

Upon the terms and subject to the conditions of the Offer, including proration, we will purchase and pay a single Purchase Price for each of the Shares for 4,784,615 Shares (subject to increase or decrease as provided in Section 1 and Section 17) or such lesser number of Shares as are validly tendered at prices not greater than \$6.50 nor less than \$6.05 for each of the Shares, as promptly as practicable after the Expiration Date. Except as specifically permitted by Section 6 below, no alternative, conditional or contingent tenders will be accepted, and no fractional Shares will be purchased.

Payment for Shares purchased pursuant to the Offer will be made by depositing the aggregate Purchase Price with the Depository, which will act as agent for tendering Holders solely for the purpose of receiving payment from us and transmitting payment to the tendering Holders.

In the event of proration, we will determine the proration factor and pay for those tendered Shares accepted for payment as soon as practicable after the Expiration Date. We do not expect to be able to announce the final results of any such proration until approximately three NYSE trading days after the Expiration Date. Certificates for all Shares not purchased, including all Shares tendered at prices greater than the Purchase Price and Shares not purchased due to proration, will be returned (or, in the case of Shares tendered by book-entry transfer, such Shares will be credited to the account maintained with the Book-Entry Transfer Facility by the participant therein who so delivered such Shares) as soon as practicable after the Expiration Date or termination of the Offer without expense to the tendering Holder. Under no circumstances will we pay interest on the Purchase Price. In addition, if certain events occur, we may not be obligated to purchase Shares pursuant to the Offer. See Section 7.

We will pay all Share transfer taxes, if any, payable on the transfer to us of Shares purchased pursuant to the Offer; provided, however, that (i) if payment of the Purchase Price is to be made to or (ii) (in the circumstances permitted by the Offer) if unpurchased Shares are to be registered in the name of, any person other than the registered holder, or if tendered certificates are registered in the name of any person other than the person signing the Letter of Transmittal, the amount of all Share transfer taxes, if any (whether imposed on the registered holder or such other person), payable on account of the transfer to such person will be deducted from the Purchase Price unless evidence satisfactory to us of the payment of such taxes or exemption therefrom is submitted. See Instruction 7 of the Letter of Transmittal.

WE MAY BE REQUIRED TO WITHHOLD AND REMIT TO THE INTERNAL REVENUE SERVICE (THE "IRS") 30% (FOR 2002) OF THE GROSS PROCEEDS PAID TO YOU OR ANY OTHER PAYEE WHO FAILS TO COMPLETE FULLY AND SIGN THE SUBSTITUTE FORM W-9 INCLUDED IN THE LETTER OF TRANSMITTAL. SEE SECTION 3.

6. Conditional Tender of Shares.

Under certain circumstances and subject to the exceptions for Odd Lot Holders described in Section 1, we may prorate the number of Shares purchased in our Offer. As discussed in Section 16, the number of Shares to be purchased from a particular shareholder may affect the tax treatment of the purchase to the shareholder and the shareholder's decision whether to tender. The conditional tender alternative is made available so that a shareholder may seek to structure our purchase of Shares in our Offer from the shareholder in a manner so that it will be treated as a sale of the Shares by the shareholder, rather than the payment of a dividend to the shareholder, for federal income tax purposes. Accordingly, a shareholder may tender Shares subject to the condition that a specified minimum number of the shareholder's Shares tendered pursuant to a Letter of Transmittal or Notice of Guaranteed Delivery must be purchased if any Shares tendered are purchased. If you are an Odd Lot Holder and you tender all of your Shares, you cannot conditionally tender, since your Shares will not be subject to proration. We urge each shareholder to consult with his or her own tax advisor.

If you wish to make a conditional tender, you must indicate this in the box captioned "Conditional Tender" in the Letter of Transmittal, or, if applicable, the Notice of Guaranteed Delivery. In this box in the Letter of Transmittal or the Notice of Guaranteed Delivery, you must calculate and approximately indicate the minimum number of Shares that must be purchased if any are to be purchased. After our Offer expires, if more than 4,784,615 Shares are properly tendered and not properly withdrawn and we must prorate our acceptance of and payment for tendered Shares, we will calculate a preliminary proration percentage based upon all Shares properly tendered, conditionally or unconditionally. If the effect of this preliminary proration would be to reduce the number of Shares to be purchased from any shareholder below the minimum number specified by that shareholder, the conditional tender will automatically be regarded as withdrawn, unless chosen by lot for reinstatement as discussed in the next paragraph.

After giving effect to these withdrawals, we will accept the remaining Shares properly tendered, conditionally or unconditionally, on a pro rata basis, if necessary. If we are able to purchase all of the remaining tendered Shares and the number that we would purchase would be below 4,784,615, then, to the extent feasible, we will select enough of the conditional tenders that would otherwise have been deemed withdrawn to permit us

to purchase 4,784,615 Shares. In selecting these conditional tenders, we will select by random lot and will select only from shareholders who tendered all of their Shares. Upon selection by lot, if any, we will limit our purchase in each case to the designated minimum number of Shares to be purchased.

All Shares tendered by a shareholder subject to a conditional tender pursuant to the Letter of Transmittal or Notice of Guaranteed Delivery which are regarded as withdrawn as a result of proration and not eventually purchased will be returned as soon as practicable after the expiration date without any expense to the shareholder.

7. Certain Conditions of the Offer.

In addition to a variety of conditions described below, our Offer is conditioned upon our having received borrowings under our loan facilities in an amount which will be sufficient to finance the purchase of shares in our Offer. See Section 13 regarding financing the Offer.

Notwithstanding any other provision of the Offer, we shall not be required to accept for payment, purchase or pay for any Shares tendered, and may terminate or amend the Offer or may postpone the acceptance for payment of, the purchase of and the payment for any Shares tendered, if at any time on or after January 22, 2002 and at or before the time of purchase of any such Shares, any of the following events shall have occurred (or shall have been determined by us to have occurred) which, in our sole judgment in any such case and regardless of the circumstances (including any action or inaction by us), makes it inadvisable to proceed with the Offer or with such purchase or payment:

(a) there shall have been threatened, instituted or pending any action or proceeding by any government or governmental, regulatory or administrative agency, authority or tribunal or any other person, domestic or foreign, or before any court or governmental, regulatory or administrative authority, agency or tribunal, domestic or foreign, which: (1) challenges, seeks to make illegal, delays or otherwise, directly or indirectly, restrains or prohibits the making of the Offer, the acquisition of Shares pursuant to the Offer or otherwise relates in any manner to or affects the Offer or (2) in our sole judgment, could materially affect our business, condition (financial or other), income, operations or prospects and taken as a whole, or otherwise materially impair in any way the contemplated future conduct of business or any of our subsidiaries or materially impair the Offer's contemplated benefits to us; or

(b) there shall have been any action threatened, instituted, pending or taken, or approval withheld, or any statute, rule, regulation, judgment, order or injunction threatened, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to the Offer or us or any of our subsidiaries by any court or any government or governmental, regulatory or administrative authority, agency or tribunal, domestic or foreign, which, in our sole judgment, would or might directly or indirectly: (1) challenge, seek to make illegal, delay or otherwise, directly or indirectly, restrain or prohibit the making of the Offer, the acquisition of Shares pursuant to the Offer or otherwise relate in any manner to or affect the Offer or (2) materially affect our business, condition (financial or other), income, operations or prospects, taken as a whole, or otherwise materially impair in any way the contemplated future conduct of our business of our or any of our subsidiaries or materially impair the Offer's contemplated benefits to us; or

(c) there shall have occurred: (1) the declaration of any banking moratorium or suspension of payments in respect of banks in the United States, (2) any general suspension of trading in, or limitation on prices for, securities on any United States national securities exchange or in the over-the-counter market, (3) the commencement of a war, armed hostilities or any other national or international crisis directly or indirectly involving the United States, (4) any limitation (whether or not mandatory) by any governmental, regulatory or administrative agency or authority on, or any event which, in our sole judgment, might affect, the extension of credit by banks or other lending institutions in the United States, (5) any significant decrease in the market price of the Shares or the Company's common stock or in the general level of market prices of equity securities in the United States or abroad, (6) any change in the general political, market, economic or financial conditions in the United States or abroad that could have a material adverse effect on our business, operations or prospects or the trading in the Shares or that, in our sole judgment makes it inadvisable to proceed with the Offer or (7) in the case of any of the foregoing existing at the time of the commencement of the Offer, in our or our subsidiaries' sole judgment, a material acceleration or worsening thereof; or

(d) any change shall have occurred, be pending or threatened in the business, condition (financial or other), income, operations, Shares ownership, or our subsidiaries' prospects, taken as a whole, which, in our sole judgment, is or may be material to us, or any other event shall have occurred which, in our sole judgment, may impair the Offer's contemplated benefits to us; or

(e) a tender or exchange offer for any or all of the Shares (other than the Offer), or any merger, business combination or other similar transaction with or involving the Company or any subsidiary, shall have been proposed, announced or made by any person; or

(f) (1) any entity, "group" (as that term is used in Section 13(d)(3) of the Exchange Act) or person shall have acquired or proposed to acquire beneficial ownership of more than 5% of the outstanding Shares or common stock of the Company (other than any such person, entity or group who has filed a Schedule 13D or Schedule 13G with the Securities and Exchange Commission (the "Commission") before the Expiration Date), (2) any such entity, group or person who has filed a Schedule 13D or Schedule 13G with the Commission before the Expiration Date shall have acquired or proposed to acquire beneficial ownership of an additional 2% or more of the outstanding Shares or common stock of the Company or (3) any person, entity or group shall have made a public announcement reflecting an intent to acquire us or any of our subsidiaries or any of our respective assets or securities or the Shares.

The foregoing conditions are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any such condition (including any action or inaction by the Company) or may be waived by us in whole or in part. Our failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right, and each such right shall be deemed an ongoing right, which may be asserted at any time and from time to time. Any determination by us concerning the events described in this Section 7 shall be final and binding on all parties.

8. Price Range of Shares.

The Shares are traded on NYSE under the symbol "AKR". The following table sets forth for the fiscal periods indicated the high and low for each of the Shares closing prices on NYSE as reported in published financial sources.

	High ----	Low ---
Fiscal 1999		
Quarter ended March 31, 1999	\$5.5000	\$5.0000
Quarter ended June 30, 1999	\$5.7500	\$4.9375
Quarter ended September 30, 1999	\$5.6250	\$5.0000
Quarter ended December 31, 1999	\$5.1875	\$4.5000
Fiscal 2000		
Quarter ended March 31, 2000	\$5.4375	\$4.8125
Quarter ended June 30, 2000	\$6.0000	\$5.1875
Quarter ended September 30, 2000	\$6.1875	\$5.7500
Quarter ended December 31, 2000	\$6.1250	\$5.6250
Fiscal 2001		
Quarter ended March 31, 2001	\$6.8600	\$5.7500
Quarter ended June 30, 2001	\$7.0000	\$6.0500
Quarter ended September 30, 2001	\$7.0500	\$5.9100

As of the last practicable date prior to the announcement of the Offer, December 19, 2001, the closing price for each of the Shares as reported on NYSE was \$6.26. WE URGE YOU TO OBTAIN CURRENT QUOTATIONS OF THE MARKET PRICE OF THE SHARES.

9. Interest of Trustees, Executive Officers and Certain Beneficial Owners;
Transactions and Arrangements Concerning the Shares.

Share Ownership. The following table sets forth certain information regarding the beneficial ownership of the Shares as of December 20, 2001 (unless noted) for (i) each of our executive officers or trustees and (ii) each person known to the Company to be the beneficial owner of more than 5% of the common stock.

Name and Address of Beneficial Owner/Title -----	Number of the Company's Common Shares Beneficially Owned -----	Percent Ownership of Outstanding Common Shares -----
Yale University(1)	6,155,092	21.48%
Five Arrows Realty Securities LLC(2)	3,266,667(3)	11.40
Howard Hughes Medical Institute(4)	2,266,667	7.91
The Board of Trustees of the Leland Stanford Junior University(5).....	2,133,333	7.45
Harvard Private Capital Realty, Inc.(6) ...	2,000,000(7)	6.98
Marvin L. Slomowitz(8)	1,918,840(9)	5.65
Ross Dworman(10)	2,135,403(11)	6.29
Chairman Kenneth F. Bernstein(10)	1,001,872(12)	2.95
Trustee, Chief Executive Officer and President Martin L. Edelman(10)	600(13)	*
Trustee Marvin J. Levine(10)	600(14)	*
Trustee Lawrence J. Longua(10)	1,600(15)	*
Trustee Gregory A. White(10)	64,629(16)	*
Trustee Lee S. Wielansky(10)	5,200(17)	*
Trustee Timothy J. Bruce(10)	71,083(18)	*
Senior Vice President--Director of Leasing Perry Kamerman(10)	209,442(19)	*
Senior Vice President--Chief Financial Officer Joseph Hogan(10)	65,903(20)	*
Senior Vice President--Director of Construction All trustees and executive officers as a group (13 persons).....	3,805,664(11-20)	11.21

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- (1) The business address of Yale University is c/o Yale University Investments Office, Real Estate, 230 Prospect Street, New Haven, CT 06511.
 - (2) The business address of Five Arrows Realty Securities LLC is c/o Rothschild Realty, Inc., 1251 Avenue of the Americas, 51st Floor, New York, NY 10020.
 - (3) Rothschild Realty Investors II L.L.C., a Delaware limited liability company and sole managing member of Five Arrows Realty Securities L.L.C., may be deemed the beneficial owner of these Shares. The business address of Rothschild is c/o Rothschild Realty, Inc., 1251 Avenue of the Americas, 51st Floor, New York, NY 10020.
 - (4) The business address of Howard Hughes Medical Institute is 4000 Jones Bridge Road, Chevy Chase, MD 20815.
 - (5) The business address of the Board of Trustees of the Leland Stanford Junior University is c/o Stanford Management Company, 2770 Sand Hill Road, Menlo Park, CA 94025.
 - (6) The business address of Harvard Private Capital Realty, Inc. is 600 Atlantic Avenue, Boston, MA 02210.
 - (7) Charlesbank Capital Partners, LLC, a Massachusetts limited liability company, pursuant to an agreement among Charlesbank, the President and Fellows of Harvard College and certain individuals, has sole power to direct the vote of these Shares and may be deemed the beneficial owner of these Shares. The business address of Charlesbank is 600 Atlantic Avenue, 26th Floor, Boston, MA 02210.
 - (8) The business address of Mr. Slomowitz is c/o Mark Development Company, 600 Third Avenue, Kingston, PA 18704.
 - (9) Includes 121,000 Units in Acadia Realty Limited Partnership which are immediately exchangeable into an equivalent number of Shares.
 - (10) The business address of this person is c/o Acadia Realty Trust, 20 Soundview Marketplace, Port Washington, NY 10050.

- (11) Reflects the Shares beneficially owned by Mr. Dworman in his individual capacity, either, directly or indirectly, and the Shares deemed to be beneficially owned by Mr. Dworman. The Shares directly owned by Mr. Dworman in his individual capacity consist of (i) 523,399 Units in Acadia Realty Limited Partnership which are immediately exchangeable into a like number of Shares, (ii) 3,750 vested restricted Shares, of a total of 10,000 restricted Shares which were issued to Mr. Dworman in 2001 and 2000, and (iii) 1,000,000 vested options issued pursuant to the 1999 Share Incentive Plan. The Shares indirectly owned by Mr. Dworman in his individual capacity consist of 61,750 Units in Acadia Realty Limited Partnership which are immediately exchangeable into a like number of Shares, which Units are beneficially held by Mr. Dworman through his equity interest in various limited partnerships which are the record holders of such Units. The Shares deemed to be beneficially owned by Mr. Dworman consist of 107,728 Shares beneficially held by Mr. Dworman through his equity interest in RD New York VI LLC, the record holder of such Shares, and 438,776 Units in Acadia Realty Limited Partnership which are immediately exchangeable into a like number of Shares, which Units are beneficially held by Mr. Dworman through his equity interests in various corporations, limited liability companies and limited partnerships which are the record holders of such Units.
- (12) Reflects the Shares beneficially owned by Mr. Bernstein in his individual capacity and the Shares deemed to be beneficially owned by Mr. Bernstein. The Shares directly owned by Mr. Bernstein in his individual capacity consist of (i) 261,691 Units in Acadia Realty Limited Partnership which are immediately exchangeable into a like number of Shares, (ii) 18,204 vested restricted Shares of a total of 47,284 restricted Shares issued to Mr. Bernstein in 2001 and 2000, (iii) 8,000 Shares purchased by Mr. Bernstein on the open market and (iv) 583,333 vested options issued pursuant to the 1999 Share Incentive Plan. The Shares deemed to be beneficially owned by Mr. Bernstein consist of 26,933 Shares beneficially held by Mr. Bernstein through his equity interest in RD New York VI LLC, the record holder of such Shares, and 103,711 Units in Acadia Realty Limited Partnership which are immediately exchangeable into a like number of Shares, which Units are beneficially held by Mr. Bernstein through his equity interests in various corporations, limited liability companies and limited partnerships which are the record holders of such Units.
- (13, 14) Represents vested options issued pursuant to the 1999 Share Incentive Plan.
- (15) Represents 1,000 Shares purchased by Mr. Longua on the open market and 600 vested options issued pursuant to the 1999 Share Incentive Plan.
- (16) Represents 17,029 Units in Acadia Realty Limited Partnership which are immediately exchangeable into an equivalent number of Shares and 32,000 Shares, all of which are owned by Mr. White's wife, 15,000 Shares held in Mr. White's children's names, and 600 vested options issued pursuant to the 1999 Share Incentive Plan.
- (17) Represents 5,000 Shares purchased by Mr. Wielansky on the open market and 200 vested options issued pursuant to the 1999 Share Incentive Plan.
- (18) Represents 2,750 vested restricted Shares of a total of 8,000 restricted Shares issued to Mr. Bruce in 2001 and 2000, and 68,333 vested options issued pursuant to the 1999 Share Incentive Plan.
- (19) Represents 50,000 Units in Acadia Realty Limited Partnership which are immediately exchangeable into an equivalent number of Shares, 1,109 vested restricted Shares of a total of 2,905 restricted Shares issued to Mr. Kamerman in 2001 and 2000, and 158,333 vested options issued pursuant to the 1999 Share Incentive Plan.
- (20) Represents 903 vested restricted Shares of a total of 2,333 restricted Shares issued to Mr. Hogan in 2001 and 2000, and 65,000 vested options issued pursuant to the 1999 Share Incentive Plan.

Recent Share Repurchases and Transactions. In January 2001, we approved a continuation and expansion of our existing Share repurchase program and authorized the purchase of up to an aggregate of \$20 million of our Shares. The amounts, dates and prices of repurchases under this program in the 60 day period preceding the date of this Offer are set forth on Exhibit A to this Offer to Purchase. Also set forth on Exhibit A are block purchases of Shares that we have made in the past 60 days. Based upon our records and upon information provided to us by our trustees, executive officers and affiliates, neither us nor any of our subsidiaries nor, to the best of our knowledge, any of our trustees or executive officers, nor any associates or affiliates of any of the foregoing, has effected any other transactions in the Shares during the 60 days prior to the date of this Offer to Purchase other than Mr. Dworman who transferred, in accordance with a pre-existing arrangement, 10,000 Units to a private charitable foundation.

Open-market transactions may be effected through brokers or dealers by the listed officers or trustees ten business days after the Expiration Date.

Arrangement with Mr. Dworman with Respect to the Shares. Except with respect to the contracts and arrangements between us and our Chairman, Ross Dworman, and as otherwise described herein, neither we nor, to the best of our knowledge, any of our affiliates, trustees or executive officers, or any of the executive officers or trustees of our affiliates, is a party to any contract, arrangement, understanding or relationship with any other person relating, directly or indirectly, to the Offer with respect to the Shares (including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any such securities, joint ventures, loan or option arrangements, puts or calls, guaranties of loans, guaranties against loss or the giving or withholding of proxies, consents or authorizations).

We have entered into an agreement with Mr. Dworman, the Chairman of our Board of Trustees, with respect to the sale by him of up to a total of 600,000 of his Shares. Mr. Dworman served as Chief Executive Officer of the Company from August 1998 to January 2001 when he resigned as Chief Executive Officer and took a substantial reduction in compensation in order to allow him to pursue other interests, including certain businesses to which

he wished to make substantial commitments of both time and money. Mr. Dworman is the beneficial owner of 1,135,403 Shares as well as 1,000,000 options to purchase Shares at an exercise price of \$7.50. Mr. Dworman has expressed a desire to sell a portion of his holdings for asset allocation reasons and to provide increased liquidity. Mr. Dworman has advised us that substantially all of the net proceeds from the sale will be invested in his other businesses.

Mr. Dworman has agreed to sell to the Company the lesser of (i) 600,000 Shares or (ii) 1,135,403 Shares prorated to the same extent that we prorate other shareholders who tender their shares in this Offer. Mr. Dworman will sell his shares for cash at the Purchase Price paid in this Offer.

We believe that there are several benefits to this arrangement with Mr. Dworman.

- o We will be obtaining a large block of Shares from Mr. Dworman at a price we consider to be favorable to us. While we believe that our Shares are being undervalued by the market, this Offer allows us to provide desired liquidity for Mr. Dworman and others who may wish to participate at a price which we believe will be beneficial to those shareholders who do not tender their Shares.
- o Mr. Dworman has indicated that he wants to sell a total of 600,000 Shares. If he were to participate in this Offer, he would likely have tendered in excess of 600,000 Shares in order to guard against oversubscriptions limiting the number of Shares he could tender. As part of his agreement, Mr. Dworman has instead limited the number of Shares he may sell to 600,000, thereby potentially increasing the number of shares that may be successfully tendered by other shareholders. Further, Mr. Dworman's Shares will be subject to the same pro rata reduction as other shareholders if the Offer is oversubscribed, although we note that, because he is only allowed to sell up to 600,000 Shares, he will not be affected by the proration of his 1,135,403 Shares unless the Offer is oversubscribed resulting in a pro-rata factor that is greater than 52.8%.
- o By agreeing not to participate in the Dutch auction, Mr. Dworman cannot influence the Purchase Price. Therefore, we allow shareholders other than Mr. Dworman to determine the Purchase Price and thereby avoid even the appearance of undue influence.

Possible payments to Messrs. Dworman and Bernstein. Certain of the Units that were issued in connection with the 1998 merger of RD Capital into the Company were issued to programs sponsored by Messrs. Dworman and Bernstein and have since been distributed to the individual investors in these programs. As part of their sponsorship, Messrs. Dworman and Bernstein are entitled to certain payments when the investors dispose of their Units. If all such investors were to successfully tender their Units or Shares at \$6.50 (the highest Purchase Price offered to shareholders in this Offer), then the amounts that would be payable to Messrs. Dworman and Bernstein by such investors would be approximately \$400,000 and \$100,000, respectively. The amounts that would be payable to Messrs. Dworman and Bernstein would be lower at Purchase Prices less than \$6.50.

10. Background and Purpose of the Offer.

Background

Beginning in 2000 and continuing through the announcement of our new joint venture in September 2001 (discussed below), we have been reviewing the composition of our assets and our future prospects in comparison with other publicly traded REITs. We have also compared our Share price against our internal evaluation of our net asset value ("NAV") and net liquidation value ("NLV") and noted that, like many other REITs, we trade at a discount to those values. We publicly disclose on an annual basis a schedule showing a range for our estimated NAV. We believe that the most likely NAV which we could achieve is at the higher end of the publicly disclosed range. Furthermore, we believe that our NAV will increase over the next few years although there can be no assurance that this will happen. As a result of such review and following discussions with our financial advisors and our Board of Trustees, we determined to take steps to attempt to reduce the discount reflected in our share price.

As an initial step, in early 2000 we began to pursue a plan to dispose of all of our non-core assets. The criteria used to determine whether a property was a core or non-core asset was based on several factors, including property type and location, tenant mix and potential income growth as well as whether a property complemented other assets within our portfolio. We identified 28 properties as non-core assets. Since announcing our disposition

plan, we have sold four non-core assets: a major mixed office/retail property in Florida, a large residential complex in Maryland and one retail property in each of South Carolina and Pennsylvania. A portion of the proceeds received from these sales have been applied to the repayment of debt. We expect to use the remaining net proceeds for investment in additional properties and for general company purposes.

We are in various stages of the disposition process with respect to the remaining 24 non-core assets. Nineteen properties are currently under contract for sale, including a 17 property portfolio which secures a cross-collateralized loan.

Two of the non-core properties currently under contract of sale include another large residential complex in Maryland and a retail property in western Pennsylvania. As currently structured, the sale of the residential complex would generate considerable taxable gain, which would be partially offset by a taxable loss on the sale of the retail property, assuming both are sold during the same tax year. We currently believe that if both sales are consummated in the 2002 tax year, we will be required under the tax laws to make a distribution in excess of our historical distribution of between \$0.20 to \$0.35 per Share. If such a distribution will be made, it will most likely occur in the last quarter of 2002 or first quarter of 2003. However, there can be no assurance as to whether or when these properties will be sold, the price we will obtain or the amount or timing of any distribution related to such sales.

We have also executed a contract to sell a 17 property portfolio. The sale is conditioned upon the buyer obtaining our lender's consent to the assumption of the existing loan secured by the properties. There is no assurance the lender will approve the buyer. The sale is structured so that we will receive a portion of the net sales proceeds as cash and the balance as a preferred equity interest in the new buyer. The sale will not materially impact our NAV but will decrease funds from operations ("FFO") by \$0.07 per share and cash available for distribution by \$0.02 per share (before taking into account the potential reduction in the number of outstanding Shares as a result of the Offer). We consider FFO as defined by the National Association of Real Estate Investment Trusts to be an appropriate supplemental disclosure of operating performance for an equity REIT due to its widespread acceptance and use within the REIT and analyst communities. FFO is presented to assist investors in analyzing our performance. However, our method of calculating FFO 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 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 our performance or to cash flows as a measure of liquidity.

In January 2001, based in part on the fact that our Shares were continuing to trade at a discount to our estimate of NAV, we engaged Credit Suisse First Boston to undertake a further review of our strategy with respect to our core assets, which included a search for merger candidates, acquisition targets and potential buyers for our core assets.

While we did not identify acceptable merger or acquisition opportunities, we did receive numerous initial inquiries for information on our core portfolio. This group was initially reduced to approximately 12 potential bidders and further narrowed down to two bidders for the bulk of our core portfolio. Neither offer, however, was for our complete portfolio of 30 core assets, which included four redevelopment projects. In reviewing both offers, we concluded that one of the offers would be more likely to result in a higher per share price for our shareholders. We determined to explore this offer. Over several weeks, we engaged in extensive negotiations with the bidder in an attempt to agree on a structure and price for our core assets. This bidder is a leading real estate acquisition company with a good reputation. The process did not result in a final agreement and our Board of Trustees, after consulting with our management and our financial advisors, determined that the final offer was inadequate and unacceptable for several reasons.

- o The resulting per share price was low given our analysis of our estimated NAV and NLV. Extrapolating from the offer, we concluded that the effective per share price was in the lower end of our publicly disclosed NAV range per share after deducting estimated liquidation costs. These costs potentially included large tax reimbursement obligations to investors who contributed assets to us in our 1998 merger (which reimbursement obligations expire in August 2003), as well as such items as transfer fees, loan prepayment penalties and fees and severance payments. The tax reimbursement obligations, which expire after August 2003, were estimated to be as high as \$15 million, or \$0.40 per share. While these items

could have been mitigated through transaction structuring, the bidder ultimately indicated its unwillingness to work with us in restructuring its offer to meet our concerns. Furthermore, the extrapolated share price also assumed that we could sell the remaining core and non-core assets for prices that equaled our estimates.

- o The bid would not have resulted in a complete sale of the Company's core assets. At least three assets in the core portfolio were excluded in the bidder's offer (for reasons unrelated to asset quality), including certain redevelopment properties with significant value yet to be realized pending completion of the redevelopment process. Additionally, the bidder only conditionally included two properties which we own with outside partners and required that we delay the closing of two other properties into next year. When added to the remaining non-core assets, we would have been left with a small but diverse portfolio that would have also included redevelopment properties which are particularly labor-intensive to manage. This portfolio would require a highly qualified group to manage it but would not be of sufficient size to warrant the cost of such a staff. Therefore, our Board of Trustees concluded that a significant portion of the economic value of the remaining non-core and core portfolio would not be realized. Furthermore, as a result of being left with only a small remaining portfolio, we would face the prospect of liquidating the balance of our properties in single transactions over an extended period, which would have increased liquidation costs and reduced the ultimate amount of sales proceeds available for distribution to our shareholders.
- o Our portfolio was larger than any other acquisition that the bidder had ever made and was almost equal in size to its current portfolio. We were also concerned about the bidder's ability to obtain the necessary debt and equity financing to complete the transaction.
- o In general, we concluded that market conditions favored buyers over sellers and that it was not an opportune time to sell our assets.

In June 2001, following the receipt of initial bids for our core portfolio that were lower than expected and did not include all of the core assets, we began to explore a different strategy with some of our institutional shareholders. We determined that there was strong interest from these institutional shareholders for creating a joint venture vehicle, which we would manage, that would seek to capitalize on a market that, based on the results of our attempts to market our core assets, appeared to be more of a buyer's than a seller's market. In October 2001, we announced a joint venture with four of our ten largest institutional shareholders whereby they committed \$70 million for the purpose of acquiring additional community and neighborhood shopping centers. We have committed an additional \$20 million to the venture and will be entitled to receive standard management, construction and leasing fees with respect to properties acquired by the joint venture. In addition, we will also earn an asset management fee equal to 1.5% of the capital committed as well as incentive payments of up to 20% after the return of all investor capital with a 9% preferred return.

While some of our larger institutional shareholders have agreed to participate in the joint venture, others have expressed a continuing desire for liquidity. As part of our decision to pursue the joint venture, we also determined that it was in the best interest of the Company to provide an opportunity for those shareholders wishing to sell their shares to be able to do so in a manner that would not negatively impact our already discounted share price. Therefore, the Board of Trustees authorized the commencement of this Offer.

Purpose of the Offer

While we do not believe that the range in which we are willing to purchase our Shares reflects their true value, the purpose of this Offer is to provide an opportunity for those shareholders who otherwise could not dispose of large numbers of shares to do so without further negatively affecting the market price of our Shares. If the Offer is successful, we will be able to acquire a significant amount of our Shares at an attractive price that will benefit our remaining Shareholders.

The Offer provides those who are considering a sale of all or a portion of their Shares the opportunity to determine the price or prices (not greater than \$6.50 nor less than \$6.05 for each of the Shares) at which they are willing to sell their Shares and, if any such Shares are purchased pursuant to the Offer, to sell those Shares for cash without the usual transaction costs associated with open-market sales. The Offer also allows any Holders to sell a portion of their Shares while retaining a continuing equity interest if they so desire. ANY HOLDERS

OWNING AN AGGREGATE OF LESS THAN 100 SHARES WHOSE SHARES ARE PURCHASED PURSUANT TO THE OFFER NOT ONLY WILL AVOID ANY PAYMENT OF BROKERAGE COMMISSIONS, BUT ALSO WILL AVOID ANY APPLICABLE ODD LOT DISCOUNTS PAYABLE ON SALES OF ODD LOTS. In addition, the Offer may give Holders the opportunity to sell Shares at prices greater than market prices prevailing prior to commencement of the Offer.

Any Shares which we acquire pursuant to the Offer will become authorized but unissued stock and will be available for the Company to re-issue (except as required by applicable law or the rules of any securities exchange, including NYSE, on which the Company's Shares are listed). Such Shares could be issued without shareholder approval for such purposes as, among others, property acquisition, redevelopment, expansion and retenting.

Benefits of the Offer

We believe the benefits of the Offer, and in particular the modified Dutch auction tender format, are as follows:

- o We believe that our Shares are undervalued and the purchase of Shares within the Dutch auction range is accretive to the Company and beneficial to shareholders who choose not to tender. We believe that the purchase of our Shares is a good use of capital in the current environment. We believe that the most likely NAV which we would achieve is at the higher end of our publicly disclosed NAV range. Furthermore, we believe that our NAV will increase over the next few years although there can be no assurance that this will happen.
- o The modified Dutch auction is an open process, plainly visible to all market participants, which will permit the Company to buy a large number of Shares at one time at a low transaction price per Share.
- o The Offer provides participating shareholders, particularly those who might not be able to sell their Shares without disruption to the Share price because of the size of their holdings, with an opportunity to obtain liquidity with respect to their Shares.
- o By taking a proactive step in creating an avenue for liquidity, we will help to ease some of the "sell-side" pressure communicated to us by some of our shareholders and, therefore, help stabilize the market price of our Shares for our remaining shareholders.
- o The Offer could result in a capital structure that may improve the return on equity for continuing shareholders.
- o Because Mr. Dworman intends to sell Shares subsequent to the consummation of the Offer under our agreement with him and a number of our larger shareholders have expressed interest in obtaining liquidity, we determined that the best method to ensure that we obtain a fair purchase price for our Shares for both our selling and remaining shareholders would be to conduct a modified Dutch auction.

Risks of the Offer

Our Offer also presents some potential risks and disadvantages to us and our continuing shareholders.

- o We will incur additional indebtedness in order to pay for the Shares purchased in our Offer and our agreement to purchase Shares from Mr. Dworman. As of September 30, 2001, after giving effect to the purchase of 5,384,615 Shares with borrowings under our loan facilities and cash on hand, our total indebtedness would have been \$287,792,000. If we fund our purchase of Shares in the Offer exclusively from the proceeds of the new loan facilities, we will have a total of approximately \$17.0 million of additional capacity under all of our loan facilities as well as 12 properties that are currently unencumbered and therefore available as potential collateral for future borrowings. Although the board of trustees carefully evaluated this matter in determining that our Offer and the Dworman share purchase are prudent, we cannot determine whether stock market or other third party perceptions of us or our Shares will be adversely affected by our additional indebtedness.
- o This incremental amount of indebtedness will cause our shareholders to bear a higher risk in the event of future losses or earnings reductions. See Sections 12 and 13.

- o Our Offer will reduce our "public float," that is the number of Shares owned by outside shareholders and available for trading in the securities markets. This and our higher amount of indebtedness may result in lower Share prices or reduced liquidity in the trading market for our Shares in the future. See Section 14.

11. Future Plans.

As discussed in Section 10 above, we have entered into a joint venture with four of our largest shareholders in which they and we have committed to invest an aggregate of \$90 million to acquire additional community and neighborhood shopping centers. While the joint venture allows us to expand our asset base, we continue to explore other avenues to enhance shareholder value. Some of these might be viewed as being contrary to our expansion efforts but all have as their goal the enhancement of shareholder value. Among these alternatives are mergers, consolidations, further asset sales, additional repurchases of our shares, and any combination of the foregoing as well as a transaction in which we are taken private.

In particular, we have received overtures from time to time from other shopping center companies who have indicated interest in pursuing a merger transaction with us. We generally look to explore all opportunities that are presented. As of the date of this Offer, we have had ongoing discussions with one public REIT with which we have exchanged confidentiality agreements and begun to exchange information. This is a common first step in any transaction of this kind. As such, our discussions as to whether any transaction is feasible are only in a preliminary stage and there can be no assurance that the Company will be successful in completing this or any one or more of our other strategic alternatives.

Except as disclosed above or elsewhere in this Offer, we have no plans or proposals which relate to or would result in: (a) an extraordinary transaction, such as a merger, reorganization or liquidation, involving us or any of our subsidiaries; (b) a purchase, sale or transfer of a material amount of our assets or any of our subsidiaries; (c) any material change in our present dividend rate or policy, indebtedness or capitalization; (d) any change in our present Board of Trustees or management (e) any other material change in our corporate structure or business; (f) a class of our equity security being delisted from a national securities exchange or ceasing to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association; (g) a class of our equity securities becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Exchange Act; (h) the suspension of our obligation to file reports pursuant to Section 15(d) of the Exchange Act; (i) the acquisition by any person of additional securities of ours or the disposition of our securities; or (j) any changes in our Declaration of Trust or ByLaws or other governing instruments or other acquisitions that could impede acquisition or control of the Company.

12. Certain Information About the Company.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following summary historical consolidated financial information has been derived from our audited financial statements for the years ended December 31, 2000, 1999 and 1998 and from our unaudited financial statements for the nine months ended September 30, 2001 and 2000 and, in the opinion of management, include all adjustments that are necessary for a fair presentation of the financial position and results of operations for such periods. The summary historical consolidated financial information should be read in conjunction with the consolidated financial statements and the notes thereto included in our Annual Reports on Forms 10-K and 10-K/A for the years ended December 31, 2000, 1999 and 1998 and our Quarterly Reports on Form 10-Q for the quarter ended September 30, 2001. Copies of these reports may be obtained as described in this document.

	Year ended December 31,			Nine months ended September 30,	
	2000	1999	1998(1)	(unaudited)	
	2001	2000			
OPERATING DATA:					
Revenues.....	\$ 96,758	\$ 92,709	\$ 59,771	\$ 64,120	\$ 72,321
Operating expenses.....	39,723	38,483	28,485	27,927	29,255
Interest and other financing expense.....	25,163	23,314	18,302	14,441	18,950
Depreciation and amortization.....	20,460	19,887	15,795	14,737	15,264
Total.....	85,346	81,684	62,582	57,105	63,469
Non-recurring charges (2).....	11,412	11,025	(2,811)	7,015	8,852
Equity in earnings of unconsolidated partnerships.....	--	--	(2,249)	--	--
Impairment of real estate.....	645	584	256	414	453
	--	--	(11,560)	(14,756)	--
Income (loss) before gain (loss) on sale of properties, extraordinary items, minority interest and cumulative effect of change in accounting principle.....	12,057	11,609	(16,364)	(7,327)	9,305
Gain (loss) on sale of properties.....	13,742	(1,284)	(175)	8,280	(839)
Extraordinary item--loss on early extinguishment of debt..	--	--	(707)	(140)	--
Minority interest.....	(5,892)	(3,130)	3,348	(550)	(2,523)
Cumulative effect of change in accounting principle.....	--	--	--	(149)	--
Net income (loss).....	\$ 19,907	\$ 7,195	\$ (13,898)	\$ 114	\$ 5,943
Net income (loss) per Common Share basic and diluted.....	\$ 0.75	\$ 0.28	\$ (0.91)	\$ 0.00	\$ 0.23
Weighted average number of Common Shares outstanding:					
basic.....	26,437,265	25,708,787	15,205,962	28,224,716	25,839,334
diluted.....	26,437,265	25,708,787	15,205,962	28,224,716	25,839,334
BALANCE SHEET DATA:					
Real estate before accumulated depreciation.....	\$ 514,139	\$ 569,521	\$ 551,249	\$ 495,008	\$ 514,139
Total assets.....	523,611	570,803	528,512	478,311	523,611
Total mortgage indebtedness.....	277,112	326,651	277,561	251,897	277,112
Minority interest--Operating Partnership.....	48,959	74,462	79,344	38,733	48,959
Total equity.....	179,317	152,487	154,591	169,908	179,317
OTHER:					
Ratio of earnings to fixed charges (3).....	2.3x	2.4x	1.7x	2.5x	2.3x
Book value per share.....	\$ 6.37	\$ 5.93	\$ 6.08	\$ 5.97	\$ 6.37

Notes:

- (1) Activity for the year ended December 31, 1998 includes the operations of the properties acquired in the RDC Transaction from August 12, 1998 through December 31, 1998.
- (2) Non-recurring charges represent expenses incurred in 1998 related to the RDC Transaction including payments made to certain officers and key employees pursuant to change in control provisions of employment contracts, severance paid to the former chief executive officer, retention bonuses for certain employees and transaction-related consulting and professional fees.
- (3) Earnings consist of operating income, before depreciation and amortization, plus equity in earnings of unconsolidated partnership. Fixed charges include preferred distributions on Preferred Operating Partnership Units.

SUMMARY UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma consolidated financial information for the nine months ended September 30, 2001 and for the year ended December 31, 2000 has been adjusted for certain costs and expenses to be incurred as a result of the purchase of 5,384,615 Shares at an assumed Purchase Price of \$6.50 per Share pursuant to this Offer and the agreement with Mr. Dworman. The consolidated income statements give effect to the purchase of Shares as of the beginning of each period presented. The consolidated balance sheet gives effect to the purchase of Shares as of the consolidated balance sheet date.

The summary unaudited pro forma consolidated financial information should be read in conjunction with the summary historical consolidated financial information included in this document. The pro forma consolidated income statement data and balance sheet are not necessarily indicative of the financial position or results of operations that would have been obtained had the offer been completed as of the dates indicated or that may be attained in the future.

ACADIA REALTY TRUST AND SUBSIDIARIES
PRO FORMA CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2001
(in thousands, except per share amounts)

	Actual (unaudited)	Pro forma adjustments		Pro forma
ASSETS				
Real estate.....				
Land.....	\$ 64,845			\$ 64,845
Buildings and improvements.....	430,163			430,163
	495,008			495,008
Less: accumulated depreciation.....	109,985			109,985
	385,023			385,023
Net real estate.....	385,023			385,023
Properties held for sale.....	30,964			30,964
Cash and cash equivalents.....	24,883	\$ 35,000 (1)		24,737
		(35,000)(2)		
		(146)(3)		
Cash in escrow.....	5,124			5,124
Investments in unconsolidated partnerships.....	4,763			4,763
Rents receivable, net.....	7,557			7,557
Prepaid expenses.....	4,256			4,256
Deferred charges, net.....	13,352	895 (1)		14,247
Other assets.....	2,389			2,389
	\$ 478,311	\$ 749		\$ 479,060
	=====	=====		=====
LIABILITIES AND SHAREHOLDERS' EQUITY				
Mortgage notes payable.....	\$ 251,897	\$ 35,895 (1)		\$ 287,792
Accounts payable and accrued expenses.....	6,348			6,348
Due to related parties.....	479			479
Dividends and distributions payable.....	4,140			4,140
Other liabilities.....	5,365			5,365
	268,229	35,895		304,124
Minority interest in Operating Partnership.....	38,733			38,733
Minority interests in majority-owned partnerships.....	1,441			1,441
	40,174			40,174
Shareholders' equity:				
Common shares, \$.001 par value, authorized 100,000,000 shares, issued and outstanding 28,448,699 shares.....	28	(5)(2)		23
Additional paid-in capital.....	181,362	(34,995)(2)		146,367
Accumulated other comprehensive income.....	(2,379)			(2,379)
Deficit.....	(9,103)	(146)(3)		(9,249)
	169,908	(35,146)		134,762
	\$ 478,311	\$ 749		\$ 479,060
	=====	=====		=====
Outstanding shares.....	28,448,699			23,064,084
Net book value per share.....	\$ 5.97			\$ 5.84

Notes:

- (1) Reflects the incremental borrowings to finance the purchase of Common Shares as well as pay for the related financing fees.
- (2) Reflects the purchase and cancellation of a total of 5,384,615 Common Shares at a price of \$6.50 per Share. This pro forma assumes the repurchase of only Common Shares and not any Operating Partnership Units.
- (3) Reflects various legal and other professional fees related to the purchase of Common Shares.

ACADIA REALTY TRUST AND SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001
(in thousands, except per share amounts)

	Actual ----- (unaudited)	Pro forma adjustments -----	Pro forma -----
Revenues			
Minimum rents.....	\$ 50,795		\$ 50,795
Percentage rents.....	1,381		1,381
Expense reimbursements.....	10,305		10,305
Other.....	1,639		1,639
	-----		-----
Total revenues.....	64,120		64,120
	-----		-----
Operating expenses			
Property operating.....	15,772		15,772
Real estate taxes.....	8,458		8,458
General and administrative.....	3,697	\$ 146 (1)	3,843
Depreciation and amortization.....	14,737	134 (2)	14,871
Impairment of real estate.....	14,756		14,756
	-----		-----
Total operating expenses.....	57,420	280	57,700
	-----	-----	-----
Operating income.....	6,700	(280)	6,420
Equity in earnings of unconsolidated partnerships.....	414		414
Gain on sale of property.....	8,280		8,280
Interest expense.....	(14,441)	(1,629) (3)	(16,070)
	-----	-----	-----
Income (loss) before minority interest, extraordinary item and cumulative effect of change in accounting principle.....	953	(1,909)	(956)
Minority interest.....	(550)	411 (4)	(139)
Extraordinary item--loss on early extinguishment of debt.....	(140)		(140)
Cumulative effect of change in accounting principle.....	(149)		(149)
	-----	-----	-----
Net income (loss).....	\$ 114	\$ 1,498	\$ (1,384)
	=====	=====	=====
Net income (loss) per Common Share--basic and diluted:			
Income (loss) before extraordinary item and cumulative effect of change in accounting principle.....	\$.02		\$ (.04)
Extraordinary item.....	(.01)		(.01)
Cumulative effect of change in accounting principle.....	(.01)		(.01)
	-----		-----
Net income (loss) per Common Share.....	\$.00		\$ (.06)
	=====		=====
Weighted average Common Shares outstanding.....	28,224,716		22,840,101
Ratio of earnings to fixed charges (5).....	2.5x		2.2x

Notes:

- (1) Reflects various legal and other professional fees related to the purchase of Common Shares.
- (2) Reflects the amortization of financing fees associated with the additional borrowings to purchase Common Shares.
- (3) Reflects the interest expense on the additional borrowings used to purchase Common Shares.
- (4) To adjust the minority interest share in the pro forma adjustments to income.
- (5) Earnings consist of operating income, before depreciation and amortization and impairment of real estate, plus equity in earnings of unconsolidated partnership. Fixed charges include preferred distributions of \$149 on Preferred Operating Partnership Units.

ACADIA REALTY TRUST AND SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2000
(in thousands, except per share amounts)

	Actual	Pro forma adjustments	Pro forma
	-----	-----	-----
Revenues			
Minimum rents.....	\$ 74,161		\$ 74,161
Percentage rents.....	3,048		3,048
Expense reimbursements.....	14,230		14,230
Other.....	5,319		5,319
	-----		-----
Total revenues.....	96,758		96,758
	-----		-----
Operating Expenses			
Property operating.....	23,198		23,198
Real estate taxes.....	11,468		11,468
General and administrative.....	5,057	\$ 146 (1)	5,203
Depreciation and amortization.....	20,460	179 (2)	20,639
	-----	-----	-----
Total operating expenses	60,183	325	60,508
	-----	-----	-----
Operating income.....	36,575	(325)	36,250
Equity in earnings of unconsolidated partnerships.....	645		645
Gain on sale of properties.....	13,742		13,742
Interest expense.....	(25,163)	(2,958) (3)	(28,121)
	-----	-----	-----
Income before minority interest.....	25,799	(3,283)	22,516
Minority interests.....	(5,892)	1,001 (4)	(4,891)
	-----	-----	-----
Net income.....	\$ 19,907	\$(2,282)	\$ 17,625
	=====	=====	=====
Net income per Common Share.....	\$.75		\$.84
	=====		=====
Weighted average Common Shares outstanding.....	26,437,265		21,052,650
Ratio of earnings to fixed charges (5).....	2.3x		2.0x

Notes:

- (1) Reflects various legal and other professional fees related to the purchase of Common Shares.
- (2) Reflects the amortization of financing fees associated with the additional borrowings to purchase Common Shares.
- (3) Reflects the interest expense on the additional borrowings used to purchase Common Shares.
- (4) To adjust the minority interest share in the pro forma adjustments to income.
- (5) Earnings consist of operating income, before depreciation and amortization, plus equity in earnings of unconsolidated partnership. Fixed charges include preferred distributions of \$199 on Preferred Operating Partnership Units.

Additional Information. We are subject to the informational requirements of the Exchange Act and we file periodic reports, proxy statements and other information with the Commission relating to our business, financial condition and other matters. We are required to disclose our proxy statements and report certain information, as of particular dates, concerning our trustees and officers, their remuneration, stock options granted to them, the principal owners of our securities and any material interest of such persons in transactions with us. We have also filed a Tender Offer Statement on Schedule TO (the "Schedule TO") with the Commission, which includes certain additional information relating to the Offer.

Such material may be inspected at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549 and also should be available for inspection and copying at the following regional office of the Commission: Northwestern Atrium Center, 500 West Madison, Suite 1400, Chicago, Illinois 60661. Such information may also be accessed electronically. Information statements and other information filed with the Commission also may be inspected at the offices of the New York Stock Exchange, 86 Liberty Street, New York, NY 10006. Copies may also be obtained by mail for prescribed rates from the Commission's Public Reference Room, 450 Fifth Street, N.W., Washington, D.C. 20549. The Schedule TO will not be available at the Commission's regional offices.

Incorporation By Reference. The rules of the Securities and Exchange Commission allow us to "incorporate by reference" information into this document, which means that we can disclose important information to you by referring you to another document filed separately with the Commission. These documents contain important information about us.

SEC FILINGS

PERIOD OR DATE FILED

Annual Report on Form 10-K and 10K/A
Quarterly Report on Form 10-Q

Year ended December 31, 2000
Quarter ended September 30, 2001

We incorporate these documents and any additional documents that we may file with the Securities and Exchange Commission between the date of this document and the date of expiration of withdrawal rights by reference. Those documents include periodic reports, such as annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as proxy statements.

You can obtain any of the documents incorporated by reference in this document from us without charge, excluding any exhibits to those documents, by requesting them in writing or by telephone from us at 20 Soundview Marketplace, Port Washington, New York 11050, telephone: (516) 767-8830. Please be sure to include your complete name and address in your request. If you request any incorporated documents, we will mail them to you by first class mail, or another equally prompt means, within one (1) business day after we receive your request. In addition, you can obtain copies of these documents from the Securities and Exchange Commission's web site on the Internet at <http://www.sec.gov>. Such documents may also be inspected at the locations described above.

13. Source and Amount of Funds.

New Financing. The following is a summary of the material terms of our new financings with Fleet National Bank ("Fleet Bank") and The Dime Savings Bank of New York, FSB ("Dime Bank"). While the banks have committed to make the loans described below, the advance of funds which we will require to purchase Shares is conditioned upon the factors detailed below. We have not yet entered into definitive loan documents for either loan. The following summary is qualified in its entirety by reference to the actual loan documents, copies of which will be filed after execution as exhibits to our Tender Offer Statement on Schedule T0, filed with the Securities and Exchange Commission.

The new financings will initially provide aggregate borrowings of up to \$45.0 million. Following the completion of all available draws which are based upon the achievement of certain leasing thresholds at the properties securing these financings and specified environmental results, the new financings will provide total aggregate borrowings of up to \$49.0 million.

Fleet Bank Financing

Structure. Fleet Bank will initially provide a loan of \$20 million. Upon the achievement of additional leasing at Abington Towne Center, The Branch Plaza and the Methuen Shopping Center, the three shopping centers which will collateralize the loan (the "Fleet Properties"), the availability will increase up to a total of \$23.0 million. The amount of the loan is conditioned upon a maximum loan to value of 65% and a minimum debt service coverage ratio of 1.40:1.

Interest. The Fleet Bank financing will bear interest payable monthly at a rate, at our option, equal to either (i) one, two, three, six or 12 months LIBOR plus 1.75% per annum or, (ii) the prime rate of Fleet Bank plus 0.50% per annum.

In order to limit the risks associated with a fluctuating interest rate environment, we have entered into an interest rate swap agreement (variable for fixed) for \$20.0 million of notional principal at a fixed rate of 6.28%.

Maturity and Amortization. The Fleet Bank financing matures in five years. Scheduled repayments of principal are based upon a 25 year amortization schedule at a fixed interest rate of 8.50% and a loan amount based on the commitment amount of \$23.0 million.

Security and Guarantees. Our obligations under the mortgage loan are non-recourse and are secured by a first mortgage lien on the Fleet Properties.

The Fleet Properties will be cross-collateralized and cross-defaulted with a release price of 110% of the allocated loan amount of a particular property.

Covenants. The Fleet Bank financing includes customary financial, property operating and negative operating covenants.

Indemnity. Acadia Realty Limited Partnership will indemnify Fleet Bank for both environmental conditions and standard non-recourse carve outs.

Dime Bank Financing

Structure. The new loan with Dime Bank will initially provide aggregate borrowings of up to \$25.5 million. Upon the satisfactory resolution of certain environmental issues at Bloomfield Town Square and Walnut Hill Plaza, the two properties collateralizing the new financing (the "Dime Properties"), the loan will increase up to a total of \$26.0 million. The maximum amount of the loan is conditioned on a maximum loan to value of 67%.

Interest. The Dime Bank financing will bear interest payable monthly at a rate equal to the 30 day LIBOR plus 1.85% per annum. In order to limit the risks associated with a fluctuating interest rate environment, we have agreed to enter into an interest rate swap agreement (variable for fixed) for a minimum of 66% of the outstanding loan amount within twelve months of closing on the new financing.

Maturity and Amortization. The Dime Bank financing matures in five years. Scheduled repayments of principal are based upon a 25 year amortization schedule.

Security and Guarantees. The obligations under the Dime Bank financing are non-recourse and are secured by a first mortgage lien on the Dime Properties that will be cross-collateralized and cross-defaulted with a release price of 105% of the allocated loan amount. Acadia Realty Limited Partnership will provide an environmental indemnity. There will be a holdback of \$500,000 until the satisfactory resolution of certain environmental conditions at Bloomfield Town Square and Walnut Hill Plaza.

Covenants. The Dime Bank financing includes customary financial, property operating and negative operating covenants.

14. Effects of the Offer on the Market for Shares; Registration Under The Exchange Act.

Our purchase of Shares pursuant to the Offer will reduce the number of Shares that might otherwise trade publicly and is likely to reduce the number of Holders. Nonetheless, we anticipate that there will still be a sufficient number of Shares outstanding and publicly traded following the Offer to ensure a continued trading market in the Shares.

Based on the published guidelines of NYSE, we believe that our purchase of Shares pursuant to the Offer will not cause remaining Shares to be delisted from NYSE.

We believe that, following the purchase of Shares pursuant to the Offer, the Shares will continue to be "margin securities" for purposes of the Federal Reserve Board's margin regulations.

The Shares are registered under the Exchange Act, which requires, among other things, that the Company furnish certain information to Holders and to the Commission. We believe that our purchase of Shares pursuant to the Offer will not result in the Shares becoming eligible for deregistration under the Exchange Act.

15. Certain Legal Matters; Regulatory Approvals.

We are not aware of any license or regulatory permit that is material to our business that might be adversely affected by our acquisition of Shares as contemplated in the Offer or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for our acquisition or ownership of Shares as contemplated by the Offer. Should any such approval or other action be required, we currently contemplate that we would seek such approval or other action. We cannot predict whether we may determine that we are required to delay the acceptance for payment of, or payment for, Shares tendered pursuant to the Offer pending the outcome of any such matter. There can be no assurance that

any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to our business. Our obligations under the Offer to accept for payment and pay for Shares are subject to certain conditions. See Section 7.

16. Certain Federal Income Tax Consequences.

The following is a summary of certain U.S. federal income tax consequences of the tender of the Shares as of the date hereof. Except where noted, this summary deals only with Holders who hold the Shares as capital assets. This discussion does not represent a detailed description of the U.S. federal income tax consequences applicable to you if you are subject to special treatment under the U.S. federal income tax laws (including if you are a dealer in securities or currencies, a financial institution, an insurance company, a tax exempt organization, a person holding the Shares as part of a hedging, integrated or conversion transaction, constructive sale or straddle, a trader in securities that has elected the mark-to-market method of accounting for your securities, a person liable for alternative minimum tax or a U.S. person whose "functional currency" is not the U.S. dollar).

If a partnership holds the Shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding the Shares, you should consult your tax advisors.

The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations, rulings and judicial decisions as of the date of this Offer. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those discussed below.

Persons considering the tender of the Shares should consult their own tax advisors concerning the application of U.S. federal income tax laws as well as any consequences of the disposition of the Shares arising under the laws of any other taxing jurisdiction. In addition, holders of Units in Acadia Realty Limited Partnership should consult their tax advisor with respect to the tax consequences of the conversion of Units to Shares.

Consequences to U.S. Holders

The following is a summary of certain U.S. federal income tax consequences that will apply to you if you are a U.S. Holder of Shares.

Certain consequences to "Non-U.S. Holders" of Shares, which are beneficial owners of Shares who are not U.S. Holders, are described under "Non-U.S. Holders" below.

As used herein, a "U.S. Holder" is a beneficial owner of Shares that is one of the following:

- o a citizen or resident of the United States,
- o a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof (other than a partnership that is not treated as a United States person under any applicable Treasury regulations),
- o an estate whose income is subject to U.S. federal income tax regardless of its source,
- o a trust (X) that is subject to the supervision of a court within the United States and the control of a United States person as described in section 7701(a)(30) of the Code or (Y) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

As used herein, the term "Non-U.S. Holder" means a beneficial owner of a Shares that is not a U.S. Holder.

A U.S. Holder who sells in the tender offer will, depending on the U.S. Holder's particular circumstances, be treated for federal income tax purposes either as having sold the U.S. Holder's shares or as having received a distribution in respect of shares from us.

Under Section 302 of the Code, a U.S. Holder whose shares are purchased by us under the tender offer will be treated as having sold its shares, and thus will recognize capital gain or loss upon the transaction if the purchase:

- o results in a "complete termination" of the U.S. Holder's equity interest in us;
- o results in a "substantially disproportionate" redemption with respect to the U.S. Holder; this test will generally be satisfied if the percentage of the then outstanding shares actually and constructively owned by the U.S. Holder immediately after the purchase is less than 80% of the percentage of the shares actually and constructively owned by the U.S. Holder immediately before the purchase; or
- o is "not essentially equivalent to a dividend" with respect to the U.S. Holder.

If a U.S. Holder satisfies any of these tests (the "Section 302 tests"), the U.S. Holder will be treated as if it sold its shares to us and will recognize capital gain or loss equal to the difference between the amount of cash received under the tender offer and the U.S. Holder's adjusted tax basis in the shares surrendered in exchange therefor. This gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period for the shares that were sold exceeds one year as of the date of purchase under the tender offer. Specific limitations apply to the deductibility of capital losses by U.S. Holders. Gain or loss must be determined separately for each block of shares (shares acquired at the same cost in a single transaction) that is purchased from a U.S. Holder under the tender offer. In applying each of the Section 302 tests, U.S. Holders must take into account not only shares that they actually own but also shares they are treated as owning under the constructive ownership rules of Section 318 of the Code. Under the constructive ownership rules, a U.S. Holder is treated as owning any shares that are owned (actually and in some cases constructively) by related individuals and entities as well as shares that the U.S. Holder has the right to acquire by exercise of an option or by conversion or exchange of a security. Due to the factual nature of the Section 302 tests explained below, U.S. Holders should consult their tax advisors to determine whether the purchase of their shares would qualify for sale treatment in their particular circumstances.

If a U.S. Holder does not satisfy any of the Section 302 tests, the purchase of a U.S. Holder's shares under the tender offer will not be treated as a sale or exchange under Section 302 of the Code with respect to the U.S. Holder. Instead, the amount received by a U.S. Holder with respect to the purchase of its shares under the tender offer will be treated as a distribution by us with respect to the U.S. Holder's shares. Such distribution will be treated as a dividend distribution to the U.S. Holder with respect to its shares under Section 301 of the Code, taxable at ordinary income tax rates, to the extent of the U.S. Holder's share of our current or accumulated earnings and profits (as determined under applicable provisions of the Code and Treasury Regulations), if any. To the extent the amount exceeds the U.S. Holder's share of our current or accumulated earnings and profits, the excess first will be treated as a tax-free return of capital to the extent of the U.S. Holder's adjusted tax basis in its shares and any remainder will be treated as capital gain (which may be long-term capital gain as described above). To the extent that a purchase of a U.S. Holder's shares under the tender offer is treated as the receipt by the U.S. Holder of a dividend, the U.S. Holder's adjusted tax basis in the purchased shares will be added to any shares retained by the U.S. Holder.

Tax Consequences to Non-U.S. Holders

The following is a summary of certain U.S. federal income tax consequences that will apply to you if you are a Non-U.S. Holder of Shares. Special Rules may apply to certain Non-U.S. Holders, such as "controlled foreign corporations", "passive foreign investment companies" and "foreign personal holding companies", that are subject to special treatment under the Code. Such entities should consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them. The following is premised on a determination made by the Company that the Company is a domestically-controlled REIT.

If one of the Section 302 tests is met, any gain realized upon the tender of Shares generally will not be subject to U.S. federal income tax unless:

- o that gain is effectively connected with the conduct of a trade or business in the U.S. by you; or
- o you are an individual who is present in the U.S. for 183 days or more in the taxable year of that disposition, and certain other conditions are met.

An individual non-U.S. Holder described in the first bullet point above will be subject to U.S. federal income tax on the net gain derived from the sale. An individual non-U.S. Holder described in the second bullet point above will be subject to a flat 30% U.S. federal income tax on the gain derived from the sale, which may be offset by U.S. source capital losses, even though the holder is not considered a resident of the U.S. A non-U.S. Holder

that is a foreign corporation and is described in the first bullet point above will be subject to tax on gain under regular graduated U.S. federal income tax rates and, in addition, may be subject to a branch profits tax at a 30% rate or a lower rate if so specified by an applicable income tax treaty.

If none of the Section 302 tests is met, the amount received by a Non-U.S. Holder of Shares will be treated in the same manner as described above for U.S. Holders. Any amount characterized as a dividend may be subject to U.S. withholding tax at a rate of 30%, or a lesser rate determined by a tax treaty.

Information Reporting and Backup Withholding

If you are a U.S. Holder, in general, information reporting requirements will apply to the tender of Shares unless you are an exempt recipient (such as a corporation). A backup withholding tax of 30% (for 2002) will apply to such payments if you fail to provide your taxpayer identification number or certification of foreign or other exempt status or fail to report income in full.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is furnished to the IRS.

17. Extension of the Offer; Termination; Amendments.

We expressly reserve the right, at any time or from time to time, in our sole discretion, and regardless of whether any of the conditions specified in Section 7 shall have occurred, to extend the period of time during which the Offer is open by giving oral or written notice of such extension to the Depository and making a public announcement thereof. We also expressly reserve the right, in our sole discretion, to terminate the Offer and not accept for payment or pay for any Shares not accepted for payment or paid for or, subject to applicable law, to postpone payment for Shares upon the occurrence of any of the conditions specified in Section 7 by giving oral or written notice of such termination or postponement to the Depository and making a public announcement.

Our reservation of the right to delay payment for Shares which have been accepted for payment is limited by Rules 13e-4(f)(2) and 13e-4(f)(5) promulgated under the Exchange Act. Rule 13e-4(f)(2) requires that we permit Shares tendered pursuant to the Offer to be withdrawn: (i) at any time during the period the Offer remains open and (ii) if not yet accepted for payment, after the expiration of 40 business days from the commencement of the Offer. Rule 13e-4(f)(5) requires that we must either pay the consideration offered or return the Shares tendered promptly after the termination or withdrawal of the Offer.

Subject to compliance with applicable law, we further reserve the right, in our sole discretion, at any time or from time to time to amend the Offer in any respect, including increasing or decreasing the number of Shares we may purchase or the range of prices we may pay pursuant to the Offer. Amendments to the Offer may be made at any time or from time to time effected by public announcement, such announcement, in the case of an extension, to be issued no later than 9:00 A.M., New York City time, on the next business day after the previously scheduled Expiration Date. Any public announcement made pursuant to the Offer will be disseminated promptly to Holders in a manner reasonably designed to inform Holders of such change. Without limiting the manner in which we may choose to make a public announcement, except as required by applicable law, we shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to the PR Newswire.

If we materially change the terms of the Offer or the information concerning the Offer, or if we waive a material condition of the Offer, we will extend the Offer to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(3) promulgated under the Exchange Act. The minimum period during which an offer must remain open following material changes in the terms of the Offer or information concerning the Offer (other than a change in price or a change in percentage of securities sought) will depend on the facts and circumstances, including the relative materiality of such terms or information. If (i) we increase or decrease the price to be paid for Shares, or (ii) we increase or decrease the number of Shares being sought and any such increase in the number of Shares being sought exceeds 2% of the outstanding Shares and the Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that notice of such increase or decrease is first published, sent or given, the Offer will be extended until the expiration of such period of ten business days.

18. Fees and Expenses.

We have retained MacKenzie Partners, Inc. and American Stock Transfer & Trust Company as Information Agent and Depositary in connection with the Offer. The Information Agent may contact Holders by mail, telephone, telex, telegraph and personal interviews, and may request brokers, dealers and other nominee Holders to forward materials relating to the Offer to beneficial owners. The Information Agent and the Depositary will receive reasonable and customary compensation for their services. We will also reimburse the Information Agent and the Depositary for out-of-pocket expenses, including reasonable attorneys' fees, and have agreed to indemnify the Information Agent and the Depositary against certain liabilities in connection with the Offer, including certain liabilities under the federal securities laws. Neither the Information Agent nor the Depositary has been retained to make solicitations or recommendations in connection with the Offer.

We will not pay fees or commissions to any broker, dealer, commercial bank, trust company or other person for soliciting any Shares pursuant to the Offer. We will, however, on request through the Information Agent, reimburse such persons for customary handling and mailing expenses incurred in forwarding materials in respect of the Offer to the beneficial owners for which they act as nominees. No such broker, dealer, commercial bank or trust company has been authorized to act as our agent for purposes of this Offer. We will pay (or cause to be paid) any Shares transfer taxes on our purchase of Shares, except as otherwise provided in Instruction 7 of the Letter of Transmittal.

19. Miscellaneous.

Your right to receive a regular quarterly distribution for the quarter ended December 31, 2001 in connection with your ownership of the Shares will not be affected by your tendering of the Shares. The next record date for the payment of distributions is expected to be December 31, 2001. You will receive a quarterly distribution on or about January 15, 2002 for each of the Shares even if such Shares are tendered. However, if we declare an extraordinary distribution for any reason, you will not be entitled to receive such distribution if your Shares are purchased by us in this Offer. As discussed in Section 10, we may be required under the tax laws to make an extraordinary distribution due to the sale of certain properties.

The Offer is not being made to, nor will we accept tenders from, holders of Shares in any jurisdiction in which the Offer or its acceptance would not comply with the securities or blue sky laws of such jurisdiction. We are not aware of any jurisdiction in which the making of the Offer or the tender of Shares would not be in compliance with the laws of such jurisdiction. However, we reserve the right to exclude holders in any jurisdiction in which it is asserted that the Offer cannot lawfully be made. So long as we make a good faith effort to comply with any state law deemed applicable to the Offer, if we cannot do so, we believe that the exclusion of holders residing in such jurisdiction is permitted under Rule 13e-4(f)(9) promulgated under the Exchange Act. In any jurisdiction the securities or blue sky laws of which require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on our behalf by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

EXHIBIT A

COMPANY SHARE REPURCHASE PROGRAM AND BLOCK PURCHASES

The following table reflects information regarding the Company's share repurchase program during the 60 day period preceding the date of this Offer.

	# of Shares	Purchase Price for each of the Common Shares
	-----	-----
October 18, 2001	2,900	\$6.25
October 19, 2001	400	\$6.25
October 26, 2001	2,500	\$6.25
October 29, 2001	1,200	\$6.25
October 30, 2001	2,200	\$6.25
October 31, 2001	100	\$6.24
October 31, 2001	400	\$6.25
November 1, 2001	100	\$6.23
November 1, 2001	2,100	\$6.25
November 5, 2001	1,700	\$6.25
November 6, 2001	1,700	\$6.25
November 7, 2001	1,700	\$6.25
November 9, 2001	1,700	\$6.25
November 12, 2001	2,600	\$6.24
November 15, 2001	2,600	\$6.25
November 19, 2001	2,700	\$6.50
November 20, 2001	2,700	\$6.50
November 21, 2001	100	\$6.26
November 21, 2001	100	\$6.29
November 21, 2001	2,200	\$6.30
November 21, 2001	300	\$6.31
November 26, 2001	2,800	\$6.25
November 27, 2001	200	\$6.28
November 27, 2001	2,500	\$6.30
November 27, 2001	100	\$6.36
November 28, 2001	100	\$6.22
November 28, 2001	100	\$6.23
November 28, 2001	2,600	\$6.25
November 29, 2001	1,900	\$6.22
November 29, 2001	600	\$6.23
November 29, 2001	300	\$6.24
November 30, 2001	2,400	\$6.26
November 30, 2001	100	\$6.29
November 30, 2001	300	\$6.30
December 3, 2001	3,200	\$6.26
December 4, 2001	1,800	\$6.20
December 4, 2001	800	\$6.25
December 4, 2001	600	\$6.29
December 5, 2001	3,200	\$6.36
December 6, 2001	3,200	\$6.40
December 7, 2001	900	\$6.25
December 7, 2001	100	\$6.28
December 7, 2001	2,200	\$6.38
December 10, 2001	100	\$6.27
December 10, 2001	2,700	\$6.30
December 12, 2001	100	\$6.20

The following table reflects information regarding the Company's block purchases during the 60 day period preceding the date of this Offer.

	# of Shares	Purchase Price for each of the Common Shares
	-----	-----
November 6, 2001	10,000	\$6.25
November 7, 2001	10,000	\$6.25
November 21, 2001	10,000	\$6.23
December 3, 2001	20,000	\$6.25

The Letter of Transmittal and certificates for the Shares and any other required documents should be sent or delivered by each Holder or such Holder's broker, dealer, commercial bank, trust company or other nominee to the Depository at one of its addresses set forth below:

The Depository:

American Stock Transfer & Trust Company

By First Class Mail, By Hand Delivery or By Overnight Delivery or Express

Mail:
59 Maiden Lane
Plaza Level
New York, NY 10038

Telephone Number:
Toll Free: 1-877-777-0800

To Confirm Receipt of Notice of Guaranteed Delivery:
1-877-777-0800

Any questions or requests for assistance or for additional copies of this Offer to Purchase, the Letter of Transmittal or the Notice of Guaranteed Delivery may be directed to the Information Agent at the telephone numbers and address below. You may also contact your broker, dealer, commercial bank or trust company for assistance concerning the Offer. To confirm delivery of your Shares, you are directed to contact the Depository.

The Information Agent:

MacKenzie Partners, Inc.
156 Fifth Avenue
New York, NY 10010

Toll Free: (800) 322-2885
Collect: (212) 929-5500

NOTE: SIGNATURES MUST BE PROVIDED BELOW. PLEASE READ THE INSTRUCTIONS SET FORTH IN THIS LETTER OF TRANSMITTAL CAREFULLY.

This Letter of Transmittal is to be completed by Holders either if certificates evidencing Shares (as defined below) are to be forwarded herewith or if delivery of Shares is to be made by book-entry transfer to the Depository's account at The Depository Trust Company ("DTC" or the "Book-Entry Transfer Facility") pursuant to the book-entry transfer procedure described in Section 3 of the Offer to Purchase (as defined below). Delivery of documents to the Book-Entry Transfer Facility does not constitute delivery to the Depository.

Holders whose certificates evidencing Shares ("Share Certificates") are not immediately available or who cannot deliver their Share Certificates and all other documents required hereby to the Depository prior to the Expiration Date or who cannot complete the procedure for delivery by book-entry transfer on a timely basis and who wish to tender their Shares must do so pursuant to the guaranteed delivery procedure described in Section 3 of the Offer to Purchase. See Instruction 2.

 Check here if shares are being delivered by book-entry transfer to the Depository's account at the book-entry transfer facility and complete the following:

Name of Tendering Institution_____

Account No._____

Transaction Code No._____

Check here if shares are being tendered pursuant to a notice of guaranteed delivery previously sent to the Depository and complete the following:

Name(s) of Registered Holder(s)_____

Date of Execution of Notice of Guaranteed Delivery_____

Name of Institution which Guaranteed Delivery_____

Give Account Number and Transaction Code Number if delivered by book-entry transfer:

Account No._____

Transaction Code No._____

Ladies and Gentlemen:

The undersigned hereby tenders to Acadia Realty Trust, a Maryland real estate investment trust (the "Company"), the above-described Common Shares of Beneficial Interest (including common units of limited partnership interest convertible into our common shares) ("Shares"), at the price for each of the Shares indicated in this Letter of Transmittal, net to the seller in cash, upon the terms and subject to the conditions set forth in the Company's Offer to Purchase dated December 20, 2001 (the "Offer to Purchase"), receipt of which is hereby acknowledged, and in this Letter of Transmittal (which, as amended from time to time, together constitute the "Offer").

Subject to, and effective upon, acceptance for payment of the Shares tendered herewith, in accordance with the terms of the Offer (including, if the Offer is extended or amended, the terms and conditions of such extension or amendment), the undersigned hereby sells, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to all Shares tendered hereby or orders the registration of such Shares tendered by book-entry transfer that are purchased pursuant to the Offer to or upon the order of the Company and hereby irrevocably constitutes and appoints the Depositary the true and lawful agent and attorney-in-fact of the undersigned with respect to such Shares, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (i) deliver Share Certificates evidencing such Shares, or transfer ownership of such Shares on the account books maintained by the Book-Entry Transfer Facility, together, in either case, with all accompanying evidences of transfer and authenticity, to or upon the order of the Company, upon receipt by the Depositary, as the undersigned's agent, of the Purchase Price (as defined below) with respect to such Shares, (ii) present Share Certificates for cancellation and transfer on the books of the Company and (iii) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares, all in accordance with the terms of the Offer.

The undersigned hereby represents and warrants to the Company that (i) the undersigned understands that tenders of Shares pursuant to any one of the procedures described in Section 3 of the Offer to Purchase and in the Instructions hereto will constitute the undersigned's acceptance of the terms and conditions of the Offer, including the undersigned's representation and warranty that (a) the undersigned has full power and authority to tender, sell, assign and transfer the Shares tendered hereby (and any and all other Shares or other securities issued or issuable in respect thereof on or after the date hereof), and (b) such tender of Shares complies with Rule 14e-4; (ii) when and to the extent the Company accepts the Shares for purchase, the Company will acquire good, marketable and unencumbered title to them, free and clear of all security interests, liens, charges, encumbrances, conditional sales agreements or other obligations relating to their sale or transfer, and not subject to any adverse claim; (iii) on request, the undersigned will execute and deliver any additional documents which the Depositary or the Company deems necessary or desirable to complete the assignment, transfer and purchase of the Shares tendered hereby; (iv) the undersigned has read and agrees to all of the terms of the Offer; and (v) the undersigned has full power and authority to tender, sell, assign and transfer Shares tendered hereby.

The names and addresses of the registered Holders should be printed, if they are not already printed above, exactly as they appear on the Share Certificates tendered hereby. The certificate numbers, the number of Shares represented by such Share Certificates, the number of Shares that the undersigned wishes to tender and the purchase price at which such Shares are being tendered (if not participating in the modified Dutch auction) should be indicated in the appropriate boxes.

The undersigned understands that the Company will determine through a modified Dutch auction, a single Purchase Price for each of the Shares (not greater than \$6.50 nor less than \$6.05 for each of the Shares) (the "Purchase Price") that it will pay for Shares validly tendered pursuant to the Offer, taking into account the number of Shares so tendered and the prices specified by tendering Holders. The undersigned understands that the Company will select the Purchase Price that will allow it to buy 4,784,615 Shares (or such lesser number of Shares as are validly tendered at prices not greater than \$6.50 nor less than \$6.05 for each of the Shares) pursuant to the Offer. The undersigned understands that all Shares validly tendered at prices at or below the Purchase Price and not properly withdrawn will be purchased at the Purchase Price, net to the seller in cash, upon the terms and subject to the conditions of the Offer, including its Odd Lot "priority", proration and conditional tender provisions, and that the Company will return all other Shares, including Shares tendered and not withdrawn at prices greater than the Purchase Price and Shares not purchased because of proration or the conditional tender provisions without expense to the shareholder.

The undersigned recognizes that under certain circumstances set forth in the Offer to Purchase, the Company may terminate or amend the Offer or may not be required to purchase any of the Shares tendered hereby or may accept for payment fewer than all of the Shares tendered hereby. The undersigned understands that Share Certificates representing Shares not tendered or not purchased will be returned to the undersigned at the address indicated above, unless otherwise indicated under the "Special Payment Instructions" or "Special Delivery Instructions" below. The undersigned recognizes that the Company has no obligation, pursuant to the "Special Payments Instructions," to transfer any Share Certificate from the name of its registered holder, or to order the registration or transfer of such Shares tendered by book-entry transfer, if the Company purchases none of the Shares represented by such certificate or tendered by such book-entry transfer.

The undersigned understands that acceptance of Shares by the Company for payment will constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Offer.

The check for the Purchase Price for such of the tendered Shares as are purchased will be issued to the order of the undersigned and mailed to the address indicated above unless otherwise indicated under the "Special Payment Instructions" or the "Special Delivery Instructions" below.

All authority conferred or agreed to be conferred in this Letter of Transmittal shall survive the death or incapacity of the undersigned, and any obligations of the undersigned under this Letter of Transmittal shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable.

Price (in dollars) at which each of the shares are being tendered

If shares are being tendered at more than one price, use a separate instruction form for each price specified.

Check only one box. If more than one box is checked, or if no box is checked (except as provided in the odd lots instructions), there is no proper tender of shares.

Shares tendered at price determined by modified dutch auction

The undersigned wants to maximize the chance of having the Company purchase all the Shares the undersigned is tendering (subject to the possibility of proration). Accordingly, by checking this one box instead of one of the price boxes below, the undersigned hereby tenders Shares and is willing to accept the Purchase Price resulting from the modified "Dutch auction" process. This action will result in receiving a price for each of the Shares for as low as \$6.05 or as high as \$6.50.

OR

Shares tendered at price determined by holder

If shares are being tendered at more than one price, use a separate letter of transmittal for each price specified. (see Instruction 5)

By checking one of the boxes below instead of the box above, the undersigned hereby tenders Shares at the price checked. This action could result in none of the Shares being purchased if the Purchase Price for the Shares is less than the price checked. If the Purchase Price for the Shares is equal to or greater than the price checked, then the Shares purchased by the Company will be purchased at the Purchase Price. A Holder who desires to tender Shares at more than one price must complete a separate Letter of Transmittal for each price at which Shares are tendered. The same Shares cannot be tendered at more than one price (unless those Shares were previously tendered and withdrawn.)

\$6.05 \$6.10 \$6.15 \$6.20 \$6.25 \$6.30 \$6.35 \$6.40
 \$6.45 \$6.50

Odd Lots
(See Instruction 8)

To be checked ONLY if Shares are being tendered by or on behalf of a person owning beneficially, as of the close of business on December 20, 2001 and who continues to own beneficially as of the Expiration Date, an aggregate of less than 100 Shares.

The undersigned either (check one box):

was the beneficial owner, as of the close of business on December 20, 2001 of an aggregate of less than 100 Shares all of which are being tendered; or

is a broker, dealer, commercial bank, trust company or other nominee which:

- (a) is tendering, for the beneficial owners thereof, Shares with respect to which it is the record owner, and
- (b) believes, based upon representations made to it by such beneficial owners, that each such person was the beneficial owner, as of the close of business on December 20, 2001, of an aggregate of less than 100 Shares and is tendering all of such Shares.

Conditional tender
(See Instruction 14)

You may condition your tender of Shares on our purchasing a specified minimum number of your tendered Shares, all as described in Section 6 of the Offer to Purchase. Unless the minimum number of Shares you indicate below is purchased by us in our Offer, none of the Shares you tendered will be purchased. It is your responsibility to calculate that minimum number of Shares that must be purchased if any are purchased, and you are urged to consult your own tax advisor before completing this section. Unless this box has been checked and a minimum number of Shares specified, your tender will be deemed unconditional.

The minimum number of Shares that must be purchased, if any are purchased, is: _____ Shares.

If, because of proration, the minimum number of Shares that you designated above will not be purchased, we may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, you must have tendered all your Shares and checked this box:

The tendered Shares represent all Shares held by me.

Special Payment Instructions

(See Instructions 1, 4, 6, 7 and 9)

To be completed ONLY if the check for the purchase price of Shares purchased or Share Certificate evidencing Shares not tendered is issued in the name of someone other than the undersigned.

Issue: Check
 Share Certificate(s) to:

Name: _____
(Please Print)

Address: _____

(Include Zip Code)

(Tax Identification or Social Security No.)

(See Substitute Form W-9 below)

Special Delivery Instructions

(See Instructions 1, 4, 6 and 9)

To be completed ONLY if the check issued in the name of the undersigned for the purchase price of Shares purchased or Certificates evidencing Shares not tendered or not purchased are to be mailed to someone other than the undersigned, or to the undersigned at an address other than that shown under "Description of Shares Tendered."

Mail: Check
 Share Certificate(s) to:

Name: _____
(Please Print)

Address: _____
(Include Zip Code)

IMPORTANT
Holders: Sign Here
(See Instructions 1 and 6)
(Please Complete Substitute Form W-9 Contained Herein)

Signature(s) of Holder(s): _____

Dated: _____

Must be signed by registered holder(s) exactly as name(s) appear(s) on Share Certificates or on a security position listing or by a person(s) authorized to become registered holder(s) by certificates and documents transmitted with this Letter of Transmittal. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please provide the following information. See Instruction 6.

Name(s): _____
(Please Print)

Capacity (full title): _____

Address: _____
(Include Zip Code)

Area Code and Telephone Number: _____

Taxpayer Identification or
Social Security Number(s): _____
(See Substitute Form W-9 contained herein)

Guarantee of Signature(s)
(If Required-See Instructions 1 and 6)

For use by financial institutions only.
Place medallion guarantee in space below.

Area Code and Telephone Number: _____

Dated: _____

Instructions
Forming Part of the Terms and Conditions of the Offer

1. Guarantee of Signatures. All signatures on this Letter of Transmittal must be guaranteed by a member firm of a registered national securities exchange or the National Association of Securities Dealers, Inc. or by a commercial bank or trust company having an office, branch or agency in the United States which is a member of one of the Stock Transfer Association's approved medallion programs (such as the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchange Medallion Program) (each of the foregoing being referred to as an "Eligible Institution"), unless (i) this Letter of Transmittal is signed by the registered holder(s) of the Shares (which term, for purposes of this document, shall include any participant in the Book-Entry Transfer Facility whose name appears on a security position listing as the holder of Shares) tendered hereby and such holder(s) has (have) completed neither the box entitled "Special Payment Instructions" nor the box entitled "Special Delivery Instructions" on this Letter of Transmittal or (ii) such Shares are tendered for the account of an Eligible Institution. See Instruction 6.

2. Delivery of Letter of Transmittal and Share Certificates; Guaranteed Delivery Procedures. This Letter of Transmittal is to be used either if Share Certificates are to be forwarded herewith or if Shares are to be delivered by book-entry transfer pursuant to the procedure set forth in Section 3 of the Offer to Purchase. Share Certificates evidencing ALL physically tendered Shares, or a confirmation of a book-entry transfer into the Depository's account at the Book-Entry Transfer Facility of all Shares delivered by book-entry transfer, as well as a properly completed and duly executed Letter of Transmittal and any other documents required by this Letter of Transmittal, must be received by the Depository at one of its addresses set forth herein prior to the Expiration Date. If Share Certificates are forwarded to the Depository in multiple deliveries, a properly completed and duly executed Letter of Transmittal must accompany each such delivery.

Holders whose Share Certificates are not immediately available, who cannot deliver their Share Certificates and all other required documents to the Depository prior to the Expiration Date or who cannot complete the procedure for delivery by book-entry transfer on a timely basis may tender their Shares pursuant to the guaranteed delivery procedure described in Section 3 of the Offer to Purchase. Pursuant to such procedure: (i) such tender must be made by or through an Eligible Institution; (ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form made available by the Company, must be received by the Depository prior to the Expiration Date; and (iii) the Share Certificates evidencing all physically delivered Shares in proper form for transfer by delivery, or a confirmation of a book-entry transfer into the Depository's account at the Book-Entry Transfer Facility of all Shares delivered by book-entry transfer, in each case together with a Letter of Transmittal, properly completed and duly executed, with any required signature guarantees, and any other documents required by this Letter of Transmittal, must be received by the Depository within three NYSE trading days after the date of receipt by the Depository of such Notice of Guaranteed Delivery, all as described in Section 3 of the Offer to Purchase.

THE METHOD OF DELIVERY OF THIS LETTER OF TRANSMITTAL, SHARE CERTIFICATES AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH THE BOOK-ENTRY TRANSFER FACILITY, IS AT THE OPTION AND RISK OF THE TENDERING HOLDER. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

Except as specifically permitted by Section 6 of the Offer to Purchase, no alternative, conditional or contingent tenders will be accepted and no fractional Shares will be purchased. By execution of this Letter of Transmittal, all tendering Holders waive any right to receive any notice of the acceptance of their Shares for payment.

3. Inadequate Space. If the space provided herein under "Description of Shares Tendered" is inadequate, the Share Certificate numbers, the number of Shares evidenced by such Share Certificates and the number of Shares tendered should be listed on a separate signed schedule and attached hereto.

4. Partial Tenders and Unpurchased Shares (Not Applicable to Holders Who Tender by Book-Entry Transfer). If fewer than all the Shares evidenced by any Share Certificate delivered to the Depository herewith are to be tendered hereby, fill in the number of Shares which are to be tendered in the column entitled "Number of Shares Tendered" of the box captioned "Description of Shares Tendered." In such cases, new Share Certificate(s) evidencing the remainder of the Shares that were evidenced by the Share Certificates delivered to the Depository herewith will be sent to the person(s) signing this Letter of Transmittal, unless otherwise provided in either the "Special Payment Instructions" or "Special Delivery Instructions" box on this Letter of Transmittal, as soon as practicable after the expiration or termination of the Offer. All Shares evidenced by Share Certificates delivered to the Depository will be deemed to have been tendered unless otherwise indicated.

5. Indication of Price at which Shares are Being Tendered. For Shares to be properly tendered, the Holder must check a box indicating that either such Holder desires to tender its Shares at a price determined by the modified Dutch auction, or indicating the price for each of the Shares at which Shares are being tendered under "Price (In Dollars) for each of the Shares at which Shares are being Tendered" on this Letter of Transmittal; provided, however, that an Odd Lot Owner (as defined in Section 2 of the Offer to Purchase) may check the box above in the section entitled "Odd Lots" indicating that the Holder is tendering all Shares at the Purchase Price. ONLY ONE PRICE BOX MAY BE CHECKED. IF MORE THAN ONE BOX IS CHECKED OR IF NO BOX IS CHECKED, THERE IS NO VALID TENDER OF SHARES (OTHER THAN PURSUANT TO TENDERS BY ODD LOT HOLDERS). A Holder wishing to tender portions of such Holder's Shares at different prices must complete a separate Letter of Transmittal for each price at which the Holder wishes to tender each such portion of the Holder's Shares. The same Shares cannot be tendered (unless previously properly withdrawn as provided in Section 4 of the Offer to Purchase) at more than one price.

6. Signatures on Letter of Transmittal; Shares Powers and Endorsements. If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the Share Certificates evidencing such Shares, without alteration, enlargement or any other change whatsoever.

If any Shares tendered hereby are owned of record by two or more persons, all such persons must sign this Letter of Transmittal.

If any of the Shares tendered hereby are registered in the names of different holders, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of such Shares.

If this Letter of Transmittal is signed by the registered holder(s) of the Share Certificate evidencing Shares tendered hereby, no endorsements or separate stock powers are required, unless payment is to be made, or Share Certificates evidencing Shares not purchased or not tendered are to be issued, to a person other than the registered holder(s), in which case, the Share Certificate(s) evidencing the Shares tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on such Share Certificate(s). Signatures on such Share Certificate(s) and stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the Share Certificate evidencing Shares tendered hereby, the Share Certificate must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on such Share Certificate(s). Signatures on such Share Certificate(s) and stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any Share Certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to the Company of such person's authority so to act must be submitted.

7. Shares Transfer Taxes. Except as otherwise provided in this Instruction 7, the Company will pay all Share transfer taxes, if any, payable on the transfer to it of Shares purchased pursuant to the Offer. If, however, payment of the Purchase Price is to be made to, or (in the circumstances permitted by the Offer) if unpurchased Shares are to be registered in the name of, any person other than the registered holder(s), or if tendered Share Certificates are registered in the name of any person other than the person signing the Letter of Transmittal, the amount of all Shares transfer taxes, if any (whether imposed on the registered holder(s), or such other person), payable on account of the transfer to such person will be deducted from the Purchase Price, unless evidence satisfactory to the Company of the payment of such taxes, or exemption therefrom, is submitted. Except as provided in this Instruction 7, it will not be necessary for transfer tax stamps to be affixed to the Share Certificates evidencing the Shares tendered hereby.

8. Odd Lots. As described in Section 1 of the Offer to Purchase, if the Company is to purchase less than all Shares tendered before the Expiration Date, the Shares purchased first will consist of all Shares validly tendered on or prior to the Expiration Date at or below the Purchase Price by or on behalf of Holders who beneficially owned, as of the close of business on December 20, 2001, and continue to beneficially own as of the Expiration Date, an aggregate of less than 100 Shares, and who tenders all of such Holder's Shares. This preference will not be available unless the box captioned "Odd Lots" is completed.

9. Special Payment and Delivery Instructions. If a check for the purchase price of any Shares tendered hereby is to be issued, or Share Certificate(s) evidencing Shares not tendered or not purchased is (are) to be issued, in the name of a person other than the person(s) signing this Letter of Transmittal, or if a check issued in the name of the person(s) signing this Letter of Transmittal or any such Share Certificate is to be sent to someone other than the person(s) signing this Letter of Transmittal or to the person(s) signing this Letter of Transmittal but at an address other than that shown in the box entitled "Description of Shares Tendered" on this Letter of Transmittal, the appropriate boxes captioned "Special Payment Instructions" and/or "Special Delivery Instructions" on this Letter of Transmittal must be completed.

10. Irregularities. The Company will determine, in its sole discretion, all questions as to the number of Shares to be accepted, the price to be paid therefor, the form of documents, and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of Shares, and its determination shall be final and binding on all parties. The Company reserves the absolute right to reject any or all tenders of Shares determined by it not to be in proper form or the acceptance of or payment for which may in the opinion of the Company's counsel be unlawful. The Company also reserves the absolute right to waive any of the conditions of the Offer or any defect or irregularity in the tender of any particular Shares, and the Company's interpretation of the terms of the Offer (including these instructions) will be final and binding on all parties. No tender of Shares will be deemed to be validly made until all defects and irregularities have been cured or waived. Unless waived, any defects or irregularities in connection with tenders must be cured within such time as the Company shall determine. None of the Company, the Depository, the Information Agent nor any other person is or will be obligated to give notice of defects of irregularities in tenders, nor shall any of them incur any liability for failure to give any such notice.

11. Questions and Requests for Assistance or Additional Copies. Questions and requests for assistance may be directed to the Information Agent at its address or telephone number set forth below. Additional copies of the Offer to Purchase, this Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the Information Agent or from brokers, dealers, commercial banks or trust companies.

12. Substitute Form W-9. Each tendering Holder is required to provide the Depository with a correct Taxpayer Identification Number ("TIN") on the Substitute Form W-9 which is provided under "Important Tax Information" below, and to certify, under penalties of perjury, that such number is correct and that such Holder is not subject to backup withholding of federal income tax. If a tendering Holder has been notified by the Internal Revenue Service that such Holder is subject to backup withholding, such Holder must cross out item (2) of the Certification box of the Substitute Form W-9, unless such Holder has since been notified by the Internal Revenue Service that such Holder is no longer subject to backup withholding. Failure to provide the information on the Substitute Form W-9 may subject the tendering Holder to 30% federal income tax withholding on the payment of the Purchase Price of all Shares purchased from such Holder. If the tendering Holder has not been issued a TIN and has applied for one or intends to apply for one in the near future, such Holder should check the box next to "Awaiting TIN" in Part 3 of the Substitute Form W-9 and sign and date the "Certificate of Awaiting Taxpayer Identification Number." If the box in Part 3 of Substitute Form W-9 is checked and the Depository is not provided with a TIN within 60 days, the Depository will withhold 30% on all payments of the Purchase Price to such Holder until a TIN is provided to the Depository.

13. Lost, Mutilated or Destroyed Certificates. Any surrendering Holder whose Share Certificates have been lost, mutilated or destroyed should contact the Depository, American Stock Transfer & Trust Company at 1-877-777-0800 for further information.

14. Conditional Tenders. As described in Section 6 of the Offer to Purchase, you may tender Shares subject to the condition that all or a specified minimum number of your Shares tendered pursuant to this Letter of Transmittal or a Notice of Guaranteed Delivery must be purchased if any Shares tendered are purchased.

If you wish to make a conditional tender, you must indicate this in the box captioned "Conditional Tender" in this Letter of Transmittal or, if applicable, the Notice of Guaranteed Delivery. In the box captioned "Conditional Tender" in this Letter of Transmittal or the Notice of Guaranteed Delivery, you must calculate and appropriately indicate the minimum number of Shares that must be purchased if any are to be purchased.

As discussed in Section 6 of the Offer to Purchase, proration may affect whether we accept conditional tenders and may result in Shares tendered pursuant to a conditional tender being deemed withdrawn if the minimum number of Shares would not be purchased. If, because of proration, the minimum number of Shares that you designate will not be purchased, we may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, you must have tendered all your Shares and check the box so indicating. Upon selection by lot, if any, we will limit our purchase in each case to the designated minimum number of Shares.

All tendered Shares will be deemed unconditionally tendered unless the "Conditional Tender" box is completed.

The conditional tender alternative is made available so that a shareholder may seek to structure our purchase of Shares in our offer from the shareholder in a manner that the sale will be treated as a sale of those Shares by the shareholder, rather than the payment of a dividend to the shareholder, for federal income tax purposes. If you are an Odd Lot Holder and you tender all of your Shares, you may not conditionally tender, since your Shares will not be subject to proration. It is the tendering shareholder's responsibility to calculate the minimum number of Shares that must be purchased from the shareholder in order for the shareholder to qualify for sale rather than dividend treatment. Each shareholder is urged to consult his or her own tax advisor.

IMPORTANT: THIS LETTER OF TRANSMITTAL, PROPERLY COMPLETED AND DULY EXECUTED (TOGETHER WITH ANY REQUIRED SIGNATURE GUARANTEES AND SHARE CERTIFICATES, OR CONFIRMATION OF BOOK-ENTRY TRANSFER, AND ALL OTHER REQUIRED DOCUMENTS), OR A PROPERLY COMPLETED AND DULY EXECUTED NOTICE OF GUARANTEED DELIVERY, MUST BE RECEIVED BY THE DEPOSITARY ON OR PRIOR TO THE EXPIRATION DATE (AS DEFINED IN THE OFFER TO PURCHASE). HOLDERS ARE ENCOURAGED TO COMPLETE AND RETURN THE SUBSTITUTE FORM W-9 BELOW.

IMPORTANT TAX INFORMATION

Under U.S. federal income tax law, a holder whose tendered Shares are accepted for payment is required to provide the Depository (as payer) with such holder's correct TIN on Substitute form W-9 below and to certify that the TIN provided on Substitute Form W-9 is correct (or that such holder is awaiting a TIN). If such holder is an individual, the TIN is his or her social security number. If the Depository is not provided with the correct TIN, the holder may be subject to a \$50 penalty imposed by the Internal Revenue Service and payments that are made to such holder with respect to Shares tendered may be subject to backup withholding (see below).

A holder who does not have a TIN may check the box in Part 3 of the Substitute Form W-9 if the holder has applied for a number or intends to apply for a TIN in the near future. If the box in Part 3 is checked, the holder must also complete the Certificate of Awaiting Taxpayer Identification Number below in order to avoid backup withholding. If the box is checked, payments made within 60 days of the date of the form will be subject to backup withholding unless the holder has furnished the Depository with his or her TIN. A holder who checks the box in Part 3 in lieu of furnishing his or her TIN should furnish the Depository with his or her TIN as soon as it is received.

Certain holders (including, among others, all corporations and certain foreign individuals), may be exempt from these backup withholding requirements. In order for a foreign individual to qualify as an exempt recipient, that holder must submit a statement, signed under penalty of perjury, attesting to that individual's exempt status (Form W-8). Forms for such statements can be obtained from the Depository. Holders are urged to consult their own tax advisors to determine whether they are exempt from these backup withholding and reporting requirements.

If backup withholding applies, the Depository is required to withhold 30% of any payments to be made to the holder. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained by filing a tax return with the Internal Revenue service. The Depository cannot refund amounts withheld by reason of backup withholding.

Name-----
Address-----

Substitute
Form W-9

Part 1(a) - PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT
AND CERTIFY BY SIGNING AND DATING BELOW.

TIN

Department of the Treasury
Internal Revenue Service

(Social Security Number or
Employer Identification Number)

Payer's Request
for Taxpayer Identification
Number (TIN)

Part 1(b) - PLEASE CHECK THE BOX AT RIGHT IF YOU HAVE APPLIED FOR, AND ARE WAITING RECEIPT OF,
YOUR TIN |_|

Part 2 - FOR PAYEES EXEMPT FROM BACKUP WITHHOLDING PLEASE WRITE "EXEMPT" HERE (SEE
INSTRUCTIONS)

Part 3 - CERTIFICATION - Under penalty of perjury, I certify that:

- (1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of payment, a percentage of all reportable payments made to me will be withheld);
- (2) I am not subject to backup withholding because (a) I am exempt from backup withholding, (b) I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- (3) I am a U.S. person (including U.S. resident alien).

CERTIFICATE INSTRUCTIONS - You must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return.

SIGNATURE _____
DATE _____

NOTE: Failure to complete and return this form may result in backup withholding of 30% of any payments made to you pursuant to the offer. Please review the enclosed guidelines for certification of taxpayer identification number on Substitute Form W-9 for additional details. You must complete the following certificate if you checked the box in Part 3 of the Substitute Form W-9.

Certificate of Awaiting Taxpayer Identification Number

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (1) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office, or (2) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of payment, 30% of all reportable payments made to me will be withheld.

Signature: _____ Date: _____

Notice of Guaranteed Delivery

for

Tender of Common Shares of Beneficial Interest

(including common units of limited partnership interests in
Acadia Realty Limited Partnership convertible into
Acadia Realty Trust Common Shares of Beneficial Interest)

of

Acadia Realty Trust

This Notice of Guaranteed Delivery, or one substantially in the form hereof, must be used to accept the Offer (as defined below) if: (i) certificates ("Certificates") for Common Shares of Beneficial Interest (including common units of limited partnership interest convertible into our common shares) of the Acadia Realty Trust, a Maryland real estate investment trust, are not immediately available, (ii) Certificates and all other required documents cannot be delivered to American Stock Transfer & Trust Company, as Depositary (the "Depositary"), prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase (as defined below)) or (iii) the procedure for delivery by book-entry transfer cannot be completed on a timely basis. This Notice of Guaranteed Delivery may be delivered by hand, overnight courier or mail to the Depositary. See Section 3 of the Offer to Purchase.

The Depositary for the Offer is:

American Stock Transfer & Trust Company

By First Class Mail,
By Hand Delivery, and
By Overnight Delivery or Express Mail:
American Stock Transfer & Trust Company
59 Maiden Lane
Plaza Level
New York, NY 10038

Telephone Number:
Toll Free: 1-877-777-0800

Facsimile Transmission:
1-718-234-5001

To Confirm Receipt of Notice of Guaranteed
Delivery and
Facsimile Transmissions:
1-877-777-0800

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

This form is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an "Eligible Institution" under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

Ladies and Gentlemen:

The undersigned hereby tenders to Acadia Realty Trust, a Maryland real estate investment trust ("Acadia" or the "Company"), upon the terms and subject to the conditions set forth in the Offer to Purchase dated December 20, 2001 (the "Offer to Purchase") and the related Letter of Transmittal (which together, as from time to time amended, constitute the "Offer"), receipt of each of which is hereby acknowledged, Common Shares of Beneficial Interest (including common units of limited partnership interest convertible into our common shares) ("Shares"), pursuant to the guaranteed delivery procedures described in Section 3 of the Offer to Purchase.

PRICE (IN DOLLARS) AT WHICH EACH OF THE SHARES ARE BEING TENDERED

IF SHARES ARE BEING TENDERED AT MORE THAN ONE PRICE, USE A SEPARATE NOTICE OF GUARANTEED DELIVERY FOR EACH PRICE SPECIFIED.

CHECK ONLY ONE BOX. IF MORE THAN ONE BOX IS CHECKED, OR IF NO BOX IS CHECKED (EXCEPT AS PROVIDED IN THE ODD LOTS INSTRUCTIONS), THERE IS NO PROPER TENDER OF SHARES.

SHARES TENDERED AT PRICE DETERMINED BY MODIFIED DUTCH AUCTION

The undersigned wants to maximize the chance of having the Company purchase all the Shares the undersigned is tendering (subject to the possibility of proration). Accordingly, by checking this one box instead of one of the price boxes below, the undersigned hereby tenders Shares and is willing to accept the Purchase Price resulting from the modified "Dutch auction" process. This action will result in receiving a price for each of the Shares for as low as \$6.05 or as high as \$6.50.

-OR-

SHARES TENDERED AT PRICE DETERMINED BY HOLDER

IF SHARES ARE BEING TENDERED AT MORE THAN ONE PRICE, USE A SEPARATE NOTICE OF GUARANTEED DELIVERY FOR EACH PRICE SPECIFIED.

By checking one of the boxes below instead of the box above, the undersigned hereby tenders Shares at the price checked. This action could result in none of the Shares being purchased if the Purchase Price for the Shares is less than the price checked. If the Purchase Price for the Shares is equal to or greater than the price checked, then the Shares purchased by the Company will be purchased at the Purchase Price. A Holder who desires to tender Shares at more than one price must complete a separate Notice of Guaranteed Delivery for each price at which Shares are tendered. The same Shares cannot be tendered at more than one price (unless those Shares were previously tendered and withdrawn.)

\$6.05 \$6.10 \$6.15 \$6.20 \$6.25

\$6.30 \$6.35 \$6.40 \$6.45 \$6.50

ODD LOTS

To be checked ONLY if Shares are being tendered by or on behalf of a person owning beneficially, as of the close of business on December 20, 2001, and who continues to own beneficially as of the Expiration Date, an aggregate of less than 100 Shares.

The undersigned either (check one box):

was the beneficial owner, as of the close of business on December 20, 2001, of an aggregate of less than 100 Shares all of which are being tendered; or

is a broker, dealer, commercial bank, trust company or other nominee which:

(a) is tendering, for the beneficial owners thereof, Shares with respect to which it is the record owner, and

(b) believes, based upon representations made to it by such beneficial owners, that each such person was the beneficial owner, as of the close of business on December 20, 2001, of an aggregate of less than 100 Shares and is tendering all of such Shares.

CONDITIONAL TENDER

You may condition your tender of Shares on us purchasing a specified minimum number of your tendered Shares, all as described in Section 6 of the Offer to Purchase. Unless the minimum number of Shares you indicate below is purchased by us in our Offer, none of the Shares you tendered will be purchased. It is your responsibility to calculate that minimum number of Shares that must be purchased if any are purchased, and you are urged to consult your own tax advisor before completing this section. Unless this box has been checked and a minimum number of Shares specified, your tender will be deemed unconditional.

The minimum number of Shares that must be purchased, if any are purchased, is: _____ Shares.

If because of proration, the minimum number of Shares that you designated above will not be purchased, we may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, you must have tendered all your Shares and checked this box:

The tendered Shares represent all Shares held by me.

PLEASE TYPE OR PRINT

SIGN HERE:

(Name(s))

Signature(s): _____

Date: _____

(Certificate Number(s)(If Available))

If Shares will be delivered by book-entry transfer,
give Depository Trust Company

Account Number: _____

(Address(es))

Taxpayer Identification or Social Security
Number: _____

(Area Code and Telephone Number)

GUARANTEE
(Not to be used for Signature Guarantee)

The undersigned, a firm which is a member of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office, branch or agency in the United States which is a member of one of the Stock Transfer Association's approved medallion programs (such as the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchange Medallion Program) (each, an "Eligible Institution"), hereby (i) guarantees to deliver to the Depository, at one of its addresses set forth above, Certificates evidencing the Shares tendered hereby, in proper form for transfer, or confirmation of the book-entry transfer of such Shares into the Depository's account at the Depository Trust Company (pursuant to the procedures set forth in Section 3 of the Offer to Purchase), together with a properly completed delivery of a Letter of Transmittal (or facsimile thereof) properly completed and duly executed, with any required signature guarantees and/or any other documents required by the Letter of Transmittal, all within three New York Stock Exchange trading days, (ii) represents that the undersigned has a net long position in Shares or equivalent securities at least equal to the Shares tendered within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended, and (iii) represents that such tender of Shares complies with Rule 14e-4.

(Name of Firm) _____

(Authorized Signature)

(Address) _____
(Include Zip Code)

(Title) _____

Name: _____

(Area Code and Telephone Number) _____

Dated: _____

NOTE: DO NOT SEND SHARES CERTIFICATES WITH THIS NOTICE. SHARES CERTIFICATES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

[graphic]

Acadia Realty Trust

Offer to Purchase for Cash
 Up to 4,784,615 Common Shares of Beneficial Interest
 (including common units of limited partnership interests in
 Acadia Realty Limited
 Partnership convertible into Acadia Realty Trust
 Common Shares of Beneficial Interest)
 at a Purchase Price not Greater than \$6.50 Nor Less
 Than \$6.05 for Each of The Shares

December 20, 2001

To Brokers, Dealers, Commercial Banks,
 Trust Companies and Other Nominees:

Acadia Realty Trust, a Maryland real estate investment trust ("Acadia" or the "Company"), is commencing a modified "Dutch auction" tender offer to purchase for cash up to 4,784,615 Common Shares of Beneficial Interest (including common units of limited partnership interest convertible into our common shares) ("Shares"), at a price not greater than \$6.50 nor less than \$6.05 for each of the Shares and upon the terms and subject to the conditions set forth in the Offer to Purchase dated December 20, 2001, and in the related Letter of Transmittal (which together constitute the "Offer").

Pursuant to the Dutch auction process, the Company will determine a single price for each of the Shares (not greater than \$6.50 nor less than \$6.05) (the "Purchase Price") that it will pay for Shares validly tendered pursuant to the Offer, taking into account the number of Shares so tendered and the prices specified by tendering holders of the Shares. The Company will select the Purchase Price not greater than \$6.50 nor less than \$6.05 for each of the Shares which will allow it to buy 4,784,615 Shares (or such lesser number of Shares as are validly tendered) pursuant to the Offer. All Shares validly tendered at prices at or below the Purchase Price will be purchased at the Purchase Price, net to the seller in cash, upon the terms and subject to the conditions of the Offer, including its Odd Lot "priority", proration and conditional tender provisions. The Company will return all other Shares, including Shares tendered at prices greater than the Purchase Price and Shares not purchased because of proration or the conditional tender procedures, without expense to the shareholders. See Section 1 of the Offer to Purchase.

If, prior to January 22, 2002, the "Expiration Date," more than 4,784,615 Shares (or such greater number of Shares as the Company may elect to purchase) are validly tendered, the Company will, upon the terms and subject to the conditions of the Offer, accept Shares for purchase first from Odd Lot Owners (as defined in Section 2 of the Offer to Purchase) who validly tender all of their Shares at or below the Purchase Price, and then on a pro rata basis, if necessary, from all other holders of Shares whose Shares are validly tendered at or below the Purchase Price.

The Offer is not conditioned upon any minimum number of Shares being tendered. The Offer is, however, subject to certain other conditions set forth in the Offer. See Section 7 of the Offer to Purchase.

WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON JANUARY 22, 2002, UNLESS THE OFFER IS EXTENDED.

For your information and for forwarding to your clients for whom you hold Shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. Offer to Purchase, dated December 20, 2001;
2. Letter to Clients which may be sent to your clients for whose accounts you hold Shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Offer;

3. Letter, dated December 20, 2001, from Kenneth F. Bernstein, President and Chief Executive Officer of the Company, to holders of the Shares;

4. Letter of Transmittal for your use and for the information of your clients;

5. Notice of Guaranteed Delivery to be used to accept the Offer if certificates for Shares are not immediately available, or if the procedure for book-entry transfer cannot be completed on a timely basis; and

6. Substitute Form W-9 guidelines.

No fees or commissions will be payable to brokers, dealers or any other persons for soliciting tenders of Shares pursuant to the Offer. The Company will, however, upon request, reimburse you for customary mailing and handling expenses incurred by you in forwarding any of the enclosed materials to the beneficial owners of Shares held by you as a nominee or in a fiduciary capacity. The Company will pay or cause to be paid any stock transfer taxes on its purchase of Shares, except as otherwise provided in Instruction 7 of the Letter of Transmittal.

In order to take advantage of the Offer, a duly executed and properly completed Letter of Transmittal and any other required documents should be sent to the Depository with either certificate(s) representing the tendered Shares or confirmation of their book-entry transfer, all in accordance with the instructions set forth in the Letter of Transmittal and the Offer to Purchase.

As described in Section 3 of the Offer to Purchase, tenders may be made without the concurrent deposit of Shares certificates or concurrent compliance with the procedure for book-entry transfer, if such tenders are made by or through a broker or dealer which is a member firm of a registered national securities exchange or the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office, branch or agency in the United States which is a member of one of the Stock Transfer Association's approved medallion programs (such as the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchange Medallion Program). Certificates for Shares so tendered (or a confirmation of a book-entry transfer of such Shares into the Depository's account at the "Book-Entry Transfer Facility," as described in the Offer to Purchase), together with a properly completed and duly executed Letter of Transmittal and any other documents required by the Letter of Transmittal, must be received by the Depository within three New York Stock Exchange trading days after timely receipt by the Depository of a properly completed and duly executed Notice of Guaranteed Delivery.

Any inquiries you may have with respect to the Offer should be addressed to the Information Agent at its address and telephone number set forth on the back cover page of the Offer to Purchase. Additional copies of the enclosed material may also be obtained from the Information Agent.

Very truly yours,

/s/ Kenneth F. Bernstein

Kenneth F. Bernstein
President and Chief Executive Officer

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU AS AN AGENT OF THE COMPANY, THE INFORMATION AGENT OR THE DEPOSITARY, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE ENCLOSED DOCUMENTS AND THE STATEMENTS CONTAINED THEREIN.

LETTER TO CLIENTS

Offer by Acadia Realty Trust to Purchase for Cash
 Up to 4,784,615 Common Shares of Beneficial Interest
 (including common units of limited partnership interests in
 Acadia Realty Limited Partnership convertible into
 Acadia Realty Trust Common Shares of Beneficial Interest)
 at a Purchase Price not Greater than \$6.50
 Nor Less Than \$6.05 for Each of the Shares

To Our Clients:

Enclosed for your consideration are the Offer to Purchase, dated December 20, 2001, and the related Letter of Transmittal (which together constitute the "Offer"), in connection with the modified "Dutch auction" tender offer by Acadia Realty Trust, a Maryland real estate investment trust ("Acadia" or the "Company"), to purchase for cash up to 4,784,615 Common Shares of Beneficial Interest (including common units of limited partnership interest convertible into our common shares) ("Shares") at a price not greater than \$6.50 nor less than \$6.05 for each of the Shares, upon the terms and subject to the conditions of the Offer. Also enclosed are certain other materials related to the Offer, including a letter, dated December 20, 2001, from Kenneth F. Bernstein, President and Chief Executive Officer, to the holders of the Shares.

Pursuant to the Dutch auction process, the Company will determine a single price for each of the Shares (not greater than \$6.50 nor less than \$6.05 for each of the Shares) (the "Purchase Price") that it will pay for Shares validly tendered pursuant to the Offer, taking into account the number of Shares so tendered and the prices specified by tendering holders of Shares. The Company will select the Purchase Price not greater than \$6.50 nor less than \$6.05 for each of the Shares that will allow it to buy 4,784,615 Shares (or such lesser number of Shares as are validly tendered) pursuant to the Offer. All Shares validly tendered prior to the Expiration Date at prices at or below the Purchase Price will be purchased at the Purchase Price, net to the seller in cash, upon the terms and subject to the conditions of the Offer, including its Odd Lot "priority", proration and conditional tender provisions. The Company will return all other Shares, including Shares tendered at prices greater than the Purchase Price and Shares not purchased because of proration or the conditional tender procedures, without expense to the shareholders. See Section 1 of the Offer to Purchase.

If, prior to January 22, 2002 (the "Expiration Date"), more than 4,784,615 Shares (or such greater number of Shares as the Company may elect to purchase) are validly tendered, the Company will, upon the terms and subject to the conditions of the Offer, accept Shares for purchase first from Odd Lot Owners (as defined in Section 2 of the Offer to Purchase) who validly tender all of their Shares at or below the Purchase Price, and then on a pro rata basis, if necessary, from all other holders of Shares whose Shares are validly tendered at or below the Purchase Price.

WE ARE THE HOLDER OF RECORD OF SHARES HELD FOR YOUR ACCOUNT. AS SUCH, WE ARE THE ONLY ONES WHO CAN TENDER YOUR SHARES, AND THEN ONLY PURSUANT TO THE INSTRUCTIONS YOU PROVIDE US ON THE ATTACHED INSTRUCTION FORM. WE ARE SENDING YOU THE LETTER OF TRANSMITTAL FOR YOUR INFORMATION ONLY. YOU CANNOT USE IT TO TENDER SHARES WE HOLD FOR YOUR ACCOUNT.

Please instruct us as to whether you wish us to tender any or all of the Shares we hold for your account on the terms and subject to the conditions of the Offer.

We call your attention to the following:

1. You may tender Shares at prices (in multiples of \$0.05) not greater than \$6.50 nor less than \$6.05 for each of the Shares or you may choose not to specify a price, as indicated in the attached Instruction Form, net to you in cash.
2. The Offer is not conditioned upon any minimum number of Shares being tendered. The Offer is, however, subject to certain other conditions set forth in the Offer.
3. The Offer, proration period, and withdrawal rights will expire at 11:59 p.m., New York City time, on January 22, 2002 (the "Expiration Date"), unless the Company extends the Offer.

4. The Offer is for up to 4,784,615 Shares, constituting approximately 16.8% of the Shares outstanding as of December 20, 2001.
5. Tendering holders of Shares will not be obligated to pay any brokerage commissions, solicitation fees or, subject to Instruction 7 of the Letter of Transmittal, stock transfer taxes on the Company's purchase of Shares pursuant to the Offer. Please consult with your account executive to determine if you will be charged any processing fees by us in connection with your tender.
6. If you owned beneficially as of the close of business on December 20, 2001 an aggregate of less than 100 Shares, you instruct us to tender on your behalf all the Shares of which we are the holder of record at or below the Purchase Price before the expiration of the Offer, and you check the appropriate space in the box captioned "Odd Lots" in the attached Instruction Form, the Company will accept all such Shares for purchase before proration, if any, of the purchase of other Shares tendered at or below the Purchase Price.
7. If you wish to tender portions of your Shares at different prices, you must complete a separate Instruction Form for each price at which you wish to tender each portion of your Shares. We must submit separate Letters of Transmittal on your behalf for each price you will accept.

If you wish to have us tender any or all of your Shares, please so instruct us by completing, executing, and returning to us the attached Instruction Form. An envelope to return your Instruction Form to us is enclosed. If you authorize us to tender your Shares, we will tender all such Shares unless you specify otherwise on the attached Instruction Form.

YOUR INSTRUCTION FORM SHOULD BE FORWARDED TO US IN AMPLE TIME TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF ON OR BEFORE THE EXPIRATION OF THE OFFER. THE OFFER, PRORATION PERIOD, AND WITHDRAWAL RIGHTS EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON JANUARY 22, 2002, UNLESS THE COMPANY EXTENDS THE OFFER.

As described in Section 1 of the Offer to Purchase, if before the Expiration Date more than 4,784,615 Shares (or such greater number of Shares as the Company elects to purchase) are validly tendered at or below the Purchase Price, the Company will accept Shares for purchase at the Purchase Price in the following order of priority:

- (a) first, all Shares validly tendered at or below the Purchase Price prior to the Expiration Date by any Odd Lot Owner (as defined in Section 2 of the Offer to Purchase) who:
 - (1) tenders all Shares beneficially owned by such Odd Lot Owner at or below the Purchase Price (partial tenders will not qualify for this preference); and
 - (2) completes the section captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery; and
- (b) then, after purchase of all of the foregoing Shares, all other Shares validly tendered at or below the Purchase Price before the Expiration Date on a pro rata basis, if necessary (with adjustments to avoid purchases of fractional Shares).

The Offer is not being made to, nor will the Company accept tenders from, holders of Shares in any jurisdiction in which the Offer or its acceptance would not comply with the securities or blue sky laws of such jurisdiction. The Company is not aware of any jurisdiction in which the making of the Offer or the tender of Shares would not be in compliance with the laws of such jurisdiction. However, the Company reserves the right to exclude holders in any jurisdiction in which it is asserted that the Offer cannot lawfully be made. So long as the Company makes a good faith effort to comply with any state law deemed applicable to the Offer, if it cannot do so, the Company believes that the exclusion of holders residing in such jurisdictions is permitted under Rule 13e-4(f)(9) promulgated under the Exchange Act. In any jurisdiction the securities or blue sky laws of which require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on the Company's behalf by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

Instruction Form With Respect to Offer to Purchase for Cash
up to 4,784,615 Common Shares of Beneficial Interest
(including common units of limited partnership interests in Acadia
Realty Limited Partnership convertible into Acadia Realty Trust
Common Shares of Beneficial Interest)

of

Acadia Realty Trust

At a Purchase Price Not Greater Than \$6.50
Nor Less Than \$6.05 for Each of the Shares

The undersigned acknowledge(s) receipt of your letter, and the enclosed Offer to Purchase dated December 20, 2001, and related Letter of Transmittal (which together constitute the "Offer"), in connection with the offer by Acadia Realty Trust, a Maryland real estate investment trust ("Acadia" or the "Company"), to purchase for cash up to 4,784,615 Common Shares of Beneficial Interest (including common units of limited partnership interest convertible into our common shares) ("Shares") at prices not greater than \$6.50 nor less than \$6.05 for each of the Shares, upon the terms and subject to the conditions of the Offer.

Pursuant to the modified Dutch auction process, the Company will determine a single price for each of the Shares (not greater than \$6.50 nor less than \$6.05 for each of the Shares) (the "Purchase Price") that it will pay for the Shares validly tendered pursuant to the Offer, taking into account the number of Shares so tendered and the prices specified by tendering holders of Shares. The Company will select the Purchase Price which will allow it to buy 4,784,615 Shares (or such lesser number of Shares as are properly tendered at prices not greater than \$6.50 nor less than \$6.05 for each of the Shares) pursuant to the Offer. All Shares validly tendered at prices at or below the Purchase Price will be purchased at the Purchase Price, net to the seller in cash, upon the terms and subject to the conditions of the Offer, including its Odd Lot "priority", proration and conditional tender provisions. The Company will return all other Shares, including Shares tendered at prices greater than the Purchase Price and Shares not purchased because of proration or the conditional tender procedures, without expense to the shareholders. See Section 1 of the Offer to Purchase.

By checking this box, all Shares held by us for your account will be tendered. If less than all of the Shares are to be tendered, please check the box below and indicate the aggregate number of Shares to be tendered by us.

Please tender _____ of my Shares.*

- - - - -
* Unless otherwise indicated, it will be assumed that all Shares held for the account of the undersigned are to be tendered.

PRICE (IN DOLLARS) AT WHICH EACH OF THE SHARES ARE BEING TENDERED

IF SHARES ARE BEING TENDERED AT MORE THAN ONE PRICE, USE A SEPARATE INSTRUCTION FORM FOR EACH PRICE SPECIFIED.

CHECK ONLY ONE BOX. IF MORE THAN ONE BOX IS CHECKED, OR IF NO BOX IS CHECKED (EXCEPT AS PROVIDED IN THE ODD LOTS INSTRUCTIONS), THERE IS NO PROPER TENDER OF SHARES.

SHARES TENDERED AT PRICE DETERMINED BY MODIFIED DUTCH AUCTION

The undersigned wants to maximize the chance of having the Company purchase all the Shares the undersigned is tendering (subject to the possibility of proration). Accordingly, by checking this one box instead of one of the price boxes below, the undersigned hereby tenders Shares and is willing to accept the Purchase Price resulting from the modified "Dutch auction" process. This action will result in receiving a price for each of the Shares for as low as \$6.05 or as high as \$6.50.

-- OR --

SHARES TENDERED AT PRICE DETERMINED BY HOLDER

IF SHARES ARE BEING TENDERED AT MORE THAN ONE PRICE, USE A SEPARATE INSTRUCTION FORM FOR EACH PRICE SPECIFIED.

By checking one of the boxes below instead of the box above, the undersigned hereby tenders Shares at the price checked. This action could result in none of the Shares being purchased if the Purchase Price for the Shares is less than the price checked. If the Purchase Price for the Shares is equal to or greater than the price checked, then the Shares purchased by the Company will be purchased at the Purchase Price. A Holder who desires to tender Shares at more than one price must complete a separate Instruction Form for each price at which Shares are tendered. The same Shares cannot be tendered at more than one price (unless those Shares were previously tendered and withdrawn.)

\$6.05 \$6.10 \$6.15 \$6.20 \$6.25

\$6.30 \$6.35 \$6.40 \$6.45 \$6.50

ODD LOTS

To be checked ONLY if Shares are being tendered by or on behalf of a person owning beneficially, as of the close of business on December 20, 2001, and who continues to own beneficially as of the Expiration Date, an aggregate of less than 100 Shares.

The undersigned either (check one box):

- was the beneficial owner, as of the close of business on December 20, 2001, of an aggregate of less than 100 Shares all of which are being tendered; or
- is a broker, dealer, commercial bank, trust company or other nominee which:
- (a) is tendering, for the beneficial owners thereof, Shares with respect to which it is the record owner, and
 - (b) believes, based upon representations made to it by such beneficial owners, that each such person was the beneficial owner, as of the close of business on December 20, 2001, of an aggregate of less than 100 Shares and is tendering all of such Shares.

CONDITIONAL TENDER

You may condition your tender of Shares on us purchasing a specified minimum number of your tendered Shares, all as described in Section 6 of the Offer to Purchase. Unless the minimum number of Shares you indicate below is purchased by us in our Offer, none of the Shares you tendered will be purchased. It is your responsibility to calculate that minimum number of Shares that must be purchased if any are purchased, and you are urged to consult your own tax advisor before completing this section. Unless this box has been checked and a minimum number of Shares specified, your tender will be deemed unconditional.

The minimum number of Shares that must be purchased, if any are purchased, is: _____ Shares.

If because of proration, the minimum number of Shares that you designated above will not be purchased, we may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, you must have tendered all your Shares and checked this box:

The tendered Shares represent all shares held by me.

SIGNATURE BOX

Signature(s): _____

Dated: _____

Name(s) and Address(es): _____
(please print)

Area Code and Telephone Number: _____

Taxpayer Identification or Social Security Number: _____

Certificate Number(s)(If Available): _____

If Shares will be delivered by book-entry transfer, give Depository Trust Company Account Number: _____

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER TO GIVE THE PAYOR.
- - Social Security numbers have nine digits separated by two hyphens, e.g., 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen, e.g., 00-0000000. The table below will help determine the number to give the payor.

For this type of account: -----	Give the NAME* and SOCIAL SECURITY NUMBER of - -----	For this type of account: -----	Give the NAME and EMPLOYER IDENTIFICATION NUMBER of - -----
1. Individual	The individual	6. A valid trust, estate, or pension trust	The legal entity (4)
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account (1)	7. Corporate	The corporation
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor (2)	8. Association, club, religious, charitable, educational or other tax-exempt organization	The organization
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee (1)	9. Partnership	The partnership
b. So-called "trust" account that is not a legal or valid trust under state law	The actual owner (1)	10. A broker or registered nominee	The broker or nominee
5. Sole proprietorship	The owner (3)	11. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments	The public entity

* If you are an individual, you must generally enter the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage, without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

- (1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a social security number, that person's number must be furnished.
- (2) Circle the minor's name and furnish the minor's social security number.
- (3) You must show your individual name and may enter either your social security number or employee identification number.
- (4) List first and circle the name of the legal trust, estate or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

NOTE: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Obtaining a TIN

If you do not have a TIN or you do not know your number, obtain Form SS-5, Application for a Social Security Card (for resident individuals), Form SS-4, Application for Employer Identification Number (for businesses and all other entities), Form W-7, Application for IRS Individual Taxpayer Identification Number (for resident alien individuals required to file U.S. tax returns). You may obtain Form SS-5 from your local Social Security Administration Office and Forms SS-4 and W-7 from the IRS by calling 1-800-TAX-FORM (1-800-829-3676) or from the IRS's Internet Web Site at www.irs.gov.

To complete Substitute Form W-9 if you do not have a TIN, write "Applied For" in the space for the TIN in Part I, sign and date the form, and give it to the payor. Generally, you will then have 60 days to obtain a TIN and furnish it to the payor. If the payor does not receive your TIN within 60 days, backup withholding, if applicable, will begin and will continue until you furnish your TIN to the payor. Note: Writing "Applied For" means that you have already applied for a TIN OR that you intend to apply for one soon.

Payees Exempt from Backup Withholding

Unless otherwise noted herein, all references below to section numbers or to regulations are references to the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

Payees specifically exempted from backup withholding on all payments include the following:

- o A corporation.
- o A financial institution.
- o An organization exempt from tax under section 501 (a), any IRA, or a custodial account under section 403 (b) (7) if the account satisfies the requirements of section 401 (f) (2).
- o The United States or any of its agencies or instrumentalities.
- o A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.
- o A foreign government or any of its political subdivisions, agencies or instrumentalities.
- o An international organization or any of its agencies or instrumentalities.
- o A dealer in securities or commodities required to register in the United States, the District of Columbia or a possession of the United States.
- o A real estate investment trust.
- o A common trust fund operated by a bank under section 584 (a).
- o An entity registered at all times during the tax year under the Investment Company Act of 1940.
- o A foreign central bank of issue.

Payments Exempt from Backup Withholding

Dividends and patronage dividends that generally are exempt from backup withholding include:

- o Payments to nonresident aliens subject to withholding under section 1441.
- o Payments to partnerships not engaged in a trade or business in the United States and which have at least one nonresident alien partner.

- o Payments of patronage dividends not paid in money.
- o Payments made by certain foreign organizations.
- o Payments made to a middleman known in the investment community as a nominee or custodian.

Interest payments that generally are exempt from backup withholding include:

- o Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if (1) this interest payment is \$600 or more, (2) the interest is paid in the course of the payor's trade or business and (3) you have not provided a TIN or have provided an incorrect TIN to the payor.
- o Payments of tax-exempt interest (including exempt-interest dividends under section 852).
- o Payments described in section 6049 (b) (5) to non-resident aliens.
- o Payments on tax-free covenant bonds under section 1451.
- o Payments made by certain foreign organizations.
- o Payments made to a middleman known in the investment community as a nominee or custodian.

Exempt payees described above should file a Substitute Form W-9 to avoid possible erroneous backup withholding. FURNISH YOUR TIN IN PART I, WRITE "EXEMPT" IN PART II, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYOR.

Certain payments other than interest, dividends and patronage dividends that are not subject to information reporting also are not subject to backup withholding. For details, see the regulations under sections 6041, 6041A (a), 6045, and 6050A.

Privacy Act Notice. Section 6109 requires you to give your correct TIN to persons who must file information returns with the IRS to report interest, dividends and certain other payments. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS also may provide this information to the Department of Justice for civil and criminal litigation, and to cities, states and the District of Columbia to carry out their tax laws.

You must provide your TIN to the payor whether or not you are required to file a tax return. Payors must generally withhold from taxable interest, dividends, and certain other payments to a payee who does not give a TIN to a payor at the fourth lowest rate of tax applicable to unmarried individuals (currently 30.5%, effective until December 31, 2001). Certain penalties also may apply.

Penalties

- (1) Penalty for Failure to Furnish a TIN. -- If you fail to furnish your TIN to a payor, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.
- (2) Civil Penalty for False Statements With Respect to Withholding. -- If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a \$500 penalty.
- (3) Criminal Penalty for Falsifying Information. -- Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX
ADVISOR OR THE INTERNAL REVENUE SERVICE.

[graphic]

December 20, 2001

To Holders of the Acadia Common Shares of Beneficial Interest:

We are pleased to inform you that Acadia Realty Trust, a Maryland real estate investment trust ("Acadia" or the "Company") is offering to purchase 4,784,615 Common Shares of Beneficial Interest (including common units of limited partnership interests in Acadia Limited Partnership convertible into Acadia Realty Trust Common Shares of Beneficial Interest) ("Shares"), through a tender offer at a price not greater than \$6.50 nor less than \$6.05 for each of the Shares.

The price at which the Company will purchase the Shares (the "Purchase Price") will be determined through a modified "Dutch auction." This procedure allows you to select the price not greater than \$6.50 nor less than \$6.05 at which you are willing to sell your Shares to us. Based upon the number of Shares tendered and the prices specified by the tendering holders of Shares, we will determine a price for each of the Shares within such price range that will allow us to buy 4,784,615 Shares (or such lesser number of Shares as are validly tendered). All Shares validly tendered prior to the Expiration Date at prices at or below the Purchase Price will be purchased at the Purchase Price, net to the seller in cash, upon the terms and subject to the conditions of the Offer, including its Odd Lot "priority", proration and conditional tender provisions. The Company will return all other Shares, including Shares tendered at prices greater than the Purchase Price and Shares not purchased because of proration or the conditional tender procedures, without expense to the shareholders.

The tender offer provides holders of Shares with the opportunity to sell for cash without the usual transaction costs and, in the case of those holders who own less than 100 Shares, without incurring any applicable odd lot discounts.

The tender offer is explained in detail in the enclosed Offer to Purchase and Letter of Transmittal. If you wish to tender your holders of Shares, detailed instructions on how to tender your Shares are also in the enclosed materials. We encourage you to read these materials carefully before making any decision with respect to the tender offer. Neither the Company nor its Board of Trustees makes any recommendation to any holder of Shares as to whether to tender or refrain from tendering Shares.

Please note that the tender offer is scheduled to expire at 11:59 p.m., New York City time, on January 22, 2002, unless extended by the Company. Questions regarding the tender offer may be directed to MacKenzie Partners, Inc., the Information Agent, at 156 Fifth Avenue, New York, NY 10010; toll free: (800) 322-2885, toll collect: (212) 929-5500.

Sincerely,

/s/ Kenneth F. Bernstein

Kenneth F. Bernstein
President and Chief Executive Officer

Conditional Notice of Conversion
to
Convert the Common Units of Limited Partnership Interests
in Acadia Realty Limited
Partnership into Common Shares of Beneficial Interest
of
Acadia Realty Trust
in Connection with the Offer to Purchase
Dated December 20, 2001

This Conditional Notice of Conversion is to be completed by holders of common units of limited partnership interests ("Units") in Acadia Realty Limited Partnership who wish to convert their Units into Acadia Realty Trust ("Company") Common Shares of Beneficial Interest ("Shares") for the purpose of subsequently tendering Shares at the price indicated in the Letter of Transmittal, net to the seller in cash, upon the terms and subject to the conditions set forth in the Company's Offer to Purchase dated December 20, 2001 (the "Offer to Purchase").

Each Unit is convertible into one Share in accordance with the terms and conditions of the Acadia Realty Limited Partnership Amended and Restated Limited Partnership Agreement. If the Company determines to acquire Shares underlying your Units in the Offer, your Units will be automatically converted into Shares and acquired by us in the Offer under the same terms and conditions as all other Shares being acquired. Your election to convert will not become effective unless and until the Company determines to acquire your Shares in the Offer.

If you are in possession of a certificate representing the Units that you wish to convert into Shares, please forward the certificate herewith.

IF YOU ARE A HOLDER OF UNITS OF LIMITED PARTNERSHIP INTERESTS IN ACADIA REALTY LIMITED PARTNERSHIP AND YOU WISH TO CONVERT YOUR UNITS INTO ACADIA REALTY TRUST SHARES FOR THE PURPOSE OF TENDERING THOSE SHARES TO THE COMPANY IN THE OFFER THEN YOU MUST COMPLETE THIS CONDITIONAL CONVERSION NOTICE AND YOU MUST ALSO PROPERLY COMPLETE THE LETTER OF TRANSMITTAL.

HOLDERS OF UNITS IN ACADIA REALTY LIMITED PARTNERSHIP SHOULD CONSULT THEIR TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES OF THE CONVERSION OF UNITS TO SHARES.

To Acadia Realty Limited Partnership:

The undersigned hereby converts, subject to the terms and conditions described herein, common units of limited partnership interests ("Units") in Acadia Realty Limited Partnership (the "Partnership") into Common Shares of Beneficial Interest ("Shares") of Acadia Realty Trust (the "Company") upon the terms and subject to the conditions set forth in the Partnership's Amended and Restated Limited Partnership Agreement ("Partnership Agreement"). The undersigned understands that upon conversion, the resulting Shares will automatically be tendered to the Company in a modified Dutch auction.

The undersigned understands that subject to the provisions set forth in the Partnership Agreement, the holder of the Units may exchange any or all of the Units for Shares, with one Unit being exchangeable for one Share.

Notwithstanding the above, the undersigned understands that pursuant to Section 3.8 of the Partnership Agreement, a holder shall not have the right to convert Units for Shares if (i) in the opinion of the Company's counsel, the Company would, as a result thereof, no longer qualify (or it would be likely that the Company no longer would qualify) as a Real Estate Investment Trust; (ii) such exchange would, in the opinion of the Company's counsel, constitute or be likely to constitute a violation of applicable securities laws; or (iii) such exchange would result in a holder exceeding the ownership limitation provisions in the Company's Declaration of Trust, as such provisions are in effect.

The undersigned hereby represents and warrants to the Company that (i) the undersigned understands that conversion of the Units will constitute acceptance of the terms and conditions of the Offer, including the undersigned's representation and warranty that the undersigned has full power and authority to convert the Units; (ii) on request, the undersigned will execute and deliver any additional documents which the Depositary or the Company deems necessary or desirable to complete the conversion of the Units; and (iii) the undersigned has read and agrees to all of the terms of the Offer. The undersigned understands that a conversion of Units to Shares and the subsequent acceptance of those Shares by the Company for payment will constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Offer.

All authority conferred or agreed to be conferred in this Conditional Letter of Conversion shall survive the death or incapacity of the undersigned, and any obligations of the undersigned under this Conditional Notice of Conversion shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

The undersigned elects to exercise its conversion right as to its Units as specified below:

Number of Units to be converted into shares: _____*

* (This number must be equal to the number of shares that you tender to the Company in the Offer pursuant to the letter of Transmittal. One Unit is convertible into one Share.)

Unit Certificate(s) is (are) being forwarded herewith: yes no

Registration number(s) of unit certificate(s) being forwarded herewith (if any):

Signature(s) of Unit Holder(s):

Print Name(s):

Address:

Dated: _____

AT THE COMPANY:
Jon Grisham, Investor Relations
516-767-8830

AT FRB/WEBER SHANDWICK:
Susan Garland, General Inquiries
212-445-8458

ACADIA REALTY TRUST ANNOUNCES
"MODIFIED DUTCH AUCTION" TENDER OFFER
FOR UP TO 4.8 MILLION OF ITS COMMON SHARES
AND COMMON OPERATING PARTNERSHIP UNITS

New York, NY (December 20, 2001) - Acadia Realty Trust (NYSE:AKR), a fully integrated shopping center real estate investment trust, announced today that it is commencing a "modified Dutch Auction" tender offer to purchase up to 4.8 million, or 14% of its outstanding common shares and common operating partnership units (in combination "Shares"). Under the terms of the offer, Acadia shareholders may offer to sell to Acadia all or a portion of the Shares they own within a price range of \$6.05 to \$ 6.50 per share in cash. The offer begins today and will expire at 11:59 p.m. New York City time on January 22, 2002, unless the offer is extended.

The tender offer allows tendering shareholders to specify the price, within the \$6.05 - \$6.50 price range, at which they are willing to sell their Shares. Once the offer expires, Acadia will select the lowest purchase price that will allow it to purchase 4.8 million Shares, or such lesser number of Shares as is tendered. All Shares will be purchased at the same price. If more than 4.8 million shares are tendered, the Company will purchase the tendered Shares on a pro rata basis, other than from "odd lot" holders whose tendered Shares will generally be purchased in full. The offer is subject to a number of other terms and conditions that are specified in the Offer to Purchase being distributed to shareholders.

"The tender offer is the final step in the turnaround program we started three years ago," said Kenneth F. Bernstein, Acadia's President and CEO. "First, we have stabilized our core portfolio and are completing the disposition of substantially all of our non-core assets. Second, we have used the proceeds from asset sales to deleverage and strengthen our balance sheet. Third, we have positioned ourselves for growth by forming a new joint venture with several of our large institutional shareholders to acquire \$300 million of additional properties. Now, with a strong portfolio, a healthy balance sheet and capitalized for growth, we can address our share overhang issue. The Dutch Auction helps us alleviate an issue, which we believe has, in part, suppressed our share price. More importantly, it does this in a manner which is accretive to our remaining shareholders."

Acadia has also agreed to purchase up to 600,000 Shares (at the same price paid in the tender offer) from Ross Dworman, Chairman of Acadia's Board of Trustees, who currently owns 1.1 million Shares, or 3% of the Company's outstanding Shares. As a result of this transaction, and assuming Acadia's tender offer is fully subscribed, Acadia will have purchased an aggregate of approximately 16% of its outstanding Shares.

While Acadia's Board of Trustees has approved this tender offer, neither Acadia nor its Board of Trustees is making any recommendation to shareholders as to whether to tender or refrain from tendering their Shares or as to the price or prices at which they may choose to tender their Shares. Shareholders must make their own decision as to whether to tender their Shares and, if so, how many Shares to tender and the price or prices at which such Shares should be tendered.

Acadia Realty Trust, headquartered on Long Island, NY, is a self-administered equity real estate investment trust structured as an UPREIT, which specializes in the operation, management, leasing, renovation and acquisition of shopping centers properties. The Company currently owns and operates 54 properties totaling approximately 10 million square feet, primarily in the eastern half of the United States. Acadia's principal executive offices are located in Port Washington, New York, with a corporate office located in Manhattan.

This press release is for informational purposes only and is not an offer to buy or the solicitation of an offer to sell any shares of Acadia's common shares. The offer is being made solely by the Offer to Purchase and related Letter of Transmittal. Investors are urged to read Acadia's tender offer statement on Schedule TO filed with the SEC in connection with Acadia's Dutch auction tender offer, which includes as an exhibit the Offer to Purchase and Letter of Transmittal, as well as any amendments or supplements to the statement when they become available, because they contain important information. Each of these documents has been or will be filed with the SEC and investors may obtain them for free from the SEC at the SEC's website (www.sec.gov) or from MacKenzie Partners, Inc., the information agent for the tender offer, by directing such request to MacKenzie Partners, Inc., 156 Fifth Avenue, New York, NY 10010, telephone (800) 322-2885.

Certain matters in this press release may constitute forward-looking statements within the meaning of the Private Litigation Reform Act of 1995 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. Such forward-looking statements speak only as of the date of this document. 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.

For more information on Acadia Realty Trust visit Acadia Realty Trust's Web site at www.acadiarealty.com

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT (this "AGREEMENT"), dated as of December 14, 2001, by and between Acadia Realty Trust, a Maryland real estate investment trust (the "COMPANY"), and Ross Dworman ("Mr. Dworman").

WHEREAS, as of the date of this Agreement, the total number of Common Shares of Beneficial Interest, par value \$0.001, of the Company (the "SHARES") outstanding is 28,448,699;

WHEREAS, Mr. Dworman beneficially owns 2,145,403 Shares (including 1,000,000 vested options to purchase Shares issued pursuant to the Company's 1999 Share Incentive Plan);

WHEREAS, the Company intends to commence a "modified Dutch Auction" tender offer to shareholders offering to purchase up to 4,784,615 Shares and inviting shareholders to tender Shares to the Company at a price not greater than \$6.50 nor less than \$6.05 per Share in cash, as specified by tendering shareholders, in all material respects on the terms of the draft Offer to Purchase (the "OFFER TO PURCHASE") on Schedule TO delivered to Mr. Dworman on the date hereof (the "OFFER");

WHEREAS, the Company desires to purchase from Mr. Dworman and Mr. Dworman desires to sell to the Company up to 600,000 Shares, constituting up to 2.1% of the outstanding Shares, at a purchase price equal to the purchase price paid to shareholders tendering into the Offer in cash, pursuant to this Agreement (the "DWRORMAN PURCHASE" and, together with the Offer, collectively the "SHARE PURCHASE");

NOW, THEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the parties hereto hereby agree as follows:

ARTICLE 1
PURCHASE AND SALE OF THE SHARES

Section 1.1 THE PURCHASE. On the terms and subject to the conditions of this Agreement, at the Closing referred to in Section 1.2, Mr. Dworman hereby agrees to sell, transfer, convey and assign to the Company, and the Company hereby agrees to purchase from Mr. Dworman, at a cash purchase price equal to that paid to shareholders pursuant to the Offer a number of shares (the "PURCHASED DWRORMAN SHARES") equal to either,

- (a) if the Offer is undersubscribed or fully subscribed, 600,000 Shares; or
- (b) if the Offer is oversubscribed, a number of Shares equal to the lesser of (i) 600,000 and (ii) the product of (x) 1,135,403 multiplied by (y) the number of Shares purchased in the Offer divided by the number of Shares (including units of limited partnership interest convertible into Shares) tendered in the Offer.

Section 1.2 CLOSING. The closing of the transactions contemplated by this Agreement (the "CLOSING") shall take place at the offices of the Company on the eleventh business day after the termination of the Offer or, if later, on the day following full satisfaction or due waiver of all of the closing conditions set forth in ARTICLE 4 hereof (other than those to be satisfied by deliveries at the Closing). At the Closing, Mr. Dworman shall deliver to the Company stock certificates representing the Purchased Dworman Shares to be purchased hereunder duly endorsed for transfer or accompanied by duly executed stock powers or forms of assignment; and the Company shall deliver to Mr. Dworman the amount to be paid for the Purchased Dworman Shares by wire transfer of immediately available funds to one or more accounts designated by Mr. Dworman in writing to the Company prior to the Closing.

ARTICLE 2 REPRESENTATIONS

Section 2.1 REPRESENTATIONS OF THE COMPANY. The Company hereby represents and warrants to Mr. Dworman that:

(a) The Company is validly existing and in good standing under the laws of Maryland and has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby.

(b) The execution and delivery by the Company of this Agreement, and the consummation by the Company of the transactions contemplated hereby, have been duly authorized on the part of the Company.

(c) This Agreement has been duly executed and delivered by the Company and subject to the effect of any applicable bankruptcy, reorganization, insolvency, moratorium or similar law affecting creditors' rights generally and general principles of equity, constitutes a valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

Section 2.2 REPRESENTATIONS OF MR. DWORMAN. Mr. Dworman hereby represents and warrants to the Company that:

(a) Mr. Dworman has full power and authority to execute and deliver this Agreement and to carry out the provisions hereof.

(b) This Agreement has been duly and validly executed and delivered by Mr. Dworman and constitutes a valid and binding agreement of Mr. Dworman, enforceable against Mr. Dworman in accordance with its terms.

(c) Mr. Dworman has good and valid title to his Shares, free and clear of any lien, pledge, security interest or other encumbrance whatsoever ("LIENS") and upon payment for the Purchased Dworman Shares in accordance with this Agreement, the Company will acquire good and valid title to the Purchased Dworman Shares, free and clear of all Liens, restrictions, charges or adverse

claims. Mr. Dworman will, upon request, execute and deliver any additional documents reasonably deemed by the Company to be necessary or desirable to complete the sale, transfer, conveyance and assignment of the Purchased Dworman Shares. Mr. Dworman does not currently intend to sell, transfer, assign, pledge, distribute or otherwise dispose of any of the Shares beneficially owned by him on the date hereof, other than pursuant to this Agreement.

(d) No authorization, consent or approval of, or filing with, any court or any public body or authority is necessary for the consummation by Mr. Dworman of the transactions contemplated by this Agreement. The execution, delivery and performance of this Agreement by Mr. Dworman will not constitute a breach, violation or default (or any event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration under, or result in the creation of any lien or encumbrance upon any of the properties or assets of Mr. Dworman under, any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument to which Mr. Dworman is a party or by which Mr. Dworman's properties or assets are bound.

(e) As of the date of this Agreement, Mr. Dworman is in compliance with all federal and state securities laws (including, without limitation, Sections 13 and 16 of the Securities Exchange Act of 1934, as amended) with respect to his ownership of the Purchased Dworman Shares.

(f) Mr. Dworman is not in possession of any material nonpublic information concerning the business, operations or prospects of the Company and, in the event that, prior to the Closing, Mr. Dworman becomes aware of any material nonpublic information regarding the Company, Mr. Dworman shall notify the Company immediately and the Company may, at its option, terminate this Agreement. "Material" information for these purposes is any information to which an investor would reasonably attach importance in reaching a decision to buy, sell, or hold securities of the Issuer.

ARTICLE 3 COVENANTS

Section 3.1 OFFER; AGREEMENT NOT TO TENDER. (a) The Offer shall be for not more than 4,784,615 Shares at a purchase price of not greater than \$6.50 nor less than \$6.05 per Share and shall be in all material respects on the terms of the draft Tender Offer Statement on Schedule TO delivered to Mr. Dworman on the date hereof, subject to amendments made to the Offer in accordance with applicable tender offer rules.

(b) Mr. Dworman shall not tender any Shares in the Offer.

Section 3.2 RESTRICTIONS ON TRANSFER, PROXIES AND NON-INTERFERENCE. Until the completion of the Dworman Purchase or the termination of this Agreement, Mr. Dworman shall not (i) sell, transfer, pledge, encumber, assign or otherwise dispose of, or enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, pledge, encumbrance, assignment or other disposition of, any of his Shares, (ii) grant any proxies, powers of attorney or other authorization or consent, deposit any Shares into an agreement with respect to any such Shares or (iii) take any

action that would make any representation or warranty of Mr. Dworman contained herein untrue or incorrect or have the effect of preventing or disabling Mr. Dworman from performing his obligations under this Agreement.

ARTICLE 4
CONDITIONS OF THE AGREEMENT

Section 4.1 CONDITIONS TO OBLIGATION OF MR. DWORMAN. The obligations of Mr. Dworman to consummate the transactions to be performed by him in connection with the Closing is subject to satisfaction of the following conditions:

(a) The representations and warranties of the Company set forth in Section 2.1 shall be true and correct in all material respects at and as of the date of Closing;

(b) There shall not have been instituted or pending before any court, agency, authority or other tribunal any action, suit or proceeding by any government or governmental, regulatory or administrative agency or authority or by any other person, domestic or foreign, or any judgment, order or injunction entered, enforced or deemed applicable by any such court, authority, agency or tribunal, which challenges or seeks to make illegal, or to delay or otherwise directly or indirectly to restrain, prohibit or otherwise affect the Share Purchase; and

(c) There shall not have been any action threatened or taken, or any approval withheld, or any statute, rule or regulation invoked, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to the Share Repurchase, Mr. Dworman or the Company or any of its subsidiaries, by any government or governmental, regulatory or administrative authority or agency or tribunal, domestic or foreign, which would is likely to directly or indirectly result in any of the consequences referred to in paragraph (b) above.

Section 4.2 CONDITIONS TO OBLIGATION OF THE COMPANY. The obligation of the Company to consummate the transactions to be performed by them in connection with the Closing is subject to satisfaction of the following conditions:

(a) The representations and warranties of Mr. Dworman set forth in Section 2.2 shall be true and correct in all material respects at and as of the date of the Closing;

(b) Ten business days shall have elapsed since the termination of the Offer and the Company shall have paid for the Shares purchased thereunder;

(c) There shall not have been instituted or pending before any court, agency, authority or other tribunal any action, suit or proceeding by any government or governmental, regulatory or administrative agency or authority or by any other person, domestic or foreign, or any judgment, order or injunction entered, enforced or deemed applicable by any such court, authority, agency or tribunal, which challenges or seeks to make illegal, or to delay or otherwise directly or indirectly to restrain, prohibit or otherwise affect the Share Purchase; and

(d) There shall not have been any action threatened or taken, or any approval withheld, or any statute, rule or regulation invoked, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be

applicable to the Share Repurchase, Mr. Dworman or the Company or any of its subsidiaries, by any government or governmental, regulatory or administrative authority or agency or tribunal, domestic or foreign, which would or is likely to directly or indirectly result in any of the consequences referred to in paragraph (c) above.

ARTICLE 5
MISCELLANEOUS

Section 5.1 TERMINATION. This Agreement will terminate if the Company does not commence the Offer within five business days of the date of this Agreement or the Offer expires or terminates without the Company accepting and purchasing any Shares thereunder. In addition, if the Closing has not occurred on or before the expiration of sixty days after the Company's acceptance of and payment for Shares pursuant to the Offer by reason of the failure of any condition under ARTICLE 4 to be satisfied, which failure has occurred and is continuing, this Agreement may be terminated by written notice of either party. In the event of any termination pursuant to this Section 5.1, all obligations of the parties hereunder shall terminate without any liability of any party to the other (except for any liability of any party then in breach).

Section 5.2 GOVERNING LAW. This Agreement shall be construed in accordance with and governed by the laws of the State of New York applicable to agreements made and to be performed wholly within such jurisdiction.

Section 5.3 ASSIGNMENT. No party may assign either this Agreement or any of such party's rights, interests or obligations hereunder without the prior written approval of the other party.

Section 5.4 SEVERABILITY. If any provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner to any party. Upon such determination that any provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner so that the transactions contemplated hereby are fulfilled to the greatest extent possible.

Section 5.5 FACSIMILE SIGNATURES. Delivery of a photocopy or transmission by telecopy of a signed signature page of this Agreement shall constitute delivery of such signed signature page.

Section 5.6 EXCLUSIVE AGREEMENT. This Agreement constitutes the sole understanding of the parties with respect to the subject matter hereof and any verbal or written communication between the parties prior to the adoption of this Agreement shall be deemed merged herein and of no further force or effect.

IN WITNESS WHEREOF, the parties have executed this Agreement and caused the same to be duly delivered on their behalf as of the day and year first written above.

Acadia Realty Trust

By: /s/ Kenneth F. Bernstein

Name: Kenneth F. Bernstein
Title: President and Chief Executive Officer

/s/ Ross Dworman

Ross Dworman

[signature page to Stock Purchase Agreement]