ACADIA REALTY TRUST
Form DEF 14A
April 09, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant [x]
Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement
[ ] **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
[X] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Pursuant to §240.14a-12

Acadia Realty Trust

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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[x] No fee required.
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1) Title of each class of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 15, 2007

TO OUR SHAREHOLDERS:

Please take notice that the annual meeting of shareholders (the "Annual Meeting") of Acadia Realty Trust (the "Company") will be held on Tuesday, May 15, 2007, at 10:00 a.m., local time, at the offices of Paul, Hastings, Janofsky & Walker, LLP, which are located at Park Avenue Tower, 75 East 55th Street, New York, NY 10022, for the purpose of considering and voting upon:

1. The election of seven Trustees to hold office until the next annual meeting of shareholders and until their successors are duly elected and qualified;

2. The ratification of the appointment of BDO Seidman, LLP as the independent registered public accounting firm for the Company for the fiscal year ending December 31, 2007;

3. Such other business as may properly come before the annual meeting.

The Board of Trustees of the Company recommends a vote "FOR" each of the proposals. You should carefully review the accompanying Proxy Statement which contains additional information.

The Board of Trustees has fixed the close of business on March 30, 2007 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof.

By order of the Board of Trustees,

Robert Masters, Secretary
April 9, 2007

IT IS VERY IMPORTANT THAT YOU SUBMIT YOUR PROXY BY FOLLOWING THE INSTRUCTIONS ON THE PROXY CARD. PLEASE COMPLETE, DATE, SIGN AND RETURN PROMPTLY THE ENCLOSED FORM OF PROXY IN THE ENVELOPE PROVIDED FOR THAT PURPOSE WHETHER OR NOT YOU PLAN

TO ATTEND THE MEETING. NO POSTAGE IS REQUIRED FOR MAILING IN THE UNITED STATES.

YOUR FAILURE TO PROMPTLY RETURN THE PROXY INCREASES THE OPERATING COSTS OF YOUR INVESTMENT.

YOU ARE CORDIALLY INVITED TO PERSONALLY ATTEND THE MEETING, BUT YOU SHOULD VOTE WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING.

ACADIA REALTY TRUST
1311 MAMARONECK AVENUE, SUITE 260, WHITE PLAINS, NEW YORK 10605

PROXY STATEMENT FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD May 15, 2007

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Trustees ("Board of Trustees," "Trustees" or "Board") of the Company for use at the Annual Meeting of its shareholders scheduled to be held on Tuesday, May 15, 2007, at 10:00 a.m., local time, at the offices of Paul, Hastings, Janofsky & Walker, LLP, which are located at Park Avenue Tower, 75 East 55th Street, New York, NY 10022, or any postponement or adjournment thereof. This Proxy Statement and accompanying form of proxy were first sent to shareholders on or about April 9, 2007.

The Company will bear the costs of the solicitation of its proxies in connection with the Annual Meeting, including the costs of preparing, assembling and mailing proxy materials and the handling and tabulation of proxies received. In addition to solicitation of proxies by mail, the Company's Board of Trustees, officers and employees may solicit proxies in connection with the Annual Meeting by telephone, telegram, personal interviews or otherwise. Trustees, officers and employees will not be paid any additional compensation for soliciting proxies. Arrangements have been made with brokerage firms, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of common shares of beneficial interest, par value $.001 of the Company, (the "Common Shares") held of record by such persons or firms with their nominees, and in connection therewith, such firms will be reimbursed for their reasonable out-of-pocket expenses in forwarding such materials.

All properly executed and unrevoked proxies in the accompanying form that are received in time for the Annual Meeting will be voted at the Annual Meeting in accordance with the specification thereon. If no specification is made, signed proxies will be voted "FOR" each of the proposals set forth in the Notice of Annual Meeting. Any shareholder executing and delivering a proxy has the right to revoke such proxy at any time prior to the voting thereof by notice to the Company. In addition, although mere attendance at the Annual Meeting will not revoke a proxy, a person present at the Annual Meeting may withdraw his or her proxy and vote in person at that time. Any written notice revoking a proxy should be delivered at or prior to the Annual Meeting to the attention of the Secretary, Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, New York 10605.

The Board of Trustees recommends a vote "FOR" each of the proposals.

OUTSTANDING SHARES AND VOTING RIGHTS

The outstanding capital shares of the Company as of March 30, 2007 consisted of 32,132,797 Common Shares. Holders of Common Shares are entitled to one vote for each Common Share registered in their names on the record date. The Board of Trustees has fixed the close of business on March 30, 2007 as the record date for determination of shareholders entitled to notice of, and to vote at, the Annual Meeting. The presence, in person or by proxy, of the holders of Common Shares entitled to cast at least a majority of the votes of the outstanding Common Shares on March 30, 2007 will constitute a quorum to transact business at the Annual Meeting.

The approval of a plurality of the votes cast by holders of Common Shares in person or by proxy at the Annual Meeting in the election of Trustees will be required to approve the nominees for Trustees at the Annual Meeting. There is no cumulative voting in the election of Trustees. The approval of a majority of the votes cast by holders of

Common Shares in person or by proxy at the Annual Meeting will be required for the ratification of the appointment of the independent registered public accounting firm of BDO Seidman, LLP as the independent registered public accounting firm.

Proxies marked abstain and which have not voted on a particular proposal are included in determining a quorum for the Annual Meeting. Abstentions and broker non-votes are not treated as votes cast in the election of Trustees or in the ratification of the appointment of the independent registered public accounting firm, and thus are not the equivalent of votes against a nominee or against the ratification of the appointment of BDO Seidman, LLP as the independent registered public accounting firm, as the case may be, and will not affect the vote with respect to these matters.

PROPOSAL 1 ELECTION OF TRUSTEES

There are seven nominees for election as Trustees for one-year terms, expiring in 2008 or until their successors are elected. Election of each Trustee requires the approval of a plurality of the votes cast by the holders of Common Shares in person or by proxy at the Annual Meeting.

The Companys Bylaws provide that the Board of Trustees may be composed of up to a maximum of 15 members. The Board of Trustees currently consists of seven Trustees, each of whom serves until the next annual meeting of shareholders and until his or her successor is duly elected and qualified. As stated elsewhere herein, the enclosed proxy will be voted for the election as Trustee of each nominee whose name is set forth below unless a contrary instruction is given. All of the nominees currently serve as Trustees of the Company. Management believes that all of its nominees are willing and able to serve the Company as Trustees. If any nominee at the time of election is unable or unwilling to serve or is otherwise unavailable for election, and as a consequence thereof, other nominees are designated, the persons named in the enclosed proxy or their substitutes will have the discretion and authority to vote or refrain from voting for other nominees in accordance with their judgment. The Board of Trustees has a Nominating and Corporate Governance Committee.

Trustee Independence. With six independent Trustees out of seven, the Board has satisfied its objective that a majority of the Board should consist of independent Trustees. The Board of Trustees has affirmatively determined that each of Messrs. Crocker, Forman, Kellar and Wielansky and Mss. Hopgood and Luscombe is independent under the rules of the New York Stock Exchange. The Board of Trustees considered transactions and relationships between each Trustee or any member of his or her immediate family and the Company and its subsidiaries and affiliates. In determining Mr. Wielanskys independence, the Board of Trustees considered the fact that Mr. Wielansky is entitled to receive annual fees totaling $100,000 for providing consulting services to the Company, including assisting with the underwriting and analysis of development and redevelopment opportunities as well as assisting with sourcing of direct acquisitions and identifying potential joint venture partners. The Board of Trustees did not consider this relationship to be material in determining Mr. Wielanskys independence because it believed the amount involved would not interfere with Mr. Wielanskys independent judgment. The Board of Trustees has determined that each member of the Audit, Compensation and Nominating and Corporate Governance committees is independent under the criteria for independence set forth in the listing standards of the New York Stock Exchange. Upon the election of all nominees, the Company will meet the New York Stock Exchange requirement for a majority of independent Trustees serving on the Board of Trustees.

The following is a brief description of the nominees for election as Trustees of the Company:

Kenneth F. Bernstein, age 45, has been Chief Executive Officer of the Company since January of 2001. He has been President and Trustee of the Company since August 1998, when the Company acquired substantially all of the assets of RD Capital, Inc. (RDC) and affiliates. Mr. Bernstein is responsible for strategic planning as well as overseeing the day-to-day activities of the Company including operations, acquisitions and capital markets. From 1990 to August 1998, Mr. Bernstein was the President and Chief Operating Officer of RDC. In such capacity, he was responsible for overseeing the day-to-day operations of RDC, its management companies, and its affiliated partnerships. Prior to joining RDC, Mr. Bernstein was an associate at the New York law firm of Battle Fowler, LLP, from 1986 to 1990.

Mr. Bernstein received his Bachelor of Arts Degree from the University of Vermont and his Juris Doctorate from Boston University School of Law. Mr. Bernstein also serves on the Board of Directors for BRT Realty Trust. Mr. Bernstein is also a member of the National Association of Corporate Directors ("NACD").

Douglas Crocker II, age 67, has been a Trustee of the Company since November 2003. Mr. Crocker was most recently the Chief Executive Officer of Equity Residential, a multi-family residential real estate investment trust ("REIT"). During Mr. Crocker's tenure, Equity Residential grew from 21,000 apartments with a total market capitalization of $700 million to a $17 billion company with over 225,000 apartments. Mr. Crocker was also a former Managing Director of Prudential Securities, and from 1982 to 1992 served as Chief Executive Officer of McKinley Finance Group, a privately held company involved with real estate, banking and corporate finance. From 1979 to 1982 Mr. Crocker was President of American Invesco, the nation's largest condominium conversion company, and from 1969 to 1979 served as Vice President of Arlen Realty and Development Company. He currently sits on the boards of real estate companies Ventas, Wellsford Real Properties, Post Properties and also serves on the board of National Water and Power, Inc. Mr. Crocker has been a five-time recipient of Commercial Property News' Multifamily Executive of the Year Award, a three-time winner of their REIT Executive of the Year Award and three-time winner of Realty Stock Review's Outstanding CEO Award. He has over forty years of real estate experience. Mr. Crocker is also a member of the NACD.

Alan S. Forman, age 41, has been a Trustee of the Company since August 2002. Mr. Forman is a Director of the Yale University Investments Office, with general responsibility for the Yale Endowment's $3.3 billion portfolio of real estate investments. Mr. Forman received his B.A. degree from Dartmouth College in 1987 and an M.B.A. degree from Stern School of Business at New York University in 1990. Later that year, Mr. Forman joined the Yale University Investments Office as a Financial Analyst. In 1993, he was awarded the Chartered Financial Analyst (CFA) designation by the Association for Investment Management and Research (AIMR) after completing the requisite examinations. Mr. Forman is a member of the Managing Board of Kimpton Group Holding, LLC. Mr. Forman is also a member of the NACD.

Suzanne M. Hopgood, age 57, was responsible for overseeing a $1 billion equity real estate investment portfolio for Aetna Realty Investors prior to founding The Hopgood Group, LLC, a provider of consulting and interim management services. She is currently developing residential property in Hartford, Connecticut and has over 25 years of real estate experience. She currently serves on the board of DHB Industries Inc, a manufacturer of protective gear for the military and law enforcement agencies. She has served as Chairman of the Board of two public companies: Del Global Technologies (DGTC) and Furr's Restaurant Group, Inc. (NYSE: FRG). She has served as Chairman of an audit committee and she is an audit committee financial expert as that term is defined by the Securities and Exchange Commission ("SEC"). She has also served as the Chief Executive Officer of both public and private companies. Ms. Hopgood has extensive experience in workouts, turnarounds and restructurings. She is an NACD Certified Director and co-authored the award-winning, "Board Leadership for the Company in Crisis". She is on the faculty of NACD and teaches Institutional Shareholder Services ("ISS") approved courses for NACD.

Lorrence T. Kellar, age 69, has been a Trustee of the Company since November 2003 and is an audit committee financial expert under rules promulgated by the SEC. Mr. Kellar is currently Vice President, Retail Development for Continental Properties and is a director of Multi-Color Corporation (Chairman), Frisch's Restaurants and Spar Group, Inc. Prior to joining Continental Properties, Mr. Kellar served as Vice President of Real Estate with Kmart Corporation from 1996 to 2002. From 1965 to 1996, Mr. Kellar served with The Kroger Co., the country's largest supermarket company, where his final position was Group Vice President of Finance and Real Estate. Mr. Kellar is also a member of the NACD.

Wendy Luscombe, age 55, has been a Trustee of the Company since 2004. She is President and Chief Executive Officer of WKL Associates, Inc., a real estate consultant founded in 1994. Ms. Luscombe has managed investment portfolios totaling $5 billion over the last 25 years and has represented foreign investors including UK Prudential and British Coal Pension Funds in their US real estate investment initiatives. For 10 years she was Chief Executive Officer of Pan American Properties, Inc., a REIT sponsored by British Coal Pension Funds. She was also a member of the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"). Ms. Luscombe has served on various boards of public companies in both the USA and UK for over 20 years and is an audit committee financial expert. She currently serves as a Board Member, Chairman of the Investment Committee and member of the audit committee for PXRE Group Ltd., a New York Stock Exchange listed reinsurance company. She also serves as Co-Lead Director, Board Member and audit committee member for the Zweig Fund and Zweig Total Return Fund, public closed-end mutual funds. Additionally, she serves as Chairman of the Management Oversight Committee for the Deutsche Bank International Real Estate Opportunities Fund. She was previously a Board Member for Endeavour Real Estate Securities a private REIT mutual fund. Ms. Luscombe is also a member of the NACD and an NACD Certified Director, a member of the International Corporate Governance Network, a Fellow of the Royal Institution of Chartered Surveyors and a Member of the Chartered Institute of Arbitrators.

Lee S. Wielansky, age 55, has been a Trustee of the Company since May 2000. Mr. Wielansky is Chairman and Chief Executive Officer of Midland Development Group, Inc., which focuses on the development of retail properties in the mid-west and southeast. From November 2000 to March 2003, Mr. Wielansky served as Chief Executive Officer and President of JDN Development Company, Inc. and a director of JDN Realty Corporation through its merger with Developers Diversified Realty Corporation in 2003. He was also a founding partner and Chief Executive Officer of Midland Development Group, Inc. from 1983 through 1998 when the company was sold to Regency Centers Corporation. Mr. Wielansky also serves as a Board Member of Pulaski Bank and Isle of Capri Casinos, Inc. Mr. Wielansky is also a member of the NACD.

Vote Required; Recommendation

The election to the Board of Trustees of each of the seven nominees will require the approval of a plurality of the votes cast by the holders of Common Shares in person or by proxy at the Annual Meeting. The Board of Trustees unanimously recommends that the shareholders vote FOR the election of each of the seven nominees to the Board of Trustees.

PROPOSAL 2 RATIFICATION OF APPOINTMENT OF AUDITORS

The Board of Trustees has selected BDO Seidman, LLP as the Companys independent registered public accounting firm for the fiscal year ending December 31, 2007, and has directed that the selection of the independent registered public accounting firm be submitted for ratification by the shareholders at the Annual Meeting.

Shareholder ratification of the selection of BDO Seidman, LLP as the Companys independent registered public accounting firm is not required by the Companys Declaration of Trust, Bylaws or otherwise. However, the Board of Trustees is submitting the selection of BDO Seidman, LLP to the shareholders for ratification as a matter of what it considers to be good corporate practice. Notwithstanding the ratification of, or failure to ratify the selection, the Audit Committee of the Board of Trustees in its discretion may direct the appointment of a different independent accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interests of the Company and its subsidiaries.

Representatives of BDO Seidman, LLP are not expected to be present at the Annual Meeting.

Vote Required; Recommendation

The approval of a majority of the votes cast by holders of Common Shares in person or by proxy at the Annual Meeting in the ratification of the appointment of the independent registered public accounting firm is required to ratify the appointment of BDO Seidman, LLP as the independent registered public accounting firm. The Board of Trustees unanimously recommends that the shareholders vote FOR the ratification of BDO Seidman, LLP as the independent registered public accounting firm.

MANAGEMENT

Meetings and Attendance

During 2006, the Board of Trustees held seven meetings, the Audit Committee held 14 meetings, the Compensation Committee held 13 meetings, the Nominating and Corporate Governance Committee held six meetings and the Investment/Capital Markets Committee held one meeting and had numerous discussions on transactions. The average attendance in the aggregate of the total number of Board of Trustees and committee meetings was 95%, and no Trustee attended fewer than 86% of the aggregate of all meetings of the Board of Trustees and applicable committee meetings. The Company does not have a formal policy requiring Trustees to be present at annual meetings, although the Company does encourage their attendance. Consistent attendance with a minimum of missed meetings is important in carrying out the responsibilities of being a Trustee. All of the Company's Trustees attended the 2006 annual meeting.

Trustees and Named Executive Officers

The Trustees and Named Executive Officers (as hereinafter defined) of the Company as of the date of this Proxy Statement are as follows:

Name	Age	Office Held	Year First Became Officer/ Trustee	Term Expires
Kenneth F. Bernstein	45	Trustee and Chief Executive Officer	1998	2007
Lee S. Wielansky	55	Trustee; Independent Lead Trustee	2000	2007
Alan S. Forman	41	Trustee	2002	2007
Douglas Crocker II	67	Trustee	2003	2007
Lorrence T. Kellar	69	Trustee	2003	2007
Suzanne M. Hopgood	57	Trustee	2004	2007
Wendy Luscombe	55	Trustee	2004	2007
Joel Braun	55	Executive Vice President and Chief Investment Officer	1998	—
Jonathan Grisham	49	Vice President and Chief Accounting Officer	1998	—
Joseph Hogan	56	Senior Vice President and Director of Construction	1999	—
Robert Masters	62	Senior Vice President, General Counsel, Chief Compliance Officer and Secretary	1998	—
Joseph Napolitano	42	Senior Vice President and Director of Operations	2001	—
Michael Nelsen	60	Senior Vice President and Chief Financial Officer	2003	—
Joseph Povinelli	50	Senior Vice President and Director of Leasing	2003	—
Robert Scholem	44	Senior Vice President and Director of Property Management	2005	

Biographical information with respect to Messrs. Bernstein, Crocker, Forman, Kellar and Wielansky, and Mss. Hopgood and Luscombe is set forth under "PROPOSAL ONE — ELECTION OF TRUSTEES," above.

Joel Braun, age 55, has been Chief Investment Officer of the Company since August 1998 and until January 2007 when he was named Executive Vice President, was a Senior Vice President. Mr. Braun is responsible for all of the Company's merger and acquisition activities. Previously, Mr. Braun was Vice President of Acquisitions for RD Capital, Inc. Mr. Braun holds a Bachelor's Degree in Business Administration from Boston University and a Master's Degree in Planning from The Johns Hopkins University.

Jonathan Grisham, age 49, has been a Vice President and Chief Accounting Officer since February 2005. Previously, Mr. Grisham was Director of Financial Reporting for the Company since August 1998. Prior to this, Mr. Grisham served in various positions at Mark Centers Trust since 1993, most recently as Controller. From 1987 through 1992, Mr. Grisham was an employee of the public accounting firm of Aronson & Company. Mr. Grisham is a Certified Public Accountant and received a Masters in Finance from Kings College in 1998 and a Bachelor of Science in Accounting from George Mason University in 1987.

Joseph Hogan, age 56, has been a Senior Vice President and Director of Construction since 1999. From 1994 to 1999, Mr. Hogan served as Vice President with Kimco Realty Corporation, where he was responsible for retail and commercial construction projects for Kimco and its third party customers. Prior to joining Kimco, he was with Konover Construction Company located in West Hartford, Connecticut, where he was responsible for construction projects throughout the eastern half of the United States.

Robert Masters, Esq., age 62, has been a Senior Vice President, the General Counsel, Chief Compliance Officer and Secretary of the Company since 1998 and was previously General Counsel of RD Capital, Inc. since 1994. Prior to that, Mr. Masters was General Counsel for API Asset Management for over five years, Senior Vice President, Deputy General Counsel for European American Bank from 1985 to 1990, and Vice President and Counsel for National Westminster Bank from 1977 to 1985. Mr. Masters received his Bachelor of Arts from the City University of New York and his J.D. from New York University Law School. Mr. Masters is a member of the New York State Bar.

Joseph M. Napolitano, age 42, is responsible for overseeing the Company's Asset Management, Human Resources, and Information Technology Departments. Previously, he held the position of Senior Vice President, Director of Property Management. Mr. Napolitano has been with the company since 1995. He holds a Bachelor's in Business Administration from Adelphi University, Garden City, NY. Mr. Napolitano is a Certified Property Manager with the Institute of Real Estate Management, and a Real Property Administrator with the Building Owners and Managers Institute. Mr. Napolitano is also a member of the New York State Association of Realtors, International Council of Shopping Centers ("ICSC"), and the Commercial Investment Real Estate Institute.

Michael Nelsen, age 60, has been the Chief Financial Officer and a Senior Vice President since March 2003. Prior to joining the Company, Mr. Nelsen was the President of G. Soros Realty, Inc. and Director of Real Estate for Soros Private Funds Management LLC from 1994 to 2003. His responsibilities included asset/portfolio management of real estate operations, financial reporting, financings, asset acquisitions and dispositions. From 1969 to 1980 he was an employee, and from 1981 to 1994, he was a partner, of the public accounting firm of Berdon LLP (formerly David Berdon & Co.). Mr. Nelsen graduated from Bernard M. Baruch School of Business in 1969 and has been a Certified Public Accountant since 1971.

Joseph Povinelli, age 50, has been a Senior Vice President and Director of Leasing since March 2003. Mr. Povinelli joined the Company in 1999 with 19 years of retail leasing experience. From 1987 through 1999, Mr. Povinelli served as regional real estate representative for Vornado Realty Trust, a New Jersey based REIT, and was responsible for the day to day leasing activity of approximately 3 million square feet of the strip shopping center portfolio. Prior to that, he served as leasing representative for Net Properties Management, of Great Neck, New York, responsible for leasing of the strip shopping center and office building portfolio of the mid-atlantic and southeast regions of the Company. Mr. Povinelli received a Bachelor of Science degree in Finance and Economics from C.W. Post College of Long Island University. Mr. Povinelli has been a licensed New York State real estate broker since 1981 and is a member of ICSC and the Real Estate Board of New York State.

Robert D. Scholem, age 44, has been a Vice President since 1998; the Vice President – Director of Property Management since 2003; and Senior Vice President – Director of Property Management with oversight of the Property Management, Risk Management, Lease Administration, and Environmental Compliance departments since August 2005. Prior to joining the Company in 1998, Mr. Scholem was employed at Rosen Associates Management Corp. as a Senior Property Manager overseeing a national portfolio of community shopping centers and Staller Associates, Inc. as an Operations Manager responsible for community shopping centers, office, and industrial buildings on Long Island, New York. Mr. Scholem holds a Bachelor's in Business Administration from Guilford College, Greensboro, North Carolina and is a Certified Property Manager by the Institute of Real Estate Management. Mr. Scholem is also a licensed Salesperson by the State of New York as well as a member of the LI Board of Realtors & CIREI and is a Certified Shopping Center Manager by the ICSC.

Committees of the Board of Trustees

The Board of Trustees has standing Audit, Compensation, Nominating and Corporate Governance and Investment/ Capital Markets Committees. The functions of each committee are detailed in its respective committee charter, which are available on the Company's website at www.acadiarealty.com in the "Investor Relations – Corporate Governance" section. Please note that the information on the Company's website is not incorporated by reference in this Proxy Statement.

The Company's current standing committees are as follows:

Name	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Investment/ Capital Markets Committee
EMPLOYEE TRUSTEE				
Kenneth F. Bernstein				X(2)
NON-EMPLOYEE TRUSTEES				
Lee S. Wielansky				X
Alan S. Forman		X(1)		X
Douglas Crocker II			X	X(1)
Lorrence T. Kellar	X(1)	X		
Suzanne M. Hopgood	X		X(1)	
Wendy Luscombe	X		X	

(1) Chairman of the committee.

(2) *Ex-Officio* member of the committee.

Audit Committee

The Audit Committee is empowered to engage the Company's independent registered public accounting firm and review the scope and results of the audit. The Audit Committee examines the accounting practices and methods of control and the manner of reporting financial results. These reviews and examinations include meetings with independent auditors, staff accountants and representatives of management. The results of the Audit Committee's examinations and the choice of the Company's independent registered public accounting firm are reported to the full Board of Trustees. The Audit Committee includes no officers or employees of the Company or its majority-owned subsidiary, Acadia Realty Limited Partnership, a Delaware limited partnership of which the Company serves as general partner (the "Operating Partnership"). The Audit Committee held 14 meetings during the last fiscal year. See "Report of the Audit Committee."

The Audit Committee Charter requires that the Audit Committee be comprised of at least three members, each of whom is "independent," as defined by the listing standards of the New York Stock Exchange and at least one of whom is an audit committee financial expert.

The following directors are members of the Audit Committee: Mr. Kellar (Chair), Ms. Luscombe and Ms. Hopgood. Mr. Kellar and Ms. Luscombe have served as members of the Audit Committee since the 2004 Annual Meeting of Shareholders, and Ms. Hopgood was appointed as a member in August 2004. The Board of Trustees has determined that each of these members is independent within the meaning of the listing standards of the New York Stock Exchange. Mr. Kellar serves on the audit committees of three other public companies which the Board of Trustees has determined does not impair his ability to serve effectively on the Company's Audit Committee. The Board of Trustees has determined that Mr. Kellar, Ms. Hopgood and Ms. Luscombe are audit committee's financial experts. See the biographical information in "PROPOSAL ONE — ELECTION OF TRUSTEES" for their relevant experience.

Compensation Committee

The Compensation Committee ("Compensation Committee") is responsible for administering the Company's 1999 and 2003 Share Incentive Plans (the "1999 and 2003 Plans") and recommending to the full Board the compensation of the Named Executive Officers of the Company, including the Chief Executive Officer. In addition, the Compensation Committee coordinates and reviews the Company's succession plans related to the Chief Executive Officer and other Named Executive Officers and reports the status of such plans to the Board annually. The Compensation Committee held 13 meetings during the last fiscal year.

The Compensation Committee Charter requires that the Compensation Committee be comprised of at least two members, each of whom is independent as defined by the listing standards of the New York Stock Exchange.

Mr. Forman (Chair) has served as a member of the Compensation Committee since 2003 and Mr. Kellar has served as a member since 2004. The Board of Trustees has determined that each of these members is independent within the meaning of the listing standards of the New York Stock Exchange. See “Acadia Realty Trust Compensation Committee Report.”

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for reviewing the qualifications and performance of the Board of Trustees and recommending to the Board, nominees for Trustees, Board committees and for the chair of each committee. In evaluating a Trustee candidate, the Committee considers factors that are in the best interests of the Company and its shareholders, including the knowledge, experience, integrity and judgment of possible candidates for nomination as Trustees; the potential contribution of their diversity of backgrounds, experience and competencies which the Board desires to have represented and their ability to devote sufficient time and effort to their duties as Trustees. The Nominating and Corporate Governance Committee is also responsible for recommending to the Board changes in the Company’s Corporate Governance Guidelines. The Nominating and Corporate Governance Committee charter requires the Nominating and Corporate Governance Committee to be comprised of at least two members, each of whom is independent as defined by the listing standards of the New York Stock Exchange.

Members of the Nominating and Corporate Governance Committee during the last fiscal year were Ms. Hopgood (Chair), who has served since the 2004 Annual Meeting of Shareholders, Ms. Luscombe, who has served since the 2005 Annual Meeting of Shareholders and Mr. Crocker, who has served since August 2005. The Board of Trustees has determined that each of these members is independent within the meaning of the listing standards of the New York Stock Exchange. The Nominating and Corporate Governance Committee held six meetings during the last fiscal year.

The Nominating and Corporate Governance Committee will consider all shareholder recommendations for candidates for the Board of Trustees. All shareholder recommendations should be sent to the Committee, at c/o Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260 White Plains, NY 10605, Attention: Corporate Secretary, and should include all information relating to such person that is required to be disclosed in a Proxy Statement for the election of Trustees or is otherwise required pursuant to Regulation l4A under the Exchange Act. Shareholders must also include the nominee’s written consent to being named in the Proxy Statement as a nominee and to serving as a

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Trustee if elected. Furthermore, the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made must include their names and addresses as they appear on the Company’s books, as well as the class and number of shares of the Company that they beneficially own. The Committee may identify other candidates, if necessary, through recommendations from directors, management, employees or outside consultants.

The Committee will review candidates in the same manner regardless of the source of the recommendation. Under the Company’s Bylaws, a shareholder must deliver notice of nominees for Trustee to our Corporate Secretary not less than 60 days and no more than 90 days prior to the first anniversary date of the preceding year’s annual meeting, provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from the anniversary date of the preceding year’s annual meeting, notice by the shareholder must be so delivered not earlier than the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such annual meeting is first made.

Investment/Capital Markets Committee

The Investment/Capital Markets Committee (the “Investment Committee”) has been established for the primary purpose of (i) screening all transactions that are within certain defined pre-approval limits to ensure such transactions are within such limits, (ii) acting as the pricing committee for all equity offerings and (iii) for other investments and capital market transactions, and to exercise such authority as is given to it from time to time by the Board of Trustees. The Committee has the authority to obtain advice and assistance from outside legal, accounting or other advisors as deemed appropriate to perform its duties and responsibilities.

The Investment Committee charter requires that it be comprised of at least three members, each of whom is independent as defined by the listing standards of the New York Stock Exchange. The Company's Chief Executive Officer is an *ex-officio* member of the Investment Committee. Messrs. Crocker (Chair), Forman and Wielansky have served as the members of the Investment Committee since the 2004 Annual Meeting of Shareholders. The Board of Trustees has determined that each of these members is independent within the meaning of the listing standards of the New York Stock Exchange. The Investment Committee held one meeting and had numerous discussions on transactions during the last fiscal year.

Executive Sessions

Non-management Trustees meet regularly in executive sessions without management. "Non-management" Trustees are all those who are not Company officers and include Trustees, if any, who are not "independent" by virtue of the existence of a material relationship with the Company. Executive sessions are led by the "Lead Trustee." An executive session is held in conjunction with each regularly scheduled Board meeting and other sessions may be called by the Lead Trustee in his own discretion or at the request of the Board. Mr. Wielansky has been designated as the Lead Trustee.

Communication with Trustees

You may communicate directly with the Board of Trustees by sending correspondence to the Company's Corporate Secretary at, Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, New York 10605. The sender should indicate in the address whether it is intended for the entire Board, the independent Trustees as a group, or to an individual Trustee. Each communication intended for the Board or independent Trustees received by the Corporate Secretary will be promptly forwarded to the intended recipients in accordance with the sender's instructions.

Other Corporate Governance Initiatives

The Company has adopted a Code of Ethics for Senior Financial Officers as defined under the rules of the SEC that applies to the Company's Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Controller, Director of Financial Reporting, Director of Taxation and Assistant Controllers, and all professionals in finance and finance-related departments. The Company also has a Code of Business Conduct and Ethics that applies to the Company's Trustees, officers and employees.

The Company regularly monitors developments in the area of corporate governance and continues to enhance the Company's corporate governance structure based upon a review of new developments and recommended best practices. The Company's corporate governance materials, including the Company's Corporate Governance Guidelines, Code of Business Conduct Ethics, Whistle Blower Policy, Code of Ethics for Senior Financial Officers and standing committee charters may be found on the Company's web site at www.acadiarealty.com in the "Investor Relations – Corporate Governance" section. Copies of these materials are also available to shareholders upon written request to the Company's Corporate Secretary, Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, New York 10605.

The Company intends to satisfy its disclosure obligations under Item 5.05 of Form 8-K by posting information about amendments to, or waivers from a provision of the Code of Ethics that apply to the Company's Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Controller, Director of Financial Reporting, Director of Taxation and Assistant Controllers on the Company's website.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The Company's authorized capital consists of 100,000,000 Common Shares. As of March 30, 2007, the Company had 32,132,797 Common Shares outstanding, which shares were held by 348 record holders. In addition, as of March 30, 2007, the Company had 642,272 units of limited partnership interest in the Operating Partnership ("OP Units") outstanding.

The Company is not aware of any person or any group within the meaning of Section 13(d)(3) of the Exchange Act that is the beneficial owner of more than five percent of any class of the Company's voting securities other than as set forth in the table below. The Company does not know of any arrangements at present, the operation of which may, at a subsequent date, result in a Change in Control of the Company.

The following table sets forth, as of March 30, 2007, certain information concerning the holdings of each person known to the Company to be beneficial owner of more than five percent of the Common Shares at March 30, 2007, all Common Shares beneficially owned by each Trustee, each nominee for Trustee, each Named Executive Officer named in the Executive Compensation Summary table appearing elsewhere herein and by all Trustees, and Named Executive Officers as a group. Each of the persons named below has sole voting power and sole investment power with respect to the shares set forth opposite his name, except as otherwise noted.

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Beneficial Owners	Number of Common Shares Beneficially Owned	Percent of Class
Wellington Management Company, LLP (1)	3,429,450	10.67
Third Avenue Management LLC (2)	2,555,468	7.95
Yale University (3)	1,932,938	6.02
Barclays Global Investors, NA (4)	1,832,020	5.70
Morgan Stanley (5)	1,721,884	5.36
Vanguard Group, Inc. (6)	1,592,027	4.95
Morgan Stanley Investment Management, Inc. (7)	1,582,572	4.93
Cliffwood Partners, LLC (8)	1,569,200	4.88
Kenneth F. Bernstein (9)	1,270,525(10)	3.88
Joel Braun (9)	218,011(11)	*
Robert Masters (9)	101,707(12)	*
Joseph Hogan (9)	58,845(13)	*
Michael Nelsen (9)	38,933(14)	*
Douglas Crocker II (9)	13,411(15)	*
Alan Forman (9)	11,000(16)	*
Suzanne M. Hopgood (9)	11,718(17)	*
Lorrence T. Kellar (9)	13,002(18)	*
Wendy Luscombe (9)	12,502(19)	*
Lee S. Wielansky (9)	22,809(20)	*
All Named Executive Officers and Trustees as a Group (15 persons)	1,919,983(10,11,12,13,14,15, 16,17,18,19,20)	5.86

(1) The business address of Wellington Management, Inc. is 75 State Street, Boston, MA 02109.

(2) The business address of Third Avenue Management LLC is 622 Third Avenue, 32nd Floor, New York, NY 10017.

(3) The business address of Yale University is c/o Yale University Investments Office, Real Estate, 55 Whitney Avenue, 5th Floor, New Haven, CT 06510.

(4) The business address of Barclays Global Investors NA is 45 Fremont Street, 17th Floor, San Francisco, CA 94105.

(5) The business address of Morgan Stanley is 1585 Broadway, New York, NY 10036.

(6) The business address of Vanguard Group, Inc. is P.O. Box 2600 V26, Valley Forge, PA 19482.

(7) The business address of Morgan Stanley Investment Management, Inc. is 1221 Avenue of the Americas, New York, NY 10020.

(8) The business address of Cliffwood Partners, LLC is 11726 San Vincente Boulevard, Suite 600, Los Angeles, CA 90049.

(9) The business address of each such person is c/o Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, NY 10605.

(10) Reflects the Common Shares beneficially owned by Mr. Bernstein in his individual capacity and the Common Shares deemed to be beneficially owned by Mr. Bernstein. The Common Shares directly owned by Mr. Bernstein in his individual capacity consist of (i) 331,255 OP Units which are immediately exchangeable into a like number of Common Shares and 9,136 restricted LTIP Units which vest in 2008 through 2011, (ii) 395,124

restricted Common Shares issued to Mr. Bernstein in 2000 through 2006 of which 144,376 Common Shares are vested, (iii) 129,110 deferred Common Shares and (iv) 405,900 options issued pursuant to the 1999 and 2003 Share Incentive Plans of which 393,889 options are vested.

(11) Represents (i) 6,667 OP Units which are immediately exchangeable into a like number of Common Shares and 3,441 restricted LTIP Units which vest in 2008 through 2011, (ii) 157,682 restricted Common Shares issued to Mr. Braun in 2001 through 2006 of which 31,390 Common Shares are vested, (iii) 36,981 deferred Common Shares and (iv) 13,240 options issued pursuant to the 1999 and 2003 Share Incentive Plan of which 11,211 options are vested.

(12) Represents (i) 24,396 deferred Common Shares, (ii) 69,491 restricted Common Shares issued to Mr. Masters in 2000 through 2006 of which 24,300 Common Shares are vested, (iii) 1,431 restricted LTIP Units which vest in 2008 through 2011, and (iv) 6,389 options issued pursuant to the 1999 and 2003 Share Incentive Plan of which 5,478 options are vested.

(13) Represents (i) 51,719 restricted Common Shares issued to Mr. Hogan in 2000 through 2006 of which 17,400 Common Shares are vested, (ii) 1,462 restricted LTIP Units which vest in 2008 through 2011 and (iii) 5,664 options issued pursuant to the 1999 and 2003 Share Incentive Plans of which 4,836 options are vested.

(14) Represents (i) 30,731 restricted Common Shares issued to Mr. Nelsen in 2004 through 2006 of which 4,664 Common Shares are vested, (ii) 2,538 restricted LTIP Units which vest 2008 through 2011 and (iii) 5,664 options issued pursuant to the 1999 and 2003 Share Incentive Plans of which 4,836 options are vested.

(15) Represents 10,000 vested options issued pursuant to the 1999 and 2003 Share Incentive Plans, 1,332 Common Shares and 2,079 deferred Common Shares that will be payable upon the Trustee's termination of service with the Company.

(16) Represents 11,000 vested options issued pursuant to the 1999 and 2003 Share Incentive Plans. 2,002 Common shares granted to Mr. Forman were issued to Yale University and are included in Yales Common Shares detailed in the table.

(17) Represents 9,000 vested options issued pursuant to the 1999 and 2003 Share Incentive Plan, 2,032 Common Shares and 686 deferred Common Shares that will be payable upon the Trustees termination of service with the Company.

(18) Represents 10,000 vested options issued pursuant to the 1999 and 2003 Share Incentive Plan and 3,002 Common Shares.

(19) Represents 9,000 vested options issued pursuant to the 1999 and 2003 Share Incentive Plan and 3,502 Common Shares.

(20) Represents 9,000 vested options issued pursuant to the 1999 and 2003 Share Incentive Plans and 13,809 Common Shares.

ACADIA REALTY TRUST
COMPENSATION COMMITTEE REPORT

Executive Summary

The Companys executive compensation program for our Named Executive Officers is administered by the Compensation Committee of the Board of Trustees. Our Named Executive Officers include our Chief Executive Officer (CEO) and President, our Chief Financial Officer (CFO) and Senior Vice President, and the three other most highly compensated officers listed in the Summary Compensation Table below.

The members of the Compensation Committee for the 2006 fiscal year were Messrs. Forman and Kellar. The Compensation Committee is responsible for the Companys executive compensation structure including, recommending to the full Board of Trustees, cash compensation, incentive compensation, and equity based awards as an inducement to attract and retain qualified managers and employees.

On behalf of you and our shareholders generally, the Compensation Committee has carefully monitored our executive compensation programs. Annually, the Compensation Committee selects and engages independent compensation consultants and other experts for survey data and other information as it deems appropriate. The Compensation Discussion and Analysis and Tables that follow will show, we believe, structures for executive compensation that strike an appropriate balance between preserving capital for shareholders, maximizing our profitability in a safe and sound manner, and providing our Named Executive Officers with incentives and protections that are designed both to reward them for superior corporate and individual performance, and to provide competitive compensation that encourages them to remain with the Company.

In fiscal year 2006, we struck this balance through compensating our Named Executive Officers principally with competitive base salaries, cash bonuses, and restricted Common Shares (Restricted Shares) and stock options (Options) awards. Overall, the Compensation Committee believes that the compensation provided for Named Executive Officers in fiscal year 2006 was appropriate in light of our business achievements, including growing earnings and total shareholder return; improving the quality of the Companys portfolio (by aggressive asset recycling, leasing and redevelopment activity); continuing to drive acquisition efforts for the Companys funds and the core portfolio; maintaining a strong balance sheet and improving communications and coordination with constituents.

The Compensation Committee has reviewed the Compensation Discussion and Analysis and Tables with management, and has recommended to the Board of Trustees that it be included in the Companys annual report on Form 10-K and the Companys Proxy Statement.

COMPENSATION COMMITTEE

Alan S. Forman, Chairman
Lorrence T. Kellar

Notwithstanding anything to the contrary set forth in any of the Company's previous or future filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate by reference this Proxy Statement or future filings made by the Company under those statutes, the Compensation Committee Report and the Audit Committee Report are not deemed filed with the Securities and Exchange Commission and shall not be deemed incorporated by reference into any of those prior filings or into any future filings made by the Company under those statutes.

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COMPENSATION DISCUSSION AND ANALYSIS

Discussed and analyzed below are the Company's compensation programs for its Chief Executive Officer, Chief Financial Officer, and each of the other three most highly compensated Named Executive Officers whose total annual compensation for fiscal year 2006 exceeded $100,000 (collectively, the "Named Executive Officers or NEOs").

I. Objectives of Acadia Realty Trust's Executive Compensation Program

The Company's success depends on developing, motivating and retaining executives who have the skills and expertise to lead a fully integrated, self-managed and self-administered equity REIT. In designing its executive compensation program, the Company seeks to give the Board of Trustees, the shareholders, and the management team a clear understanding of how total compensation is determined. The ultimate goals for all parties involved are fairness, transparency, predictability, retention, and performance maximization.

The executive compensation program is designed to help the Company achieve the objectives that are reflected in the Compensation Committee's Charter which is available on our website at www.acadiarealty.com.

The Compensation Committee's Executive Compensation objectives are as follows:

1. Motivating our Named Executive Officers to hold managers accountable to the shareholders for their investment decisions and operational practices.
2. Establishing a clear, dependable and mutually acceptable matrix for total compensation.
3. Providing incentives to employees that reward dedication, hard work and success.
4. Aligning the interests of our Named Executive Officers and shareholders as closely as possible.
5. Creating the right mix of long-term incentives to increase retention of employees.
6. Creating an incentive compensation program that can go beyond our Named Executive Officers and be utilized throughout the organization.

The following sections describe the components of the Company's executive compensation program and its process for determining compensation in view of the foregoing compensation objectives, with a focus on compensation for the Named Executives Officers. For a discussion of compensation for the members of the Board of Trustees, see "Board of Trustees Compensation."

II. Specific Elements of Acadia Realty Trust's Executive Compensation Program

The Company's executive compensation program reflects the Company's desire to have a compensation structure that has sufficient depth to encourage its management team to meet the short-term and long-term objectives described above (see the discussion under "Objectives of Acadia Realty Trust's Executive Compensation Program"), but also sufficient clarity to ensure that the Board of Trustees, shareholders and the management team have an understanding of how total compensation is determined. The Company's executive compensation program consists of four main elements:

1. Competitive base salaries
2. Short-term rewards
3. Long-term incentives
4. Post-employment severance and Change in Control payments

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A. Competitive Base Salaries

The starting point for the Company's executive compensation program is a competitive annual base salary. The Compensation Committee recommends to the full Board of Trustees the base salaries for the Named Executive Officers as fixed amounts to provide a reliable indication of the minimum amount of compensation that a Named Executive Officer will receive in a given year. Base salaries are reviewed annually and adjusted to reflect market data and individual circumstances, such as promotions.

B. Short-Term Rewards

Short-term incentive awards consist of cash bonuses that the Compensation Committee recommends to the full Board of Trustees based on targets established by the Compensation Committee (with the assistance of the CEO). The amount of the awards is based on very specific, weighted targets for corporate, unit and individual performance which are proposed by the CEO, reviewed in detail by the Compensation Committee, and approved by the Board of Trustees. The Compensation Committee makes bonus recommendations at its December meeting and bonuses are paid in the first quarter of each year for the prior year performance.

Cash bonuses are intended to provide short-term rewards for performance, while also providing an incentive for executives to continue moving toward the achievement of long-term goals. Cash is an attractive form of payment for short-term rewards because it gives executives the flexibility to use the cash to meet personal objectives.

C. Long-Term Incentives

In keeping with the long-term and highly technical nature of the Company's business, the Compensation Committee places significant emphasis on a long-term approach to executive compensation. Long-term incentive awards are intended to develop and retain strong management through share ownership and incentive awards that recognize future performance. These ownership opportunities and awards also provide a retention benefit, as they vest in the future. The Company has historically used Restricted Shares and Options to purchase Common Shares issued under its 1999 and 2003 Share Incentive Plans, principally through its Restricted Share Bonus Program (described below) as its primary form of long-term incentive compensation.

(1) Long Term Incentive Program Units

In 2006, the Compensation Committee recommended and the Board of Trustees approved a program to issue restricted partnership units to the Named Executive Officers as part of a long term compensation program ("LTIP Units"). LTIP Units are similar in many ways to restricted shares but provide for a quarterly partnership distribution in a like amount as paid to holders of common partnership units. The LTIP Units are convertible into common partnership units and Common Shares upon vesting and a revaluation of the book capital accounts.

(2) Restricted Shares

Restricted Shares generally carry many of the rights of unrestricted Common Shares, but may not be transferred, assigned or pledged until the recipient has a vested, non-forfeitable right to these shares. Vesting, which is subject to the recipient's continued employment with the Company through the applicable vesting dates, ranges from the grant date up to five years from the date of grant. In addition, the vesting of a certain portion of the Restricted Shares is contingent upon the Company's shareholder return exceeding certain thresholds in the year such vesting is scheduled to occur. (See the discussion below under "Method for Determining Executive Compensation").

(3) Stock Options

The Company awards Options pursuant to the 1999 and 2003 Share Incentive Plans, which are intended to provide an added long-term incentive for high levels of performance and unusual efforts. We also believe that Options align the interest of the Named Executive Officers and shareholders. Options generally may not be transferred, assigned, or

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pledged. Further, the vesting of Options, which is subject to the recipient's continued employment with the Company through the applicable vesting dates, has generally been over two years, including one-third vesting on the date of grant.

D. Post-employment Severance and Change in Control Payments

The Company offers post-employment severance and Change in Control payments to its Named Executive Officers based on the circumstances of termination. The Company includes severance and Change in Control payments as an element of its executive compensation structure to support the compensation elements described above. These payments provide an incentive for Named Executive Officers to achieve the performance goals described above by providing assurance that past achievements will be recognized in certain circumstances in which the Company experiences a Change in Control or the Named Executive Officer experiences a separation from service. However, the Company's severance and Change in Control payment structure also serves an important retention function by providing for forfeiture of awards in appropriate circumstances, such as in the event of a termination for cause.

E. Employee Benefit Plans

The Company provides a variety of medical, dental, life, Disability and accidental death and dismemberment insurance policies that are generally available to all of its full-time employees. The Company also provides a contributory 401(k) savings plan to employees of the Company (the "401(k) Plan"), which provides for matching contributions of 50% up to the first 6% of the participant's base salary. The All Other Compensation Table summarizes the matching contributions that the Company made to the Named Executive Officers under the 401(k) Plan during the fiscal year ended December 31, 2006. The costs of these benefits constitute only a small percentage of each of our Named Executive Officer's total compensation.

In 2003, the Company instituted the Acadia Realty Trust Employee Share Purchase Plan (the "Share Purchase Plan"). The Share Purchase Plan allows eligible employees of the Company and its designated affiliates to purchase, through payroll deductions, Common Shares of beneficial interest in the Company. The Share Purchase Plan is designed to retain and motivate the employees of the Company and its designated affiliates by encouraging them to acquire ownership in the Company. The Company has reserved 100,000 Common Shares for issuance under the Share Purchase Plan. The Share Purchase Plan is intended to be an "employee stock purchase plan" within the meaning of Section 423 of the United States Internal Revenue Code, as amended, which allows an employee to defer recognition of taxes when purchasing Common Shares under such a Share Purchase Plan. During 2006, 2005 and 2004, 5,307, 6,412 and 6,397 Common Shares, respectively, were purchased by employees under the Share Purchase Plan.

III. Method for Determining Executive Compensation

A. Role of Compensation Committee

In evaluating executive compensation, the Compensation Committee considers an annual report and recommendations that the Company□s CEO provides (other than for himself) for our Named Executive Officers and other officers. The Compensation Committee is responsible for recommending to the full Board of Trustees the CEO□s compensation. The Compensation Committee continually focuses on attaining the right balance between company size and performance, and considers peer group data provided by compensation consultants and surveys with respect to other publicly-traded REIT□s of comparable size to the Company. The Compensation Committee uses the peer group data to compare the companies□ executive compensation programs as a whole and the pay of individual executives. The Committee does not identify a particular level of competitiveness with other companies, but tries to attain a target and range of compensation for each position that was competitive in the marketplace.

The Company□s size can impact management□s scope of responsibility and, thus, should be a component of the compensation analysis, but absolute and relative performance is also a critical component. The Compensation Committee also takes into account the complicated fund structure and the value-added nature of the Company□s business when comparing executive compensation with companies of similar market capitalization but with less of a growth and redevelopment focus.

B. Elements of Compensation

(1) Fixed Compensation

The Compensation Committee□s base salary recommendations are generally made on a discretionary basis from year to year, with the objective of being conservative when compared to our competitors. The Compensation Committee has decided to compensate the Named Executive Officers with the same base salary and to reward for individual performance through bonuses. The Compensation Committee recommends the CEO□s compensation by considering the salary of CEOs among our peer group, Mr. Bernstein□s contributions to the Company□s business, the Company□s success and his career experience. In determining the CEO□s total compensation, the Compensation Committee considered Mr. Bernstein□s level of responsibility, his leadership, and his overall contribution as CEO. The Compensation Committee does not think narrow quantitative measures or formulas are sufficient for determining Mr. Bernstein□s compensation. The Compensation Committee does not give specific weights to the factors considered, but the primary factors are the CEO□s contributions and business results.

(2) Variable Compensation

The Company□s variable executive compensation programs are designed to reward performance on three levels:

1. the Company□s overall corporate performance;
2. the performance of the executive□s business team/unit; and
3. the Named Executive Officer□s individual performance within the Company.

In addition, the Company□s executive compensation programs are intended to recognize extraordinary contributions by the Named Executive Officer and encourage the sustained alignment of interests between managers and shareholders. The Company assesses performance by examining an array of targets pertaining to the Company□s corporate and team/unit goals, as well as goals for the individual Named Executive Officers.

(a) Short-Term Rewards

To recommend the appropriate levels of short-term rewards (in the form of cash bonuses) and long-term incentives (in the form of Restricted Shares, Options and other equity-based and performance awards) for 2006, the Compensation Committee reviewed certain performance benchmarks and allocations from the peer group data. The Compensation Committee then compiled a list of relevant performance targets for the Company and assigned a grade weighting percentage and an actual percentage to each target.

The targets cover both corporate performance goals and team/unit performance goals in the areas of acquisitions, accounting/finance, legal, construction, asset management, leasing/redevelopment, and property management.

As discussed above, for corporate performance goals, the relevant targets include:

- earnings;
- stock performance;
- internal and external growth;
- balance sheet metrics; and
- constituent communication and coordination.

The targets that pertain to team/unit performance goals vary by unit. Examples of such team/unit benchmarks include (but are not limited to):

- asset performance (acquisitions unit);
- SEC/corporate governance/compliance (legal unit);
- effective project budgeting and analysis (construction unit);
- effective expediting/monitoring of projects to maximize value (asset management unit);
- effective underwriting and analysis of acquisitions (leasing/redevelopment unit);
- tax planning and analysis (accounting/finance unit);
- effective controls and reporting (property management unit);
- succession planning; and
- management development.

The Compensation Committee also evaluates the individual performance of each Named Executive Officer.

The grade target for bonus eligibility is 80%, with an anticipated range of 65% to 100%. While the relative weighting of each Named Executive Officers corporate, team/unit and individual performance measures may fluctuate, in general, the weighting allocation among these three categories is as follows:

Corporate	Team/Unit	Individual
50%	20%	30%

The Compensation Committee believes this weighting to be fair, but will consider further refinement and modifications for future years to address the issue of when individual performance is significantly above or below the stated 80% performance goal.

To determine the specific amounts of the short-term rewards to be awarded to each individual based on the above performance factors, the Compensation Committee determines a potential bonus range for each individual, based on a multiple of the individuals base salary.

(b) Long-Term Incentives

Annual grants are determined with reference to the performance factors mentioned above and benchmarking comparisons with the Company□s peer group, as well as the Named Executive Officer□s individual performance, experience and contributions to the Company. In comparison to the peer group, target levels for the long-term incentive component of compensation are set within the range of competitive norms of the peer group.

The Compensation Committee is considering the adoption of a policy relating to the recoupment of stock awards and their proceeds if an NEO□s fraud or misconduct triggers a material financial restatement. No such policy currently exits. The Company determines the exercise price of stock options based on the average of the ending prices of the Company□s Common Shares on the 20 days preceding the date of the grant. Because the Company□s long-term incentive program is designed to motivate our Named Executive Officers, the Company does not consider prior amounts realized in setting future compensation levels.

IV. How the Elements of Executive Compensation Interact and Affect Each Other

The Company believes the four elements of executive compensation structure □ competitive base salary, short-term rewards, long-term incentives and post-employment severance and Change in Control payments □ are well aligned with the Company□s six overall executive compensation objectives (listed above under □Objectives of Acadia Realty Trust□s Executive Compensation Program□). We believe that a well-proportioned mix of reliable compensation (in

the form of a base salary) with compensation intended to provide incentives and rewards for dedication, hard work, and success (in the form of short-term rewards and long-term incentives) will produce a high level of performance for the Company.

Overall, the Company□s Compensation Committee has endeavored to structure the total compensation of the Company□s Named Executive Officers in a manner that is competitive in the REIT industry, while emphasizing performance-based compensation more heavily than base salaries and fixed retirement benefits. In this way, the Company□s Named Executive Officers receive compensation that is as closely aligned as feasible with the interests of the Company□s shareholders.

V. Benchmarking

The Compensation Committee obtains comparative market data from numerous sources. The primary source of data for 2006 is a peer group report prepared for the Company by ECG Advisors, LLC (□ECG□), the Compensation Committee□s compensation consultant. To prepare this report, ECG considered data from the Proxy Statements of the REITs in the Company□s peer group, as well as survey data on executive pay from the NAREIT Compensation Survey and the CEL National Real Estate Compensation Survey, for companies in the retail sector with comparable market caps and numbers of employees. The composition of the peer group may change from year to year based on market developments.

2006 Peer Group

Listed below are the 18 publicly-traded shopping center REITs in Acadia Realty□s peer group, with assets ranging from about $0.3 to $7.0 billion and market caps ranging from about $0.5 to $10 billion. Acadia□s assets and market cap put the Company at about the 25th percentile of the REIT peer group.

Cedar Shopping Centers
Developers Diversified Realty
Equity One, Inc.
Federal Realty Investment Trust
Getty Realty Corp.
Glimcher Realty Trust
Inland Real Estate Corp.
Kimco Realty Corporation
Kite Realty Group Trust

National Retail Properties, Inc.
New Plan Excel Realty Trust
Ramco-Gershenson Properties
Regency Centers Corp.
Saul Centers
Tanger Factory Outlet Centers
Taubman Centers
Trustreet Properties
Weingarten Realty Investors

VI. Timing of Equity Grants

The Company does not in any way time its stock awards to the release of material non-public information. The CEO meets with the Compensation Committee in December of each year and recommends the stock awards to be granted for the current year. The Compensation Committee reviews the recommendations and then recommends the awards

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to the full Board of Trustees for approval. The awards are granted in January of the following year. There is no consequence for selling vested grants but the Company does encourage Named Executive Officers and Trustees to hold and has approved guidelines for ownership for Named Executive Officers and Trustees as follows:

(a) Stock Ownership Policy for Named Executive Officers and Trustees

The Board of Trustees has instituted a stock ownership policy (SOP), containing guidelines for Named Executive Officers and Trustees to own at all times a certain level of the Companys Common Shares. This policy further aligns Named Executive Officers and Trustees interests with those of shareholders. The SOP has the additional purpose of helping the Companys Named Executive Officers build wealth that they may use as a source of supplemental retirement income. Although not mandatory, the recommended targets are as follows:

- 10 times salary plus bonus for the Chief Executive Officer
- 4 times salary plus bonus for the Chief Investment Officer
- 3 times salary plus bonus for other Named Executive Officers
- 3 times total annual fees for non-employee Trustees

The other provisions of the policy are:

- Only vested shares, Restricted Shares or OP Units count toward the standard. Vested Options do not count toward the standard.
- It is recommended that incumbent Named Executive Officers and Trustees achieve the target within three years, if they have not already done so. New Named Executive Officers and Trustees have five years to reach the standard that applies to them.
- Named Executive Officers and Trustees are encouraged to achieve and maintain the target level of ownership until they leave the Company or Board, as applicable.
- The policy constitutes a set of guidelines. As such, it does not set forth any penalties for non-compliance. The treatment of non-compliance shall be left to the discretion of the Board, in collaboration with the CEO and through the Compensation Committee.

VII. Impact of Accounting and Tax Treatment

Accounting Treatment

The Company expenses the cost of stock-based compensation in their financial statement in accordance with Statement of Financial Accounting Standards (SFAS) 123R accounting rules. The fair value of each award is estimated on the date of grant, using the binominal method option pricing model. This amount is then expensed in the income statement ratable over the vesting period.

Tax Treatment

The Compensation Committee has reviewed the Company's compensation policies in light of Section 162(m) to the Internal Revenue Code, as amended, which generally limits deductions for compensation paid to certain executive officers to $1,000,000 per annum (although certain performance based compensation is not subject to that limit), and determined that the compensation levels of the Company's Named Executive Officers were not at a level that would be affected by such provisions. The Compensation Committee intends to continue to review the application of Section 162(m) to the Company with respect to any future compensation programs considered by the Company.

VIII. Specific 2006 Decisions

Salary

Working with ECG, the Compensation Committee reviewed the base salaries of the Named Executive Officers in January 2006. Based on market data supplied by ECG, the Compensation Committee determined that Mr. Bernstein's 2005 salary of $400,000 approximated the 50th percentile of CEO salaries in the Company's peer group, adjusted for assets, which is the primary metric used to determine competitive norms for executives' salaries. Consistent with the Company's philosophy to offer competitive salaries to its key executives and Mr. Bernstein's solid performance, the Compensation Committee increased Mr. Bernstein's annual salary to $440,000. In addition, in 2006, the Committee increased the base salaries of each Named Executive Officer to $225,000 in order to keep base salaries competitive with those of its competitors.

During the fiscal year beginning January 1, 2007, annual base salaries for our Named Executive Officers other than Mr. Bernstein increased from $225,000 to $235,000 for the Chief Financial Officer, Mr. Nelsen, General Counsel, Chief Compliance Officer, Mr. Masters, and Director of Construction, Mr. Hogan. The annual salary of Mr. Braun, the Company's Chief Investment Officer, increased from $225,000 to $300,000 in connection with his promotion to Executive Vice President.

Bonus

The Compensation Committee recommended to the full Board of Trustees the payment of an aggregate of $1,816,000 in cash bonuses to all employees of which $994,000 was paid in 2006 and $822,000 was paid in 2007.

The cash bonuses for three Named Executive Officers for 2006 were as follows: Mr. Braun, $176,000, Mr. Nelsen, $75,000 and Mr. Hogan, $96,000. The incentive awards were determined by comparing the individual's performance for 2006 to the weighted objectives set for the person's position for the same year. The individuals achieved between about 75% to 90% of their aggregate corporate, unit and individual targets.

Additionally, in 2006 the Company granted a special, one-time performance bonus in the form of Restricted Shares, in recognition of management's outstanding achievements in enhancing shareholder values over the past five years, including, but not limited to, total shareholder return and the recent recapitalization of the Wilmington, Delaware portfolio which returned 100% of invested capital plus preferred return to the investors. The Compensation Committee determined the aggregate amount of the one-time bonus by reviewing the average compensation paid within the industry and by peer group companies for confirmation that the total compensation paid to the executives (taking the one-time bonus into account) would generally remain within the range of peer averages.

Long Term Incentives

In 2006, the Compensation Committee recommended aggregate awards of 100,905 Restricted Shares and 18,008 LTIP Unit awards to Named Executive Officers. All awards were granted in January 2007.

Mr. Bernstein’s long-term incentive awards for 2006 consists of 88% Restricted Shares, and 12% LTIP Units. Mr. Nelsen’s long-term incentive awards for 2006 consists of 78% Restricted Shares and 22% LTIP Units. Mr. Braun’s long-term incentive awards for 2006 consists of 79% Restricted Shares and 21% LTIP Units. Mr. Hogan’s long-term incentive awards for 2006 consists of 75% Restricted Shares and 25% LTIP Units. Mr. Masters’ long-term incentive awards for 2006 consists of 87% Restricted Shares and 13% LTIP Units.

The target incentive opportunity for the Company’s Named Executive Officers was set within the range of competitive norms for competitive market levels of total cash compensation. The Compensation Committee determined the vesting schedules for awards based on the vesting schedules for the Named Executive Officer’s existing equity awards, with due regard for competitive norms on vesting of equity awards for executives.

Post-Employment Severance and Change in Control Payments

In 2007, the Company entered into amendments to each of the severance agreements with the Named Executive Officers, and a fourth amendment to the CEO’s employment agreement to provide a so-called “double trigger,” which means that in order to qualify for change of control payments two events must occur: (1) a change of control must have occurred and (2) the affected Named Executive Officer must have been terminated from employment.

The Summary Compensation Table below shows, for the fiscal year ended December 31, 2006, the total annual and long-term compensation awarded to the Named Executive Officers.

Summary Compensation Table

(a) Name and Principal Position	(b) Year	(c) Salary ($)	(d) Bonus ($)	(e) Stock Awards ($) (1)	(f) Options Awards ($) (1)	(g) Non-Equity Incentive Plan Compensation ($)	(h) Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	A… Com…
Kenneth F. Bernstein Chief Executive Officer and President Principal Executive Officer	2006	$440,000	$ —	$ 1,184,851	$ 89,807	—	—	$
Michael Nelsen Chief Financial Officer and Senior Vice President Principal Financial Officer	2006	$225,000	$ 75,000	$ 103,278	$ 7,743	—	—	$
Joel Braun Chief Investment Officer and Executive Vice President	2006	$225,000	$ 176,000	$ 354,555	$ 18,425	—	—	$
Joseph Hogan Director of Construction and Senior Vice President	2006	$225,000	$ 96,000	$ 160,180	$ 7,743	—	—	$
Robert Masters	2006	$225,000	$ —	$ 212,718	$ 8,654	—	—	$

Senior Vice President, General
Counsel, Chief Compliance
Officer, and Secretary

Footnotes:

(1) Represents compensation expense associated with stock option awards granted in 2005 and 2006 and restricted stock awards granted in 2003, 2004, 2005 and 2006 which was recorded by the Company during 2006 in accordance with SFAS 123R. See Note 12 (Share Incentive Plan) to the Consolidated Financial Statements in the Company’s Form 10-K for a discussion of assumptions made in the valuation of share-based compensation.

(2) Detail reflected in the All Other Compensation Table.

ALL OTHER COMPENSATION TABLE

	Kenneth F. Bernstein	Michael Nelsen	Joel Braun	Joseph Hogan	Robert Masters
Perquisites and other personal benefits, unless the aggregate amount is less than $10,000	$ —	$ —	$ —	$ —	$ —
Amounts paid or accrued relating to a termination agreement or Change in Control	—	—	—	—	—
Annual Company contributions or allocations to vested and unvested defined contribution plans(1)	5,305	6,898	4,336	6,600	6,761
The dollar value of insurance premiums paid by the Company on life insurance policies for the benefit of the Named Executive Officer	—	—	—	—	—
Gross-ups or other amounts reimbursed for the payment of taxes	—	—	—	—	—
The dollar value of any dividends or other earnings paid on stock or option awards when the dividends or earnings were not factored into the grant date fair value (2)	95,541	—	27,366	—	18,053
Total Other Compensation	$ 100,846	$ 6,898	$ 31,702	$ 6,600	$ 24,814

Footnotes

(1) Represents contributions made by the Company to the account of the Named Executive Officer under a 401 (k) Plan.

(2) In August of 2004, the Company allowed elections pursuant to the 1999 Share Incentive Plan and 2003 Share Incentive Plan, whereby the participants elected to defer receipt of 190,487 Common Shares (“Share Units”) that would otherwise be issued upon the exercise of certain options. There were three participants, Mr. Bernstein with 129,110 Share Units, Mr. Braun with 36,981 Share Units and Mr.

Masters with 24,396 Share Units. The payment of the option exercise price was made by tendering Common Shares that the participants owned for at least six months prior to the option exercise date. The Share Units are equivalent to a Common Share on a one-for-one basis and carry a dividend equivalent right equal to the dividend rate for the Company’s Common Shares. The deferral period is determined by each of the participants and generally terminates after the cessation of the participants continuous service with the Company. In December 2004, participants exercised 346,000 options pursuant to the Deferred Share Election and tendered 155,513 Common Shares in consideration of the option exercise price. The Company then issued 190,487 Share Units to the participants. During 2006 and 2005 there were no additional Share Units contributed to the plan. The amounts included above reflect Share Unit dividends paid by the Company in 2006.

(3) There is no compensation cost (calculated pursuant to SFAS No. 123R) associated with the purchase of securities from the Company at a discount by a Named Executive Officer that is not available generally to all salaried employees.

GRANTS OF PLAN-BASED AWARDS

The Grants of Plan-Based Awards Table below provides a summary of all grants of performance-based and non performance-based awards to the Named Executive Officers during the last fiscal year. The Outstanding Awards at Fiscal Year-End Table below provides a summary of all outstanding equity awards to the Named Executive Officers and the market-based values of those awards as of the end of the last fiscal year. Finally, the Option Exercises and Stock Vested Table below provides a summary of all amounts received by the Named Executive Officers upon the exercise of Options and similar instruments or the vesting of Restricted Shares during the last fiscal year.

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(
		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number Of Shares Stock or Units		Exe or I Pr Op Aw
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	(#)	Number of Securities Underlying Options (#) (4)	($/
Kenneth F. Bernstein	1/6/2006	—	—	—	—	30,070(1)	—	—	—	
	1/6/2006	—	—	—	—	46,595(2)	—	—	—	
	1/6/2006	—	—	—	—	86,978(3)	—	—	—	
	1/6/2006	—	—	—	—	—	—	—	36,034	$2
Total						163,643			36,034	
Michael Nelsen	1/6/2006	—	—	—	—	4,473(1)	—	—	—	
	1/6/2006	—	—	—	—	9,940(3)	—	—	—	
	1/6/2006	—	—	—	—	—	—	—	2,485	$2
Total						14,413			2,485	
Joel Braun	1/6/2006	—	—	—	—	10,959(1)	—	—	—	
	1/6/2006	—	—	—	—	42,247(3)	—	—	—	
	1/6/2006	—	—	—	—	—	—	—	6,088	$2
Total						53,206			6,088	
Joseph Hogan	1/6/2006	—	—	—	—	4,473(1)	—	—	—	

	1/6/2006	—	—	—	—	19,881(3)	—	—	—	
	1/6/2006					—			2,485	$2
Total						24,354			2,485	
Robert Masters	1/6/2006	—	—	—	—	4,920(1)	—	—	—	
	1/6/2006	—	—	—	—	6,324(2)	—	—	—	
	1/6/2006	—	—	—	—	19,881(3)	—	—	—	
	1/6/2006	—	—	—	—	—	—	—	2,734	$2
Total						31,125			2,734	

Footnotes:

(1) Pursuant to the Company’s 2003 Incentive Plan, the Company granted long-term incentive awards (the “Award”) on January 6, 2006. The Award was a grant of Restricted Common Shares of beneficial interest, par value $0.001 per share of the Company. The Common Shares were allocated 65% as time-based awards and 35% as performance-based awards. 30% of the Common Shares vested immediately and the remaining will vest 17.5% on the next four anniversaries of the grant date.

(2) Named Executive Officers had the option of receiving their cash bonus, or a portion, thereof, in Restricted Common Shares at a 25% discount to the market price of the Company’s Common Shares. The amounts reflect Mr. Bernstein and Mr. Masters election related to this option. 30% of these Restricted Common Shares vested immediately and the remaining will vest 17.5% on the next four anniversaries of the grant date.

(3) Represents a special one-time performance bonus in the form of Restricted Common Shares which recognized management’s outstanding achievements in enhancing shareholder values over the past five years. The Common Shares will vest 50% on January 6, 2009 and 25% on January 6, 2010 and 2011.

(4) The options to acquire Common Shares were granted under the Company’s 2003 Share Incentive Plan. 33% of the options vested immediately and the remaining will vest equally on the next two anniversaries of the grant date.

(5) Calculated in accordance with SFAS 123R.

A. Kenneth Bernstein Employment Agreement

In August of 1998, the Company entered into an employment agreement with Kenneth F. Bernstein, pursuant to which Mr. Bernstein served as President. The employment agreement was amended by a first amendment dated January 1, 2001, a second amendment dated January 1, 2004, a third amendment dated January 1, 2006 and a fourth amendment dated January 19, 2007. The employment agreement provides for a three-year term, is renewable for successive daily periods, and is subject to termination in accordance with the terms and conditions of such agreement. Under the terms of the employment agreement, Mr. Bernstein is subject to an annual review and upward adjustment by the Compensation Committee.

Each year during the term of Mr. Bernstein’s employment, the Compensation Committee considers Mr. Bernstein for an incentive bonus (to be determined by the Compensation Committee) and discretionary bonuses payable in cash, Restricted Shares issued under the Restricted Share Bonus Program and Options, or any combination thereof, as the Board of Trustees and the Compensation Committee may approve. The employment agreement also provides for an annual car allowance plus insurance costs for Mr. Bernstein to be maintained by the Company. Mr. Bernstein is also entitled to participate in all benefit plans, health insurance, Disability, retirement and incentive compensation plans generally available to the Company’s executives, and is subject to certain non-competition and confidentiality requirements.

The Company has not entered into employment agreements with the other Named Executive Officers. See the discussion before the Potential Payments Upon Termination or Change in Control table for information regarding severance benefits for each of the Named Executive Officers.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

(a)		(b)	(c)	(d)	(e)	(f)	(g)	(h)
				Option Awards				Stock
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)
Kenneth F. Bernstein	8/12/1998	100,000	—		$ 7.50	6/15/2009	—	$ —
	1/2/2001	250,000	—		$ 6.00	1/1/2011	—	—
	1/3/2005	13,244	6,622(2)		$16.35	1/2/2015	—	—
	1/6/2006	12,011	24,023(3)		$20.65	1/5/2016	—	—
	1/2/2003	—	—				5,000(4)	125,100
	1/2/2003	—	—				16,000(5)	400,320
	1/2/2004	—	—				35,480(6)	887,710
	1/3/2005	—	—				17,029(5)	426,066
	1/3/2005	—	—				26,820(6)	671,036
	1/6/2006	—	—				21,049(7)	526,646
	1/6/2006	—	—				32,617(7)	816,077
	1/6/2006	—	—				86,978(8)	2,176,190
Total		375,255	30,645				240,973	$6,029,145
Michael Nelsen	1/3/2005	2,119	1,060(2)		$16.35	1/2/2015	—	$ —
	1/6/2006	828	1,657(3)		$20.65	1/5/2016	—	—
	1/2/2004	—	—				2,730(6)	68,305
	1/3/2005	—	—				4,768(6)	119,295
	1/6/2006	—	—				3,131(7)	78,338
	1/6/2006	—	—				9,940(8)	248,699
Total		2,947	2,717				20,569	$ 514,637
Joel Braun	1/3/2005	4,768	2,384(2)		$16.35	1/2/2015	—	$ —
	1/6/2006	2,029	4,059(3)		$20.65	1/5/2016	—	—
	1/2/2003	—	—				833(4)	20,842
	1/2/2003	—	—				4,000(5)	100,080
	1/2/2004	—	—				10,492(6)	262,510
	1/3/2005	—	—				9,655(6)	241,568
	1/6/2006	—	—				7,671(7)	191,928
	1/6/2006	—	—				42,247(8)	1,057,020
Total		6,797	6,443				74,898	$1,873,948

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END, (continued)

(a)		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		Option Awards					Stock Awards		
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Unit or Other Rights That Have Not Vested (#)
Joseph Hogan	1/3/2005	2,119	1,060(2)		$16.35	1/2/2015	—	$ —	
	1/6/2006	828	1,657(3)		$20.65	1/5/2016	—	—	
	1/2/2003	—	—				333(4)	8,332	
	1/2/2003	—	—				1,600(5)	40,032	
	1/2/2004	—	—				6,065(6)	151,746	
	1/3/2005	—	—				4,292(6)	107,386	
	1/6/2006	—	—				3,131(7)	78,338	
	1/6/2006						19,881(8)	497,423	
Total		2,947	2,717				35,302	$ 883,257	
Robert Masters	1/3/2005	2,437	1,218(2)		$16.35	1/2/2015	—	$ —	
	1/6/2006	911	1,823(3)		$20.65	1/5/2016	—	—	
	1/2/2003	—	—				1,333(4)	33,352	
	1/2/2003	—	—				2,133(5)	53,368	
	1/2/2004	—	—				6,550(6)	163,881	
	1/3/2005	—	—				2,554(5)	63,901	
	1/3/2005						4,935(6)	123,474	
	1/6/2006	—	—				3,444(7)	86,169	
	1/6/2006	—	—				4,427(7)	110,764	
	1/6/2006	—	—				19,881(8)	497,423	
Total		3,348	3,041				45,257	$1,132,332	

Footnotes:

(1) Market value computed by multiplying the closing market price of the Company’s stock of $25.02 as of December 29, 2006 by the number of Shares or Units that have not vested as reflected in column (g).

(2) Options vest on January 6, 2007.

(3) Options vest on January 6, 2008

(4) Restricted shares vest on January 6, 2007.

(5) Restricted shares vest on January 6, 2008.

(6) Restricted shares vest on January 6, 2009.

(7) Restricted shares vest on January 6, 2010.

(8) Restricted shares vest on January 6, 2011.

OPTION EXERCISES AND STOCK VESTED

(a)	(b)		(c)		(d)
			Option Awards		Stock Awards
Name	Grant Date	Vesting Date	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)
Kenneth F. Bernstein	1/2/2003	1/2/2006	$—	$—	5,000
	1/2/2003	1/2/2006			8,000
	1/2/2004	1/2/2006			11,827
	1/3/2005	1/3/2006			8,514
	1/3/2005	1/3/2006			8,940
	1/6/2006	1/6/2006			9,021
	1/6/2006	1/6/2006			13,979
Total					65,281
Michael Nelsen	1/2/2004	1/2/2006	$—	$—	910
	1/3/2005	1/3/2006			1,589
	1/6/2006	1/6/2006			1,342
					3,841
Joel Braun	1/2/2003	1/2/2006	$—	$—	833
	1/2/2003	1/2/2006			2,000
	1/2/2004	1/2/2006			3,497
	1/3/2005	1/3/2006			3,218
	1/6/2006	1/6/2006			3,288
					12,836
Joseph Hogan	1/2/2003	1/2/2006	$—	$—	333
	1/2/2003	1/2/2006			800
	1/2/2004	1/2/2006			2,022
	1/3/2005	1/3/2006			1,431
	1/6/2006	1/6/2006			1,342
					5,928
Robert Masters	1/2/2003	1/2/2006	$—	$—	1,333
	1/2/2003	1/2/2006			1,067
	1/2/2004	1/2/2006			2,183
	1/3/2005	1/3/2006			1,277
	1/3/2005	1/3/2006			1,645
	1/6/2006	1/6/2006			1,476

	1/6/2006	1/6/2006		1,897
				10,878

Footnotes:

(1) Market Value based on the market value of the Companys Common Shares on the vesting date. The closing prices of the Companys Common Shares were $20.05, $20.35 and $20.69 on January 2, 2006, January 3, 2006 and January 6, 2006, respectively.

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Other Post-Employment Payments

The following section describes potential payments and benefits to the Named Executive Officers under the Companys compensation and benefit plans and arrangements upon termination of employment or a Change in Control of the Company.

The Company has entered into an employment agreement with Mr. Bernstein that provides for certain termination or severance payments to be made by the Company in the event of his termination of employment as the result of his death, disability, discharge with or without cause, his resignation or termination for Good Reason, or without Good Reason or Change in Control and termination. The Company has also entered into severance agreements with each of the other Named Executive Officers. These arrangements provide for certain termination or severance payments to be made by the Company in the event of his termination of employment as the result of his death, Disability, discharge with or without cause, his resignation or termination for Good Reason or without Good Reason or Change in Control and termination.

The specific circumstances that would trigger payments under the employee and severance agreements are as follows:

For Cause

The Company shall have the right to terminate Named Executive Officers employment for Cause upon the Named Executive Officers: (A) deliberate misrepresentation in connection with, or willful failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the willful inducement of others to fail to cooperate or to produce documents or other materials; (B) failure to perform his duties hereunder (other than any such failure resulting from Named Executive Officers incapacity due to physical or mental illness) which failure continues for a period of three (3) business days after written demand for corrective action is delivered by the Company specifically identifying the manner in which the Company believes the Named Executive Officer has not performed his duties; (C) conduct by the Named Executive Officer constituting a material act of willful misconduct in connection with the performance of his duties, including, without limitation, misappropriation of funds or property of the Company other than the occasional, customary and de minimis use of the Companys property for personal purposes; (D) disparagement of the Company, its officers, Trustees, employees or partners; (E) soliciting any existing employee of the Company above the level of an administrative assistant to work at another company; or (F) the commission by the Named Executive Officer of a felony or misdemeanor involving moral turpitude, deceit, dishonesty or fraud.

Death

The Named Executive Officers employment shall terminate upon his death.

Disability

The Company shall have the right to terminate Named Executive Officers employment due to Disability in the event that there is a determination by the Company that the Named Executive Officer has become physically or mentally incapable of performing his duties under the agreement and such Disability has disabled the Named Executive Officer for a cumulative period of one hundred eighty (180) days within a twelve (12) month period.

Good Reason

The Named Executive Officers shall have the right to terminate their employment for Good Reason: (A) upon the occurrence of any material breach of the agreement by the Company which shall include but not be limited to: a material, adverse alteration in the nature of Named Executive Officer s duties, responsibilities or authority; (B) upon a reduction in Named Executive Officers annual base salary or a material reduction in other benefits (except

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for bonuses or similar discretionary payments) as in effect at the time in question, or a failure to pay such amounts when due which is not cured by the Company within ten (10) days after written notice of such default by the Named Executive Officer, (C) if the Company relocates Named Executive Officers office requiring the Named Executive Officer to increase his commuting time by more than one (1) hour, or (D) the Companys failure to provide benefits comparable to those provided the Named Executive Officer as of the effective date, other than any such failure which affects all comparably situated officers, then the Named Executive Officer shall have the right to terminate his employment, which termination shall be deemed for Good Reason.

Without Cause

The Company shall have the right to terminate the Named Executive Officers employment Without Cause.

Change in Control and Termination

Change in Control shall mean that any of the following events has occurred: (A) any person or group of persons, as such terms are used in Sections 13 and 14 of the Securities Exchange Act of 1934, as amended (the Exchange Act), other than any employee benefit plan sponsored by the Company, becomes the beneficial owner, as such term is used in Section 13 of the Exchange Act (irrespective of any vesting or waiting periods) of (i) Common Shares in an amount equal to thirty percent (30 %) or more of the sum total of the Common Shares issued and outstanding immediately prior to such acquisition as if they were a single class and disregarding any equity raise in connection with the financing of such transaction; provided, however, that in determining whether a Change of Control has occurred, outstanding shares or voting securities which are acquired in an acquisition by (i) the Company or any of its subsidiaries or (ii) an employee benefit plan (or a trust forming a part thereof) maintained by the Company or any of its subsidiaries shall not constitute an acquisition which can cause a Change of Control; or (B) the approval of the dissolution or liquidation of the Company; or (C) the approval of the sale or other disposition of all or substantially all of its assets in one (1) or more transactions; or (D) a turnover, during any two (2) year period, of the majority of the members of the Board, without the consent of the majority of the members of the Board as to the appointment of the new Board members.

Kenneth Bernstein Employment Agreement

Mr. Bernsteins employment agreement provides for certain termination or severance payments to be made by the Company to Mr. Bernstein in the event of his termination of employment as the result of his death, Disability, discharge with or without cause, his resignation or a termination by Mr. Bernstein for Good Reason. If Mr. Bernsteins employment is terminated either because he is discharged without cause or due to a termination by Mr. Bernstein for Good Reason, the Company will be required to make a lump sum payment equal to among other things, unpaid salary and bonus, and severance salary and bonus, each paid in accordance with the terms and conditions of such agreement.

Other Post-employment Severance and Change in Control Payments Agreements

The Company has entered into severance agreements with each of the other Named Executive Officers. These agreements provide for certain termination or severance payments to be made by the Company to the Named Executive Officer in the event of his termination of employment as the result of his death, Disability, discharge with or without cause, his resignation or a termination by the Named Executive Officer for Good Reason. If the Named Executive Officers employment is terminated either because he is discharged without cause (as defined below) or due to a termination by the Named Executive Officer for Good Reason, the Company will be required to make a lump sum payment equal to among other things, unpaid salary and bonus, and unpaid severance salary and bonus, each paid in accordance with the terms and conditions of such agreements. These payments will be reduced to the extent that they would otherwise be considered parachute payments within the meaning of

Section 280G of the Internal Revenue Code of 1986, as amended.

Acceleration of Vesting

In addition, the 1999 and 2003 Share Incentive Plans provide for accelerated vesting of awards in certain circumstances involving a Change in Control of the Company. These plans also provide for forfeiture of awards in certain circumstances, such as in the event of a termination for cause.

The amount of compensation that would be paid by the Company based on the specific circumstances detailed above are as follows:

Compensation upon Termination of Employment by the Trust for Cause or Voluntarily By the Named Executive Officer.

In the event the Company terminates the executives employment for Cause, or the executive voluntarily terminates his employment, the Company shall pay the executive any unpaid annual base salary at the rate then in effect accrued through and including the date of termination and any accrued vacation pay. In addition, in such event, the executive shall be entitled to exercise any options which, as of the date of termination, have vested and are exercisable in accordance with the terms of the applicable option grant agreement or plan. All options and all restricted stock granted to the executive which have not vested on the date of termination shall automatically terminate.

Compensation upon Termination of Employment upon Death, Disability, Without Cause or by Mr. Bernstein, for Good Reason or Change in Control and Termination of Employment of Mr. Bernstein

In the event of termination of Mr. Bernsteins employment as a result of his death, Disability, without Cause or for Good Reason by Mr. Bernstein, the Company shall pay to the Mr. Bernstein, his estate or personal representative, the following: (i) any unpaid accrued salary through and including the date of termination; plus (ii) an amount equal to three times his current salary; (iii) an additional amount equal to three times the average of the cash value of the bonuses (whether awarded as cash incentive bonuses or in Restricted Stock, the value of the latter to be calculated as of the date of the award) awarded to the executive for each of the last two years immediately preceding the year in which Mr. Bernsteins employment is terminated; (iv) a further amount computed at an annualized rate equal to the average of the cash incentive bonuses awarded to the executive for each of the last two years; (v) reimbursement of expenses incurred prior to date of termination; (vi) all incentive compensation payments whether stock based or otherwise that are subject to a vesting schedule including restricted stock, units and options shall immediately vest as of the date of the termination; (vii) continuation of health coverage through the unexpired employment period with the exception of termination upon Death; and (viii) if it is determined by the Companys tax preparer that as a result of any payment in the nature of compensation made by the Company to the executive, an excise tax may be imposed on the executive. The Company will provide the executive with a full tax gross-up so that on a net after-tax basis, the result to the executive shall be the same as if the excise tax had not been imposed.

Compensation upon Termination of Employment upon Disability, Without Cause or By Other Named Executive Officers for Good Reason

In the event of termination of the executives employment as a result of the executives Disability, Without Cause or by the executive for Good Reason, the Company shall pay to the executive, the following: (i) any unpaid accrued salary through and including the date of termination; (ii) an amount equal to one years salary at the then current annual base; (iii) reimbursement of expenses incurred prior to date of termination; (iv) the executives car allowance, if any, for one year; and (v) a pro rata portion of the executives bonus (based upon the average of the last two years bonuses).

Compensation upon Change in Control and Termination of Employment for Other Named Executive Officers

In the event of termination of other Named Executive Officers employment as a result of a Change in Control and Termination, the Company shall pay to the Named Executive Officer, the following: (i) any unpaid accrued salary through and including the date of termination; (ii) an amount equal to one years salary at the then current annual base salary; (iii) reimbursement of expenses incurred prior to date of termination; (iv) the Named Executive Officers car allowance, if any, for one year; (v) a pro rata portion of the Named Executive Officers bonus (based upon the average of the last two years bonuses); (vi) the Company shall pay to the Named Executive Officer an amount equal to six months base salary; and (vii) the Company shall continue the Named Executive Officers base salary and medical benefits for a period not to exceed the earlier of (a) six months from the date of such termination or (b) the date when Named Executive Officer becomes reemployed.

The following table estimates the potential payments and benefits to the Named Executive Officers upon Termination of employment and Change in Control, assuming the event occurred on December 31, 2006. These estimates do not reflect the actual amounts that would be paid to such persons, which would only be known at the time they become eligible for payment and would only be payable if the specified event occurs.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

Name	**Cash Severance ($) (1)**	**Bonus Severance ($)**	**Options Awards ($) (5)**	**Stock Awards ($) (6)**	**280 Tax Gross ($) (**
Kenneth F. Bernstein					
For Cause or Voluntary Resignation	$	$	$	$	$
Death	1,320,000	6,575,000(2)	162,393(4)	6,029,144(4)	
Disability	1,320,000	6,575,000(2)	162,393(4)	6,029,144(4)	
Good Reason	1,320,000	6,575,000(2)	162,393(4)	6,029,144(4)	
Without Cause	1,320,000	6,575,000(2)	162,393(4)	6,029,144(4)	
Change in Control and Termination	1,320,000	6,575,000(2)	162,393(4)	6,029,144(4)	7,390
Michael Nelsen					
For Cause or Voluntary Resignation					
Death					
Disability	225,000	279,375(3)	16,431(4)	514,636(4)	
Good Reason	225,000	279,375(3)	16,431(4)	514,636(4)	
Without Cause	225,000	279,375(3)	16,431(4)	514,636(4)	
Change in Control and Termination	337,500	279,375(3)	16,431(4)	514,636(4)	
Joel Braun					
For Cause or Voluntary Resignation					
Death					
Disability	225,000	521,250(3)	38,407(4)	1,873,948(4)	
Good Reason	225,000	521,250(3)	38,407(4)	1,873,948(4)	
Without Cause	225,000	521,250(3)	38,407(4)	1,873,948(4)	
Change in Control and Termination	337,500	521,250(3)	38,407(4)	1,873,948(4)	

Name	**Cash Severance ($) (1)**	**Bonus Severance ($)**	**Options Awards ($) (5)**	**Stock Awards ($) (6)**	**280G Tax Gross Up ($) (7)**
Joseph Hogan					

For Cause or Voluntary Resignation	—	—	—	—	—
Death	—	—	—	—	—
Disability	225,000	220,000(3)	16,431(4)	883,256(4)	—
Good Reason	225,000	220,000(3)	16,431(4)	883,256(4)	—
Without Cause	225,000	220,000(3)	16,431(4)	883,256(4)	—
Change in Control and Termination	337,500	220,000(3)	16,431(4)	883,256(4)	—
Robert Masters					
For Cause or Voluntary Resignation	—	—	—	—	—
Death	—	—	—	—	—
Disability	225,000	235,947(3)	18,527(4)	1,132,330(4)	—
Good Reason	225,000	235,947(3)	18,527(4)	1,132,330(4)	—
Without Cause	225,000	235,947(3)	18,527(4)	1,132,330(4)	—
Change in Control and Termination	337,500	235,947(3)	18,527(4)	1,132,330(4)	—

Footnotes:

(1) Reflects three years of severance salary for Mr. Bernstein and one year of severance salary for the other NEOs. In the case of a Change in Control and Termination, the other NEOs receive one and one half years severance salary.

(2) Reflects one year of annual unpaid bonus and three years of severance bonuses for Mr. Bernstein.

(3) Reflects one year of severance bonuses for the other NEOs.

(4) Reflects the payment upon the immediate vesting of all unvested Options and Restricted Shares.

(5) Options payments calculated based on the difference between $25.02, the closing price of the Company’s stock on December 29, 2006, and the exercise price of the Options times the number of Options.

(6) Restricted Share payments based on the number of shares times $25.02, the closing price of the Company’s stock on December 29, 2006.

(7) Reflects estimated 280G tax gross up in the event of a Change in Control and Termination.

Board of Trustees Compensation

Each Trustee who is not also an officer and full-time employee of the Company or the Operating Partnership receives an annual Trustee fee in the amount of $30,000, comprised of $15,000 cash and $15,000 of unrestricted Common Shares, plus a fee of $1,750 for each meeting of the Board of Trustees attended, $1,500 for each committee meeting attended and $750 for each Board of Trustees or committee meeting attended telephonically. Committee chairs also receive an annual fee of $5,000 with the exception of the Audit Committee chair who receives an annual fee of $7,500. The Lead Trustee receives an annual Lead Trustee fee of $35,000, comprised of $17,500 cash and $17,500 of unrestricted Common Shares in addition to the other Trustee fees.

Trustees who are officers and full-time employees of the Company or the Operating Partnership receive no separate compensation for service as a Trustee or committee member. Additionally, members of the Board of Trustees are reimbursed for travel and lodging expenses associated with attending meetings of the Board of Trustees and committees of the Board of Trustees. Non-management Trustees are also entitled to grants of Options to purchase 3,000 Common Shares following the annual meeting of shareholders held during each year during which they serve as Trustees. Accordingly, on May 15, 2006, Options to purchase 3,000 Common Shares were granted at an exercise

price of $22.40, which Options vest immediately. During 2006, Mr. Wielansky also received fees for providing consulting services to the Company. Commencing in May 2007, in lieu of the previous Option awards, Trustees will be awarded 2,000 Restricted Shares which will vest immediately.

See the Board of Trustees Compensation Table below for a summary of the compensation paid to the members of the Board of Trustees during the last fiscal year.

TRUSTEE COMPENSATION

(a) Name	(b) Fees Earned or Paid in Cash ($)(3)	(c) Stock Awards ($)(4)	(d) Option Awards ($)(5)	(e) Non-Equity Incentive Plan Compensation ($)	(f) Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	(g) All Other Compensation ($)	(h) Total Compensation ($)
Lee S. Wielansky(1)	$42,500	$31,588	$9,090	$—	$—	$100,000(6)	$183,178
Lorrence T. Kellar	51,250	14,586	9,090	—	—	—	74,926
Suzanne M. Hopgood	45,500	—	9,090	—	—	14,971(7)	69,561
Douglas Crocker II	10,000	—	9,090	—	—	39,107(8)	58,197
Wendy Luscombe	39,250	14,586	9,090	—	—	—	62,926
Alan S. Forman (2)	35,750	14,586	9,090	—	—	—	59,426

Footnotes:

(1) Mr. Wielansky is the Independent Lead Trustee.

(2) Mr. Forman's Trustee compensation is paid to Yale University.

(3) See the discussion preceding this table for the general method used to determine each non-employee director's cash compensation. In addition to the other Trustee fees, non-management Trustees are also entitled to grants of stock options to purchase 3,000 Common Shares following the annual meeting of shareholders held each year during which they serve as Trustees.

(4) On May 15, 2006, the Company granted 670 unrestricted Common Shares to non-management Trustees and 1,451 unrestricted Common Shares to the Lead Trustee for the Common Shares portion of their annual Trustee fee.

(5) On May 15, 2006, options to purchase 3,000 Common Shares were granted to non-management Trustees at an exercise price of $22.40. The options vested immediately.

(6) Mr. Wielansky is entitled to receive annual consulting fees totaling $100,000 for providing consulting services to the Company including assisting with the underwriting and analysis of development and redevelopment opportunities as well as assisting with sourcing of direct acquisitions and identifying potential joint venture partners.

(7) Ms. Hopgood has deferred the Common Share portion of her 2006 Trustee fee of $14,586 and deferred dividends of $385.

(8) Mr. Crocker has deferred $23,750 of his 2006 fees, the Common Share portion of his 2006 Trustee fee of $14,586 and deferred dividends of $771.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

As noted above, in 2006, Mr. Forman (Chair) and Mr. Kellar served on our Compensation Committee. During the fiscal year ended December 31, 2006, neither of these Trustees was an officer or employee of the Company or any of its subsidiaries, nor is either of these Trustees former officers of the Company or any of our subsidiaries.

AUDIT COMMITTEE INFORMATION

Independent Registered Public Accounting Firm Compensation

Audit Fees

The aggregate fees billed for professional services rendered by BDO Seidman, LLP for the audit of the Company's financial statements as included in the Company's Form 10-K, fees for Sarbanes-Oxley Section 404 planning and testing relating to the Company's 2006 and 2005 audits and reviews of the financial statements as included in the Company's Forms 10-Q, were $670,800 and $570,000 for the years ended December 31, 2006 and 2005, respectively. The aggregate fees billed for professional services rendered by Ernst & Young LLP for the audit of the Company's financial statements as included in the Company's Form 10-K, fees for Sarbanes-Oxley Section 404 planning and testing relating to the Company's 2004 audit and reviews of the 2005 financial statements as included in the Company's Forms 10-Q, were $153,000 for the year ended December 31, 2005.

Audit-Related Fees

Additional fees billed for services rendered by BDO Seidman, LLP and Ernst & Young LLP during 2006 of $83,000 and $213,000, respectively were for the review of a convertible debt offering and related retrospective adjustment to historical financial statements filed on a Form 8-K.

Tax Fees

The aggregate fees billed for professional services rendered by BDO Seidman, LLP for tax preparation and compliance were $126,200 and $95,000 for the years ended December 31, 2006 and 2005, respectively.

Policy on Pre-Approval of Independent Auditor Services

The Audit Committee is responsible for approving every engagement of BDO Seidman, LLP to perform audit or non-audit services on behalf of the Company or any of its subsidiaries before BDO Seidman, LLP is engaged to provide those services. 100% of audit-related, tax and all other services were approved by audit committee pursuant to the pre-approval policies.

The following "Report of Audit Committee" shall not be deemed incorporated by reference by any general statement incorporating this Proxy Statement into any filing under the Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts. The Board *of Trustees has previously adopted an Audit Committee Charter that may be found on the Company's website at* *www.acadiarealty.com*

REPORT OF THE AUDIT COMMITTEE

The Audit Committee presently consists of the following members of the Company's Board of Trustees: Mr. Kellar, Ms. Hopgood and Ms. Luscombe, all of whom are independent as defined under the listing standards of the New York Stock Exchange.

The Audit Committee has reviewed and discussed the audited financial statements of the Company for the year ended December 31, 2006 with the Company's management. The Audit Committee has discussed with BDO Seidman, LLP, the Company's auditors, the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (Communication with Audit Committees).

The Audit Committee has also received the written disclosures and the letter from BDO Seidman, LLP required by Independence Standards Board Standard No. 1 (Independence Discussion with Audit Committees) and the Audit Committee has discussed the independence of BDO Seidman, LLP with that firm.

The Audit Committee has considered whether the other fees billed for professional services rendered by BDO Seidman, LLP are compatible with maintaining the principal accountant's independence.

Based on the Audit Committee's review and discussions noted above, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 for filing with the SEC.

Audit Committee

Lorrence T. Kellar, Chairman
Suzanne M. Hopgood
Wendy Luscombe

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company earns fees in connection with its rights to provide asset management, leasing, disposition, development and construction services for an existing portfolio of retail properties and/or leasehold interests in which Klaff Realty L.P. ("Klaff"), a preferred OP unit holder, has an interest. Net fees earned by the Company in connection with this portfolio were $3.7 million for the year ended December 31, 2006.

On March 22, 2005, the Company completed a transaction with Klaff pursuant to which the Company acquired the balance of Klaff's retail management business which it had not previously purchased on January 27, 2004. The consideration for the acquisition was $4.0 million in the form of 250,000 restricted common operating partnership units ($16 per unit). These units may not be sold for five years, subject to a carveout for a change of control, including a change in the chief executive officer. The effective date of the purchase and issuance of the units was February 15, 2005.

In March of 2005, we invested $20 million in a preferred equity position ("Preferred Equity") in Levitz SL, L.L.C. ("Levitz SL"), the owner of fee and leasehold interests in 30 locations (the "Levitz Properties"), totaling 2.5 million square feet, of which the majority are currently leased to Levitz Furniture Stores. Klaff is a managing member of Levitz SL. In October 2005, Levitz Furniture filed for bankruptcy under Chapter 11. The Preferred Equity investment received a return of 10%, plus a minimum return of capital of $2.0 million per annum. During March 2006, the rate of return was reset to the six-month LIBOR plus 644 basis points or 11.5%.

On June 1, 2006, we converted the Preferred Equity Investment to a first mortgage loan and advanced additional proceeds bringing the total outstanding amount to $31.3 million. The loan has a maturity date of May 31, 2008 and bears interest at a rate of 10.5%. The loan was secured by fee and leasehold mortgages as well as a pledge of distributions from the entities owning 19 of the above remaining locations totaling 1.8 million square feet. During the third quarter of 2006, Levitz SL sold one of the Levitz Properties located in Northridge, California and used $20.4 million of the proceeds to pay down the loan. As of December 31, 2006, the loan balance amounted to $10.9 million. Although Levitz Furniture is currently operating under Chapter 11 bankruptcy protection, we believe the underlying value of the real estate is sufficient to recover the principal and interest due under the mortgage.

Review and Approval of Related Person Transactions.

We review all relationships and transactions in which the Company and our Trustees and Named Executive Officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. Our legal staff is primarily responsible for the development and implementation of processes and controls to obtain information from the Trustees and Named Executive Officers with respect to related person transactions and for then determining, based on the facts and circumstances, whether the Company or a related person has a direct or indirect material interest in the transaction. In addition, pursuant to its charter, the Audit Committee reviews and approves all related party transactions, which we interpret to include any transaction that is required to be disclosed under SEC rules. The Company does not have any written standards for approving related party transactions. However, the Audit Committee only approves a related party transaction if it believes the transaction is in the best interest of the Company and its shareholders. While the Company has disclosed the transactions with Klaff in this section for the sake of full disclosure, since Klaff does not own more than 5% of any class of our voting securities, disclosure of this related party transaction is not required under SEC rules. The transactions between the Company and Klaff noted above were approved by our Board of Trustees, which consists of six trustees who are considered independent under the rules of the New York Stock Exchange and our Chief Executive Officer.

ANNUAL SHAREHOLDERS REPORT

A copy of the Company's Annual Report to Shareholders is being provided to each shareholder of the Company along with this Proxy Statement. Upon written request of any record or beneficial owner of Common Shares of the Company whose proxy was solicited in connection with the Annual Meeting, the Company will furnish such owner, without charge, a copy of its Annual Report on Form 10-K for the year ended December 31, 2006. A request for a copy of such Annual Report on Form 10-K should be made in writing, addressed to Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, NY 10605, Attention: Robert Masters.

OTHER MATTERS

As of the date of this Proxy Statement, the Board of Trustees does not know of any matters to be presented at the Annual Meeting other than those specifically set forth in the Notice of Annual Meeting of Shareholders. If other proper matters, however, should come before the Annual Meeting or any adjournment thereof, the persons named in the enclosed proxy intend to vote the shares represented by them in accordance with their best judgment in respect to any such matters.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's Named Executive Officers and Trustees and persons who own more than ten percent of the Common Shares (collectively, the Reporting Persons) to file reports of ownership and changes in ownership with the Securities and Exchange Commission and to furnish the Company with copies of these reports. As a practical matter, the Company assists its officers and Trustees by monitoring transactions and completing and filing Section 16 reports on their behalf. To our knowledge, based solely on a review of the copies of such reports furnished to us or written representations that no other reports were required, during the fiscal year ended December 31, 2006, all Section 16(a) filing requirements applicable to our officers, Trustees and greater than ten percent beneficial owners were complied with except as set forth below.

Trustee/Named Executive Officer:	Title:	Number of transactions not timely filed on Form 4:	Number of Late Reports

Lee S. Wielansky	Trustee; Independent Lead Trustee	2	1
Alan S. Forman	Trustee	1	1
Douglas Crocker II	Trustee	5	4
Lorrence T. Kellar	Trustee	2	1
Suzanne M. Hopgood	Trustee	2	1
Wendy Luscombe	Trustee	2	1
Kenneth F. Bernstein	Trustee and Chief Executive Officer	4	3
Joel Braun	Executive Vice President and Chief Investment Officer	3	2
Jonathan Grisham	Vice President and Chief Accounting Officer	6	3
Joseph Hogan	Senior Vice President and Director of Construction	3	2
Robert Masters	Senior Vice President, General Counsel, Chief Compliance Officer and Secretary	4	2
Joseph Napolitano	Senior Vice President and Director of Operations	3	2
Michael Nelsen	Senior Vice President and Chief Financial Officer	3	2
Joseph Povinelli	Senior Vice President and Director of Leasing	4	3
Robert Scholem	Senior Vice President and Director of Property Management	3	2

SUBMISSION OF SHAREHOLDER PROPOSALS

All proposals of any shareholder of the Company which the holder desires be presented at the next annual meeting of Shareholders and be included in the Proxy Statement and form of proxy prepared by the Company for that meeting must be received by the Company at its principal executive offices no later than 5:00 PM EST on December 11, 2007. All such proposals must be submitted in writing to the Corporate Secretary of the Company at the address appearing on the notice accompanying this Proxy Statement.

If you wish to submit a proposal that is not to be included in next year's proxy materials or nominate a Trustee, you must do so between February 15, 2008 and March 16, 2008. You are also advised to review the Company's Bylaws, which contain additional requirements about advance notice of stockholder proposals and Trustee nominations.

DELIVERY OF DOCUMENTS TO SHAREHOLDERS SHARING AN ADDRESS

If you are the beneficial owner, but not the record holder, of shares of our stock, your broker, bank or other nominee may only deliver one copy of this Proxy Statement and our 2006 Annual Report to multiple shareholders who share an address unless that nominee has received contrary instructions from one or more of the shareholders. We will deliver promptly, upon written or oral request, a separate copy of this Proxy Statement and our 2006 Annual Report to shareholders at a shared address to which a single copy of the documents was delivered. A Shareholder who wishes to receive a separate copy of the Proxy Statement and annual report, now or in the future, should submit this request by writing to Acadia Realty Trust, 1311 Mamaroneck Avenue, Suite 260, White Plains, NY 10605, Attention: Robert Masters. Beneficial owners sharing an address who are receiving multiple copies of proxy materials and annual reports and who wish to receive a single copy of such materials in the future will need to contact their broker, bank or other nominee to request that only a single copy of each document be mailed to all shareholders at the shared address in the future.

By order of the Board of Trustees,
Robert Masters, Secretary

ACADIA REALTY TRUST
1311 MAMARONECK AVENUE
SUITE 260
WHITE PLAINS, NY 10605

VOTE BY MAIL
Mark, sign, and date your proxy card and return it in the postage-paid envelope we have provided or return it to Acadia Realty Trust, c/o ADP, 51 Mercedes Way, Edgewood, NY 11717.

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TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

ACADI1

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

ACADIA REALTY TRUST

THE BOARD OF TRUSTEES RECOMMENDS THAT YOU VOTE FOR THE NOMINEES AND EACH OF THE PROPOSALS LISTED BELOW.

	For All	Withhold All	For All Except	To withhold authority to vote for any individual nominee, mark For All Except and write the nominee s number on the line below.
Vote On Directors				
1. **Nominees:**				
01) Kenneth F. 05) Lorrence T.	*	*	*	

Bernstein	Kellar
02) Douglas Crocker II	06) Wendy Luscombe
03) Alan S. Forman	07) Lee S. Wielansky
04) Suzanne Hopgood	

Vote On Proposal

		For	Against	Abstain
2.	THE RATIFICATION OF THE APPOINTMENT OF BDO SEIDMAN, LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE COMPANY FOR THE FISCAL YEAR ENDING DECEMBER 31, 2007.	*	*	*
3.	TO TRANSACT SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING.			

For address changes and/or comments, please check this box and write them on the back where indicated. *

Please sign exactly as name appears on the certificate or certificates representing shares to be voted by this proxy, as shown on the label above. When signing as executor, administrator, attorney, Trustee, or guardian, please give full title as such. If a corporation, please sign full corporation name by president or other authorized officer. If a partnership, please sign in partnership name by authorized person(s).

Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date

ACADIA REALTY TRUST
PROXY FOR ANNUAL MEETING OF SHAREHOLDERS
MAY 15, 2007

This Proxy is Solicited on
Behalf of the Board of Trustees

The undersigned hereby constitutes and appoints Kenneth F. Bernstein and Robert Masters, Esq., or either one of them, as proxies, with full power of substitution, to vote all Common Shares of beneficial interest of Acadia Realty Trust (the Company) which the undersigned would be entitled to vote if personally present at the Annual Meeting of Shareholders of the Company to be held at the offices of Paul, Hastings, Janofsky & Walker, LLP, which are located at Park Avenue Tower, 75 East 55th Street, New York, NY 10022 at 10:00 oclock a.m. local time, May 15, 2007 or at any adjournments or postponements thereof.

THIS PROXY IS ON BEHALF OF THE BOARD OF TRUSTEES.

Address Changes and/or **Comments:**

(If you noted any Comments above, please mark corresponding box on the reverse side.)

(Continued and to be signed on reverse side.)